

**UNITED STATES TAX COURT
WASHINGTON, DC 20217**

RONALD LAUDNER, JR. & KATHY)
DOUGLASS, ET AL.,)
)
Petitioners,)
)
v.) Docket No. 30578-14, 31172-14.
)
COMMISSIONER OF INTERNAL REVENUE,)
)
Respondent.)

ORDER

This consolidated case for the redetermination of deficiencies is before the Court on respondent’s motion to compel responses to interrogatories, filed June 25, 2018, and supplemented on November 15, 2018, following conference calls with the parties on September 9, 2019, and October 12, 2019.

In paragraph 15 of the supplement, respondent notes that the issues in this case arise for the disallowance of various deductions. According to respondent, several responses to interrogatories requesting background information with respect to various disallowed deductions are incomplete and/or vague. According to respondent, those responses need to be supplemented so that respondent can properly prepare for trial.

As we view the matter, the objectionable responses present more of a problem for petitioners than for respondent. As we have noted in opinions too numerous to count, deductions are matters of legislative grace, New Colonial Ice v. Helvering, 292 U.S. 435 (1934), and must properly be substantiated. See I.R.C. §6001. The responses that respondent describes as incomplete or vague strongly suggest that petitioners cannot substantiate the deductions to which the responses relate, and petitioners are bound by those responses.

We do not share respondent’s suspicion that the objectionable answers suggest the spoliation of evidence. Nevertheless, if respondent can demonstrate such conduct by petitioners then appropriate sanctions can be requested after the

case has been scheduled for trial or otherwise assigned to a judicial officer for trial or other disposition.

Because we see no need for the relief sought by respondent at this stage of the proceedings, and in order to avoid further delays in the scheduling of this case for trial, it is

ORDERED that respondent's motion, as supplemented, is denied.

(Signed) Lewis R. Carluzzo
Special Trial Judge

Dated: Washington, D.C.
February 11, 2019