Hallmark Research Collective v. Commissioner of Internal Revenue, 159 T. C. No. 6 (2022) (United States Tax Court, 2022)

In a significant ruling, the U. S. Tax Court upheld the jurisdictional nature of the 90-day deadline for filing deficiency petitions, rejecting equitable tolling and affirming dismissal for untimely filings. Hallmark Research Collective sought to reopen its case after missing the filing deadline by one day, arguing for equitable tolling post-*Boechler*. The court, however, maintained that the deadline is non-negotiable, impacting taxpayers' ability to challenge IRS deficiency determinations.

Parties

Hallmark Research Collective, Petitioner, sought to challenge the IRS's deficiency determination against it. The Commissioner of Internal Revenue, Respondent, defended the dismissal of the case for lack of jurisdiction due to the late filing of the petition by Hallmark.

Facts

The IRS issued a notice of deficiency to Hallmark Research Collective on June 3, 2021, determining deficiencies, additions to tax, and penalties for tax years 2015 and 2016. The notice specified that the last day to file a petition with the U. S. Tax Court was September 1, 2021. Hallmark filed its petition electronically on September 2, 2021, one day late, attributing the delay to its CPA's illness due to COVID-19. The Tax Court had previously dismissed Hallmark's petition for lack of jurisdiction because it was filed late. Following the Supreme Court's decision in *Boechler, P. C. v. Commissioner*, Hallmark moved to vacate the dismissal, arguing that the 90-day deadline in I. R. C. § 6213(a) is non-jurisdictional and subject to equitable tolling.

Procedural History

The Tax Court initially dismissed Hallmark's petition on April 1, 2022, for lack of jurisdiction due to the late filing. Hallmark then moved to vacate this order on May 2, 2022, following the Supreme Court's decision in *Boechler*, which held that a similar deadline in a different context was non-jurisdictional. The Commissioner opposed the motion, arguing that the 90-day deadline under § 6213(a) remains jurisdictional. The Tax Court reviewed the motion and denied it, reaffirming its previous dismissal.

Issue(s)

Whether the 90-day deadline for filing a deficiency petition under I. R. C. § 6213(a) is a jurisdictional requirement that precludes equitable tolling?

Rule(s) of Law

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I. R. C. § 6213(a) provides that "Within 90 days, or 150 days if the notice is addressed to a person outside the United States, after the notice of deficiency authorized in section 6212 is mailed. . . the taxpayer may file a petition with the Tax Court for a redetermination of the deficiency. " The court must assess whether this deadline is jurisdictional using the "text, context, and relevant historical treatment" of the statute as per *Reed Elsevier, Inc. v. Muchnick*, 559 U. S. 154, 166 (2010).

Holding

The Tax Court held that the 90-day filing deadline under I. R. C. § 6213(a) is jurisdictional and not subject to equitable tolling. Therefore, Hallmark's late filing deprived the court of jurisdiction, and the dismissal of the case was proper.

Reasoning

The court's reasoning was rooted in the statutory text, its context within the Internal Revenue Code, and a century of judicial and legislative history. The court found that the language of § 6213(a) clearly states that a petition must be filed within 90 days to confer jurisdiction, reinforced by the statutory scheme's intent to balance taxpayer rights with governmental interests in timely tax collection. The court analyzed the legislative history and consistent judicial interpretation, noting that Congress has repeatedly reenacted § 6213(a) without altering its jurisdictional character despite opportunities to do so. The court distinguished *Boechler* by emphasizing that the statute at issue there, § 6330(d)(1), lacked the historical and statutory context that supports § 6213(a)'s jurisdictional nature. The court also considered the implications of § 7459(d), which treats a dismissal for lack of jurisdiction differently from other dismissals, further supporting the jurisdictional reading of § 6213(a). The court concluded that the uniform treatment of the 90-day deadline as jurisdictional by the Tax Court and circuit courts of appeals, coupled with Congress's acquiescence, firmly established its jurisdictional character, precluding equitable tolling.

Disposition

The Tax Court denied Hallmark's motion to vacate the dismissal order and affirmed the dismissal of the case for lack of jurisdiction.

Significance/Impact

This decision reaffirms the strict enforcement of the 90-day filing deadline under § 6213(a) as jurisdictional, impacting taxpayers' ability to challenge IRS deficiency determinations in the Tax Court. It underscores the importance of timely filing and the lack of flexibility for equitable exceptions, which may influence taxpayers' strategies in contesting IRS actions. The ruling maintains the balance intended by Congress between taxpayer rights and the government's need for efficient tax collection, and it continues the long-standing judicial interpretation of the statute.

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