White v. Commissioner, 109 T. C. 96 (1997)

The Tax Court lacks jurisdiction to review the denial of interest abatement requests made and denied before the enactment of TBOR 2.

Summary

In White v. Commissioner, the Tax Court addressed whether it had jurisdiction to review the IRS's denial of interest abatement requests under section 6404(g) of the Internal Revenue Code, added by the Taxpayer Bill of Rights 2 (TBOR 2). The Whites had requested abatement of interest for tax years 1979-1984, which was denied before TBOR 2's enactment on July 30, 1996. The Court held that it lacked jurisdiction because the requests were made and denied prior to TBOR 2's effective date, emphasizing that the Court's jurisdiction is strictly statutory and cannot be expanded.

Facts

Marvin and Phyllis White resided in Wenatchee, Washington. After deficiency proceedings concluded, the IRS assessed deficiencies and additions to tax for the years 1979 through 1984. The Whites paid $387,429. 58 on April 8, 1993, but additional interest was later determined to be due. They sought abatement of this interest, filing claims on December 26, 1994. The IRS denied these claims on January 26, 1996, except for interest from March 24, 1993, to March 14, 1994. The Whites filed a petition with the Tax Court on September 23, 1996, seeking abatement of interest for 1980, 1981, and 1983.

Procedural History

The Whites' claims for interest abatement were denied by the IRS's Fresno Service Center and later by an Appeals Office before TBOR 2's enactment. They filed a petition with the Tax Court, which the Commissioner moved to dismiss for lack of jurisdiction, arguing that the requests were made and denied before TBOR 2's effective date.

Issue(s)

1. Whether the Tax Court has jurisdiction under section 6404(g) to review the Commissioner's denial of the Whites' requests for abatement of interest, which were made and denied before the enactment of TBOR 2.

Holding

1. No, because the requests for abatement of interest were made and denied prior to the enactment of TBOR 2, section 6404(g) does not apply, and the Tax Court lacks jurisdiction to review the denial of these requests.

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Court’s Reasoning

The Tax Court’s jurisdiction is strictly limited by statute, and section 6404(g), which grants jurisdiction to review denials of interest abatement, applies only to requests made after TBOR 2’s enactment on July 30, 1996. The Whites’ requests were denied on January 26, 1996, before this date. The Court rejected the argument that the requests were continuous and ongoing, stating that it cannot independently receive and consider requests for abatement. The Court distinguished this case from Banat v. Commissioner, where requests pending after TBOR 2’s enactment were considered. The Court emphasized that it cannot expand its jurisdiction beyond what is statutorily provided, citing Breman v. Commissioner.

Practical Implications

This decision clarifies that the Tax Court’s jurisdiction to review interest abatement denials under section 6404(g) is strictly limited to requests made after July 30, 1996. Taxpayers must be aware of this temporal limitation when seeking judicial review of interest abatement denials. The ruling underscores the importance of understanding statutory effective dates and their impact on legal remedies. Practitioners should advise clients to file new requests for interest abatement post-TBOR 2 if they wish to have the possibility of Tax Court review. This case also reinforces the principle that the Tax Court’s jurisdiction cannot be expanded beyond what is expressly granted by statute, which is a critical consideration in tax litigation.

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