

20-514
No. ____

SUPREME COURT OF THE UNITED STATES

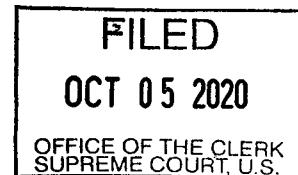
EDWARD F. SADJADI and CYNTHIA M. SADJADI

Petitioners, Pro Se

vs.

COMMISSIONER OF INTERNAL REVENUE,

Respondent.



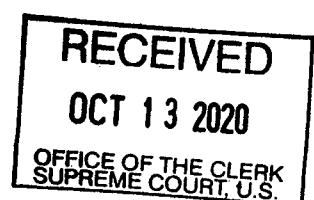
**ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT**

PETITION FOR A WRIT OF CERTIORARI

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I. QUESTION PRESENTED

Where the IRS argues that the Offer In Compromise (OIC) form the petitioners used was clear and unambiguous, does the OIC form contain clear and unambiguous language that concisely, specifically and explicitly states whether the obligation to comply with tax payments for the next five years is or is not contingent on early full payment of the amount in the compromise agreement before the end of the five-year period?

Unlike all common debt repayment agreements where the contract is terminated and all parties' obligations end when full payment of the agreed-upon balance of the debt is paid, can the IRS impose uncommon conditions upon taxpayers without explicitly and clearly communicating those uncommon conditions?

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III. TABLE OF AUTHORITIES

Cases

EDWARD F. SADJADI, CYNTHIA M. SADJADI, Petitioners, Appellants, v. COMMISSIONER OF INTERNAL REVENUE, Respondent, Appellee, UNITED STATES COURT OF APPEAL FOR THE FIFTH CIRCUIT No. 19-60663

EDWARD F. SADJADI and CYNTHIA M. SADJADI, Petitioners, v. COMMISSIONER OF INTERNAL REVENUE, Respondent CIR Tax Court No. 6351-18L

IV. PETITION FOR WRIT OF CERTIORARI

Edward F Sadjadi and Cynthia M Sadjadi, residents of Austin, Texas, pro se, respectfully petitions this court for a writ of certiorari to review the judgment of the Fifth Circuit Court of Appeals.

V. OPINIONS BELOW

The decision by the Fifth Circuit Court of Appeals, JONES, ELROD and HIGGINSON, Circuit Judges, reported as No. 19-60663 to uphold the US Tax Court judgement.

VI. JURISDICTION

Petitioners' petition to the Fifth Circuit Court of Appeals was denied on July 7, 2020. Petitioners invoke this Court's jurisdiction, having timely filed their petition for a writ of certiorari within ninety days of the Fifth Circuit Court of Appeals judgment.

VII. CONSTITUTIONAL PROVISIONS INVOLVED

There are no specific constitutional provisions involved.

VIII. STATEMENT OF THE CASE

Petitioners originally filed their petition as regular (non-S) case with the US Tax Court on April 2, 2018, disputing Notice of Determination Concerning Collection Action dated March 6, 2018. The notice sustained a proposed levy for the balances of Federal income tax owed by petitioners for 2008, 2009, 2010, 2011, and 2015.

There were two points of disagreement on Petitioners/Appellants petition to the US Tax Court:

Point 1- Balance owed - Tax year 2010: An appeal (filed with the IRS Appeals Office) was in effect at the time of the CDP hearing. The IRS Appeals Office completed its evaluation and reduced 2010 taxes owed by \$9,684.

Point 2- Returned balance, Offer in Compromise - Tax years 2008 and 2009: Offer in Compromise was agreed in April, 2013, for the amount of \$21,515, minus qualified

payments already made and applicable credits, to be paid over a 5 year period in equal monthly payments. The IRS received \$22,935 in credits and payments through September 2016, much earlier than the agreed 5 years term of the OIC.

In October 2016, Petitioners/Appellants filed their 2015 tax return and submitted a request for an installment agreement for taxes owed for that year. In March 2017, Petitioners/Appellants was informed by Respondent/Appellee that total balance due for the OIC was \$4,200.00. Shortly after, Petitioners/Appellants were given a notice of default with no specific reference made to the exact cause for default.

