Lander v. Commissioner, 154 T. C. No. 7 (U. S. Tax Ct. 2020)

In Lander v. Commissioner, the U. S. Tax Court ruled that Joseph and Kimberly Lander could not challenge their 2005 income tax liability in a collection due process proceeding because they had a prior opportunity to dispute it during an IRS audit reconsideration process. The court also affirmed the validity of the IRS's tax assessments for 2005, despite the Landers not receiving the notice of deficiency, as it was mailed to their last known address. This decision underscores the importance of prior opportunities to challenge tax liabilities and the procedural aspects of tax assessments.

Parties

Joseph Thomas Lander and Kimberly W. Lander, Petitioners, v. Commissioner of Internal Revenue, Respondent.

Facts

Joseph and Kimberly Lander filed a delinquent joint Federal income tax return for the taxable year 2005 on April 2, 2009, and subsequently filed an amended return in September 2009. The IRS examined their return, proposing adjustments that included disallowing a deduction for a flowthrough loss from GenSpec, LLC, and adjusting income due to unreported capital gains from K3 Ventures, LLC. The IRS sent a notice of deficiency to the Landers' last known address on November 16, 2011, which was not received by them. Following the notice, the IRS assessed the tax liability on July 2, 2012, and began collection activities. The Landers, who did not receive the notice of deficiency, sought an audit reconsideration, which led to a conference with the IRS Appeals Office. During this process, some of the tax liability was abated. Later, the IRS filed a Federal tax lien, prompting the Landers to request a collection due process hearing, where they attempted to challenge the underlying tax liability.

Procedural History

The IRS issued a notice of deficiency on November 16, 2011, which the Landers did not receive. The IRS assessed the tax liability on July 2, 2012, and sent a notice and demand for payment. The Landers requested an audit reconsideration, which led to a conference with the IRS Appeals Office, resulting in some abatement of the tax. On January 13, 2015, the IRS filed a Federal tax lien and notified the Landers of their right to a hearing under I. R. C. § 6320. The Landers timely requested a collection due process hearing, challenging the validity of the underlying tax liability. The Appeals Office sustained the lien filing, and the Landers petitioned the U. S. Tax Court for review. The court remanded the case to the Appeals Office for further review of the notice of deficiency issue, and upon reevaluation, the Appeals Office upheld the lien filing. The case returned to the Tax Court, which affirmed the validity of the assessments and ruled that the Landers had a prior opportunity to

© 2025 SCOTUSreports.com. All rights reserved.

dispute the tax liability during the audit reconsideration process.

Issue(s)

Whether the assessments entered against the Landers for the taxable year 2005 are valid despite the Landers not receiving the notice of deficiency?

Whether the Landers had a prior opportunity to dispute the underlying tax liability for 2005, thus precluding them from challenging it in the collection due process proceeding?

Rule(s) of Law

Under I. R. C. § 6212(a), the IRS is authorized to send a notice of deficiency to a taxpayer by certified or registered mail. Section 6212(b)(1) states that mailing to the taxpayer's last known address is sufficient. Section 6330(c)(2)(B) allows a taxpayer to challenge the underlying tax liability in a collection due process hearing if the taxpayer did not receive a statutory notice of deficiency or did not otherwise have an opportunity to dispute such tax liability. Section 301. 6330-1(e)(3), Q&A-E2, Proced. & Admin. Regs. , clarifies that an opportunity to dispute includes a prior conference with the IRS Appeals Office.

Holding

The Tax Court held that the assessments against the Landers for the taxable year 2005 were valid because the notice of deficiency was mailed to their last known address, despite not being received. The court also held that the Landers had a prior opportunity to dispute their underlying tax liability during the audit reconsideration process, thus they could not challenge it in the collection due process proceeding.

Reasoning

The court reasoned that the IRS satisfied the mailing requirement under I. R. C. § 6212 by sending the notice of deficiency to the Landers' last known address, as evidenced by Form 3877 and USPS records. The court noted that the validity of the notice of deficiency does not depend on its receipt by the taxpayer. Regarding the opportunity to dispute, the court relied on the regulation at § 301. 6330-1(e)(3), Q&A-E2, which states that a conference with the IRS Appeals Office constitutes an opportunity to dispute the tax liability. The court found that the Landers had such an opportunity during the audit reconsideration process, where they engaged with the Appeals Office and some of their tax liability was abated. The court rejected the Landers' argument that they were not given a full and fair opportunity to dispute their liability, citing the extensive engagement with the Appeals Office and the detailed consideration of their arguments and evidence. The court also distinguished the case from Lewis v. Commissioner, where the tax was not subject to deficiency procedures, but applied the same reasoning regarding the prior opportunity to dispute.

© 2025 SCOTUSreports.com. All rights reserved.

Disposition

The Tax Court affirmed the validity of the assessments and ruled that the Landers could not challenge their underlying tax liability in the collection due process proceeding. The case was remanded to the Appeals Office to consider the Landers' claim for spousal relief and their ability to pay the balance due.

Significance/Impact

The Lander decision reinforces the importance of the IRS's mailing practices in validating tax assessments and the significance of prior opportunities to dispute tax liabilities in collection due process proceedings. It clarifies that a taxpayer's failure to receive a notice of deficiency does not invalidate the assessment if it was mailed to the last known address. The case also underscores the role of the IRS Appeals Office in providing taxpayers with an opportunity to dispute their liabilities, which may preclude further challenges in collection proceedings. This ruling may influence how taxpayers approach audit reconsiderations and collection due process hearings, emphasizing the need to fully engage in any available administrative processes before seeking judicial review.

© 2025 SCOTUSreports.com. All rights reserved.