Wood v. Commissioner, T.C. Memo. 1990-567

A properly mailed tax return, even if sent via first-class mail without certified or registered mail receipt, is presumed to be delivered to the IRS, and this presumption can establish timely filing under Section 7502(a) unless the IRS presents evidence to rebut the presumption of delivery.

Summary

In *Wood v. Commissioner*, the Tax Court addressed whether an estate tax return was timely filed when the IRS claimed non-receipt, despite credible evidence of mailing. The petitioner mailed the return via first class mail before the deadline, and the postmistress confirmed the postmark date. The IRS argued that only registered or certified mail receipts could prove delivery under Section 7502(c). The Tax Court disagreed, holding that the common law presumption of delivery applies to properly mailed items, including tax returns. Since the IRS presented no evidence to rebut this presumption, the court concluded the return was timely filed, allowing the estate to elect special use valuation.

Facts

Leonard A. Wood died owning farmland eligible for special use valuation under Section 2032A. The estate's representative, Loonan, prepared and mailed the federal estate tax return, electing special use valuation, via first-class mail at the Easton Post Office on March 19, 1982, well before the March 22, 1982 deadline. Postmistress Staloch postmarked the envelope "March 19, 1982." Loonan mentioned to her that the federal return was time-sensitive. Later, the IRS claimed non-receipt, and the estate re-sent a copy of the return. The Minnesota state tax return, mailed similarly, also had to be re-sent.

Procedural History

The Commissioner of the IRS determined a deficiency in Wood's estate tax, arguing the special use valuation election was untimely because the original return was not received. The estate challenged this deficiency in Tax Court, asserting the original return was timely mailed and therefore timely filed under Section 7502.

Issue(s)

1. Whether the estate tax return, mailed via first-class mail and postmarked before the deadline, is deemed timely filed under Section 7502(a), despite the IRS claiming non-receipt.
2. Whether the presumption of delivery for properly mailed items applies to tax returns, even when not sent via registered or certified mail.
3. Whether Section 7502(c), regarding registered or certified mail, provides the exclusive means of proving delivery of a tax return to the IRS.

Holding

1. Yes, because the estate presented credible evidence of timely mailing and postmark, triggering the presumption of delivery, and the IRS failed to rebut this presumption.
2. Yes, because the common law presumption of delivery is a well-established principle that applies unless explicitly rejected by statute, and Section 7502 does not reject it.
3. No, because Section 7502(c) provides a “safe harbor” but does not preclude other methods of proving delivery, especially when the presumption of delivery is established.

Court’s Reasoning

The court reasoned that Section 7502(a) deems a timely postmarked return as timely filed if it is actually delivered. While Section 7502(c) offers a safe harbor with registered/certified mail receipts as prima facie evidence of delivery, it does not eliminate other forms of proof. The court emphasized the well-established common law presumption of delivery: “absent contrary proof of irregularity, proof of a properly mailed document creates a presumption that the document was delivered and was ‘actually received by the person to whom it was addressed.’” The court found the postmistress’s testimony credible evidence of the March 19th postmark and proper mailing. Unlike *Walden v. Commissioner*, where evidence showed the postal service lost the return, here, the IRS offered no evidence to rebut the presumption of delivery. The court stated, “There is no justification for disregarding the presumption of regularity in the delivery of U.S. mail in the absence of contradictory evidence.” The court distinguished *Miller v. United States* and *Deutsch v. Commissioner*, noting those cases involved failures to prove timely postmarks or actual non-delivery evidence, unlike the present case where timely postmark and no rebuttal of delivery presumption existed.

Practical Implications

Wood v. Commissioner reinforces that taxpayers can rely on the presumption of delivery for properly mailed tax returns, even without using certified or registered mail. This is particularly relevant when taxpayers have credible evidence of mailing, like testimony from postal workers. Practically, attorneys should advise clients to use certified mail for critical filings to create an indisputable record of delivery. However, *Wood* provides a crucial fallback: if certified mail is not used, strong evidence of mailing, especially a postmark date, coupled with the presumption of delivery, can still establish timely filing unless the IRS affirmatively proves non-delivery. This case highlights the IRS’s burden to rebut the presumption of delivery with actual evidence, not just claims of non-receipt. Later cases would cite *Wood* to support the application of the presumption of delivery in tax cases where the IRS alleges non-receipt of mailed documents.

