

UNITED STATES TAX COURT
WASHINGTON, D.C. 20217

June 30, 2003

PRESS RELEASE

Chief Judge Thomas B. Wells announced today that the United States Tax Court has adopted extensive amendments to its Rules of Practice and Procedure. Chief Judge Wells also announced that, because of the magnitude of the amendments (5 new Titles, 29 new Rules, and amendments to 38 existing Rules), the Court has undertaken to republish its Rules in their entirety. The appendix to this press release lists each of the items (Rule, Form, or Appendix) that has been amended. The majority of the amendments were embodied in interim Rules that were previously issued by the Court on September 16, 1997, and January 26, 1999, so the parties and counsel have had earlier opportunities to familiarize themselves with the changes.

Many of the changes have been made to effectuate legislative amendments made by the Congress since the last republication of the Court's Rules, including the Taxpayer Relief Act of 1997 (TRA97), the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA98), and the Community Renewal Tax Relief Act of 2000 (CRTRA). Those changes include expansion of the Court's declaratory judgment jurisdiction and new authority to hear actions for redetermination of employment status, actions for determination of relief from joint and several liability on a joint return, and lien and levy actions.

In addition, the Court has adopted a new Form 2, which provides a check-the-box small tax case form for taxpayers wishing to elect the small tax case procedures for their deficiency, employment status, relief from joint and several liability, or lien and levy actions. Also, technical and conforming changes have been adopted, and stylistic changes have been made to conform the contents to the form and style used in the United States Government Printing Office Style Manual and the Tax Court Style Manual. Although the amendments are generally effective on June 30, 2003, certain amendments are effective retroactively to the effective date provided by the relevant legislation.

Taxpayer Relief Act of 1997

Three of the new Titles and amendments to several existing Rules relate to changes to the Court's jurisdiction under TRA97. That Act conferred upon the Court (1) expanded declaratory judgment jurisdiction, (2) jurisdiction over actions for redetermination of employment status, and (3) jurisdiction to hear actions involving partnership items of large partnerships. The Act also granted the Court authority to redetermine interest on an overpayment (Rule 261) and provided a time period for the filing of a petition for an award of reasonable administrative costs (Rule 270).

Declaratory Judgment Jurisdiction

The Court was authorized by TRA97 to issue declaratory judgments relating to the value of certain gifts and to the eligibility of an estate with respect to installment payments under Code section 6166. To reflect that authorization, extensive amendments have been made to Title XXI, Declaratory Judgments. TRA97 also gave the Court declaratory judgment jurisdiction relating to the treatment of items other than partnership items with respect to an oversheltered return. The Court has added new Title XXX, containing Rules 310 through 316, to provide procedures for those declaratory judgment actions.

Actions for Determination of Employment Status

The Congress in TRA97 authorized the Court to review determinations by the Internal Revenue Service that (1) one or more individuals performing services for a taxpayer are employees, or (2) the taxpayer is not entitled to relief under sec. 530(a) of the Revenue Act of 1978. It also provided that a petitioner can elect to have the proceedings conducted under the rules applicable to small tax cases under Code section 7464. New Title XXVIII (Rules 290 through 294) sets forth the procedures for filing a petition for review of a determination of employment status, and cross-references the Court's small tax case rules.

Large Partnership Actions

TRA97 also authorized the Court to hear and decide actions

for adjustment or readjustment of partnership items of a large partnership. The procedures for these actions are contained in new Title XXIX (Rules 300 through 305).

Internal Revenue Service
Restructuring and Reform Act of 1998

The jurisdiction of the Court was expanded by RRA98 to include the authority to hear and decide (1) "stand alone" actions for the determination of relief from joint and several liability on a joint income tax return and (2) lien and levy actions. The amendments resulting from RRA98 include 2 new Titles reflecting the Court's expanded jurisdiction and changes to certain existing Rules.

Actions for Determination of Relief from Joint and Several Liability on a Joint Return.

New Title XXXI (Rules 320 through 325) sets forth the procedures for actions for the determination of relief from joint and several liability on a joint return. Although these Rules ostensibly apply only to "stand alone" cases filed by an electing individual, the Court considers the provisions of Rule 325, regarding notice to the nonelecting spouse of his or her right to intervene, to be applicable in any proceeding when a spousal defense is raised by a petitioner.

Lien and Levy Actions

The Court has added new Title XXXII (Rules 330 through 334)

to its Rules. The new Rules provide procedures for lien and levy actions.

Changes to Existing Rules

The Court has amended Rule 55 to recognize that, in addition to restraining premature assessment and collection, RRA98 gave the Court authority to order the refund of any amounts prematurely collected. Rule 142 has been amended to reference Code section 7491, regarding the shifting of the burden of proof when certain requirements are met. Also, the small tax case rules (Rules 170 through 175) have been substantially revised both to simplify them and to conform them to the legislative amendments under RRA98, which increased the amount that can be disputed in a small tax case from \$10,000 to \$50,000 or less. In addition, the Court has amended Rules 230 through 233, relating to claims for litigation and administrative costs, to recognize statutory changes such as those regarding the effect of a qualified offer.

Community Renewal Tax Relief Act of 2000

CRTRA amended Code section 7463 to permit the election of the small tax case procedures in petitions for the determination of relief from joint and several liability on a joint return and petitions to commence lien and levy actions. Accordingly, Rules 321 and 331 provide cross-references to the small tax case rules (Rules 170 through 175). As noted earlier, the Court has also

revised its Form 2 to provide a check-the-box small tax case petition form.

Effective Dates

The amendments to the Court's Rules of Practice and Procedure are generally effective on June 30, 2003. However, the majority of the amendments to existing Rules and the addition of new Rules have been made to reflect legislative enactments, and those amendments are effective retroactively to the date provided by the relevant legislation. Consistent with Rule 2(b), each amendment states its effective date.

Obtaining Copies of the Rules

Copies of the Court's Rules of Practice and Procedure, as amended, may be obtained for \$22.00 per copy by writing to the Court's Administrative Office (Room 150) at 400 Second Street, N.W., Washington, D.C. 20217. A check or money order made payable to "Clerk, United States Tax Court" should accompany each written order. The Court's Rules are also available online at the Tax Court's Web site at www.ustaxcourt.gov.

Provisions of the Tax Court's
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Affected by the 2003 Amendments

Tax Court Information Page (Web site address)

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