



# TaxNewsFlash

## United States

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### **U.S. Tax Court: Statute of limitations for certain omissions of gross income**

The U.S. Tax Court today issued an opinion holding that the six-year statute of limitations period, expanded in 2010 with respect to reporting requirements for “specified foreign financial assets,” is effective only for tax years to which the reporting requirement is applicable.

The case is: *Rafizadeh v. Commissioner*, 150 T.C. No. 1 (January 2, 2018). Read the Tax Court’s [opinion](#) [PDF 62 KB]

#### **Summary**

The taxpayer (an individual) filed his federal income tax returns for 2006, 2007, 2008, and 2009 but did not report income earned on a foreign account that he held. The IRS issued a “John Doe summons,” and in November 2010 that summons was resolved. In late 2014, the IRS issued a notice of deficiency that included accuracy-related penalties on underpayments of tax for 2006-2009 (inclusive).

The notice of deficiency was issued after the expiration of the general three-year limitations period and more than three years after the John Doe summons was resolved.

The statute of limitations period under section 6501(e)(1)(A)(ii) was amended in 2010 by the Hiring Incentives to Restore Employment Act (HIRE Act). This statutory amendment was applicable to tax returns filed after the HIRE Act’s date of enactment (March 18, 2010). However, tax returns filed on or before the date of enactment were also subject to the expanded six-year limitations period if the limitations period under section 6501 (without regard to the statutory change) had not expired as of the enactment date.

At issue in this case was whether the expanded six-year limitations period can apply for tax years for which the reporting requirement under section 6038D did not apply.

The Tax Court concluded that the six-year limitations period under section 6501(e)(1)(A)(ii) does not apply for 2006, 2007, and 2008 because that limitations period applies only to omissions from gross income of amounts attributable to assets with respect to which the reporting requirement of section 6038D is applicable, and thus only for tax years with respect to which the reporting requirement of section 6038D is effective.

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