***Coleman v. Commissioner, 87 T. C. 135 (1986)***

Frivolous tax protests can result in dismissal of claims and monetary penalties against the petitioner.

**Summary**

In Coleman v. Commissioner, the Tax Court dismissed a case brought by a tax protester due to the frivolous nature of his claims. The petitioner, Coleman, argued he was not subject to federal income taxes, asserting various baseless contentions. The IRS moved to dismiss for failure to state a claim, while Coleman sought to amend his petition. The court granted the motion to dismiss, finding both the original and amended petitions lacked merit and were filed primarily for delay, resulting in a $5,000 penalty awarded to the United States.

**Facts**

Coleman, a resident of Brandon, Wisconsin, was assessed deficiencies in federal income and self-employment taxes for the years 1980, 1981, and 1982, based on unreported income from self-employment in corn shelling. He filed a voluminous and largely incomprehensible petition, asserting that he was not subject to federal taxes and lacked jurisdiction. After the IRS moved to dismiss, Coleman filed an amended petition reiterating his claims of being an "unenfranchise free man at Common Law" and not a "juristic person in equity," but failed to address the substance of the deficiency notice.

**Procedural History**

The case was assigned to Special Trial Judge Helen A. Buckley. The IRS filed a motion to dismiss Coleman's original petition for failure to state a claim. Coleman then filed a motion for leave to file an amended petition, which was granted, though deemed unnecessary since he could amend without leave. The court considered the IRS's motion to dismiss in light of the amended petition and ultimately granted it, finding the amended petition also frivolous. The court then imposed a penalty under section 6673 of the Internal Revenue Code.

**Issue(s)**

1. Whether the Tax Court should grant Coleman's motion for leave to file an amended petition?
2. Whether Coleman's original and amended petitions stated a claim upon which relief could be granted?
3. Whether damages should be awarded to the United States under section 6673?

**Holding**

1. Yes, because Coleman had a right to file an amended petition without seeking

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leave under Tax Court Rule 41(a).
2. No, because both petitions were frivolous and failed to address the substantive issues raised by the IRS, such as unreported income.
3. Yes, because the petitions were frivolous and groundless, filed primarily for delay, warranting a $5,000 penalty to the United States under section 6673.

**Court's Reasoning**

The court applied Tax Court Rule 41(a), which allows a party to amend their pleading once before a responsive pleading is served. The court also relied on precedents like Rowlee v. Commissioner and McCoy v. Commissioner, which dismissed similar frivolous tax protests. The court found Coleman's arguments, such as his claim to be exempt from taxes and not subject to the court's jurisdiction, to be without merit. The amended petition did not address the unreported income, failing to meet the requirements of Rule 34(b) for clear assignments of error. The court cited section 6673, which permits damages for frivolous or groundless proceedings, and awarded $5,000 to the United States, finding Coleman's actions were primarily for delay. The court emphasized a need for swift and decisive handling of such cases without engaging in lengthy discussions.

**Practical Implications**

This decision underscores the consequences of filing frivolous tax protests, reinforcing that such actions can lead to dismissal of claims and financial penalties. It serves as a warning to tax protesters that courts will not entertain baseless claims and may impose sanctions. Practically, attorneys should advise clients against pursuing such protests, as they not only fail to achieve the desired tax relief but also risk incurring further liabilities. The ruling also highlights the importance of adhering to procedural rules, such as those governing amendments to petitions, in tax litigation. Subsequent cases have followed this precedent, dismissing similar frivolous claims and often imposing penalties under section 6673, thereby maintaining the integrity of the tax system and deterring abusive litigation tactics.

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