



TaxNewsFlash

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U.S. Supreme Court: Taxpayer's petition may be dismissed by Tax Court on grounds of mootness

The U.S. Supreme Court today reversed the U.S. Court of Appeals for the Third Circuit and held that the U.S. Tax Court properly dismissed the taxpayer's petition on grounds of mootness because the IRS had already withheld tax refunds owed to the taxpayer equal to the amount of the disputed tax.

The case is: *Commissioner v. Zuch*, No. 24-416 (S. Ct. June 12, 2025). Read the Court's [opinion](#)

Justice Barrett delivered the opinion of the Court, which was joined by all other justices except for Justice Gorsuch, who filed a dissenting opinion.

Summary

The taxpayer challenged a levy on her property to collect unpaid tax before the Tax Court, arguing that she had prepaid the tax. During the multi-year litigation, the IRS withheld tax refunds owed to the taxpayer and applied them to what it said was her unpaid balance. Once the taxpayer's liability reached zero, the IRS moved to dismiss the Tax Court proceeding as moot, arguing that the Tax Court lacked jurisdiction because the IRS no longer had a basis to levy on the taxpayer's property, and the Tax Court granted the motion. On appeal, however, the Third Circuit vacated the dismissal, holding that the IRS's abandonment of the levy did not moot the Tax Court proceedings. [Read TaxNewsFlash](#)

The Supreme Court held that the Tax Court lacks jurisdiction under section 6330 to resolve disputes between a taxpayer and the IRS when the IRS is no longer pursuing a levy. The Court found that the Tax Court is a court of limited jurisdiction, granted authority under section 6330(d)(1) to "review" an appeals officer's "determination" in a collection due process hearing. A "determination" refers to the binary decision whether a levy may proceed and does not include "issues raised" by the taxpayer that may inform an appeals officer's determination under section 6330(c)(3). The taxpayer's assertion that she had prepaid the tax was an input into the "determination" (i.e., an "issue raised" by the taxpayer that the appeals officer was required to consider under section 6330(c)(3)(B)), but the "determination" was just the appeals officer's decision to sustain the levy. Once the IRS withheld tax refunds owed to the taxpayer equal to the amount of the disputed tax such that there was no longer a basis for the levy, there was no longer any "determination" to review. The Tax Court thus was correct that it lacked jurisdiction to opine on the disputed tax liability independent of any ongoing collection effort.

The taxpayer's recourse for alleged tax overpayments was to file a refund suit, which she had already done.

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