SUPREME COURT OF THE UNITED STATES

Commissioner of Internal Revenue v. Lundy

516 U.S. 235 (1996) · No. No. 94-1785 · Decided January 17, 1996

SUMMARY

The United States Supreme Court held that the Tax Court lacked jurisdiction to award a refund of taxes paid more than two years before the Commissioner mailed a notice of deficiency when the taxpayer had not filed a return by that date. Interpreting 26 U.S.C. §§ 6511 and 6512(b)(3)(B), the Court concluded that the applicable look-back period was two years rather than three. The Court reversed the Fourth Circuit.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	Justice O'Connor; Chief Justice Rehnquist; Justice Scalia; Justice Kennedy; Justice Souter; Justice Ginsburg; Justice Breyer
JURISDICTION	Federal
DECIDED	January 17, 1996
DOCKET	No. 94-1785
DISPOSITION	reversed
PROCEDURAL POSTURE	The Commissioner sought review of a Fourth Circuit judgment holding that the Tax Court had jurisdiction to award Lundy a refund under a three-year look-back period. The Supreme Court granted certiorari to resolve a conflict among the Courts of Appeals and reversed.
STANDARD OF REVIEW	De novo review of the statutory interpretation governing the Tax Court's jurisdiction to award a refund.
PRECEDENTIAL VALUE	binding
PARTIES	Commissioner of Internal Revenue v. Robert F. Lundy

TOPICS

tax refunds · tax statute of limitations · tax court procedure · tax deficiency · statutory interpretation

PRACTICE AREAS

federal income tax | tax refunds | Tax Court jurisdiction | statutory interpretation

QUESTIONS PRESENTED

1. Whether 26 U.S.C. § 6512(b)(3)(B) requires a two-year or three-year look-back period when a taxpayer has not filed a return before the Commissioner mails a notice of deficiency.
2. Whether the Tax Court has jurisdiction to award a refund of taxes paid more than two years before the notice of deficiency when the taxpayer filed a return and refund claim only after the notice was mailed.

HOLDINGS

1. When the taxpayer has not filed a return before the Commissioner mails the notice of deficiency, the applicable look-back period under § 6512(b)(3)(B) is the default two-year period incorporated from § 6511(b)(2)(B).
2. A refund claim actually filed after the notice of deficiency does not alter the look-back period applicable under § 6512(b)(3)(B).
3. Because Lundy's taxes were deemed paid more than two years before the notice of deficiency, the Tax Court lacked jurisdiction to award him a refund.

KEY QUOTATIONS

> *"We hold that in these circumstances the 2-year look-back period set forth in § 6512(b)(3)(B) applies, and the Tax Court lacks jurisdiction to award a refund."* (516 U.S. at 237)

> *"The analysis dictated by § 6512(b)(3)(B) is not elegant, but it is straightforward."* (516 U.S. at 242)

> *"Applying § 6512(b)(3)(B) as Congress drafted it, we find that the applicable look-back period in this case is two years, measured from the date of the mailing of the notice of deficiency."* (516 U.S. at 253)

FACTUAL BACKGROUND

During 1987, Robert F. Lundy and his wife had $10,131 withheld from their wages in federal income taxes, although their actual tax liability was $6,594. They did not timely file a 1987 return or claim a refund during the following two and one-half years. After the Commissioner mailed a notice of deficiency on September 26, 1990, the Lundys filed a late return claiming a $3,537 refund, but the withheld taxes were deemed paid on April 15, 1988, more than two years before the deficiency notice.

PROCEDURAL HISTORY

Lundy failed to file his 1987 federal income tax return when due. After the Commissioner mailed a notice of deficiency, Lundy filed a late return claiming a refund and petitioned the Tax Court for redetermination of the deficiency and a refund. The Tax Court held that it lacked jurisdiction to award the refund because the taxes had been paid more than two years before the deficiency notice. The Fourth Circuit reversed, and the Supreme Court reversed the Fourth Circuit.

DISPOSITION

reversed

CASES CITED

- Allen v. Commissioner, 99 T.C. 475 (1992)
- Galuska v. Commissioner, 98 T.C. 661 (1992)
- Berry v. Commissioner, 97 T.C. 339 (1991)
- White v. Commissioner, 72 T.C. 1126 (1979)
- Hosking v. Commissioner, 62 T.C. 635 (1974)
- Davison v. Commissioner, 9 F.3d 1538 (2d Cir. 1993)
- Allen v. Commissioner, 23 F.3d 406 (6th Cir. 1994)
- Galuska v. Commissioner, 5 F.3d 195 (7th Cir. 1993)
- Richards v. Commissioner, 37 F.3d 587 (10th Cir. 1994)
- Rossman v. Commissioner, 46 F.3d 1144 (9th Cir. 1995)
- Martin v. United States, 833 F.2d 655 (7th Cir. 1987)
- Badaracco v. Commissioner, 464 U.S. 386 (1984)
- Sullivan v. Stroop, 496 U.S. 478 (1990)
- Sorenson v. Secretary of Treasury, 475 U.S. 851 (1986)
- United States v. Kales, 314 U.S. 186 (1941)
- Flora v. United States, 362 U.S. 145 (1960)
- Miller v. United States, 38 F.3d 473 (9th Cir. 1994)
- 45 F.3d 856, 861 (4th Cir. 1995)