Corporation Tax Determinations A-Z
North American Textile Sales, Inc.

STATE OF NEW YORK

DEPARTMENT OF TAXATION AND FINANCE

BOARD OF CONFERRERS - CORPORATION TAX BUREAU

In the Matter of the Applications of

NORTH AMERICAN TEXTILE SALES, INC.

for revision or refund of franchise taxes under Article 9A of the Tax Law for the calendar years 1954 through 1961.

Hearing Case No. 3745

The taxes and penalties for the calendar years 1954 through 1960 were audited and stated and the tax and penalty for the calendar year 1961 was recomputed on December 4, 1964, as follows:

Calendar Year	Entire Net Income	Tax at 5½%	Statutory Penalty	Total Amount
1954	$15,560.41	$ 855.82	$1,000.31	[illegible]
1955	12,279.40	675.37	709.14	[illegible]
1956	24,057.10	1,323.14	1,230.52	[illegible]
1957	24,897.50	1,369.36	1,119.18	[illegible]
1958	41,925.84	2,305.92	1,391.08	[illegible]
1959	46,949.33	2,582.21	1,291.11	[illegible]
1960	29,988.51	1,649.37	826.76	[illegible]
1961	31,146.83	1,713.08	34.63	1,747.71

The assessments for the calendar years 1954 through 1958 were recommended by the desk audit section of our New York City office, based on copies of Federal returns submitted to them. The taxpayer did not file franchise tax reports for these years and the matter had been referred to them in connection with notice of merger received (CT 220) relating to the surviving corporation, North American Mills Sales, Inc. The assessments for 1959, 1960 and 1961 represent statutory penalty on delinquent returns filed.

Timely applications for revision or refund were filed on February 10, 1966.

The corporation contends it is not taxable for the years 1954 through 1958 because of being solely engaged in interstate commerce and pleads for abatement of statutory penalty for 1959, 1960 and 1961.

The corporation was organized under the laws of Massachusetts on April 28, 1954. It operated as a commission sales agent for its parent corporation, North American Mills, Inc. (a non-taxpayer).

The information on file indicates the main office of the corporation was first located in Boston, Massachusetts and later Woonsocket, Rhode Island. It did not have any employees in this state until May 1957 at

Approved
IRA J. PALESTIN
3/9/66

which time a sales office was opened in New York City. In 1959 the main office in Woonsocket, Rhode Island, was closed and its operations transferred to New York City.

Based on the foregoing, the Board recommends that the assessments for the years 1954 through 1958 be cancelled since the activities in New York did not subject the corporation to tax because it was wholly engaged in interstate commerce.

Although it is doubtful that the corporation is subject to tax for 1959, 1960 and 1961, it filed returns voluntarily and does not contest liability for these years. In view of this, the Board recommends that statutory penalty be reduced to 6% interest.

/s/ WM F. SULLIVAN
Chairman

/s/ D. H. GILHOOLY

Approved
E. A. DORAN

/s/ J. J. GENEVICH

JJG:MB
March 3, 1966

I approve
JAMES R. MACDUFF
3/9/66