Lawsuit Says BIR Targeted Nearly $3 Million RTPark Credit After Taxpayer Sued for Refund

A federal lawsuit alleges BIR officials targeted William Perkins after he sued for a $1.1 million refund, using a narrow audit to disallow nearly $3 million in RTPark credits.

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A federal lawsuit filed Monday accuses Gov. Albert Bryan Jr. and five Bureau of Internal Revenue officials of retaliating against taxpayer William Perkins after he sued to recover a refund exceeding $1.1 million, allegedly directing a narrowly focused audit that disallowed nearly $3 million in RTPark tax credits and produced a notice of deficiency.

The civil complaint also alleges that the actions were connected to an unwritten government policy opposing tax refunds for economic-development incentive beneficiaries.

Named as defendants are BIR Director Joel Lee, Chief Counsel Tamarah Parson-Smalls, Audit Division Chief Perpetua Cranston, Audit Division Supervisor Clifford Charleswell and Revenue Agent Sheryl Martin.

Perkins alleges that the officials launched the audit and issued the deficiency notice in response to an earlier lawsuit he filed against BIR.

Refund Paid While Audit Was Underway

According to the complaint, Perkins sued the bureau in 2024 to recover more than $1.1 million owed to him as a refund from his 2020 tax return.

The refund was paid while that case was pending. The Government of the Virgin Islands then secured the lawsuit's dismissal in October 2024 on the grounds that the matter had become moot.

Perkins alleges that the payment was issued "while a purported audit of the 2020 Return was ongoing."

At some point "in the summer of 2024," the complaint says, Charleswell gave Martin a folder containing a written instruction "to examine and disallow a single item: the RTPark credit."

Perkins had claimed economic-development tax credits on his 2020 return, including a credit connected to the University of the Virgin Islands Research and Technology Park.

The lawsuit says Martin later acknowledged under oath that she had received a "specific directive" from Charleswell to examine the RTPark credit rather than conduct "any comprehensive examination of the 2020 return."

Nearly $3 Million Credit Disallowed

The inquiry resulted in several adjustments to Perkins's 2020 tax assessment.

BIR disallowed an RTPark tax credit totaling just under $3 million, which triggered additional changes to other tax calculations.

According to the complaint, Martin said the credit was disallowed because Perkins had not substantiated that the income underlying the credit was earned in the Virgin Islands.

Perkins argues that Martin did not substantiate the income because she never examined the locally formed partnership through which it was earned.

The lawsuit alleges that Martin testified that she had no evidence that any entry on Perkins's 2020 return was incorrect.

"Martin performed no meaningful investigation. Martin issued no summons, obtained no source documents,and spoke with no witnesses," the complaint states.

The lawsuit further alleges that Martin could not estimate how much time she spent conducting the audit.

Complaint Alleges Notice Was Retaliatory

Perkins claims the resulting deficiency notice was not based on a genuine review of his tax obligations.

The notice “was not the product of any genuine determination of Perkins’s tax liability,” the complaint alleges.

“It was issued because Perkins exercised his right to petition the courts for his refund, and to vindicate Bryan’s stated policy that incentive beneficiaries should not receive tax refunds.”

As evidence of that alleged policy, Perkins cites a 2022 text message from Bryan to a local attorney.

“I think it’s totally unacceptable that we pay any EDC company a return…after we have given them a 90% reduction of their tax liability.”

According to the lawsuit, the defendants “acted in concert, and by agreement,” to initiate the limited audit and produce the allegedly retaliatory deficiency notice.

Perkins accuses them of conspiring to retaliate against speech protected under the First Amendment, selectively enforcing tax laws in violation of the Equal Protection Clause, violating Fourteenth Amendment due-process protections and committing abuse of process under Virgin Islands common law.

The lawsuit seeks damages, including punitive damages against each defendant in his or her individual capacity.

None of the defendants had responded to the lawsuit as of press time.