

BEFORE THE STATE BOARD OF EQUALIZATION  
OF THE STATE OF CALIFORNIA



In the Matter of the Appeal of )  
PACIFIC MANIFOLDING BOOK COMPANY, LIMITED )

Appearances: .

For Appellant: W. H. Mordy

For Respondent: A. A. Manship, Assistant Franchise Tax  
Commissioner

O P I N I O N

This is an appeal pursuant to Section 25 of the Bank and Corporation Franchise Tax Act (Chap. 13, Stats. 1929) from the action of the Franchise Tax Commissioner in overruling the protest of Pacific-Burt Company, Limited, against a proposed assessment of an additional tax of \$43.90, with interest, based upon its return for the fiscal year ended March 31, 1928, and another proposed assessment of an additional tax of \$496.04 based upon its return for the fiscal year ended March 31, 1929.

This Appellant which does business here and elsewhere complained of the formula used by the Commissioner to allocate to California "the portion of net income reasonably attributable to the business done within this state." (Stats. 1929, Chap. 13, Sec. 10.) The Commissioner has given equal weight to the three factors of (1) average value of real and tangible personal property, (2) wages, salaries, commissions and other compensation of employees, and, (3) gross sales. He has rejected a fourth factor, viz., purchases of raw materials, which the Appellant claims should have been given equal weight with the other three in arriving at the California proportion of its net income.

The pertinent provisions of the statute are to be found in Section 10 of the Act, which reads as follows:

"If the entire business of the bank or corporation is done within this state, the tax shall be according to or measured by its entire net income; and if the entire business of such bank or corporation is not done within this state, the tax shall be according to or measured by that portion thereof which is derived from business done within this state. The portion of net income derived from business done within this state shall be determined by an allocation upon the basis of sales, purchases, expenses of manufacture, payroll, value and situs of tangible property, or by reference to these or other factors, or by such other method of allocation as is fairly calculated to assign to the state the portion of net income reasonably attributable to the business done within this state and to avoid subjecting the taxpayer to



Appeal of Pacific **Manifolding** Book Company, Limited

\$496.04 based respectively upon the returns of said corporation for the fiscal years ended March 31, 1928, and March 31, 1929, under Chapter 13, Statutes of 1929, be and, the same is hereby sustained.

Done at Sacramento, California, this 4th day of August, 1930, by the State Board of Equalization.

R. E. Collins, Chairman  
Fred. E. Stewart, Member  
H. G. **Cattell**, Member  
Jno, C. Corbett, Member

ATTEST: Dixwell L. Pierce, Secretary