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STATE OF NEW YORK  
STATE TAX COMMISSION

In the Matter of the Petition

of

ARTHUR C. LENETZ and IDA LENETZ

For a Redetermination of a Deficiency or  
a Refund of Personal Income & Unincorporated Business  
Taxes under Article(s) 22 and 23 of the  
Tax Law for the Year(s) 1960.

AFFIDAVIT OF MAILING  
OF NOTICE OF DECISION  
BY (CERTIFIED) MAIL

State of New York  
County of Albany

MARTHA FUNARO, being duly sworn, deposes and says that  
she is an employee of the Department of Taxation and Finance, over 18 years of  
age, and that on the 28th day of August, 1973, she served the within  
Notice of Decision (or Determination) by (certified) mail upon ARTHUR C. and  
IDA LENETZ (representative of) the petitioner in the within  
proceeding, by enclosing a true copy thereof in a securely sealed postpaid

wrapper addressed as follows:

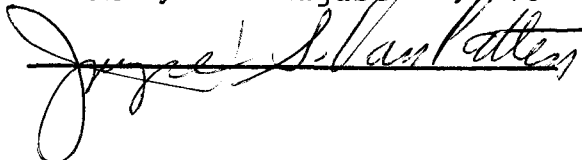
Arthur C. and Ida Lenetz  
540 Ocean Parkway  
Brooklyn, New York


and by depositing same enclosed in a postpaid properly addressed wrapper in a  
(post office or official depository) under the exclusive care and custody of  
the United States Post Office Department within the State of New York.

That deponent further says that the said addressee is the (representative  
of) petitioner herein and that the address set forth on said wrapper is the last  
known address of the (representative of the) petitioner.

Sworn to before me this

28th day of August, 1973.





STATE OF NEW YORK  
STATE TAX COMMISSION

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In the Matter of the Petition

of

ARTHUR C. LENETZ and IDA LENETZ

AFFIDAVIT OF MAILING  
OF NOTICE OF DECISION  
BY (CERTIFIED) MAIL

For a Redetermination of a Deficiency or  
a Refund of Personal Income & Unincorporated Business  
Taxes under Article(s) 22 and 23 of the  
Tax Law for the Year(s) 1960.

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State of New York  
County of Albany

MARTHA FUNARO, being duly sworn, deposes and says that she is an employee of the Department of Taxation and Finance, over 18 years of age, and that on the 28th day of August, 1973, she served the within Notice of Decision (or Determination) by (certified) mail upon JOHN R.

SERPICO, ESQ. (representative of) the petitioner in the within proceeding, by enclosing a true copy thereof in a securely sealed postpaid

wrapper addressed as follows: John R. Serpico, Esq.  
3000 Macus Avenue  
Lake Success, New York

and by depositing same enclosed in a postpaid properly addressed wrapper in a (post office or official depository) under the exclusive care and custody of the United States Post Office Department within the State of New York.

That deponent further says that the said addressee is the (representative of) petitioner herein and that the address set forth on said wrapper is the last known address of the (representative of the) petitioner.

Sworn to before me this

28th day of August, 1973.

*Joyce S. Van Pelt*

*Martha Funaro*



STATE OF NEW YORK  
DEPARTMENT OF TAXATION AND FINANCE

BUILDING 9, ROOM 214A  
STATE CAMPUS  
ALBANY, N. Y. 12227

AREA CODE 518  
457-2655, 6, 7

STATE TAX COMMISSION  
Mario A. Procaccino  
~~XXXXXXXXXXXX~~ PRESIDENT  
A. BRUCE MANLEY  
MILTON KOERNER

STATE TAX COMMISSION  
HEARING UNIT

EDWARD ROOK  
SECRETARY TO  
COMMISSION

ADDRESS YOUR REPLY TO

DATED: Albany, New York  
August 28, 1973

Arthur C. and Ida Lenetz  
540 Ocean Parkway  
Brooklyn, New York

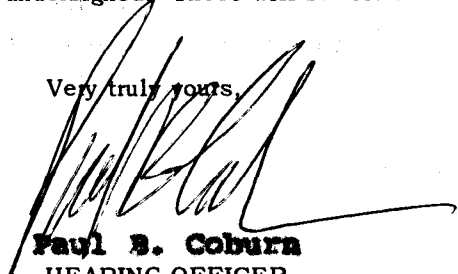
Mr. and Mrs. Lenetz:

Please take notice of the **DECISION** of  
the State Tax Commission enclosed herewith.

