Triangle Investors Limited Partnership, Charles T. Collier, Tax Matters Partner, Petitioner v. Commissioner of Internal Revenue, Respondent, 95 T. C. 610 (1990)

The IRS can validly issue an FPAA to a generic tax matters partner (TMP) address listed on the partnership return, even if the IRS has actual notice of a different address.

Summary

In Triangle Investors Limited Partnership v. Commissioner, the IRS issued an FPAA to the partnership's address on its 1984 tax return, despite knowing the partnership had moved. The court upheld the FPAA's validity, stating the IRS could rely on the return's address unless formally notified of a change. The petitioner, Charles T. Collier, received a copy of the FPAA in time to file as a notice partner but failed to do so within the 60-day period. The court dismissed the case for lack of jurisdiction due to the untimely petition, emphasizing the importance of adhering to statutory deadlines and the formal process for updating partnership information with the IRS.

Facts

Triangle Investors Limited Partnership's 1984 tax return listed an address in Wheaton, Maryland. By 1989, the partnership had moved to Glen Burnie, Maryland, and a revenue agent was verbally informed of this change. Despite this, the IRS mailed the FPAA to the Wheaton address. Charles T. Collier, who acted as the TMP, received a copy of the FPAA on September 4, 1989, but did not file a timely petition for readjustment as TMP or as a notice partner.

Procedural History

The IRS issued the FPAA on May 24, 1989, to the Wheaton address and sent a copy to Collier on August 28, 1989. Collier filed a petition for readjustment on November 13, 1989, which was untimely under both the 90-day period for TMPs and the 60-day period for notice partners. The IRS moved to dismiss for lack of jurisdiction, which the Tax Court granted.

Issue(s)

1. Whether the FPAA was validly issued to the TMP at the address listed on the partnership's return.
2. Whether the IRS was properly notified of the partnership's change of address.
3. Whether the Tax Court had jurisdiction over the petition due to its timeliness.

Holding

1. Yes, because the FPAA was mailed to the address on the partnership's return, which the IRS could rely on absent formal notification of a change.

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2. No, because the partnership did not formally notify the IRS of the address change in accordance with the regulations.
3. No, because the petition was not filed within the statutory periods for either the TMP or notice partners.

Court’s Reasoning

The court reasoned that the IRS could validly issue the FPAA to the address on the partnership’s return under Section 6223(c)(1) and (2), which allows the IRS to rely on the return’s information unless formally updated. The court rejected the argument that verbal notification or a power of attorney sufficed to change the address, citing Section 301. 6223(c)-1T(b) of the Temporary Regulations, which requires a written statement filed with the IRS. The court also noted that Collier had the opportunity to file as a notice partner within the 60-day period after receiving the FPAA copy but failed to do so. The decision emphasizes the need for strict adherence to statutory deadlines and formal procedures for updating partnership information.

Practical Implications

This decision underscores the importance of formally updating partnership information with the IRS, particularly address changes, to ensure proper receipt of notices. Partnerships must follow the detailed procedure under the regulations to update their information effectively. The ruling also highlights the necessity of understanding and adhering to the statutory time limits for filing petitions in response to FPAAs, whether as a TMP or a notice partner. Practitioners should advise clients to file as notice partners if there is uncertainty about their TMP status or if they miss the TMP filing deadline. This case has been cited in subsequent cases to reinforce the IRS’s ability to rely on the partnership return’s address and the strict requirements for updating that information.

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