

***Campbell v. Commissioner of Internal Revenue, 121 T. C. 290 (U. S. Tax Court 2003)***

In *Campbell v. Comm’r*, the U. S. Tax Court ruled that offsetting a taxpayer’s overpayment from one year against a liability from another year constitutes a ‘collection activity’ under I. R. C. § 6015. This decision impacted Edwina Diane Campbell’s request for relief from joint and several liability for her 1989 tax return, as her claim was filed more than two years after the IRS’s offset action, thereby barring her relief under the statute’s time limit.

**Parties**

Edwina Diane Campbell, the Petitioner, filed her case against the Commissioner of Internal Revenue, the Respondent. Campbell appeared pro se, while the Commissioner was represented by Erin K. Huss.

**Facts**

Edwina Diane Campbell filed a joint federal income tax return for 1989 with her then-spouse, Alvin L. Campbell. In 1998, Campbell reported an overpayment on her tax return, which the IRS applied on May 13, 1999, as a credit against her 1989 tax liability. On July 23, 2001, Campbell requested relief from joint and several liability for the 1989 tax year under I. R. C. § 6015(b), (c), and (f). The IRS issued a Final Notice of Determination on November 6, 2001, denying Campbell’s request on the basis that it was filed more than two years after the IRS’s first collection activity against her, which occurred on May 13, 1999.

**Procedural History**

Campbell, a resident of Tucson, Arizona, filed a petition with the U. S. Tax Court on February 1, 2002, pursuant to I. R. C. § 6015(e)(1), seeking review of the IRS’s determination. On March 10, 2003, Campbell filed a Motion for Partial Summary Judgment. The Commissioner responded with a Notice of Objection and Cross-Motion for Summary Judgment on March 31, 2003. Campbell filed an opposition to the Commissioner’s Cross-Motion on April 16, 2003. The court reviewed the case under the standard of summary judgment as provided in Tax Court Rule 121.

**Issue(s)**

Whether the IRS’s application of Campbell’s 1998 tax overpayment as a credit against her 1989 tax liability constitutes a ‘collection activity’ under I. R. C. § 6015, thereby barring her request for relief from joint and several liability for the 1989 tax year, filed more than two years after the IRS’s action.

**Rule(s) of Law**

Under I. R. C. § 6015(b)(1)(E), (c)(3)(B), an election for relief from joint and several

liability must be made within two years of the IRS's first collection activity against the requesting individual, taken after July 22, 1998. I. R. C. § 6402(a) authorizes the IRS to offset overpayments against liabilities. The court considered the ordinary meaning of 'collection activity' as established in *Perrin v. United States*, 444 U. S. 37 (1979), and the IRS's definition in Rev. Proc. 2000-15, which includes offsetting overpayments from other tax years after the requesting spouse files for relief.

## **Holding**

The U. S. Tax Court held that the IRS's offset of Campbell's 1998 overpayment against her 1989 tax liability was a 'collection activity' under I. R. C. § 6015. As Campbell's request for relief was filed more than two years after this collection activity, she was not entitled to relief from joint and several liability for the 1989 tax year.

## **Reasoning**

The court's reasoning focused on the plain and ordinary meaning of 'collection activity' as articulated in *Perrin v. United States*, which states that words in statutes should be interpreted based on their ordinary, contemporary, common meaning unless otherwise defined. The court found that the offset of an overpayment inherently constitutes a collection activity, as it involves the IRS taking action to satisfy a tax liability. The court also considered the IRS's guidance in Rev. Proc. 2000-15, which explicitly includes offsetting overpayments as a collection activity. Campbell's argument that the offset did not constitute a collection activity was rejected, as the court determined that the offset action by the IRS on May 13, 1999, was a clear collection activity under § 6015. The court further noted that since Campbell's election was filed on July 23, 2001, more than two years after the offset action, she was barred from relief under the statutory time limit.

## **Disposition**

The court denied Campbell's Motion for Partial Summary Judgment and granted the Commissioner's Cross-Motion for Summary Judgment, determining that there was no genuine issue as to whether Campbell was entitled to relief from joint and several liability for the 1989 tax year due to the untimely filing of her election.

## **Significance/Impact**

The Campbell decision clarified that the IRS's offset of overpayments against tax liabilities from different years is considered a 'collection activity' under I. R. C. § 6015, affecting the timeliness of requests for relief from joint and several liability. This ruling has practical implications for taxpayers seeking such relief, emphasizing the importance of timely filing within two years of the IRS's first collection activity. The decision has been cited in subsequent cases and IRS guidance, reinforcing the IRS's ability to use offsets as part of its collection strategy. The case underscores the

need for taxpayers to be aware of all IRS actions that may trigger the two-year period for seeking relief under § 6015.