

June 23, 2005

Debtors' Names and IRS Tax Liens

The United States Court of Appeals for the Sixth Circuit held on June 21, 2005 that in filing a federal tax lien, the IRS is not held to the standard of precision of listing the debtor's name as is required with respect to financing statements under Article 9 of the Uniform Commercial Code. [See §9-503].

In the particular case, the corporate name was "Spearing Tool and Manufacturing Co.". The lien was filed under the name "Spearing Tool & Mfg. Company Inc.". The Court held that the IRS tax lien "need not perfectly identify the taxpayer" and that in this case, the IRS's identification was sufficient.

Factually, the Court noted that the name used by the IRS was the name used by the taxpayer in filing tax returns.

The Court declined to rule on the extent to which name variations would be sufficient for tax lien purposes. However, it is clear that in doing searches for federal tax liens, based on this case, the search should be broader than the precise name required by Article 9.

If you have questions regarding this rule, please contact the Seyfarth Shaw Business Services Group attorney with whom you work or any Business Services attorney on the website at www.seyfarth.com.