Calvert Anesthesia Associates-Pricha Phattiyakul, M. D. P. A. v. Commissioner of Internal Revenue, 110 T. C. 285 (1998); 1998 U. S. Tax Ct. LEXIS 23; 110 T. C. No. 22

A petition for declaratory judgment in the U. S. Tax Court must be filed within 91 days following the issuance of a final revocation letter by the IRS.

Summary

Calvert Anesthesia Associates-Pricha Phattiyakul, M. D. P. A. sought a declaratory judgment from the U. S. Tax Court regarding the IRS's revocation of its profit-sharing plan's qualification status. The IRS moved to dismiss the case, arguing that the petition was filed 94 days after the final revocation letter was issued, exceeding the 91-day limit prescribed by Section 7476(b)(5) of the Internal Revenue Code. The Tax Court, analyzing the unambiguous statutory text, held that it lacked jurisdiction because the petition was untimely. This case underscores the strict time limits for filing declaratory judgment actions in tax matters and the court's inability to extend these deadlines based on equitable considerations.

Facts

Calvert Anesthesia Associates-Pricha Phattiyakul, M. D. P. A. (Petitioner) maintained a profit-sharing plan. On June 13, 1997, the IRS issued a final revocation letter by certified mail, stating that the plan did not meet the requirements of Section 401(a) for the plan year ended December 31, 1991, and thus revoked its tax-exempt status under Section 501(a). The reason given was the Petitioner's failure to provide necessary information. The Petitioner filed a petition for declaratory judgment with the U. S. Tax Court on September 15, 1997, 94 days after the issuance of the revocation letter.

Procedural History

The IRS moved to dismiss the case for lack of jurisdiction, arguing that the petition was untimely filed under Section 7476(b)(5). The Petitioner objected, claiming the petition was timely and, alternatively, that the IRS waived the right to challenge timeliness or that the court should extend the filing period based on equitable considerations. The Tax Court considered the motion and the objections and ultimately decided the case based on the statutory interpretation of Section 7476(b)(5).

Issue(s)

1. Whether the U. S. Tax Court has jurisdiction to hear a petition for declaratory judgment filed 94 days after the issuance of a final revocation letter by the IRS, given the 91-day filing requirement of Section 7476(b)(5).

Holding

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1. No, because the petition was filed after the 91st day following the issuance of the final revocation letter, as required by Section 7476(b)(5), the U. S. Tax Court lacks jurisdiction to hear the case.

Court’s Reasoning

The Tax Court found the text of Section 7476(b)(5) to be unambiguous, stating that a petition must be filed “before the ninety-first day after the day after such notice is mailed. ” This was interpreted to mean 91 days from the issuance of the final revocation letter. The court reviewed the legislative history but found no reason to deviate from the plain meaning of the statute. The court also noted its limited jurisdiction and its inability to apply equitable principles to extend the statutory deadline. As the petition was filed on the 94th day, the court concluded it lacked jurisdiction and dismissed the case.

Practical Implications

This decision emphasizes the importance of strict adherence to the 91-day filing deadline for declaratory judgment actions in the U. S. Tax Court following an IRS final revocation letter. Legal practitioners must ensure timely filing to avoid jurisdictional dismissals. The ruling also highlights that the Tax Court cannot extend this deadline based on equitable considerations, impacting how attorneys must advise clients on managing deadlines in tax disputes. This case may influence future cases to focus on strict compliance with statutory deadlines, and it serves as a reminder to practitioners of the necessity of meticulous attention to procedural timelines in tax litigation.

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