



BEFORE THE STATE BOARD OF EQUALIZATION  
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of )  
EVERETT R. AND **EMELINE** H. TAYLOR")

Appearances:

For Appellants: Everett R. Taylor, in pro. per.  
For Respondent: Benjamin F. Miller  
Counsel

O P I \_ N I \_ O N

This appeal is made pursuant to section 18594 of the Revenue and Taxation Code from the **action of the Franchise Tax Board** on the protest of Everett R. and Emeline H. Taylor against proposed assessments of additional personal income tax in the amounts of \$93.82, \$97.61, \$138.40, and \$56.14 for the years 1961, 1962, 1963, and 1964, respectively. Subsequent to the filing of this appeal, the Franchise Tax Board made certain concessions which completely abated the proposed assessment for 1964 and reduced the other assessments to \$52.34, \$54.01, and \$52.66 for the years 1961, 1962, and 1963, respectively.

The only remaining issue is whether appellants are entitled to business expense deductions for the costs of preparing and mailing certain essentially religious materials.

In Everett R. Taylor, T.C. Memo., Sept. 16, 1969, the United States Tax Court dealt with the same issue under federal law for the years 1963, 1964, and 1965. Since the Tax Court opinion gives the factual background in great detail, we will briefly summarize only the essential facts. Appellant Everett R. Taylor has for many years been the sole proprietor of Taylor Roof Structures, a firm engage3

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in the construction of commercial roofs. Beginning in the early 1950's and continuing through the years in question, appellant wrote and distributed numerous letters, pamphlets and books on a wide range of political, economic, social, and religious subjects. After 1954 his writings relied on religious and Biblical doctrines. During this same period appellant began to develop two systems of logic based on the King James Version of the Bible and to develop a system of communication to make written ideas more easily understood by the reader. Appellant attempted to deduct the costs he incurred in carrying on these research, development, writing, and publishing activities, but respondent disallowed the claimed deductions.

As he did in the Tax Court, appellant argues that these expenditures were deductible expenses of a trade or business. (Rev. & Tax. Code, § 17202.) Appellant's theory in the Tax Court was that he was in the trade or business of developing a method of communication and that the expenditures in question were ordinary and necessary expenses of that trade or business. The Tax Court rejected appellant's argument on the grounds that the activities in question were not motivated to any degree by any kind of profit motive and, hence, did not constitute a trade or business whose expenses were deductible. In the present appeal appellant argues that his activities were part of the trade or business of "research and development." However, even if this argument is materially different from appellant's theory in Tax Court, it must fail for the same reason. We find that appellant's activities during the years 1961, 1962, and 1963 were not motivated to any degree by any kind of profit motive. They, therefore, did not constitute part of a trade or business and the disputed expenditures were not properly deductible as business expenses.

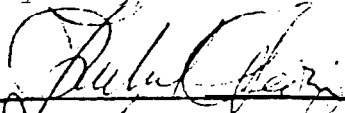
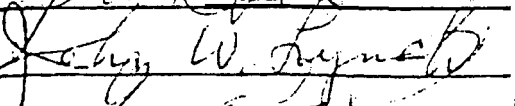
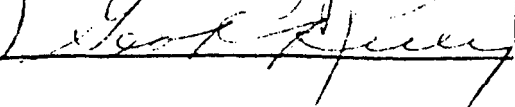
Q R D E R

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

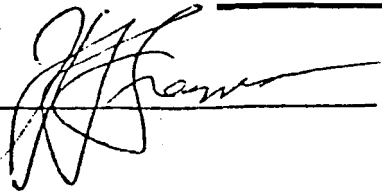
Appeal of Everett R. and Emeline H. Taylor.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, pursuant to section 18595 of the Revenue and Taxation Code, that the action of the Franchise Tax Board on the protest of Everett R. and Emeline H. Taylor against proposed assessments of additional personal income tax in the amounts of \$93.82, \$97.61, \$138.40, and \$56.14 for the years 1961, 1962, 1963, and 1964, respectively, be and the same is hereby modified in accordance with respondent's concessions and, as modified, is sustained.

Done at Sacramento, California, this 2nd day of June, 1971, by the State Board of Equalization.

  
\_\_\_\_\_, Chairman  
  
\_\_\_\_\_, Member  
  
\_\_\_\_\_, Member  
\_\_\_\_\_, Member  
\_\_\_\_\_, Member

ATTEST:

  
\_\_\_\_\_, Secretary