

Appeal of N. A. Jeppson

During the year in question, Section 17307 of the Revenue and Taxation Code (now Section 17206) allowed a deduction for stock becoming worthless within the taxable year. It is well settled that in the absence of an appeal, the entry of an order in bankruptcy proceedings confirming a plan of reorganization which eliminates stockholders from participation is a final and identifiable event establishing the worthlessness of the stock. (Edward C. Lawson, 42 B.T.A. 1103; Walter L. Maas, B.T.A. Memo., Dkt. No. 101789, entered July 22, 1941; Mortimer J. Fox, B.T.A. Memo., Dkt. No. 102136, entered December 17, 1941; Milton A. Holmes, T.C. Memo., Dkt. No. 6315, entered February 27, 1946. Cf. Carl E. Anderson, T.C. Memo., Dkt. No. 4377, entered June 5, 1946.) There is no indication here that an appeal was taken from the order of confirmation in 1949, and, accordingly, we conclude that the stock in question became worthless prior-to the year 1950.

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, pursuant to Section 19060 of the Revenue and Taxation Code, that the action of the Franchise Tax Board in denying the claim of N, A. Jeppson for refund of personal income tax in the amount of \$99.60 for the year 1950 be and the same is hereby sustained.

Done at Los Angeles, California, this 16th day of October, 1957, by the State Board of Equalization.

Robert E. McDavid, Chairman

J. H. Quinn, Member

Geo. R. Reilly, Member

Paul R. Leake, Member

_____, Member

ATTEST: Dixwell L. Pierce, Secretary