

Van Es v. Commissioner, 115 T. C. 324 (2000)

The U. S. Tax Court lacks jurisdiction to review the assessment of frivolous return penalties under section 6702 of the Internal Revenue Code.

Summary

In *Van Es v. Commissioner*, the U. S. Tax Court addressed its jurisdiction over frivolous return penalties assessed under section 6702 of the Internal Revenue Code. Henry Van Es contested the IRS's assessment of these penalties and related interest for his 1994 tax year, arguing violations of his Fifth Amendment rights. The IRS had issued a notice of intent to levy, prompting Van Es to request an Appeals hearing. The Appeals officer determined that the levy should proceed. The Tax Court, however, ruled that it lacked jurisdiction to review these penalties, as they fall outside its statutory authority. This decision underscores the jurisdictional boundaries of the Tax Court in handling certain tax liabilities and collection actions.

Facts

Henry Van Es challenged the IRS's assessment of three frivolous return penalties under section 6702 of the Internal Revenue Code, along with related interest, for his 1994 tax year. The IRS had previously collected \$1,019 toward these penalties and interest. On February 4, 1999, the IRS issued a Notice of Intent to Levy to collect the remaining balance, which included \$500 in penalties and \$59 in interest. Van Es requested an Appeals hearing, where he contested the amounts based on constitutional grounds. The Appeals officer issued a notice of determination on December 17, 1999, stating that the levy should proceed as Van Es did not raise issues specified in section 6330(c)(2)(A).

Procedural History

Van Es appealed the Appeals officer's determination to the U. S. Tax Court. The Commissioner filed a motion to dismiss for lack of jurisdiction, arguing that the Tax Court could not review assessments under section 6702. Van Es conceded the issue but reserved the right to file a petition in U. S. District Court within 30 days of the Tax Court's dismissal. The Tax Court reviewed the case and issued its opinion on October 13, 2000, dismissing the case for lack of jurisdiction over the section 6702 penalties.

Issue(s)

1. Whether the U. S. Tax Court has jurisdiction to review the assessment of frivolous return penalties under section 6702 of the Internal Revenue Code.

Holding

1. No, because the Tax Court's jurisdiction is limited to the redetermination of

income, estate, and gift taxes, and does not extend to reviewing assessments of penalties under section 6702.

Court's Reasoning

The Tax Court's decision hinged on its interpretation of section 6330(d)(1) of the Internal Revenue Code, which allows judicial review of determinations made under section 6330 but limits the Tax Court's jurisdiction to matters over which it has authority. The court cited its decision in *Moore v. Commissioner*, which held that the Tax Court lacks jurisdiction over Federal trust fund taxes, extending this reasoning to frivolous return penalties under section 6702. The court emphasized that its jurisdiction is confined to the redetermination of specific tax liabilities, as outlined in sections 6211 and 6213(a). Therefore, it could not entertain Van Es's challenge to the assessment of frivolous return penalties. The court also noted that Van Es's arguments regarding prior collection activities were not subject to section 6330 protections, as those activities occurred before the statute's effective date.

Practical Implications

The Van Es decision clarifies the jurisdictional limits of the U. S. Tax Court, particularly in cases involving frivolous return penalties under section 6702. Attorneys and taxpayers must recognize that challenges to such penalties must be brought in U. S. District Court rather than the Tax Court. This ruling reinforces the importance of understanding the appropriate forum for contesting different types of tax liabilities and collection actions. It also highlights the need for taxpayers to raise specific issues during Appeals hearings to potentially invoke Tax Court jurisdiction. Subsequent cases have followed this precedent, further delineating the boundaries of the Tax Court's authority in tax disputes.