Thomas v. Commissioner, 160 T. C. No. 4 (U. S. Tax Ct. 2023)

In Thomas v. Commissioner, the U. S. Tax Court ruled that blog posts discovered after an administrative proceeding could be considered 'newly discovered evidence' under I. R. C. § 6015(e)(7)(B), allowing their admission in court despite not being part of the initial record. This decision interprets the statute's scope broadly, impacting how evidence is considered in innocent spouse relief cases and emphasizing the court's de novo review authority.

Parties

Sydney Ann Chaney Thomas (Petitioner) v. Commissioner of Internal Revenue (Respondent). The case was filed in the United States Tax Court, with Megan L. Brackney representing the Petitioner and Julie V. Skeen and Sharon Ortega representing the Respondent.

Facts

Sydney Ann Chaney Thomas and her late husband, Tracy A. Thomas, filed joint federal income tax returns for the years 2012, 2013, and 2014. After Tracy's death in 2016, Sydney sought relief from joint and several liability under I. R. C. § 6015(f). The IRS denied her request on September 8, 2020, leading Sydney to petition the U. S. Tax Court on November 9, 2020. During the trial on April 4, 2022, the Commissioner introduced Exhibit 13-R, consisting of Sydney's blog posts from November 2, 2016, to January 5, 2022, which were not part of the administrative record but were relevant to her lifestyle, assets, and relationship with her husband.

Procedural History

The IRS denied Sydney Thomas's request for innocent spouse relief on September 8, 2020. Following the denial, Sydney filed a petition in the U. S. Tax Court on November 9, 2020. The trial took place on April 4, 2022, in San Francisco, where the Commissioner introduced Sydney's blog posts as evidence. Sydney objected to their admission, arguing they were not 'newly discovered' under I. R. C. § 6015(e)(7)(B). The court admitted the blog posts on April 26, 2022, and subsequently denied Sydney's motion to strike them from the record.

Issue(s)

Whether blog posts discovered after the administrative proceeding constitute 'newly discovered evidence' within the meaning of I. R. C. § 6015(e)(7)(B), allowing their admission in the U. S. Tax Court's de novo review of an innocent spouse relief claim?

Rule(s) of Law

I. R. C. § 6015(e)(7) provides that the Tax Court's review of an innocent spouse relief determination shall be conducted de novo based on the administrative record

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established at the time of the determination and any additional newly discovered or previously unavailable evidence. The statute does not define 'newly discovered evidence,' necessitating interpretation based on its ordinary meaning.

Holding

The U. S. Tax Court held that the blog posts from Sydney Thomas's personal blog were 'newly discovered evidence' within the meaning of I. R. C. § 6015(e)(7)(B) because they were recently obtained by the Commissioner after the administrative proceedings concluded. Consequently, the blog posts were properly admitted into evidence.

Reasoning

The court reasoned that 'newly discovered' should be interpreted according to its ordinary meaning, which is 'recently obtained sight or knowledge of for the first time. ' The Commissioner discovered the blog posts after the administrative proceedings, which satisfied this definition. The court rejected the petitioner's argument that the standard from Federal Rule of Civil Procedure 60(b)(2), which includes a 'reasonable diligence' requirement, should apply, noting that Congress did not include such a qualifier in I. R. C. § 6015(e)(7)(B). Furthermore, the court emphasized that the use of 'any additional' in the statute suggested a broad interpretation, supporting the admission of evidence unknown to a participant in the administrative proceeding if offered in court. The court also noted that the de novo standard of review under § 6015(e)(7) supports a broad construction of evidence admissibility to ensure a comprehensive review of the case's merits.

Disposition

The U. S. Tax Court denied Sydney Thomas's Motion to Strike the blog posts from the record, affirming their admissibility as 'newly discovered evidence' under I. R. C. § 6015(e)(7)(B).

Significance/Impact

This decision clarifies the scope of 'newly discovered evidence' under I. R. C. § 6015(e)(7)(B), allowing evidence discovered after administrative proceedings to be considered in the Tax Court's de novo review of innocent spouse relief claims. The ruling may impact how both taxpayers and the IRS approach the collection and presentation of evidence in such cases, emphasizing the importance of thorough evidence gathering post-administrative proceedings. The decision also underscores the Tax Court's broad authority to consider evidence in its de novo review, potentially affecting the strategic considerations of parties in innocent spouse litigation.

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