Anonymous v. Commissioner, 134 T. C. 13 (2010)

In *Anonymous v. Commissioner*, the U. S. Tax Court clarified its jurisdiction over Private Letter Rulings (PLRs), affirming that it can only determine whether specific information in a PLR should be redacted before public disclosure. The court rejected broader claims under the Administrative Procedure Act to block the entire PLR's release, but left open the possibility of further redactions if certain terms were found to identify the petitioner, highlighting the balance between taxpayer privacy and public access to tax rulings.

Parties

Petitioner: Anonymous, represented by sealed counsel throughout the litigation.
Respondent: Commissioner of Internal Revenue, represented by sealed counsel throughout the litigation.

Facts

On October 1, 2004, the petitioner submitted a request for a Private Letter Ruling (PLR) to the respondent. On September 17, 2007, the respondent notified the petitioner of an intent to issue an adverse PLR. Despite the opportunity to withdraw the request, the petitioner declined. On October 5, 2007, the respondent issued the adverse PLR. The petitioner then filed a petition in the U. S. Tax Court on December 6, 2007, seeking to restrain the disclosure of the PLR, alleging it was arbitrary and capricious and contained identifying information.

Procedural History

The petitioner filed a petition in the U. S. Tax Court under 26 U. S. C. § 6110 to restrain the disclosure of the PLR. The respondent moved for summary judgment, asserting that the court lacked jurisdiction to prevent the PLR's disclosure and that no identifying terms were included. The court reviewed the respondent's motion for summary judgment under Rule 121 of the Tax Court Rules of Practice and Procedure.

Issue(s)

Whether the U. S. Tax Court has jurisdiction to prevent the disclosure of the entire PLR under the Administrative Procedure Act?
Whether the U. S. Tax Court has jurisdiction to determine if certain terms in the PLR should be deleted before public disclosure under 26 U. S. C. § 6110?
Whether specific terms in the PLR tend to identify the petitioner?

Rule(s) of Law

26 U. S. C. § 6110(a) mandates that written determinations, including PLRs, be open to public inspection. However, § 6110(c) requires the deletion of identifying

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information before disclosure. § 6110(f)(3)(A) grants the Tax Court jurisdiction to determine whether such deletions are necessary. 26 U. S. C. § 6103 protects the confidentiality of return information but permits disclosure to Treasury Department employees for tax administration under § 6103(h)(1). The Administrative Procedure Act does not provide a right of action to prevent PLR disclosure.

Holding

The U. S. Tax Court does not have jurisdiction under the Administrative Procedure Act to prevent the disclosure of the entire PLR. The court's jurisdiction is limited to determining whether specific terms in the PLR should be deleted under 26 U. S. C. § 6110(f)(3)(A). The issue of whether certain terms in the PLR tend to identify the petitioner remains a question of fact, and thus, summary judgment on this issue was denied.

Reasoning

The court reasoned that 26 U. S. C. § 6110(f)(3)(A) specifically limits its jurisdiction to reviewing the Commissioner's decision on deletions in PLRs. The court rejected the petitioner's argument under the Administrative Procedure Act, citing that it does not create a right of action in this context. The court also noted that § 6103(h)(1) allows disclosure of confidential return information to Treasury Department employees for tax administration purposes. Regarding the identifying terms, the court found a genuine issue of material fact, as the petitioner claimed the terms were industry-specific and would identify them, necessitating a trial on this issue. The court balanced taxpayer privacy against the public's interest in accessing tax rulings, adhering to the statutory framework provided by Congress.

Disposition

The court granted the respondent's motion for summary judgment in part, denying the petitioner's request to prevent the disclosure of the entire PLR. The court denied the respondent's motion in part, leaving open the issue of whether certain terms in the PLR should be redacted due to the potential for identifying the petitioner.

Significance/Impact

This case reinforces the limited jurisdiction of the U. S. Tax Court over PLRs, focusing solely on the redaction of identifying information rather than broader disclosure issues. It underscores the balance between taxpayer privacy and the public's right to access tax rulings, setting a precedent for future cases involving PLR disclosures. The decision also highlights the procedural hurdles taxpayers face in challenging PLRs and the necessity of precise statutory interpretation in tax litigation.

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