



Appeal of Pioneer Development Co., Inc.

The issue presented in this appeal is identical with that presented in the Appeal of Contractors Investment Co., Inc., this day decided by us. Upon the basis of our decision in that matter, we hold that "unreported income" referred to in Section **24672** should be computed in accordance with **Section 24670**. Since in arriving at the fair market value of the obligations, their face value must be discounted by a sum exceeding the income which would be returnable were the obligations satisfied in full, there was no "**unreported income**" which could be included in the measure of the tax for the taxable year involved.

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 **25667** of the Revenue and Taxation Code, that the action of the Franchise Tax Board on the protest of Pioneer Development Co., Inc., to a proposed assessment of additional franchise tax in the amount of **\$1,423.50** for the taxable year ended June **30**, 1958, be and the same is hereby reversed.

Done at Sacramento, California, this 5th day of January, 1961, by the **State** Board of Equalization.

John W. Lynch, Chairman

Geo. R. Reilly, Member

Alan Cranston, Member

Paul R. Leake, Member

Richard Nevins, Member

ATTEST: Ronald B. Welch, Acting Secretary