William E. Ruhaak v. Commissioner of Internal Revenue, 157 T. C. No. 9 (2021)

In a significant ruling, the U. S. Tax Court clarified the distinction between Collection Due Process (CDP) hearings and equivalent hearings under IRS procedures. William E. Ruhaak sought an equivalent hearing to voice his conscientious objection to tax payments, but the court ruled that his timely request within the 30-day period following the levy notice automatically triggered a CDP hearing. The decision underscores the strict adherence to statutory and regulatory frameworks governing IRS collection actions, impacting taxpayers' rights to administrative hearings.

Parties

William E. Ruhaak, as the Petitioner, sought review of the IRS's determination to sustain a proposed levy. The Commissioner of Internal Revenue, as the Respondent, defended the IRS's actions and determination.

Facts

On March 10, 2017, the IRS sent William E. Ruhaak a Notice of Intent to Levy and Notice of Your Right to a Hearing (levy notice) via certified mail. Ruhaak responded by mailing Form 12153, Request for a Collection Due Process or Equivalent Hearing, on April 7, 2017, which was postmarked on that date and received by the IRS Office of Appeals on April 10, 2017. On this form, Ruhaak checked a box requesting an equivalent hearing if his request for a CDP hearing was untimely. The IRS, however, determined that Ruhaak's request was timely for a CDP hearing, and thus, he was not entitled to an equivalent hearing. After a CDP hearing, the IRS issued a notice of determination sustaining the proposed levy. Ruhaak argued that he should have been granted an equivalent hearing, as his Form 12153 constituted a written request made within the one-year period for requesting such a hearing.

Procedural History

The IRS sent Ruhaak a levy notice on March 10, 2017, and Ruhaak timely filed a Form 12153 within the 30-day period provided for requesting a CDP hearing. The IRS Office of Appeals determined that Ruhaak's request was timely for a CDP hearing and conducted such a hearing. Following the hearing, the IRS issued a notice of determination on September 15, 2017, sustaining the proposed levy. Ruhaak then filed a timely petition for review with the U. S. Tax Court, which denied respondent's motion for summary judgment and proceeded to trial. The Tax Court ultimately ruled that Ruhaak's request, made within the 30-day period, necessitated a CDP hearing, not an equivalent hearing, and upheld the IRS's determination.

Issue(s)

Whether a taxpayer, who submits a hearing request within the 30-day period

© 2025 SCOTUSreports.com. All rights reserved.

following the mailing date of a levy notice, may request an equivalent hearing instead of a CDP hearing under IRS regulations?

Rule(s) of Law

Section 6330 of the Internal Revenue Code authorizes the IRS to notify taxpayers of their right to a CDP hearing upon receiving a levy notice. A taxpayer must request a CDP hearing within the 30-day period following the mailing date of the levy notice. IRS regulations allow for an equivalent hearing if a taxpayer fails to timely request a CDP hearing, provided the request for an equivalent hearing is made in writing within the one-year period commencing the day after the date of the levy notice. See 26 C. F. R. § 301. 6330-1(i)(1), (2).

Holding

The court held that a taxpayer's request for a hearing made within the 30-day period following the mailing date of the levy notice triggers a CDP hearing and not an equivalent hearing. Consequently, Ruhaak's timely request necessitated a CDP hearing, and the IRS properly issued a notice of determination following the CDP hearing.

Reasoning

The court's reasoning hinged on the statutory and regulatory frameworks governing CDP and equivalent hearings. The IRS regulations specify that a taxpayer who fails to make a timely request for a CDP hearing may request an equivalent hearing. Since Ruhaak's request was made within the 30-day period for requesting a CDP hearing, he was not eligible for an equivalent hearing. The court emphasized that the one-year period for requesting an equivalent hearing begins only after the 30-day period for a CDP hearing expires. The court further noted that Ruhaak's argument was based on a misreading of the regulations in isolation, without considering the full context of the IRS's administrative procedures. Additionally, the court addressed Ruhaak's claim that the IRS abused its discretion in not rescheduling a telephone conference, finding that his request for rescheduling was conditioned on an unlawful demand for an equivalent hearing, and his arguments during the CDP hearing were frivolous and precluded under the IRS regulations.

Disposition

The court upheld the IRS's determination to sustain the proposed levy, ruling that Ruhaak was entitled to a CDP hearing, not an equivalent hearing, and that the IRS did not abuse its discretion in the conduct of the CDP hearing or in its determination to sustain the levy.

Significance/Impact

This case clarifies the distinction between CDP and equivalent hearings under IRS

© 2025 SCOTUSreports.com. All rights reserved.

regulations, emphasizing the importance of the timing of a taxpayer's request in determining the type of hearing available. It reinforces the IRS's authority to strictly enforce the 30-day period for requesting a CDP hearing, impacting taxpayers' ability to select the type of administrative hearing they receive. The decision also underscores the IRS's ability to summarily dispose of frivolous arguments during CDP hearings, which may extend to equivalent hearings, affecting taxpayers' rights to raise certain objections during IRS collection proceedings.

© 2025 SCOTUSreports.com. All rights reserved.