Prince Amun-Ra Hotep Ankh Meduty v. Commissioner of Internal Revenue, 160 T. C. No. 13 (U. S. Tax Ct. 2023)

The U. S. Tax Court upheld the IRS's certification of Prince Amun-Ra Hotep Ankh Meduty's tax debt as 'seriously delinquent' under I. R. C. § 7345, affirming the IRS's authority to notify the State Department for potential passport actions. The court clarified its limited jurisdiction, unable to review IRS notification procedures, emphasizing the statutory focus on the validity of the certification itself.

Parties

Prince Amun-Ra Hotep Ankh Meduty, Petitioner, pro se, v. Commissioner of Internal Revenue, Respondent, represented by Susan K. Bollman.

Facts

Prince Amun-Ra Hotep Ankh Meduty (formerly Steven Bell) failed to timely file federal income tax returns for the years 2003-2007, 2009, and 2012. The IRS prepared substitute returns for these years (except 2007) and assessed taxes, penalties, and interest. For 2007, Mr. Meduty filed a late return, and the IRS assessed the reported amount. Additionally, the IRS assessed frivolous return penalties for tax years 2005-2008. In attempts to collect these liabilities, the IRS levied against Mr. Meduty's state income tax refunds. On July 3, 2018, the IRS sent a notice of intent to levy, and after receiving a signed return receipt, recorded initial levy transactions on August 31, 2018. On October 1, 2018, the IRS certified Mr. Meduty's debt as 'seriously delinquent' under I. R. C. § 7345 and notified him accordingly. Mr. Meduty's assessed liabilities totaled $106,346 at the time of certification.

Procedural History

Mr. Meduty petitioned the U. S. Tax Court to review the certification under I. R. C. § 7345(e)(1). The Commissioner filed a motion for summary judgment, asserting that the certification was proper and that he was entitled to judgment as a matter of law. The court considered the administrative record and the parties' pleadings, applying the summary judgment standard under Rule 121 of the Tax Court Rules of Practice and Procedure.

Issue(s)

Whether the IRS's certification of Prince Amun-Ra Hotep Ankh Meduty's tax debt as 'seriously delinquent' under I. R. C. § 7345 was erroneous?

Whether the Tax Court has jurisdiction under I. R. C. § 7345(e) to review challenges to the IRS's compliance with the notification requirement set forth in I. R. C. § 7345(d)?

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Rule(s) of Law

I. R. C. § 7345(a) authorizes the Commissioner to certify a 'seriously delinquent tax debt' to the Secretary of State for potential passport actions. I. R. C. § 7345(b)(1) defines a 'seriously delinquent tax debt' as an assessed federal tax liability exceeding $50,000 (adjusted for inflation), unpaid, and legally enforceable, where either a notice of lien has been filed or a levy has been made. I. R. C. § 7345(e)(1) allows taxpayers to petition the Tax Court to determine whether the certification was erroneous or whether the IRS failed to reverse the certification. I. R. C. § 7345(d) mandates the IRS to notify the taxpayer of the certification.

Holding

The IRS's certification of Mr. Meduty's tax debt as 'seriously delinquent' under I. R. C. § 7345 was not erroneous. The Tax Court lacks jurisdiction under I. R. C. § 7345(e) to review challenges to the IRS's compliance with the notification requirement set forth in I. R. C. § 7345(d).

Reasoning

The court found that Mr. Meduty's liabilities met the statutory definition of 'seriously delinquent tax debt' under I. R. C. § 7345(b)(1). The IRS had assessed and recorded the liabilities, and the total exceeded the inflation-adjusted threshold of $51,000 for 2018. The court also found that the IRS had made a levy pursuant to I. R. C. § 6331, as evidenced by the Forms 4340 and the declaration of a senior program analyst regarding the Integrated Data Retrieval System (IDRS) transcripts. The court dismissed Mr. Meduty's arguments regarding the validity of the underlying liabilities and the necessity of implementing regulations for I. R. C. § 7345, citing established precedents. The court also rejected the argument that levies under I. R. C. § 6331 were limited to certain individuals, and dismissed the claim that Mr. Meduty had satisfied his debt with a 'bonded promissory note'. On the issue of jurisdiction, the court interpreted I. R. C. § 7345(e) to focus solely on the validity of the certification, not on the IRS's compliance with notification requirements under I. R. C. § 7345(d). The court found that a lack of proper notification did not prejudice Mr. Meduty's ability to challenge the certification under I. R. C. § 7345(e).

Disposition

The court granted the Commissioner's motion for summary judgment, affirming the certification of Mr. Meduty's tax debt as 'seriously delinquent' under I. R. C. § 7345.

Significance/Impact

This case clarifies the scope of the Tax Court's jurisdiction under I. R. C. § 7345(e), limiting it to reviewing the validity of the certification of a 'seriously delinquent tax debt' and not extending to the IRS's compliance with notification requirements. It reinforces the IRS's authority to certify tax debts as 'seriously delinquent' and

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underscores the importance of timely compliance with tax obligations to avoid potential passport restrictions. The decision also reflects the court's stance on rejecting frivolous tax protester arguments, emphasizing the enforceability of tax liabilities and the IRS's collection powers.

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