Yuen v. Commissioner, T. C. Memo. 1999-33

The Tax Court lacks jurisdiction over resubmitted requests for interest abatement that were initially filed and denied before the effective date of section 6404(g).

Summary

In Yuen v. Commissioner, the Tax Court addressed its jurisdiction under section 6404(g) to review the IRS's denial of a taxpayer's request for interest abatement. The taxpayers, Robert and Linda Yuen, sought to abate interest on a tax deficiency for 1990, which was initially denied before the enactment of the Taxpayer Bill of Rights 2 (TBOR 2). After TBOR 2's enactment, the Yuens resubmitted their request, but it was again denied. The court held that it lacked jurisdiction to review the resubmitted request because the original denial occurred before the effective date of section 6404(g), which limits jurisdiction to denials after July 30, 1996. This ruling clarifies the scope of the Tax Court's authority over interest abatement requests and the impact of statutory effective dates on jurisdiction.

Facts

Robert and Linda Yuen contested a notice of deficiency for 1990 and entered into a stipulated decision with the IRS in March 1995. In September 1995, they requested abatement of interest for 1990, claiming it was part of a compromise settlement. This request was denied in March 1996. After the enactment of TBOR 2 on July 30, 1996, the Yuens resubmitted their request for interest abatement in January 1998, which was again rejected in April 1998. The Yuens then filed a petition with the Tax Court in September 1998, seeking review of the IRS's decision.

Procedural History

The Yuens filed their initial petition for redetermination in 1994, leading to a stipulated decision in 1995. Their first request for interest abatement was denied in 1996. Post-TBOR 2, they resubmitted their request in 1998, which was rejected. They then filed a petition with the Tax Court in 1998, prompting the Commissioner's motion to dismiss for lack of jurisdiction, which the court granted.

Issue(s)

1. Whether the Tax Court has jurisdiction under section 6404(g) to review the IRS's rejection or denial of the Yuens' resubmitted request for interest abatement, which was initially filed and denied before the effective date of section 6404(g).

Holding

1. No, because the original request for interest abatement was filed and denied before the effective date of section 6404(g), and the resubmission of the same claim after the effective date does not confer jurisdiction to the Tax Court.

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Court’s Reasoning

The court reasoned that section 6404(g), enacted under TBOR 2, grants jurisdiction over interest abatement requests denied after its effective date of July 30, 1996. The court relied on previous decisions like White v. Commissioner and Banat v. Commissioner, which established that the court’s jurisdiction is limited to denials occurring after the effective date. The court rejected the argument that resubmitting a previously denied request could confer jurisdiction, as it would undermine the purpose of the effective date provision. The court also noted that erroneous advice from IRS agents does not confer jurisdiction where it is not authorized by statute.

Practical Implications

This decision clarifies that taxpayers cannot circumvent the jurisdictional limits of section 6404(g) by resubmitting previously denied interest abatement requests. Practitioners must be aware of the effective dates of statutory provisions when advising clients on their rights to appeal to the Tax Court. The ruling emphasizes the importance of timely filing and the finality of denials before the enactment of new legislation. Subsequent cases, such as Goettee v. Commissioner, have distinguished this ruling by allowing jurisdiction where the initial request was filed before but denied after the effective date of section 6404(g). This case impacts how attorneys approach interest abatement requests and the strategic timing of resubmissions in light of legislative changes.

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