Meyer v. Commissioner, 97 T. C. 555 (1991)

The U. S. Tax Court lacks jurisdiction to enjoin IRS collection activities for taxes assessed based on returns filed by the taxpayer, as these are not subject to deficiency procedures.

Summary

In Meyer v. Commissioner, the Tax Court ruled it lacked jurisdiction to enjoin the IRS from collecting taxes assessed from the Meyers' delinquent original and amended returns for 1980-1982. The court held that such taxes, computed and shown due on the returns, were not subject to deficiency procedures under IRC sections 6211 et seq. Additionally, the court dismissed its jurisdiction over certain additions to tax under sections 6651(a)(1) and 6654, as these were also not subject to deficiency procedures. The decision underscores the limits of the Tax Court's authority to intervene in IRS collection activities outside of deficiency cases.

Facts

Frederick and Patricia Meyer filed delinquent original and amended tax returns for 1980, 1981, and 1982 without paying the taxes shown due. The IRS assessed these taxes and related additions under sections 6651(a)(1), 6651(a)(2), 6654, and a penalty under section 6682. The Meyers sought to enjoin these collection activities, arguing the IRS was precluded from collecting until a final decision on their deficiency petition. The IRS argued that these assessments were not subject to deficiency procedures.

Procedural History

The IRS issued a notice of deficiency for the Meyers' 1980-1982 taxes, which the Meyers contested by timely filing a petition with the Tax Court. After the IRS assessed taxes based on the Meyers' returns, the Meyers moved to enjoin these collection activities. The Tax Court considered the motion and the IRS's objections, ultimately denying the injunction and dismissing its jurisdiction over certain additions to tax.

Issue(s)

1. Whether the Tax Court has jurisdiction to enjoin the IRS from collecting taxes assessed based on the Meyers' delinquent returns?
2. Whether the Tax Court has jurisdiction over additions to tax under sections 6651(a)(1) and 6654 included in the deficiency notice?

Holding

1. No, because the taxes assessed were based on the Meyers' returns and not subject to deficiency procedures under IRC sections 6211 et seq.

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2. No, because the additions to tax under sections 6651(a)(1) and 6654 are not subject to deficiency procedures and thus not within the Tax Court's jurisdiction.

Court's Reasoning

The court applied IRC sections 6201(a) and 6211 et seq. , which allow the IRS to summarily assess taxes shown on a return without following deficiency procedures. The court distinguished between taxes assessed from returns and deficiencies determined through a notice process. The court also relied on IRC section 6665(b) and cases like Estate of DiRezza v. Commissioner, which state that additions to tax under sections 6651(a)(1) and 6654 are not subject to deficiency procedures if based on the return or if a return is filed. The court emphasized its limited jurisdiction under IRC section 6213(a), which only allows injunctions for deficiencies properly before the court. The court dismissed its jurisdiction over the additions to tax and denied the injunction, as the assessed taxes and additions were not deficiencies subject to its authority.

Practical Implications

This decision clarifies that taxpayers cannot use the Tax Court to enjoin IRS collection of taxes assessed from filed returns, even if a deficiency petition is pending. Practitioners must advise clients that timely filing returns does not automatically suspend IRS collection activities for taxes shown due on those returns. The ruling also highlights the importance of understanding which tax assessments and additions fall outside deficiency procedures, affecting strategies for challenging IRS assessments. Subsequent cases like Powell v. Commissioner have cited Meyer to reinforce the limits on the Tax Court's injunctive powers in non-deficiency contexts.

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