Respondent/Appellee issued collection notices to Petitioners/Appellants and Petitioners/Appellants requested a CDP hearing. CDP hearing was held on October 3, 2017. During the CDP hearing, Petitioners/Appellants disputed the amount of the assessed taxes for 2010, citing the pending appeal with the IRS Appeals Office. Additionally, Petitioners/Appellants argued that cumulative payments received by Respondent/Appellee exceeded the amount agreed in the OIC and that the OIC should be considered complete. Subsequently, Petitioners/Appellants received Notice of Determination Concerning Collection Action, dated March 6, 2018.

The OIC form states 5-year compliance is required but fails to state the 5-year compliance is not based on or dependent on the 5 years as agreed in the OIC agreement nor does it state the 5-year compliance is required even after the balance is paid in full earlier than agreed in the OIC agreement. Petitioners/Appellants interpreted the OIC agreement equal to a "Promise to Pay" contract, in effect only until paid in full. Petitioners/Appellants filed 2015 return after they believed the OIC was paid in full. Petitioners/Appellants acted in good faith, complied with all terms and conditions of the OIC agreement as they understood them, and paid the agreed amount of the OIC agreement earlier than agreed. Petitioners/Appellants argued if they were properly informed, either by clear and concise language on the OIC form or verbally advised by the IRS at the time when the OIC agreement was signed, they could and would have made arrangements to pay the balance owed for 2015 to avoid non-compliance. Petitioners/Appellants further argued the Respondent/Appellee knows, or should know, failure to provide clear, explicit and definitive information about such important condition on a document that represents a binding contract between the US government and its citizens leaves room for misinterpretation and confusion on behalf of the average tax payer.

The parties agreed on the amounts owed for 2010, 2011, and 2015. The underlying liabilities were reported, assessed, or abated by agreement between the parties, so they are no longer in issue. The analysis of the case was limited by applying an abuse of discretion standard.

Trial was scheduled and held before Honorable Judge Cohen in San Antonio, Texas on January 7, 2019. Order and decision was entered May 29, 2019 by

Honorable Judge Cohen stating collection may proceed as determined in the notice of determination concerning action under section 6320 and/or 6330 on which The US Tax Court based this case.

Petitioners/Appellants filed Notice of Appeal on August 29, 2019 to The United States Court of Appeals for the Fifth Circuit. The case was Docketed No. 196063 October 1, 2019. The United States Court of Appeals for the Fifth Circuit issued a decision on July 7, 2020, upholding the US Tax Court judgement.

IX. REASONS FOR GRANTING THE WRIT

- A. To avoid ambiguity of the language in the OIC form, this Court should clarify the communication and disclosure requirements and standards that apply when the IRS and taxpayers agree to the terms and conditions of the OIC which is in fact a contract between the US Government and its citizens. There is no explicit, specific and clear reference made to the event of an early full payment of the OIC balance and whether the remaining terms and conditions of the OIC are or are not contingent upon the early full payment. Therefore, the matter is subject to interpretation.
- B. The average taxpayer would logically interpret the lack of explicit, specific and clear reference to the early full payment of the OIC based on common lending practices. In most common lending practices, early payment of the remaining balance ends the contract and releases all parties from further obligations. In cases where an early payment would carry exceptions, such as early payment (pre-payment) penalties, the contract explicitly, specifically and clearly refers to the exceptions and state the ramifications and implications.
- C. To protect the taxpayers from undue and unjust hardship caused by the ambiguity of the language in the OIC form, this Court should discourage the IRS from imposing uncommon practices and hold the IRS to the highest level of standards for disclosing those uncommon practices if they apply. The IRS is already given enormous authority and the power to cause significant financial hardship on the taxpayers in order to collect the rightfully due taxes. Most common taxpayers, such as the Petitioners in this case, understand their tax responsibilities and obligations and do their best to fulfill those responsibilities and obligations. Imposing uncommon contractual practices with ambiguity and without making clear, concise, explicit and specific reference to those uncommon practices is an unfair and unjust act by the IRS.
- D. The Petitioners made every effort in good faith to meet their OIC obligations as they understood and paid the agreed amount early in full. Had the OIC form contained explicit and clear reference to state further obligations are not contingent upon early full payment, Petitioners would have made every possible

effort to pay their 2015 taxes without requesting an installment plan. The Petitioners are educated and knowledgeable people and would have never allowed a default on their OIC obligations had they were properly informed by the IRS of what the uncommon practices in the OIC really mean.

X. CONCLUSION

For the foregoing reasons, Petitioners respectfully request that this Court issue a writ of certiorari to review the judgment of the Fifth Circuit Court of Appeals.

DATED this 30th day of September 2020.

Respectfully submitted,



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and

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