

IN THE OREGON TAX COURT
MAGISTRATE DIVISION
Small Claims
Income Tax

SHIRLEY M. ST. CLAIR,)
)
 Plaintiff,) No. 020973A
)
 v.)
)
 DEPARTMENT OF REVENUE,)
 STATE OF OREGON,)
)
 Defendant.) **DECISION AND JUDGMENT**

Ms. St. Clair has appealed the imposition of interest on the underpayment of estimated tax for the 2000 tax year. She appeared and made her arguments. The Department of Revenue was represented by Ruth Wu, of its staff.

STATEMENT OF FACTS

Ms. St. Clair was required by economic circumstances to cash in her IRA. She did not make a payment of estimated tax at that time. The Department of Revenue imposed interest of \$120.25.

This is not an instance where Ms. St. Clair retired, or became disabled. Disaster or other casualty did not prevent Ms. St. Clair from making the payment. Ms. St. Clair did not make the payment because she did not plan on withdrawing her IRA, and when she did so, she did not anticipate that her tax liability would be such as to require her to make an estimated tax payment. She presents this explanation as a reasonable cause for failing to make the payment, or in the alternative, an unusual circumstance such as to make it unfair to impose interest.

After reviewing Ms. St. Clair's annualized income stream, the agency recomputed its interest charge, and concluded that with this new information the amount of interest due was \$98.19.

COURT'S ANALYSIS

It is very understandable that Ms. St. Clair should start the tax year with the sincere belief that by the year's end she would not have an Oregon tax liability. It is very credible that she would not anticipate having to draw on her IRA.

However, while her situation is understandable, these circumstances do not qualify as an exception to the rule that interest must be paid for the failure to remit the estimated tax. The reason Ms. St. Clair did not make an estimated tax payment is that she did not know, at the time she had the money in hand, that she had to, and lack of knowledge is not a sufficient excuse for the failure to pay the tax.

There are incidents that would be a reasonable cause for failing to make the payment, or would be an unusual circumstance such as to make it unfair to impose interest. However, lack of knowledge as to the need to make an estimated tax payment does not meet either criteria. While the court realizes it is harsh to impose interest on an individual who was forced to withdraw her IRA due to economic circumstances, at the same time it cannot expand the exceptions into areas the legislature never intended. The court cannot give more relief than that already extended by the agency.

CONCLUSION

Now, therefore,

IT IS HEREBY ADJUDGED AND DECREED that Ms. St. Clair's appeal is granted to the extent of reducing the interest due to \$98.19.

Dated this _____ day of October, 2002.

SCOT A. SIDERAS
MAGISTRATE

THIS DOCUMENT WAS SIGNED BY MAGISTRATE SCOT A. SIDERAS ON OCTOBER 31, 2002. THE COURT FILED THIS DOCUMENT ON OCTOBER 31, 2002.