

## DEPARTMENT OF TAXATION AND FINANCE

## MEMORANDUM

TO: Mr. Doran

OFFICE

FROM: Mr. Scully

DATE May 9, 1967

SUBJECT: Silent Hoist &amp; Crane Co. Inc.

Forms CT-122 attached to the franchise tax reports of the above corporation for the calendar years 1964 and 1965 show reductions in tax of \$14,414.54 and \$16,360.48, respectively. Accordingly, your approval and the approval of the Tax Commission are required.

When filing its original reports, the corporation allocated 100% of its net income to New York. It then filed amended reports claiming a place of business outside New York and an allocation of its business income. The corporation has a contractor in Milford, Connecticut to which raw materials are shipped by the corporation. The contractor manufactures machines on orders of the taxpayer and ships them to the taxpayer's customers.

Your approval of these corrected assessments is recommended.

/s/

EDWARD J. SCULLY

Sr. Tax Administrative Supervisor

Approved  
E. A. DORAN

EJS:jb

Approved JAMES R. MACDUFF 5/15/67

Approved: WALTER MACLYN CONLON 10 MAY '67

*Corporation Tax Determinations  
Silent Hoist & Crane Co., Inc. A2*

STATE OF NEW YORK

DEPARTMENT OF TAXATION AND FINANCE  
BOARD OF CONFERRERS - CORPORATION TAX BUREAU

In the Matter of the Application of  
**SILENT HOIST & CRANE CO., INC.**

for revision or refund of franchise  
tax under Article 9A of the Tax Law  
for the calendar year 1963.

Hearing Case No. 6014

The taxpayer filed its report March 16, 1964 accompanied by payment of tax of \$64,284.18, computed without any allocation. The tax was reduced to \$62,983.94 on June 25, 1965 based on amended report filed May 10, 1965 to reflect a deduction of 50% of non-subsidiary dividends.

On August 29, 1966 the taxpayer timely filed an application for revision or refund accompanied by an amended franchise tax report because the prior reports filed erroneously failed to claim both an investment and business allocation.

Informal hearing was held in New York City on January 31, 1967 before D. H. Gilhooly. The taxpayer was represented by Bernard Rappaport, CPA, who presented power of attorney.

Under the provisions of Section 4.40 of State Tax Ruling of March 15, 1962, the corporation is entitled to the investment allocation it has claimed.

With respect to the business allocation, the testimony at the hearing indicates the taxpayer is engaged in the manufacture and sale of material handling machinery. Its only office and manufacturing plant is located in Brooklyn, N.Y. It manufactures, at its own plant, certain components of material handling equipment, such as steel plates, piping, engine parts, transmissions, etc., which are shipped to a subcontractor in Milford, Connecticut, who assembles the components into a completed unit and stores them for the taxpayer until they are shipped direct to the taxpayer's customers upon the taxpayer's instruction. The taxpayer rents from the subcontractor several small buildings in which the inventories of the taxpayer are stored.

Based upon the foregoing, the Board has concluded that the taxpayer has, pursuant to Sec. 4.11 b. of State Tax Ruling of March 15, 1962, a regular place of business outside New York and is therefore entitled to a business allocation. We have, however, increased the New York business allocation to reflect allocation of receipts on the basis of a regular place of business rather than a permanent place, and to reflect the average value of property in the property factor rather than year-end, which the taxpayer had erroneously used. The following recomputed tax results, which the Board recommends for approval:

		<u>Allocation</u>	<u>Income Allocable N.Y.</u>
Business Income	\$1,085,868.22	73.50%	\$798,113.14
Investment Income	59,294.40	9.04%	5,360.21
			<u>\$803,473.35</u>
Recomputed tax at 5 1/2%			44,191.03
Tax as previously computed			62,983.94
Reduction in Tax			\$ 18,792.91

/s/

WILLIAM F. SULLIVAN

Chairman

/s/

J. J. GENEVICH

/s/

DONALD H. GILHOOLY

Approved

E. A. LORAN

DG:MB  
2/23/67

APPROVED: WALTER MACLYN CONLON 28 FEB. '67  
OK JAMES T. MACDUFF 3-1-67