

Alert | Tax Audits, Litigation & Criminal Tax Defense



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Supreme Court Rules Against IRS on US Tax Court Jurisdictional Issue

In *Boechler, P.C. v. Commissioner*, the Supreme Court held the 30-day time limit to file a Tax Court petition for review of a collection due process determination is not a jurisdictional requirement. In a unanimous decision, the Supreme Court reversed the Eighth Circuit and found that the Tax Court has the authority to consider a late-filed petition in a collection due process case.

Boechler, a North Dakota law firm, received a letter noting a discrepancy in its 2012 tax filings. When Boechler did not respond to the notice within 45 days, the IRS asserted an intentional disregard penalty and notified Boechler of its intent to levy on Boechler's property to satisfy the penalty and interest. In response to the notice, Boechler requested a collection due process hearing before the IRS's Independent Office of Appeals. The Independent Office of Appeals conducted the collection due process hearing and issued a notice of determination sustaining the proposed levy. A collection due process determination is reviewable in the United States Tax Court. Under Internal Revenue Code (IRC) § 6330(d)(1), Boechler had 30 days from the notice of determination to file a petition with the Tax Court. Boechler missed the deadline by mailing its petition one day late. The Tax Court dismissed the petition for lack of jurisdiction, and the Eighth Circuit affirmed the Tax Court's decision.

The Supreme Court's Holding

The Supreme Court considered the text of IRC § 6330(d)(1) to determine whether Congress clearly stated that the 30-day deadline is jurisdictional. IRC § 6330(d)(1) states that a “person may, within 30 days of a determination under this section, petition the Tax Court for review of such determination (and the Tax Court shall have jurisdiction with respect to such matter).” The Supreme Court found that the text does not clearly mandate that the 30-day deadline is jurisdictional because there are multiple plausible interpretations. The phrase “such matter” can refer to: (1) a “petition [to] the Tax Court for review of such determination”; (2) a petition to the Tax Court that “arises from a determination under this section” and was filed “within 30 days” of that determination; (3) “such determination”; or (4) the list of “[m]atters” that may be considered during the collection due process hearing under IRC § 6330(c). The Supreme Court also looked at the broader statutory context and found that, unlike IRC §6330(d)(1), other tax provisions enacted around the same time clearly link their jurisdictional grants to a filing deadline.

The Supreme Court also considered whether the 30-day deadline can be equitably tolled, which allows the Tax Court discretion to extend the filing deadline. The court found that IRC § 6330(d)(1) does not expressly prohibit equitable tolling and, in the case at issue, there was nothing to rebut the presumption that a non-jurisdictional deadline is subject to equitable tolling.

Conclusion

Boechler may result in more taxpayers having their day in court. By allowing taxpayers to argue for equitable tolling in collection due process cases, taxpayers who missed the 30-day deadline will still be able to present facts to the Tax Court to demonstrate that the filing deadline should be tolled.

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