FPL Group, Inc. & Subsidiaries v. Commissioner, 115 T. C. 554 (U. S. Tax Ct. 2000)

The U. S. Tax Court ruled that the 'one claim' rule under Section 6427(i) does not bar taxpayers from claiming additional fuel tax credits under Section 34, even if they previously claimed credits under Section 6427. This decision clarifies that Sections 34 and 6427 operate as parallel authorities, allowing taxpayers to seek credits under Section 34 without being limited by the procedural restrictions of Section 6427.

Parties

FPL Group, Inc. & Subsidiaries (Petitioner) v. Commissioner of Internal Revenue (Respondent). Petitioner at the trial level and on appeal before the U. S. Tax Court.

Facts

FPL Group, Inc. , a Florida corporation, filed consolidated Federal income tax returns for the years 1988 through 1992. In these returns, FPL claimed credits for Federal excise taxes paid on fuels using Form 4136. FPL later sought additional credits for non-highway use vehicles, which were denied by the Commissioner. The Commissioner moved for partial summary judgment, arguing that FPL was barred by the 'one claim' rule under Section 6427(i) from obtaining further credits under Section 34.

Procedural History

The Commissioner filed a motion for partial summary judgment in the U. S. Tax Court, asserting that FPL's additional claim for fuel tax credits was barred by the 'one claim' rule of Section 6427(i). The Tax Court reviewed the motion under the standard of Rule 121, which allows for summary judgment if there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. The Tax Court considered the motion and denied it, finding that the 'one claim' rule did not apply to Section 34 claims.

Issue(s)

Whether the 'one claim' rule under Section 6427(i) bars a taxpayer from obtaining a credit under Section 34 for amounts of Federal excise taxes paid on fuels when the taxpayer has previously claimed a credit under Section 6427?

Rule(s) of Law

Section 6427(i)(1) provides that not more than one claim may be filed under specified subsections by any person with respect to fuel used during the taxable year. Section 34(a)(3) allows a credit against income tax equal to the sum of amounts payable under Section 6427. Section 34(b) disallows credit under Section 34(a) if a claim for such amount is timely filed and payable under Section 6427.

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Holding

No, because the ‘one claim’ rule under Section 6427(i) does not apply to claims for credit under Section 34, which operates as a separate and parallel authority allowing taxpayers to claim credits without being limited by the procedural restrictions of Section 6427.

Reasoning

The court reasoned that Section 34(a)(3) allows a credit against income tax based on amounts payable under Section 6427, but it does not suggest that the credit is limited by Section 6427’s procedural provisions. The court noted that Section 6427(k)(3) refers to Section 34 for the allowance of credit against income tax, indicating that credits are provided under Section 34, not Section 6427. The court also found support in the legislative history of the Airport and Airway Revenue Act of 1970, which added Section 6427 and amended what is now Section 34, suggesting that both sections were intended to provide parallel relief. The court cited Schlumberger Tech. Corp. & Subs. v. United States, 47 Fed. Cl. 298 (2000), which held that the ‘one claim’ rule does not bar timely claims for tax credit under Section 34. The court concluded that the ‘one claim’ rule under Section 6427(i) does not bar a taxpayer from obtaining a credit under Section 34 for amounts of Federal excise taxes paid on fuels when the taxpayer has previously claimed a credit under Section 6427.

Disposition

The U. S. Tax Court denied the Commissioner’s motion for partial summary judgment and held that FPL Group, Inc. & Subsidiaries was not barred by the ‘one claim’ rule of Section 6427(i) from obtaining a credit under Section 34(a)(3).

Significance/Impact

This decision clarifies the relationship between Sections 34 and 6427 of the Internal Revenue Code, establishing that they operate as parallel authorities. It allows taxpayers to seek credits under Section 34 without being constrained by the ‘one claim’ rule under Section 6427, potentially affecting how taxpayers claim fuel tax credits and how the IRS processes such claims. This ruling has implications for the administration of fuel tax credits and may influence future legislative or regulatory changes to these sections.

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