

U.S. Tax Court Rejects Nursing Home's Challenge To Economic Hardship Regulation

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The U.S. Tax Court issued a precedential opinion regarding the levy actions of the Internal Revenue Service against Lindsay Manor Nursing Home, located in rural Oklahoma. The nursing home had a history of nonpayment or late payment of employment taxes, primarily due to late or non-payments of Medicare and Medicaid reimbursements by the government. The taxpayer argued that it qualified for a hardship exemption from levy action under IRC §6343, and that Regulation §301-6343-1(b)(4)(i), which limits hardship relief to individuals to allow them to pay for basic living expenses, is invalid since it conflicts with the statute. The Tax Court ruled against Lindsay Manor Nursing Home, and upheld the regulation. The Court held that the IRS settlement officer did not abuse her discretion, and the economic hardship exemption does not apply to corporations, despite the fact that the nursing home's patients would be deprived of adequate care as a result of the IRS levy and seizure of the nursing home's assets. *Lindsay Manor Nursing Home, Inc. v. Commissioner*, 148 T.C. No. 9 (March 23, 2017).