Crane-johnson Co. Vs. Helvering

Crane-johnson Co. Vs. Helvering

SooperKanoon Citation : sooperkanoon.com/96989

Court : US Supreme Court

Decided On : Nov-12-1940

Appeal No. : 311 U.S. 54

Appellant : Crane-johnson Co.

Respondent : Helvering

Judgement :

Crane-Johnson Co. v. Helvering - 311 U.S. 54 (1940)
U.S. Supreme Court Crane-Johnson Co. v. Helvering, 311 U.S. 54 (1940)

Crane-Johnson Company v. Helvering

No. 8

Argued October 23, 1940

Decided November 12, 1940

311 U.S. 54

CERTIORARI TO THE CIRCUIT COURT OF APPEALS

FOR THE EIGHTH CIRCUIT

SYLLABUS

Decided on the authority of *Helvering v. Northwest Steel Rolling Mills, ante* p. 311 U. S. 46 .

105 F.2d 740 affirmed.

Certiorari, 309 U.S. 692, to review the affirmance of a decision of the Board of Tax Appeals, 38 B.T.A. 1355, which sustained the Commissioner's determination of a tax deficiency.

MR. JUSTICE BLACK delivered the opinion of the Court.

Because of a previously existing deficit, petitioner corporation was prohibited by state law [Footnote 1] from distributing as dividends its profits earned in 1936. Notwithstanding this state prohibition, the Commissioner held respondent liable under the 1936 Revenue Act [Footnote 2] for surtax on undistributed profits. The Board of Tax Appeals sustained

Page 311 U. S. 55

the Commissioner, [Footnote 3] and the Circuit Court of Appeals affirmed. [Footnote 4] On a similar state of facts, the Court of Appeals for the Ninth Circuit held undistributed profits exempt from surtax. [Footnote 5] We granted certiorari in both cases to resolve this conflict. [Footnote 6] The legal questions here presented are in all respects the same as those presented in *Helvering v. Northwest Steel Rolling Mills, ante,* p. 311 U. S. 46 , and, on the authority of that case, the decision below is

Affirmed.

[Footnote 1]

"The directors of corporations must not make dividends except from the surplus profits arising from the business thereof. . . ." N.D.Comp.Laws (Supp. 1925) section 4543.

[Footnote 2]

49 Stat. 1648, 1655.

[Footnote 3]

38 B.T.A. 1355.

[Footnote 4]

105 F.2d 740.

[Footnote 5]

Northwest Steel Rolling Mills v. Commissioner, 110 F.2d 286.

[Footnote 6]

309 U.S. 692; 311 U.S. 629.