Please take further notice that pursuant to **sections 690 and 722 of**  
the Tax Law any proceeding in court to review an adverse decision  
must be commenced within **4 months** after  
the date of this notice.

Any inquiries concerning the computation of tax due or refund allowed  
in accordance with this decision or concerning any other matter relat-  
ing hereto may be addressed to the undersigned. These will be referred  
to the proper party for reply.

Very truly yours,

  
**Paul B. Coburn**  
HEARING OFFICER

cc Petitioner's Representative  
Law Bureau

STATE OF NEW YORK  
STATE TAX COMMISSION

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In the Matter of the Petition :  
of :  
ARTHUR C. LENETZ and IDA LENETZ : DECISION  
for Redetermination of Deficiency or :  
for Refund of Personal Income and :  
Unincorporated Business Taxes under :  
Articles 22 and 23 of the Tax Law :  
for the Year 1960. :

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Petitioners, Arthur C. Lenetz and Ida Lenetz, have filed a petition for redetermination of deficiency or for refund of personal income and unincorporated business taxes under Articles 22 and 23 of the Tax Law for the year 1960. (File No. 1-8440698). A formal hearing was held before Lawrence A. Newman, Hearing Officer, at the offices of the State Tax Commission, 80 Centre Street, New York, New York, on July 20, 1971, at 1:15 P.M. John R. Serpico, Esq. appeared for petitioners. Edward H. Best, Esq., (Solomon Sies, Esq., of Counsel) appeared for the Income Tax Bureau.

ISSUE

Were the services rendered by petitioner, Arthur C. Lenetz, during the year 1960, as an officer of Arthur Arnov Inc., so inter-related and integrated with his activities in connection with his unincorporated business as to constitute part of a business regularly carried on by him?

FINDINGS OF FACT

1. Petitioner, Arthur C. Lenetz, filed an unincorporated business tax return for the year 1960. He reported as taxable income on this return the net income received by him from his unincorporated business

as an insurance broker but omitted from taxable income the salary paid to him by Arthur Arnow Inc.

2. On April 13, 1964, the Income Tax Bureau issued a Statement of Audit Changes against petitioner, Arthur C. Lenetz, imposing unincorporated business tax of \$374.02 upon the salary received by him during the year 1960 from Arthur Arnow Inc., on the grounds that the salary constituted business income subject to unincorporated business tax pursuant to Article 23 of the Tax Law. It also imposed additional personal income tax of \$164.65 because of a disallowance of travel and entertainment expenses and depreciation. Accordingly, a Notice of Deficiency was issued in the sum of \$646.01.

3. Petitioner, Arthur C. Lenetz, does not contest the additional personal income tax imposed on him.

4. Petitioner, Arthur C. Lenetz, was a general insurance broker during the year 1960. In the course of this business he would place with insurance companies or underwriting agencies the policies he solicited from friends and acquaintances. He earned a commission on each sale.

5. During the same year, petitioner, Arthur C. Lenetz, was president and general manager of Arthur Arnow Inc., an insurance underwriting agency, earning a flat salary of \$25,000.00. He also owned 50% of the stock of the agency. His duties consisted of soliciting insurance brokers to place their lines with Arthur Arnow Inc., where they would in turn be placed with the insurance companies. The agency would receive an override commission on the policies it placed with insurance companies.

6. Petitioner, Arthur C. Lenetz, employed the same accountant for his personal business as was employed by the agency. Both petitioner, Arthur C. Lenetz, and Arthur Arnow Inc. were concerned with placing of casualty insurance. Approximately 25% of petitioner's personal business was placed through the agency.

7. Petitioner, Arthur C. Lenetz, used the offices of Arthur Arnow Inc. for his personal insurance business.

CONCLUSIONS OF LAW

A. That the services rendered by petitioner, Arthur C. Lenetz, during the year 1960 as an officer of Arthur Arnow Inc. were so integrated and interrelated with the activities of his unincorporated business as an insurance broker, so as to constitute part of a business regularly carried on by him and therefore the salary received by him as income for services as an officer of the corporation was not exempt from unincorporated business tax within the meaning and intent of section 703(b) of the Tax Law.

B. That the aforesaid activities of petitioner, Arthur C. Lenetz, during the year 1960 constituted the carrying on of an unincorporated business and his income derived therefrom was subject to unincorporated business tax in accordance with the meaning and intent of section 703 of the Tax Law.

C. That the petition of Arthur C. Lenetz is denied and the Notice of Deficiency issued April 13, 1964, is sustained.

DATED: Albany, New York  
August 28, 1973

STATE TAX COMMISSION

  
COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER