Van Arsdalen v. Commissioner of Internal Revenue, 123 T. C. 135 (2004)

In Van Arsdalen v. Commissioner, the U. S. Tax Court clarified the scope of intervention for a nonelecting spouse in proceedings involving relief from joint and several tax liability under IRC Section 6015. The court ruled that a nonelecting spouse can intervene not only to challenge but also to support the electing spouse's claim for relief, overturning restrictive language in the Commissioner's notice. This decision broadens the participation rights of nonelecting spouses in tax disputes, ensuring a more comprehensive review of claims for relief.

Parties

Diana Van Arsdalen, the petitioner, sought relief from joint and several liability on a joint tax return. The respondent was the Commissioner of Internal Revenue. Stanley David Murray, Van Arsdalen's former spouse and the nonelecting spouse, sought to intervene in support of Van Arsdalen's claim.

Facts

Diana Van Arsdalen filed joint federal income tax returns with her then-husband, Stanley David Murray, for the taxable years 1992 to 1996. The IRS issued notices of determination denying Van Arsdalen's claim for relief from joint and several liability under IRC Section 6015(b), (c), and (f) for the years 1992 to 1996. Van Arsdalen filed a petition with the Tax Court challenging the denial of relief under Section 6015(f). The Commissioner issued a notice of filing petition and right to intervene to Murray, stating that he could intervene solely to challenge Van Arsdalen's entitlement to relief. Van Arsdalen moved to strike this restrictive language, asserting that Murray should be allowed to intervene in support of her claim.

Procedural History

The Tax Court initially denied Van Arsdalen's motion to strike but later vacated that order and set the motion for hearing. The court granted Van Arsdalen's motion to vacate and considered her motion to strike the Commissioner's notice. The court's standard of review was de novo, focusing on the interpretation of IRC Section 6015 and Tax Court Rule 325.

Issue(s)

Whether a nonelecting spouse may intervene in a Tax Court proceeding involving a claim for relief from joint and several liability under IRC Section 6015 solely to challenge the electing spouse's entitlement to relief, or whether such intervention may also be for the purpose of supporting the electing spouse's claim.

Rule(s) of Law

IRC Section 6015(e)(4) mandates that the Tax Court establish rules providing the

© 2025 SCOTUSreports.com. All rights reserved.

nonelecting spouse with notice and an opportunity to become a party to a proceeding involving a claim for relief under Section 6015. Tax Court Rule 325(a) requires the Commissioner to serve notice of the filing of a petition on the nonelecting spouse, informing them of the right to intervene. Rule 325(b) allows the nonelecting spouse to file a notice of intervention within 60 days of service. Federal Rule of Civil Procedure 24(a) provides for intervention as a matter of right when a statute confers an unconditional right to intervene or when the applicant has a cognizable interest in the dispute and is not adequately represented by existing parties.

Holding

The Tax Court held that neither IRC Section 6015 nor Tax Court Rule 325 precludes a nonelecting spouse from intervening in a proceeding for the purpose of supporting the electing spouse's claim for relief under Section 6015. The court granted Van Arsdalen's motion to strike, deeming the restrictive language in the Commissioner's notice stricken, and directed that Murray's notice of intervention be filed.

Reasoning

The court's reasoning was based on the statutory language of IRC Section 6015(e)(4), which does not impose any substantive conditions on the nonelecting spouse's right to intervene. The court noted that Tax Court Rule 325, adopted after the court's decisions in Corson and King, does not limit the nonelecting spouse's intervention to challenging the electing spouse's claim. The court also considered the broader principles of intervention under Federal Rule of Civil Procedure 24(a), which allows intervention as a matter of right when a statute confers an unconditional right to intervene. The court concluded that allowing a nonelecting spouse to intervene in support of an electing spouse's claim aligns with the purpose of Section 6015 to provide taxpayer relief and ensures a fair and comprehensive review of claims. The court rejected the Commissioner's argument that intervention should be limited to challenging the claim, citing the lack of direct support in the statute or legislative history for such a restriction.

Disposition

The Tax Court granted Van Arsdalen's motion to strike the restrictive language in the Commissioner's notice and directed that Murray's notice of intervention be filed.

Significance/Impact

The Van Arsdalen decision has significant doctrinal importance in the context of tax law and judicial procedure. It broadens the scope of intervention in Tax Court proceedings under IRC Section 6015, allowing nonelecting spouses to participate more fully in the adjudication of relief claims. This ruling aligns with the statutory intent to provide relief to taxpayers and ensures that all relevant evidence, whether

© 2025 SCOTUSreports.com. All rights reserved.

favorable or unfavorable, is considered in determining relief from joint and several liability. Subsequent courts have applied this principle to other cases involving Section 6015 relief, reinforcing the right of nonelecting spouses to intervene and support claims for relief. The decision also impacts legal practice by encouraging attorneys to consider the potential benefits of nonelecting spouse intervention in strengthening their clients' cases for relief.

© 2025 SCOTUSreports.com. All rights reserved.