Whistleblower 22232-13W v. Commissioner, 148 T. C. No. 12 (2017)

In Whistleblower 22232-13W v. Commissioner, the U. S. Tax Court ruled it has jurisdiction over a whistleblower's petition filed in response to a 2013 letter from the IRS, despite earlier denials in 2012. The court's decision hinges on the statutory language allowing jurisdiction over 'any determination' under IRC section 7623(b)(4), emphasizing that multiple determinations can be issued for a single claim, thus safeguarding whistleblowers' rights to judicial review. This ruling clarifies and expands the scope of judicial review in whistleblower cases, ensuring claimants receive clear notice of their right to appeal.

Parties

Whistleblower 22232-13W, Petitioner, filed the whistleblower proceeding against the Commissioner of Internal Revenue, Respondent. The petitioners were designated as such at the trial court level and throughout the appellate process.

Facts

Whistleblower 22232-13W, residing in Illinois, filed a Form 211 with the IRS on February 6, 2012, seeking an award for original information. The IRS Whistleblower Office processed this application as four separate claims, sending denial letters to the whistleblower in October and November 2012. Following these denials, the whistleblower sent additional information to the Whistleblower Office on January 18, 2013. In response, the Whistleblower Office sent a letter on February 12, 2013, denying the claim again. The whistleblower then filed a petition with the U. S. Tax Court on March 19, 2013, in response to the February 2013 letter.

Procedural History

The whistleblower filed a petition with the U. S. Tax Court under IRC section 7623(b)(4) following the February 2013 letter from the IRS. The Commissioner moved to dismiss for lack of jurisdiction, arguing the petition was untimely based on prior denials in 2012. The Tax Court considered the motion without a hearing and denied it, holding that the court had jurisdiction over the petition filed in response to the 2013 letter.

Issue(s)

Whether the U. S. Tax Court has jurisdiction over a whistleblower's petition filed in response to a 2013 IRS letter, given prior denials of the same claim in 2012?

Rule(s) of Law

IRC section 7623(b)(4) provides that the Tax Court has jurisdiction over 'any determination' regarding a whistleblower award under section 7623(b)(1), (2), or (3), if a petition is filed within 30 days of such determination. The court has

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previously held that a letter rejecting a whistleblower claim can constitute a determination under this section, even if not formally labeled as such.

Holding

The U. S. Tax Court held that it has jurisdiction over the whistleblower's petition filed in response to the February 2013 letter, as the letter constituted a determination under IRC section 7623(b)(4). The court rejected the Commissioner's argument that the petition was untimely due to the 2012 denials, emphasizing the statutory language allowing jurisdiction over 'any determination'.

Reasoning

The court's reasoning focused on the plain language of IRC section 7623(b)(4), which allows jurisdiction over 'any determination'. The February 2013 letter was deemed a determination because it stated that the claim 'still does not meet our criteria for an award', and it was the only letter to mention a 'determination' explicitly. The court distinguished this case from prior cases like Friedland v. Commissioner, noting that the statute's use of 'any' allows for multiple determinations on a single claim, providing whistleblowers with multiple opportunities for judicial review. The court also considered policy implications, noting that a contrary interpretation could allow the IRS to frustrate judicial review by issuing ambiguous denials. The court declined to follow an alternative jurisdictional basis proposed in a concurring opinion, which would have relied on the whistleblower's submission of additional materials after the 2012 denials, citing potential abuse and the burdensomeness of verifying such claims.

Disposition

The U. S. Tax Court denied the Commissioner's motion to dismiss for lack of jurisdiction, holding that it had jurisdiction over the petition filed in response to the February 2013 letter.

Significance/Impact

This decision clarifies the jurisdictional scope of IRC section 7623(b)(4), emphasizing that the Tax Court can exercise jurisdiction over 'any determination' made by the IRS regarding a whistleblower claim. It expands the opportunities for whistleblowers to seek judicial review, potentially affecting how the IRS communicates determinations to claimants. The ruling also highlights the importance of clear statutory interpretation in ensuring access to judicial review, and may influence future cases involving multiple determinations on the same claim.

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