Winslow v. Comm'r, 139 T. C. 270 (2012)

In Winslow v. Comm'r, the U. S. Tax Court upheld the IRS's authority to issue notices of deficiency and prepare substitutes for returns when a taxpayer fails to file, reinforcing the delegation of authority within the IRS. The court also sustained penalties for the taxpayer's failure to file and pay taxes, and imposed a sanction for maintaining frivolous arguments, highlighting the importance of compliance and the consequences of frivolous litigation in tax law.

Parties

Arnold Bruce Winslow, the petitioner, represented himself pro se. The respondent was the Commissioner of Internal Revenue, represented by Mayer Y. Silber and Robert M. Romashko.

Facts

Arnold Bruce Winslow did not file federal income tax returns for the years 2005 and 2006. During these years, he was employed by Dell Medical Corp. and received compensation of $28,630 and $27,529, respectively, along with dividend income of $24 and $28. The IRS, not receiving any returns from Winslow, prepared substitutes for returns using third-party information returns. These substitutes were certified by Maureen Green, an Operations Manager in the IRS's Ogden, Utah, Service Center. Notices of deficiency were subsequently issued by Henry Slaughter, the Director of Collection Area-Western at the Ogden Service Center.

Procedural History

Winslow challenged the IRS's determinations, arguing that the individuals certifying the substitutes for returns and issuing the notices of deficiency lacked the delegated authority to do so. The IRS moved to impose sanctions on Winslow under section 6673(a)(1) for maintaining frivolous positions. The Tax Court upheld the IRS's actions, affirming the delegation of authority, the validity of the notices, and the imposition of penalties and sanctions.

Issue(s)

Whether the individuals who prepared the substitutes for returns and issued the notices of deficiency had the delegated authority to do so under the Internal Revenue Code?

Whether the taxpayer is liable for additions to tax under sections 6651(a)(1) and 6651(a)(2) for failure to timely file and pay taxes?

Whether the taxpayer should be sanctioned under section 6673(a)(1) for maintaining frivolous positions?

© 2025 SCOTUSreports.com. All rights reserved.

Rule(s) of Law

The Internal Revenue Code allows the Secretary of the Treasury to delegate authority to officers or employees to prepare substitutes for returns under section 6020(b) and issue notices of deficiency under section 6212(a). Delegation Order 5-2 authorizes certain IRS personnel, including SB/SE tax compliance officers, to prepare substitutes for returns. Delegation Order 4-8 authorizes certain IRS managers, including SB/SE field directors, to issue notices of deficiency. Section 6651(a)(1) imposes an addition to tax for failure to timely file a return, and section 6651(a)(2) for failure to timely pay tax due. Section 6673(a)(1) permits the imposition of a penalty for maintaining frivolous positions.

Holding

The court held that the IRS officials had the delegated authority to prepare substitutes for returns and issue notices of deficiency. The taxpayer was liable for additions to tax under sections 6651(a)(1) and 6651(a)(2) for failing to file and pay taxes. The court also imposed a sanction under section 6673(a)(1) for the taxpayer's frivolous arguments.

Reasoning

The court reasoned that the IRS officials involved had the authority to act based on the delegation orders. Maureen Green, as a supervisory employee, was considered to have the same authority as the SB/SE tax compliance officers she supervised, as per the Internal Revenue Manual (IRM) which states that intervening line supervisors have the same authority as their subordinates. Henry Slaughter, as an SB/SE field director, was specifically delegated the authority to issue notices of deficiency. The court rejected Winslow's arguments that his income was not taxable and upheld the additions to tax, finding no evidence of reasonable cause for his failure to file or pay. The court also found Winslow's positions to be frivolous and imposed a sanction to deter such litigation.

Disposition

The Tax Court affirmed the deficiencies and additions to tax, and imposed a penalty under section 6673(a)(1).

Significance/Impact

Winslow v. Comm'r reinforces the IRS's broad authority to delegate powers within its organizational structure, clarifying the scope of authority for supervisory personnel. It also underscores the consequences of failing to comply with tax obligations and the potential for sanctions when taxpayers maintain frivolous positions. This case serves as a reminder of the importance of adhering to tax filing and payment requirements and the risks associated with challenging IRS authority on unfounded grounds.

© 2025 SCOTUSreports.com. All rights reserved.