



BEFORE THE STATE BOARD OF EQUALIZATION  
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of )  
PIONEER PROVISION CO. )

Appearances:

For Appellant: Samuel Kusnitz, Secretary and General Manager  
Max Kusnitz, Certified Public Accountant,  
of Appellant Corporation  
For Respondent: Chas. J. McColgan, 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 (Chapter 13, Stats. 1929, as amended) from the action of the Franchise Tax Commissioner in overruling the protest of Pioneer Provision Co., a corporation, to a proposed assessment of an additional tax in the amount of \$394.38 based upon the return of the above corporation for the taxable year ended December 31, 1931.

The sole problem involved in this appeal is whether the Commissioner acted properly in disallowing as a deduction in computing Appellant's net income for the year 1931 the amount of salaries actually paid or agreed to be paid by the Appellant to its president, vice. president and secretary treasurer. The salaries paid or agreed to be paid to the above officers were as follows: President \$12,110.00; Vice president \$10,290.00; Secretary treasurer \$10,290.00.

In our opinion the situation presented by the instant appeal is substantially the same as the situation presented in the Appeal of Breitstein Manufacturing Company (decided by this Board on October 10, 1932). In accordance with our opinion in that appeal, we must hold that the Commissioner acted erroneously in disallowing as a deduction the amounts actually paid or agreed to be paid by Appellant to its above mentioned officers in arriving at Appellant's net income for the year ended December 31, 1931.

O R D E R

Pursuant to the view expressed in the opinion of the Board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, -that the action of Chas. J. McColgan, Franchise Tax Commissioner, in overruling the protest of Pioneer Provision Co., a corporation, against a proposed additional assessment based upon the return of said corporation for the year ended December 31, 1931, under Chapter 13, Statutes of 1929, be and the same is hereby reversed. Said ruling is hereby set aside and said Commissioner is hereby

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directed to proceed in conformity with this order.

Done at Sacramento, California, this 3rd day of June, 1933,  
by the State Board of Equalization.

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

ATTEST: Dixwell L. Pierce, Secretary