Wilson v. Commissioner of Internal Revenue, 131 T. C. 47 (2008)

In Wilson v. Commissioner, the U. S. Tax Court ruled it lacked jurisdiction over Maureen Patricia Wilson's appeal of a proposed levy action due to her untimely request for a Collection Due Process (CDP) hearing. The court clarified that a valid notice of determination under Section 6330 of the Internal Revenue Code requires a timely hearing request, which Wilson did not make. This decision underscores the strict procedural requirements taxpayers must follow to challenge IRS collection actions, emphasizing the importance of timeliness in administrative appeals.

Parties

Maureen Patricia Wilson, the Petitioner, filed a pro se appeal against the Commissioner of Internal Revenue, the Respondent, in the United States Tax Court. Wilson challenged the Commissioner's proposed levy action to collect an unpaid trust fund recovery penalty.

Facts

On June 29, 1998, the IRS assessed a trust fund recovery penalty against Wilson under Section 6672 of the Internal Revenue Code, amounting to $37,560. 77 for unpaid federal tax liabilities of New Wave Communications, Inc. , from June 30, 1996, to September 30, 1997. On July 19, 2003, the IRS issued a final notice of intent to levy and notice of the right to a hearing to Wilson. Wilson did not request a CDP hearing until March 6, 2006, well beyond the statutory 30-day period. The IRS Appeals Office granted Wilson an equivalent hearing, resulting in a document titled "NOTICE OF DETERMINATION CONCERNING COLLECTION ACTION(S) UNDER SECTION 6320 and/or 6330," which sustained the proposed levy action but indicated that Wilson was not entitled to judicial review due to her untimely request.

Procedural History

Wilson filed a petition in the United States Tax Court on February 20, 2007, challenging the IRS's proposed levy action. The Tax Court issued a Show Cause Order on May 30, 2008, requiring the parties to show why the case should not be dismissed for lack of jurisdiction. The IRS responded, asserting the court lacked jurisdiction due to Wilson's untimely CDP hearing request. Wilson did not respond to the Show Cause Order. A hearing was held on July 8, 2008, where Wilson did not appear, and the IRS argued for dismissal. On September 10, 2008, the Tax Court dismissed the case for lack of jurisdiction.

Issue(s)

Whether the document issued by the IRS Appeals Office, titled "NOTICE OF DETERMINATION CONCERNING COLLECTION ACTION(S) UNDER SECTION 6320 and/or 6330," constituted a valid notice of determination under Section 6330 of the Internal Revenue Code, given Wilson's untimely request for a CDP hearing.

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Rule(s) of Law

The jurisdiction of the Tax Court under Section 6330(d)(1) of the Internal Revenue Code depends on the issuance of a valid notice of determination and a timely filed petition. A valid notice of determination requires a timely request for a CDP hearing under Section 6330(b). If a taxpayer fails to request a timely hearing, the Appeals Office may grant an equivalent hearing, but the resulting decision letter does not constitute a determination for judicial review purposes.

Holding

The Tax Court held that the document issued by the IRS Appeals Office did not embody a determination under Section 6330 due to Wilson's untimely request for a CDP hearing. Consequently, the document was not a valid notice of determination under Section 6330, and the court lacked jurisdiction over the case.

Reasoning

The court reasoned that a valid notice of determination under Section 6330 requires a timely request for a CDP hearing, as established by prior case law such as Offiler v. Commissioner and Moorhous v. Commissioner. The court distinguished this case from Craig v. Commissioner, where a timely request had been made, and the label of the document did not control the court's jurisdiction. The court emphasized that the jurisdictional provision in Section 6330(b) mandates a timely request for a hearing, and Wilson's failure to meet this requirement precluded the Appeals Office from making a determination under Section 6330. The court rejected the argument that the label of the document ("NOTICE OF DETERMINATION") could confer jurisdiction, focusing instead on the substance of the document and the procedural history.

Disposition

The Tax Court dismissed the case for lack of jurisdiction, making the Show Cause Order absolute.

Significance/Impact

Wilson v. Commissioner reinforces the strict procedural requirements for taxpayers seeking to challenge IRS collection actions. It clarifies that the timeliness of a CDP hearing request is a jurisdictional prerequisite for judicial review under Section 6330(d)(1). This decision has practical implications for taxpayers, emphasizing the need to adhere to statutory deadlines in administrative appeals. The case also highlights the importance of clear communication from the IRS Appeals Office regarding the nature and implications of equivalent hearings, ensuring taxpayers understand the limits of their judicial recourse.

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