

Appeal of Inyo Marble Company of California

Appellant was on a cash basis and never reported the accrued interest as income. If, accordingly, any deduction were proper, it could not exceed \$2,400.

It is our opinion that the agreement of O.E. Cook is evidenced in part by the letter rather than solely by the promissory note, and that he did not become indebted to Appellant but on the contrary only obligated himself to pay the note out of the first moneys which he collected from Bowman. He did not collect anything from Bowman and, therefore, did not become indebted to Appellant. The transaction between Appellant and O.E. Cook not having given rise to a debt, there was of course no basis for the deduction by Appellant in connection therewith of any amount as a bad debt.

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 order of Chas. J. **McColgan**, Franchise Tax Commissioner, in overruling the protest of Inyo Marble Company of California to his proposed assessment of additional tax in the amount of \$68.01 for the taxable year ended December 31, 1938, based upon the income of said company for the year ended December 31, 1937, pursuant to Chapter 13, Statutes of 1929, as amended, be and the same is hereby sustained.

Done at Sacramento, California, this 30th day of March, 1944, by the State Board of Equalization.

R. E. Collins, Chairman
Wm. G. Bonelli, Member
Geo. R. Reilly, Member
J. H. Quinn, Member

ATTEST: **Dixwell** L. Pierce, Secretary