***Williams v. Commissioner of Internal Revenue, 131 T. C. 54 (U. S. Tax Court 2008)***

In Williams v. Commissioner, the U. S. Tax Court ruled it lacked jurisdiction over three issues: the petitioner's 2001 tax liability, unassessed interest on tax liabilities, and penalties for failure to report foreign bank accounts (FBAR penalties). The court clarified that its jurisdiction is limited to matters expressly provided by statute, thus excluding these claims from its purview. This decision underscores the Tax Court's restricted jurisdiction and the necessity for explicit statutory authorization for it to hear specific types of cases.

**Parties**

Joseph B. Williams, III, was the Petitioner. The Commissioner of Internal Revenue was the Respondent. The case was heard in the U. S. Tax Court.

**Facts**

Joseph B. Williams, III, filed a timely petition seeking redetermination of deficiencies in his federal income tax for the years 1993 through 2000. In addition to challenging these deficiencies, Williams also attempted to raise issues regarding his 2001 tax liability, unassessed interest on asserted tax liabilities, and penalties under 31 U. S. C. sec. 5321(a) for failing to file Foreign Bank and Financial Accounts Reports (FBARs) related to his Swiss bank accounts. The Commissioner moved to dismiss these additional claims for lack of jurisdiction.

**Procedural History**

The Commissioner issued a notice of deficiency dated October 29, 2007, for Williams' federal income tax liabilities from 1993 to 2000. Williams filed a petition challenging these deficiencies and included additional claims concerning 2001 tax liabilities, unassessed interest, and FBAR penalties. The Commissioner filed a motion to dismiss these additional claims for lack of jurisdiction, which the Tax Court granted.

**Issue(s)**

1. Whether the U. S. Tax Court has jurisdiction to redetermine the petitioner's income tax liability for the year 2001, which was not included in the notice of deficiency?
2. Whether the U. S. Tax Court has jurisdiction to review unassessed interest on asserted tax liabilities?
3. Whether the U. S. Tax Court has jurisdiction to review the imposition of FBAR penalties under 31 U. S. C. sec. 5321(a)?

**Rule(s) of Law**

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1. The Tax Court's jurisdiction is limited to matters expressly provided by statute. *Breman v. Commissioner*, 66 T. C. 61, 66 (1976).
2. Jurisdiction over a deficiency depends on the issuance of a notice of deficiency by the Commissioner. 26 U. S. C. secs. 6212(a), 6214(a).
3. The Tax Court has limited jurisdiction over interest issues, which is contingent upon an assessment of interest and the Commissioner's final determination not to abate such interest. 26 U. S. C. secs. 6404(e), 6404(h).
4. The Tax Court's jurisdiction does not extend to FBAR penalties, which are governed by Title 31 of the U. S. Code, not Title 26. 31 U. S. C. sec. 5321.

**Holding**

1. The U. S. Tax Court does not have jurisdiction to redetermine the petitioner's income tax liability for the year 2001, as it was not included in the notice of deficiency.
2. The U. S. Tax Court does not have jurisdiction to review unassessed interest on asserted tax liabilities, as jurisdiction under 26 U. S. C. sec. 6404(h) requires an assessment of interest and a final determination by the Commissioner.
3. The U. S. Tax Court does not have jurisdiction to review the imposition of FBAR penalties, as these penalties fall outside the scope of the Tax Court's jurisdiction, which is limited to Title 26 of the U. S. Code.

**Reasoning**

The court reasoned that its jurisdiction is strictly limited to matters expressly provided by statute. Since the notice of deficiency did not include 2001, the court lacked jurisdiction over that year's tax liabilities. Regarding interest, the court noted that jurisdiction under section 6404(h) is contingent upon an assessment of interest and a final determination by the Commissioner, neither of which had occurred. The court further reasoned that FBAR penalties, governed by Title 31, are outside its jurisdiction, which is confined to Title 26. The court emphasized that the absence of statutory authorization for jurisdiction over these matters precluded its ability to hear them. The court also addressed the petitioner's arguments, noting that the Tax Court's jurisdiction does not extend to pre-assessment review of interest or to FBAR penalties, as these fall outside the scope of the deficiency procedures and the Tax Court's jurisdiction.

**Disposition**

The court granted the Commissioner's motion to dismiss for lack of jurisdiction and ordered the striking of references to 2001 tax liabilities, unassessed interest, and FBAR penalties from the petition.

**Significance/Impact**

This decision underscores the limited jurisdiction of the U. S. Tax Court and the

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necessity for explicit statutory authorization for the court to hear specific types of cases. It clarifies that the Tax Court cannot review tax liabilities for years not included in a notice of deficiency, unassessed interest, or penalties governed by statutes outside Title 26. The ruling has implications for taxpayers seeking to challenge such matters in the Tax Court, emphasizing the need to adhere to the jurisdictional limits set by Congress. Subsequent cases have cited Williams to reinforce the principle that the Tax Court's jurisdiction is strictly defined by statute.

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