

STATE OF NEW YORK  
STATE TAX COMMISSION

In the Matter of the Petition

of

GEORGE B. & DOROTHY KRUG

AFFIDAVIT OF MAILING

For a Redetermination of a Deficiency or :  
a Revision of a Determination or a Refund :  
of Personal Income and Unincorporated Business :  
Taxes under Article(s) 22 & 23 of the :  
Tax Law for the Year(s) ~~or Period(s)~~ :  
1966, 1967 and 1968.

State of New York  
County of Albany

Janet Mack , 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 1st day of October , 1976, she served the within  
Notice of Decision by (certified) mail upon George B. & Dorothy Krug  
(~~representative of~~) the petitioner in the within proceeding,  
by enclosing a true copy thereof in a securely sealed postpaid wrapper addressed  
as follows: Mr. & Mrs. George B. Krug  
342 Brookvale Road  
Butler, P.O.  
Smoke Rise, New Jersey 07405  
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 Postal Service within the State of New York.

That deponent further says that the said addressee is the (~~representative~~  
~~of the~~) 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

1st day of October , 1976

Janet Mack

Mary Groff

STATE OF NEW YORK  
STATE TAX COMMISSION

In the Matter of the Petition

of

GEORGE B. & DOROTHY KRUG

AFFIDAVIT OF MAILING

For a Redetermination of a Deficiency or :  
a Revision of a Determination or a Refund :  
of Personal Income and Unincorporated Business :  
Taxes under Article(s) 22 & 23 of the :  
Tax Law for the Year(s) ~~or Period(s)~~ :  
1966, 1967 and 1968

State of New York  
County of Albany

Janet Mack , 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 1st day of October , 1976, she served the within  
Notice of Decision by (certified) mail upon Melvin Becourtney

(representative of) the petitioner in the within proceeding,  
by enclosing a true copy thereof in a securely sealed postpaid wrapper addressed  
as follows: Melvin Becourtney  
160 5th Avenue  
New York, NY

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 Postal Service within the State of New York.

That deponent further says that the said addressee is the (representative  
of the) 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

1st day of October , 1976

Mary Groff

Janet Mack



STATE OF NEW YORK  
DEPARTMENT OF TAXATION AND FINANCE

STATE TAX COMMISSION

TAX APPEALS BUREAU  
STATE CAMPUS  
ALBANY, N.Y. 12227

ADDRESS YOUR REPLY TO

October 1, 1976

TELEPHONE: (518) **457-3850**

Mr. & Mrs. George B. Krug  
342 Brookvale Road  
Butler, P.O.  
Smoke Rise, New Jersey 07405

Dear Mr. & Mrs. Krug:

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

Please take further notice that pursuant to  
Section(s) **690 and 722** of the Tax Law, any  
proceeding in court to review an adverse deci-  
sion must be commenced within **4 months**  
from the date of this notice.

Inquiries concerning the computation of tax  
due or refund allowed in accordance with this  
decision or concerning any other matter relative  
hereto may be addressed to the undersigned. They  
will be referred to the proper party for reply.

Very truly yours,  
*Frank J. Puccia*

Frank J. Puccia  
Supervisor of  
Small Claims Hearings

Enc.

cc: Petitioner's Representative:

Taxing Bureau's Representative:

STATE OF NEW YORK  
STATE TAX COMMISSION

---

In the Matter of the Petition	:	
of	:	
GEORGE B. & DOROTHY KRUG	:	DECISION
for a Redetermination of a Deficiency or for	:	
Refund of Personal Income and Unincorporated	:	
Business Taxes under Articles 22 and 23 of the	:	
Tax Law for the Years 1966, 1967, 1968.	:	

---

Petitioners, George B. & Dorothy Krug, 342 Brookvale Road, Butler, P.O., Smoke Rise, New Jersey 07405, filed a petition for redetermination of a deficiency or for refund of personal income and unincorporated business taxes under Articles 22 and 23 of the Tax Law for 1966, 1967, 1968. (File No. 13161844). A small claims hearing was held before Joseph Marcus, Small Claims Hearing Officer, at the offices of the State Tax Commission, Two World Trade Center, New York, New York, on June 10, 1976. Petitioner appeared with his representative, Melvin Becourtney, 160 5th Avenue, New York City. The Income Tax Bureau appeared by Peter Crotty, Esq., (William Fox, Esq. of counsel).

ISSUES

Did the petitioner, a resident of New Jersey, maintain a bona fide business office outside New York State?

FINDINGS OF FACT

1. Petitioners, George B. Krug and Dorothy Krug, filed timely New York State nonresident income tax returns for the years 1966, 1967, and 1968. Petitioner allocated a portion of business

income, based on a claim that he maintained an office in New Jersey, as well as in New York.

2. On January 29, 1971, the Income Tax Bureau issued a Statement of Audit Changes against petitioners, George B. Krug and Dorothy Krug, imposing additional personal income tax for the years 1968, 1969 and 1970 on the ground that the taxpayer did not have a bona fide office outside New York State and that, therefore, all brokerage income was taxable to New York.

3. A Statement of Audit Changes was also issued against the petitioner for unincorporated business tax on the ground that his activities as an insurance broker were subject to unincorporated business tax. Penalty was imposed for failure to file and unincorporated business tax return. The Income Tax Bureau issued a Notice of Deficiency for each of the aforesaid Statement of Audit Changes on April 12, 1971 for total additional tax of \$1338.11, plus penalty and interest for a total amount due of \$1773.30. Petitioner, George B. Krug, was an insurance broker associated with the Travelers Insurance Co. at 80 John Street, New York, New York during the years 1966, 1967 and 1968 at which time he resided in New Jersey.

4. Petitioner testified that during the period under review he operated his insurance business out of his office at 80 John Street, New York City. It was the practice of Travelers Insurance Company to provide office space and other business services to its brokers or agents in return for which the brokers placed all or most of the insurance business with Travelers.

5. Testimony was introduced indicating that petitioner was in his New York office three days each week. He spent the other days doing business out of his home.

6. Petitioner also stated that his broker's license, stationery and business phone indicated New York City as his business address. Some clients did call petitioner at his home in New Jersey, according to petitioner's testimony, because it was more convenient and cheaper for those clients.

CONCLUSIONS OF LAW

A. That the petitioner did not maintain a bona fide office or have a regular place of business outside New York State. Whatever activities may have been conducted from his home in New Jersey were done there for his own convenience. Petitioner's entire business income is deemed to be derived from New York sources in accordance with the meaning and intent of section 632(c) and section 707 of the Tax Law.

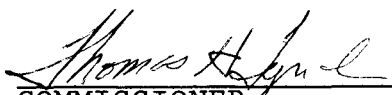
B. Petition is denied and deficiencies for personal income tax and unincorporated business tax are sustained.

DATED: ALBANY, NEW YORK  
October 1, 1976

STATE TAX COMMISSION

  
RESIDENT

  
COMMISSIONER

  
COMMISSIONER