



BEFORE THE STATE BOARD OF EQUALIZATION
 OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of)
)
 JOSEPH J. AND DOROTHY S. NOBLES)

For Appellants: Darling and **Maclin**
 Attorneys at Law

For Respondent: Crawford H. Thomas
 Chief Counsel

Richard A. Watson
 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 Joseph J. and
Dorothy S. Nobles against proposed assessments of addi-
tional personal income tax in the amounts of \$197.03,
\$324.90, \$220.03 and \$208.96 for the years 1966, 1967,
1968 and 1969, respectively.

Appeal of Joseph J. and Dorothy S. Nobles

The sole issue for determination here is whether amounts withdrawn from the Kern Rock Company by the Dan C. Sill Trust, owner of 50 percent of the stock of the Kern Rock Company, were loans or taxable dividends. A second issue raised in the appeal, concerning an alleged understatement of royalty income received in 1969 by the Dan C. Sill Trust from the Kern Rock Company, has now been conceded by respondent. That concession reduces the proposed assessment of additional personal income tax against appellants for the year 1969 to \$111.32.

This is a companion appeal to the Appeal of Warren N. and Catherine S. Haupt, this day ~~decided~~. Appellant herein, Dorothy S. Nobles, is a sister of Catherine S. Haupt, and a one-third beneficiary of the Dan C. Sill Trust. In the Haupt appeal we sustained the action of the Franchise Tax Board and held that withdrawals from the Kern Rock Company by the Dan C. Sill Trust were distributions of corporate earnings and profits which were taxable as dividends. Since the relevant facts in this case are identical to those presented in the Haupt appeal, we again hold that the withdrawals from the Kern Rock Company constituted taxable dividends. We thereby sustain respondent's action in this matter.

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,

Appeal of Joseph J. and Dorothy S. Nobles

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 Joseph J. and Dorothy S. Nobles against proposed assessments of additional personal income tax in the amounts of \$197.03, \$324.90, \$220.03 and \$208.96 for the years 1966, 1967, 1968 and 1969, respectively, be and the same is modified in that the proposed assessment for 1969 be reduced in accordance with respondent's concession. In all other respects, the action of the Franchise Tax Board is sustained.

Done at Sacramento,, California, this 19th day of February, 1974, by the State Board of Equalization.

Cliff Peery, Chairman
John W. Lynch, Member
Paul C. Lee, Member
[Signature], Member
William W. Smith, Member

ATTEST: *W. W. Smith*, Secretary