93 T.C. 562 (1989)

In partnership-level tax proceedings, the Tax Court's jurisdiction is strictly determined by the timely filing of a petition within the statutory deadlines following a Final Partnership Administrative Adjustment (FPAA), and the validity of the FPAA itself (e.g., statute of limitations on assessment) is not a jurisdictional prerequisite but rather a defense on the merits.

Summary

Genesis Oil & Gas, Ltd. petitioned the Tax Court for readjustment of partnership items after receiving an FPAA. The Commissioner moved to dismiss for lack of jurisdiction because the petition was filed 218 days after the FPAA mailing, exceeding the statutory 150-day limit. Genesis cross-moved to dismiss, arguing the FPAA was invalid due to the statute of limitations. The Tax Court held that the timeliness of the petition is jurisdictional under Section 6226, and the validity of the FPAA is not a jurisdictional issue. The court granted the Commissioner's motion, dismissing the case for lack of jurisdiction due to the untimely petition.

Facts

The Commissioner mailed an FPAA to Genesis Oil & Gas, Ltd., the Tax Matters Partner (TMP), for the 1982 tax year on November 17, 1986. The FPAA was mailed to the partnership's last known address. Genesis Oil & Gas, Ltd. filed a petition with the Tax Court on June 23, 1987, which was 218 days after the mailing of the FPAA. The statutory period for filing a petition by the TMP is 90 days from the mailing of the FPAA, with an additional 60 days for notice partners if the TMP does not file.

Procedural History

The Commissioner moved to dismiss the case for lack of jurisdiction, arguing the petition was untimely under I.R.C. § 6226. Genesis Oil & Gas, Ltd. cross-moved to dismiss, claiming the FPAA was invalid because it was issued beyond the statute of limitations for assessment. The Tax Court considered both motions.

Issue(s)

1. Whether the timeliness of filing a petition for readjustment of partnership items in the Tax Court, as prescribed by I.R.C. § 6226, is a jurisdictional requirement.
2. Whether the validity of the FPAA, specifically concerning the statute of limitations on assessment, is a jurisdictional prerequisite for the Tax Court to consider a partnership action.

Holding

1. Yes, because the Tax Court's jurisdiction in partnership actions is explicitly

© 2025 SCOTUSreports.com. All rights reserved.

conferred by statute and requires strict adherence to the time limits set forth in I.R.C. § 6226 for filing a petition.
2. No, because the validity of the FPAA, including statute of limitations defenses, relates to the merits of the tax determination and not to the Tax Court's fundamental power to hear the case, which is contingent upon a timely filed petition.

Court's Reasoning

The Tax Court emphasized its limited jurisdiction, which is defined by statute. It cited I.R.C. § 6226(a) and (b), which provide a strict 90-day period for the TMP and an additional 60 days for notice partners to file a petition. The court noted that the 218-day filing by Genesis was well beyond this statutory deadline. Regarding the statute of limitations argument, the court distinguished between jurisdictional prerequisites and defenses on the merits. Drawing an analogy to deficiency notice cases, the court stated, "If this case involved a notice of deficiency issued under the provisions of section 6212, it is well established that the issuance of a notice of deficiency beyond the statute of limitations period does not effect its validity. The statute of limitations is a defense in bar and not a plea to the jurisdiction of this Court." The court reasoned that while it has jurisdiction to determine the validity of the FPAA in the context of a properly filed petition, the timeliness of the petition itself is a threshold jurisdictional issue. The court rejected Genesis's argument that partnership litigation should be treated differently, asserting that Congress established a specific procedure, and any perceived inequity is for Congress to address, not the court. The court concluded that failing to file a timely petition under § 6226 deprives the Tax Court of jurisdiction, regardless of potential defenses against the FPAA itself.

Practical Implications

Genesis Oil & Gas clarifies that in partnership tax litigation, strict adherence to statutory deadlines for filing petitions is critical for establishing Tax Court jurisdiction. Taxpayers and practitioners must ensure petitions are filed within 150 days of the FPAA mailing to the TMP to preserve their right to contest partnership adjustments in Tax Court. The case underscores that statute of limitations arguments against an FPAA do not automatically confer jurisdiction if the petition is untimely. Instead, the timeliness of the petition is a separate and primary jurisdictional hurdle. This decision reinforces the Tax Court's narrow jurisdiction and the importance of procedural compliance in partnership tax matters. Later cases have consistently applied this principle, emphasizing that failure to meet the § 6226 deadlines results in dismissal for lack of jurisdiction, irrespective of the merits of the underlying tax dispute or defenses against the FPAA.

© 2025 SCOTUSreports.com. All rights reserved.