Boyd v. Commissioner, 117 T. C. 127 (2001)

In Boyd v. Commissioner, the U. S. Tax Court ruled that the IRS was not time-barred from collecting Gary Boyd's federal income taxes for 1989 and 1990 due to the suspension of the statute of limitations under section 6330. The court also found that Boyd failed to substantiate claims of having paid taxes for 1991-1993, 1996, and 1997, allowing the IRS to proceed with collection. This case clarifies the impact of requesting a collection due process hearing on the statute of limitations for tax collection and the evidentiary burden on taxpayers challenging tax liabilities.

Parties

Gary G. Boyd was the petitioner, appearing pro se at all stages of the litigation. The respondent was the Commissioner of Internal Revenue, represented by A. Gary Begun.

Facts

Gary G. Boyd, a self-employed carpet installer, filed timely federal income tax returns for the years 1989 through 1993, 1996, and 1997 but did not remit payments with these returns. The IRS assessed tax liabilities against Boyd for these years based on his filed returns. On February 27, 1999, the IRS sent Boyd notices of intent to levy and notices of his right to a hearing for these tax liabilities. Boyd requested a section 6330 hearing on March 20, 1999, contesting the statute of limitations for 1989 and 1990 and claiming prior payment of taxes for the other years. Boyd did not attend the scheduled hearing on May 4, 2000, nor did he provide documentation to support his claims. On May 22, 2000, the IRS issued a notice of determination, denying Boyd relief and stating the statute of limitations remained open for 1989 and 1990 due to the suspension under section 6330, and that no payments were recorded for the other years in question.

Procedural History

Boyd filed an imperfect petition with the U. S. Tax Court on June 16, 2000, following the IRS's notice of determination. He filed an amended petition on August 15, 2000, challenging the IRS's determinations. The Tax Court reviewed the case de novo, as the validity of the underlying tax liability was at issue. The court's decision was based on the evidence presented at trial, including IRS transcripts and Boyd's testimony.

Issue(s)

Whether the IRS is time-barred from collecting Boyd's federal income tax liabilities for 1989 and 1990 due to the expiration of the statute of limitations?

Whether Boyd has already paid his federal income tax liabilities for 1991, 1992, 1993, 1996, and 1997?

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Rule(s) of Law

Under section 6501(a) of the Internal Revenue Code, federal income tax must be assessed within three years after a return is filed. Section 6502(a)(1) allows for collection by levy within ten years after assessment, extended from six years by the Omnibus Budget Reconciliation Act of 1990. Section 6330(e)(1) suspends the running of the statute of limitations under section 6502 during the pendency of a section 6330 hearing and any appeals.

Holding

The U. S. Tax Court held that the IRS was not time-barred from collecting Boyd's federal income tax liabilities for 1989 and 1990, as the statute of limitations was suspended under section 6330(e)(1) when Boyd requested a hearing. The court further held that Boyd failed to substantiate his claims of prior payment for the tax liabilities for 1991, 1992, 1993, 1996, and 1997, thus permitting the IRS to proceed with collection.

Reasoning

The court's reasoning focused on the application of section 6330(e)(1), which suspends the statute of limitations for tax collection during a section 6330 hearing and any appeals. Since Boyd requested a hearing on March 20, 1999, the statute of limitations for 1989 and 1990 was suspended from that date, allowing the IRS to pursue collection. The court also considered Boyd's failure to provide credible evidence of payment for the other years, relying on IRS transcripts that showed no payments credited to those liabilities. The court noted that Boyd's self-serving testimony and lack of documentary evidence did not meet the burden of proof required to challenge the IRS's records. The court also addressed Boyd's request for a new trial, denying it on the grounds that he had not shown good cause for a rehearing and had been afforded a full opportunity to present his case.

Disposition

The U. S. Tax Court entered a decision for the respondent, affirming the IRS's right to proceed with collection of Boyd's tax liabilities for all years in question.

Significance/Impact

Boyd v. Commissioner clarifies the effect of requesting a section 6330 hearing on the statute of limitations for tax collection, reinforcing that such a request suspends the limitations period. The case also underscores the importance of taxpayers providing credible evidence to substantiate claims of prior tax payments. This decision has been cited in subsequent cases addressing similar issues, reinforcing the doctrine that the burden of proof lies with the taxpayer to challenge IRS assessments and collections.

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