Thompson v. Commissioner, 84 T. C. 654 (1985)

The automatic stay under 11 U. S. C. § 362(a)(8) prohibits a debtor from filing a petition in the Tax Court until after the bankruptcy case is closed, dismissed, or a discharge is granted or denied.

Summary

In Thompson v. Commissioner, the U. S. Tax Court dismissed a case for lack of jurisdiction due to the automatic stay provisions of the Bankruptcy Code. Petitioner Thompson filed a bankruptcy petition and received a discharge that was later revoked. He then received a notice of deficiency from the IRS but filed his Tax Court petition while still under the automatic stay. The court held that the filing was invalid and dismissed the case, allowing Thompson 150 days from the lifting of the stay to file a new petition. This decision underscores the strict enforcement of the automatic stay in bankruptcy proceedings and its impact on Tax Court jurisdiction.

Facts

Petitioner Thompson filed for bankruptcy on March 24, 1982, and received a discharge on November 23, 1982, which was revoked on December 5, 1983, to resolve pending adversary proceedings. On April 9, 1984, the IRS issued a notice of deficiency for Thompson’s 1980 federal income tax. Thompson filed a petition with the Tax Court on July 9, 1984, but this was during the automatic stay period as his bankruptcy case remained open until a final discharge on February 12, 1985.

Procedural History

Thompson filed an improper petition with the Tax Court on July 9, 1984, which led to a series of orders from the court, including an order on July 27, 1984, to file an amended petition. The court later became aware of Thompson’s bankruptcy proceedings, leading to an order on October 18, 1984, to file reports on the bankruptcy action. On December 7, 1984, the court issued an order to show cause why the case should not be dismissed for lack of jurisdiction under 11 U. S. C. § 362(a)(8). After further proceedings and a final discharge in bankruptcy on February 12, 1985, the court dismissed the case on March 13, 1985, for lack of jurisdiction.

Issue(s)

1. Whether the Tax Court had jurisdiction over Thompson’s petition filed on July 9, 1984, given the automatic stay provisions of 11 U. S. C. § 362(a)(8).

Holding

1. No, because the petition was filed during the automatic stay period, which prohibited Thompson from filing in the Tax Court until after his bankruptcy case was resolved.

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Court’s Reasoning

The court applied the automatic stay provision of 11 U. S. C. § 362(a)(8), which prohibits the commencement or continuation of a proceeding before the U. S. Tax Court concerning the debtor. The stay remains in effect until the bankruptcy case is closed, dismissed, or a discharge is granted or denied. Thompson’s filing on July 9, 1984, occurred while the stay was in effect due to the revocation of his initial discharge and the pending bankruptcy case. The court referenced McClamma v. Commissioner, which also dealt with the automatic stay’s effect on Tax Court jurisdiction. The court concluded that Thompson’s petition was invalid and dismissed the case, allowing him 150 days from the lifting of the stay to file a new petition, as per I. R. C. § 6213(f).

Practical Implications

This decision reinforces the importance of the automatic stay in bankruptcy proceedings and its impact on the jurisdiction of the Tax Court. Practitioners must ensure that any tax-related actions are taken only after the automatic stay is lifted. The case highlights the need for coordination between bankruptcy and tax proceedings, and the strict timeline for filing new petitions after the stay is lifted. It also serves as a reminder that even a revocation of discharge can extend the automatic stay, affecting the ability to file in the Tax Court. Subsequent cases have cited Thompson to clarify the application of the automatic stay in similar situations, emphasizing the need for clear communication and timing in handling tax disputes during bankruptcy.

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