

TITLE XXVI**ACTIONS FOR ADMINISTRATIVE COSTS****RULE 270. GENERAL**

(a) **Applicability:** The Rules of this Title XXVI set forth the special provisions which apply to actions for administrative costs under Code section 7430(f)(2). Except as otherwise provided in this Title, the other Rules of Practice and Procedure of the Court, to the extent pertinent, are applicable to such actions for administrative costs.

(b) **Definitions:** As used in the Rules in this Title—

(1) “Reasonable administrative costs” means the items described in Code section 7430(c)(2).

(2) “Attorney’s fees” include fees for the services of an individual (whether or not an attorney) admitted to practice before the Court or authorized to practice before the Internal Revenue Service. For the procedure for admission to practice before the Court, see Rule 200.

(3) “Administrative proceeding” means any procedure or other action within the Internal Revenue Service in connection with the determination, collection, or refund of any tax, interest, or penalty.

(c) **Jurisdictional Requirements:** The Court does not have jurisdiction of an action for administrative costs under this Title unless the following conditions are satisfied:

(1) The Commissioner has made a decision denying (in whole or in part) an award for reasonable administrative costs under Code section 7430(a).

(2) A petition for an award for reasonable administrative costs is filed with the Court within the period specified in Code section 7430(f)(2).

(d) **Burden of Proof:** For the rules regarding the burden of proof in claims for administrative costs, see Rule 232(e).

RULE 271. COMMENCEMENT OF ACTION FOR ADMINISTRATIVE COSTS

(a) **Commencement of Action:** An action for an award for reasonable administrative costs under Code section 7430(f)(2) shall be commenced by filing a petition with the

Court. See Rule 20, relating to commencement of case; Rule 22, relating to the place and manner of filing the petition; and Rule 32, relating to the form of pleadings.

(b) Content of Petition: A petition filed pursuant to this Rule shall be entitled “Petition for Administrative Costs (Sec. 7430(f)(2))”. Such a petition shall be substantially in accordance with Form 3 shown in Appendix I, or shall, in the alternative, contain the following:

(1) In the case of a petitioner who is an individual, the petitioner’s name and State of legal residence; in the case of a petitioner other than an individual, the petitioner’s name and principal place of business or principal office or agency; and, in all cases, the petitioner’s mailing address. The mailing address, State of legal residence, principal place of business, or principal office or agency, shall be stated as of the date that the petition is filed.

(2) The date of the decision denying an award for administrative costs in respect of which the petition is filed, and the city and State of the office of the Internal Revenue Service which issued the decision.

(3) The amount of administrative costs claimed by the petitioner in the administrative proceeding; the amount of administrative costs denied by the Commissioner; and, if different from the amount denied, the amount of administrative costs now claimed by the petitioner.

(4) Clear and concise lettered statements of the facts on which the petitioner relies to establish that, in the administrative proceeding, the petitioner substantially prevailed with respect to either the amount in controversy or the most significant issue or set of issues presented in the administrative proceeding.

(5) A statement that the petitioner meets the net worth requirements of section 2412(d)(2)(B) of Title 28, U.S. Code (as in effect on October 22, 1986).

(6) The signature, mailing address, and telephone number of each petitioner or each petitioner’s counsel, as well as counsel’s Tax Court bar number.

(7) A copy of the decision denying (in whole or in part) an award for reasonable administrative costs in respect of which the petition is filed.

(c) Filing Fee: The fee for filing a petition for administrative costs shall be \$60, payable at the time of filing. The

payment of any fee under this paragraph may be waived if the petitioner establishes to the satisfaction of the Court by an affidavit containing specific financial information that the petitioner is unable to make such payment.

RULE 272. OTHER PLEADINGS

(a) Answer: (1) *In General:* The Commissioner shall file an answer or shall move with respect to the petition within the periods specified in and in accordance with the provisions of Rule 36.

(2) *Additional Requirement for Answer:* In addition to the specific admission or denial of each material allegation in the petition, the answer shall contain the following:

(A) Clear and concise lettered statements of the facts on which the Commissioner relies to establish that, in the administrative proceeding, the Commissioner's position was substantially justified;

(B) a statement whether the Commissioner agrees that the petitioner substantially prevailed in the administrative proceeding with respect to either the amount in controversy or the most significant issue or set of issues presented in the administrative proceeding;

(C) a statement whether the Commissioner agrees that the amount of administrative costs claimed by the petitioner is reasonable;

(D) a statement whether the Commissioner agrees that the petitioner meets the net worth requirements as provided by law; and

(E) the basis for the Commissioner's disagreement with any such allegations by the petitioner.

(3) *Effect of Answer:* Every material allegation set forth in the petition and not expressly admitted or denied in the answer shall be deemed to be admitted. The failure to include in the answer any statement required by subparagraph (2) of this paragraph shall be deemed to constitute a concession by the Commissioner of that matter.

(b) Reply: A reply to the answer shall not be filed in an action for administrative costs unless the Court, on its own motion or upon motion of the Commissioner, shall otherwise direct. Any reply shall conform to the requirements of Rule 37(b). In the absence of a requirement of a reply, the provi-

sions of the second sentence of Rule 37(c) shall not apply and the material allegations of the answer will be deemed denied.

RULE 273. JOINDER OF ISSUE IN ACTION FOR ADMINISTRATIVE COSTS

An action for administrative costs shall be deemed at issue upon the filing of the answer.

RULE 274. APPLICABLE SMALL TAX CASE RULES

Proceedings in an action for administrative costs shall be governed by the provisions of the following Small Tax Case Rules (see Rule 170) with respect to the matters to which they apply: Rule 172 (representation); Rule 174 (trial); and Rule 175 (number of copies of papers).