

DEPARTMENT OF TAXATION AND FINANCE

BOARD OF CONFERES - CORPORATION TAX BUREAU

In the Matter of the Applications :  
of :  
STAR EXPANSION INDUSTRIES CORPORATION : Hearing Case No. 5577  
for revision or refund of franchise :  
taxes under Article 9A of the Tax Law :  
for the calendar years 1962 and 1963. :

The taxpayer computed and paid the following taxes:

	<u>1962</u>	<u>1963</u>
Entire Net Income	\$819,959.00	\$844,804.00
Tax at 5½%	45,097.25	46,464.22
Plus Subsidiary Capital Tax	74.46	116.22
<b>Total</b>	<b>\$ 45,172.21</b>	<b>\$ 46,580.44</b>

Timely applications for revision or refund were filed on October 29, 1965.

The taxpayer is engaged in the business of manufacturing masonry fasteners and drilling devices for the wholesale hardware trade.

A subsidiary, Star Expansion Company, is exclusively engaged in selling, on a commission basis, merchandise manufactured by the parent corporation.

For the calendar year 1964 we have permitted the two corporations to file on a combined basis.

For the calendar years 1962 and 1963 the taxpayer had inventories located at branch offices of the subsidiary in the principal cities of the United States. These branch offices constitute regular places of business of the taxpayer and, therefore, it is entitled to a business allocation.

We recommend that the taxes be corrected as follows:

	<u>1962</u>	<u>1963</u>
Entire Net Income	\$819,959.00	\$844,804.00
Business allocation	81.118%	80.9914%
New York Base	665,135.00	684,218.00
Tax at 5½%	36,582.43	37,631.99
Plus Subsidiary Capital Tax	74.46	116.22
<b>Total</b>	<b>36,656.89</b>	<b>37,748.21</b>
Original Tax	45,172.21	46,580.44
<b>Credit</b>	<b>\$ 8,515.32</b>	<b>\$ 8,832.23</b>

Approved /s/  
E. A. DCRRAN

/s/  
IRA J. PALESTIN  
12/13/65 /s/

W. F. SULLIVAN

**Chairman**

D. H. GILHOOLY

JOHN J. GENEVICH