

## ***Fernandez v. Commissioner, 114 T. C. 324 (U. S. Tax Court 2000)***

The U. S. Tax Court ruled that it has jurisdiction to review the IRS's denial of equitable relief under IRC § 6015(f) even when no deficiency has been asserted. This decision clarifies that taxpayers can seek relief from joint and several liability for underpayments shown on their tax returns without waiting for a deficiency assessment, streamlining the process for obtaining innocent spouse relief.

### **Parties**

The petitioner, Fernandez, sought relief from joint and several tax liability under IRC § 6015(f). The respondent, the Commissioner of Internal Revenue, moved to dismiss the case for lack of jurisdiction.

### **Facts**

Fernandez and her husband filed a joint tax return for 1995, reporting a tax liability but not paying the full amount due. Fernandez requested equitable relief under IRC § 6015(f) from the IRS, which was denied. The IRS did not assert a deficiency against either Fernandez or her husband. Fernandez then filed a petition with the U. S. Tax Court to review the IRS's denial of relief, asserting jurisdiction under IRC § 6015(e).

### **Procedural History**

The IRS issued a notice of determination denying Fernandez's request for relief under IRC § 6015(b), (c), and (f). Fernandez filed a timely petition with the U. S. Tax Court under IRC § 6015(e) to challenge the denial of relief. The IRS moved to dismiss the case, arguing that the Tax Court lacked jurisdiction over claims for relief under IRC § 6015(f) when no deficiency had been asserted.

### **Issue(s)**

Whether the U. S. Tax Court has jurisdiction under IRC § 6015(e) to review the IRS's denial of equitable relief under IRC § 6015(f) where no deficiency has been asserted?

### **Rule(s) of Law**

The U. S. Tax Court's jurisdiction is limited to that authorized by Congress. IRC § 6015(e) allows individuals to petition the Tax Court to determine the appropriate relief available under IRC § 6015, including equitable relief under subsection (f). IRC § 6015(f) permits the IRS to grant equitable relief where it is inequitable to hold an individual liable for unpaid tax or any deficiency.

### **Holding**

The U. S. Tax Court held that it has jurisdiction under IRC § 6015(e) to review the IRS's denial of equitable relief under IRC § 6015(f) even where no deficiency has been asserted. The court found that the statutory language and legislative history of IRC § 6015 support its jurisdiction over claims for relief from joint and several liability in non-deficiency situations.

### **Reasoning**

The court's reasoning was based on the interpretation of IRC § 6015(e) and its legislative history. The court noted that the statutory language "under this section" in IRC § 6015(e)(1)(A) was intended to include all subsections of IRC § 6015, including subsection (f). The legislative history indicated that Congress intended for the Tax Court to have jurisdiction over disputes involving relief from joint and several liability, including non-deficiency situations where an individual seeks relief for an underpayment of tax shown on a joint return. The court also considered the remedial purpose of IRC § 6015, which was designed to make relief from joint and several liability more accessible to taxpayers. The court rejected the IRS's argument that its authority to grant equitable relief under IRC § 6015(f) was committed to agency discretion, finding that the circumstances for such discretion were not present. The court also addressed the subsequent amendment to IRC § 6015(e) by the Consolidated Appropriations Act, 2001, which added the requirement that a deficiency must be asserted before an individual can elect relief under subsections (b) or (c). However, the court found that this amendment did not eliminate its jurisdiction over claims for equitable relief under subsection (f) in non-deficiency situations.

### **Disposition**

The U. S. Tax Court denied the IRS's motion to dismiss for lack of jurisdiction and affirmed its authority to review the denial of equitable relief under IRC § 6015(f) in non-deficiency situations.

### **Significance/Impact**

The Fernandez decision is significant for taxpayers seeking relief from joint and several liability under IRC § 6015(f). It clarifies that the U. S. Tax Court has jurisdiction to review the IRS's denial of equitable relief even when no deficiency has been asserted, allowing taxpayers to challenge such denials without waiting for a deficiency assessment. This ruling has practical implications for legal practitioners advising clients on innocent spouse relief, as it streamlines the process for obtaining relief from joint tax liabilities. The decision also reflects the court's interpretation of the remedial purpose of IRC § 6015, emphasizing the accessibility of relief from joint and several liability for taxpayers.