Parker v. Comm'r, 117 T. C. 63 (U. S. Tax Court 2001)

In Parker v. Comm'r, the U. S. Tax Court ruled it had jurisdiction to review the IRS's determination to levy on a taxpayer's property, despite liens being filed before the effective date of I. R. C. § 6330. The court clarified that the initiation of a collection action for levy purposes occurs when the IRS notifies the taxpayer of its intent to levy, not when it files a lien. This ruling delineates the jurisdiction of the Tax Court over post-effective date collection actions, impacting how collection actions are distinguished and processed.

Parties

Leonard Parker, Petitioner, sought judicial review in the U. S. Tax Court against the Commissioner of Internal Revenue, Respondent, regarding the Commissioner's determination to levy upon Parker's property.

Facts

Leonard Parker, a member of the Coeur d'Alene Indian Tribe, resided on the Coeur d'Alene Indian reservation. The IRS filed federal tax liens against Parker's property for taxes owed from 1986 through 1996 before the effective date of I. R. C. §§ 6320 and 6330. On September 14, 1999, after the effective date, the IRS notified Parker of its intent to levy on his property to collect these taxes. Parker requested a hearing under I. R. C. § 6330. The IRS's Office of Appeals determined not to restrict the collection action due to Parker's lack of cooperation in providing required financial information for an offer in compromise.

Procedural History

The IRS moved to dismiss Parker's petition for lack of jurisdiction, arguing that the court lacked jurisdiction because the liens were filed before the effective date of I. R. C. §§ 6320 and 6330. The U. S. Tax Court denied the IRS's motion, asserting its jurisdiction over the case.

Issue(s)

Whether the U. S. Tax Court has jurisdiction under I. R. C. § 6330(d) to review the IRS's determination to levy upon Parker's property when the federal tax liens were filed before the effective date of I. R. C. § 6330, but the notice of intent to levy was issued after the effective date?

Rule(s) of Law

I. R. C. § 6330(d) grants the U. S. Tax Court jurisdiction to review the IRS's determination as to a proposed levy upon a taxpayer's property. I. R. C. § 6330 is effective for collection actions initiated after January 18, 1999, as per the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 1998), Pub. L.

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105-206, sec. 3401(d), 112 Stat. 750.

Holding

The U. S. Tax Court held that it has jurisdiction to review the IRS's determination to levy upon Parker's property. The court determined that the initiation of a collection action for purposes of I. R. C. § 6330 occurs when the IRS issues a notice of intent to levy, not when it files a lien. Therefore, the court had jurisdiction because the notice of intent to levy was issued after the effective date of I. R. C. § 6330.

Reasoning

The court reasoned that Congress treated liens and levies as separate collection actions under I. R. C. §§ 6320 and 6330. The effective date provision of RRA 1998 section 3401(d) applies to collection actions initiated after January 18, 1999. The court interpreted "collection actions" in this context to mean that a levy action is initiated when the IRS notifies the taxpayer of its intent to levy, not when it files a lien. The court rejected the IRS's argument that the filing of a lien before the effective date precluded jurisdiction over the subsequent levy action. The court's decision was supported by the legislative history of RRA 1998, which distinguishes between liens and levies in its discussion and statutory provisions.

The court also considered policy implications, noting that the statutory scheme aims to provide taxpayers with due process rights before the IRS takes collection actions. Allowing the IRS to avoid judicial review by timing the filing of liens and notices of intent to levy would undermine these rights. The court's interpretation ensures that taxpayers have the opportunity to challenge collection actions initiated after the effective date, aligning with the legislative intent to enhance taxpayer protections.

Disposition

The U. S. Tax Court denied the IRS's motion to dismiss for lack of jurisdiction, affirming its authority to review the determination regarding the proposed levy on Parker's property.

Significance/Impact

Parker v. Comm'r clarified the jurisdictional scope of the U. S. Tax Court under I. R. C. § 6330, establishing that the initiation of a collection action for levy purposes is distinct from the filing of a lien. This ruling has significant implications for the timing and review of IRS collection actions, ensuring that taxpayers have judicial recourse for levies initiated after the effective date of I. R. C. § 6330, even if liens were filed earlier. The decision enhances taxpayer protections by delineating when collection actions are considered to have commenced, impacting how the IRS and taxpayers approach and contest collection actions.

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