***Investment Research Associates, Inc. v. Commissioner, 126 T. C. 183 (U. S. Tax Court 2006)***

The U. S. Tax Court dismissed Investment Research Associates, Inc. ‘s case for lack of jurisdiction, ruling that the company failed to timely request an administrative hearing after the first federal tax lien was filed in Florida. This decision clarified that a taxpayer’s right to challenge a lien under IRC Section 6320 is limited to the first lien notice received, impacting how taxpayers must respond to multiple lien filings to preserve their rights to judicial review.

**Parties**

Investment Research Associates, Inc. , as the petitioner, challenged the decision of the Commissioner of Internal Revenue, the respondent, regarding the filing of federal tax liens.

**Facts**

Investment Research Associates, Inc. (IRA) was liable for tax deficiencies and penalties for multiple years as determined by the U. S. Tax Court in a previous case, Investment Research Assocs. Ltd. v. Commissioner, T. C. Memo 1999-407. In October 2002, the Commissioner filed a federal tax lien in Florida and sent IRA a Notice of Federal Tax Lien Filing and Your Right to a Hearing under IRC Section 6320. IRA did not request an administrative hearing in response to the Florida lien. Subsequently, in February 2003, the Commissioner filed another federal tax lien in Illinois and sent IRA a similar notice. IRA then requested an administrative hearing regarding the Illinois lien, which was denied by the Commissioner’s Office of Appeals because the request was not timely made following the first lien notice in Florida.

**Procedural History**

IRA did not request an administrative hearing following the filing of the Florida lien in October 2002. After the Illinois lien was filed in February 2003, IRA requested a hearing, which was denied as untimely. The Office of Appeals conducted an equivalent hearing and issued a decision letter, which IRA challenged by filing a petition with the U. S. Tax Court in September 2005. The Tax Court issued an order to show cause why the case should not be dismissed for lack of jurisdiction, and after considering the parties’ responses, dismissed the case for lack of jurisdiction.

**Issue(s)**

Whether the Tax Court has jurisdiction under IRC Sections 6320 and 6330 to review the Commissioner’s decision letter when the taxpayer failed to timely request an administrative hearing following the first notice of federal tax lien filing?

**Rule(s) of Law**

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IRC Section 6320(a) requires the Commissioner to notify a taxpayer in writing of the filing of a federal tax lien, and Section 6320(b) entitles the taxpayer to one administrative hearing regarding that lien. IRC Section 6320(b)(2) limits the taxpayer to only one hearing per taxable period. The Treasury Regulation, 26 C. F. R. Section 301. 6320-1(b)(1) and (2), specifies that a taxpayer must timely request a hearing with respect to the first lien notice received to preserve the right to judicial review.

**Holding**

The Tax Court held that it lacked jurisdiction over IRA's petition because IRA did not timely request an administrative hearing after receiving the first lien notice in Florida. Consequently, the decision letter issued by the Office of Appeals after the equivalent hearing did not constitute a notice of determination that would permit judicial review under IRC Sections 6320 and 6330.

**Reasoning**

The court found that the Treasury Regulation's requirement for a timely hearing request following the first lien notice was a reasonable interpretation of IRC Section 6320, as supported by the legislative history of the statute. The court reasoned that the regulation harmonized with the statutory language and purpose, which intended to limit taxpayers to one administrative hearing per tax liability. The court rejected IRA's argument that it should be allowed to request a hearing for the second lien in Illinois, citing the clear legislative intent that the right to an administrative hearing and judicial review arises only with respect to the first lien filed for a particular tax liability. The court emphasized that the Commissioner cannot waive the statutory period for requesting an administrative hearing, and thus, IRA's failure to request a hearing after the Florida lien filing precluded judicial review of the subsequent Illinois lien.

**Disposition**

The Tax Court dismissed the case for lack of jurisdiction, affirming that the decision letter issued after the equivalent hearing was not a notice of determination that could confer jurisdiction under IRC Sections 6320 and 6330.

**Significance/Impact**

This decision clarifies the procedural requirements for taxpayers to challenge federal tax liens under IRC Section 6320. It underscores the importance of timely requesting an administrative hearing following the first lien notice received, even if the taxpayer does not own significant assets in the jurisdiction where the first lien is filed. The ruling has practical implications for legal practitioners and taxpayers, as it limits the opportunities for judicial review of subsequent lien filings if the initial hearing is not requested. Subsequent cases have followed this precedent, affirming

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the validity of the Treasury Regulation and the legislative intent behind IRC Section 6320.

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