



BEFORE THE STATE BOARD OF EQUALIZATION
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of)
R. A. BROOMFIELD)

Appearances:

For Appellant: R. A. Broomfield, in propria persona
For Respondent: W. M. Walsh, Assistant Commissioner

O P I N I O N

This appeal is made pursuant to Section 19 of the Personal Income Tax Act (Chapter 329, Statutes of 1935, as amended) from the action of the Franchise Tax Commissioner in overruling the protest of R. A. Broomfield to a proposed assessment of additional tax for the year ended December 31, 1935, in the amount of \$100.28

The proposed assessment, insofar as it is disputed by the Appellant, resulted from the disallowance by the Respondent of a deduction from gross income in the amount of \$1,000.00, which amount represents the cost of certain shares of stock owned by him in the Constitution Mining & Milling Company and alleged to have become worthless in the taxable year ended December 31, 1935. The Respondent disallowed the deduction on the ground that the shares of stock became worthless in 1934, when the property of the above company was sold under a judgment.

A taxpayer claiming a deduction on account of worthless stock must establish that the stock became worthless in the year for which the loss is claimed. Personal Income Tax Act, Section 8(d); Regulations Relating to the Personal Income Tax Act of 1935 Article 8(d)(4); Squier v. Commissioner, 68 F. 2d 25; Appeal of Bertine T. Johnson, Board of Equalization, June 16, 1942. Although it appears that on January 1, 1935, the corporation's property was still subject to redemption, the Appellant has submitted no evidence to establish that the property had any value at that time in excess of the claims outstanding against it, or that there was any likelihood that a redemption would be effected. The deduction must, accordingly, be denied,

O R D E R

Pursuant to the views 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 Charles J. McColgan, Franchise Tax Commissioner, in overruling the protest of R. A. Broomfield to a proposed assessment of an additional tax in the amount of \$100.28 for the year ended

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December 31, 1935, be and the same is hereby sustained.

Done at Sacramento, California, this 4th day of August, 1942, by the State Board of Equalization.

R. E. Collins, Chairman
Wm. G. Bonelli, Member
George R. Reilly, Member
Harry B. Riley, Member

ATTEST: Dixwell L. Pierce, Secretary