119TH CONGRESS
2D SESSION

S. 4761

To amend the Internal Revenue Code of 1986 to clarify the authority of the Tax Court to order relief from a judgment or order.

IN THE SENATE OF THE UNITED STATES

JUNE 11, 2026

Mr. SCOTT of South Carolina (for himself and Ms. HASSAN) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to clarify the authority of the Tax Court to order relief from a judgment or order.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tax Court Parity Act".

SEC. 2. CLARIFICATION OF TAX COURT AUTHORITY TO ORDER RELIEF FROM A JUDGMENT OR ORDER.

Section 7481 of the Internal Revenue Code of 1986 is amended—

(1) by striking ‘‘and (d),’’ in subsection (a) and inserting ‘‘(d), and (e),’’; and

(2) by adding at the end the following new subsection:

‘‘(e) RELIEF FROM A JUDGMENT OR ORDER.—

‘‘(1) CORRECTIONS BASED ON CLERICAL MISTAKES; OVERSIGHTS AND OMISSIONS.—

‘‘(A) IN GENERAL.—The Tax Court may correct a clerical mistake, or a mistake arising from oversight or omission, whenever one is found in a judgment, order, or other part of the record. The Tax Court may do so on motion or on its own, with or without notice.

‘‘(B) APPELLATE COURT LEAVE REQUIRED ON APPEAL.—After an appeal has been docketed in the appellate court, and while such appeal is pending, any such mistake may be corrected only with the appellate court’s leave.

‘‘(2) GROUNDS FOR RELIEF FROM A FINAL JUDGMENT OR ORDER.—On motion and just terms, the Tax Court may relieve a party or its legal representative from a final judgment or order for any of the following reasons:

‘‘(A) Mistake, inadvertence, surprise, or excusable neglect.

"(B) Newly discovered evidence that, with reasonable diligence, could not have been discovered in time to move for a new trial under rules prescribed by the Court and that would have a reasonable likelihood of changing the outcome.

"(C) Fraud (whether previously called intrinsic or extrinsic), misrepresentation, or misconduct by an opposing party.

"(D) The judgment is void.

"(E) Any other circumstance where justice so requires.

"(3) TIMING AND EFFECT OF THE MOTION.—

"(A) TIMING.—A motion under paragraph (2)—

"(i) must be made within a reasonable time, and

"(ii) in the case of a reason described in subparagraphs (A), (B), or (C), not later than 1 year after the entry of the judgment or order.

"(B) EFFECT ON FINALITY.—While pending, any such motion does not affect the judgment's finality or suspend its operation.

"(4) OTHER POWERS TO GRANT RELIEF.—This subsection shall not limit the Tax Court's power to set aside a judgment for fraud on the Tax Court.

"(5) COURT OF APPEALS JURISDICTION.—If the Tax Court provides relief from a judgment or order that is otherwise final under this section, either or both parties may obtain review of such relief by filing a notice of appeal under this subchapter within 90 days of the Court's judgment or order directing such relief.".

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