



TaxNewsFlash

United States



No. 2020-259
April 23, 2020

Federal Circuit: Refund claims for underpayment interest denied, not timely filed within special six-month period

The U.S. Court of Appeals for the Federal Circuit today concluded that an administrative request for refunds of interest paid on a “large corporate tax underpayment” had not been timely filed, and thus denied the taxpayer’s refund action.

The Federal Circuit affirmed a dismissal of the action by the U.S. Court of Federal Claims, that the taxpayer had not filed its administrative refund claims with the IRS within the six-month limitations period under section 6230(c).

The case is: *General Mills, Inc. v. United States*, 2019-1124 (Fed. Cir. April 23, 2020). Read the [Federal Circuit’s decision](#) [PDF 284 KB] that includes a dissenting opinion.

Summary

The taxpayer was seeking refunds of interest it paid on corporate income tax underpayments that the IRS assessed at the enhanced rate of interest for “large corporate underpayments” under section 6621(c).

The taxpayer—the parent corporation of a number of partners of a limited liability company that is treated as a partnership for tax purposes—alleged that after certain partnership-level audits for the 2002–2006 tax years were settled with the IRS, the IRS erroneously collected approximately \$6 million in interest by selecting incorrect “applicable dates” to start the running of interest at the higher large corporate underpayment rate.

The taxpayer paid the interest in April 2011, and in March 2013, filed administrative refund claims with the IRS. The IRS denied the claims for interest refunds.

The taxpayer filed suit for a refund in the U.S. Court of Federal Claims, which dismissed the suit for lack of subject matter jurisdiction, on finding that the taxpayer failed to file its administrative refund claims with the IRS within the six-month limitations period set forth in section 6230(c).

The taxpayer appealed, contending that the general two-year tax refund claim limitations period under section 6511(a) applied—and not the special six-month limitations period in section 6230(c).

The Federal Circuit today affirmed the lower court's dismissal for lack of subject matter jurisdiction. As the Federal Circuit explained:

- Section 6230(c) provides that “[a] partner may file a claim for refund on the grounds that . . . the [IRS] erroneously computed any computational adjustment necessary . . . to apply to the partner a settlement.”
- Section 6230(c) further provides that any such claim “shall be filed within 6 months after the day on which the [IRS] mails the notice of computational adjustment to the partner.”
- The basis of the taxpayer's refund claims was that the IRS erroneously computed a computational adjustment resulting from a settlement by allegedly miscalculating the amount of underpayment interest due.
- The refund claims were subject to the six-month limitations period.

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