

STATE OF NEW YORK
STATE TAX COMMISSION

In the Matter of the Petition

of

UNITED STATES LINES,
INC.

For a Redetermination of a Deficiency or
a Refund of Sales and Use
Taxes under Article(s) 28 & 29 of the
Tax Law for the ~~Year(s)~~ Period
12/1/66 - 2/28/67

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

State of New York
County of Albany

Lynn Wilson , 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 8th day of December , 1972 , she served the within
Notice of Decision (or Determination) by (certified) mail upon UNITED STATES
LINES, INC. (representative of) the petitioner in the within

proceeding, by enclosing a true copy thereof in a securely sealed postpaid
wrapper addressed as follows: United States Lines, Inc.

One Broadway
New York, New York 10004

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

8th day of December , 1972

Martha M. M. M. M.

Lynn Wilson

STATE OF NEW YORK
STATE TAX COMMISSION

In the Matter of the Petition

of

UNITED STATES LINES, INC.

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

For a Redetermination of a Deficiency or
a Refund of Sales and Use
Taxes under Article(s) 28 & 29 of the
Tax Law for the ~~(Year(s))~~ Period
12/1/66 - 2/28/67

State of New York
County of Albany

Lynn Wilson, 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 8th day of December, 1972, she served the within Notice of Decision (or Determination) by (certified) mail upon NORMAN H. SPARBER, ESQ. (representative of) the petitioner in the within proceeding, by enclosing a true copy thereof in a securely sealed postpaid wrapper addressed as follows: Norman H. Sparber, Esq. Levitt, Brauner, Baron, Rosenzweig & Kligler Attorneys at Law 120 Broadway New York, New York 10005 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

8th day of December, 1972.

Matthew J. Dunne

Lynn Wilson



STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE

STATE TAX COMMISSION

NORMAN F. GALLMAN, PRESIDENT

A. BRUCE MANLEY

MILTON KOERNER

BUILDING 9, ROOM 214A

STATE CAMPUS
ALBANY, N. Y. 12227

AREA CODE 518

457-2655, 6, 7

STATE TAX COMMISSION
HEARING UNIT

EDWARD ROOK
SECRETARY TO
COMMISSION

ADDRESS YOUR REPLY TO

DATED: Albany, New York
December 8, 1972

United States Lines, Inc.
One Broadway
New York, New York 10004

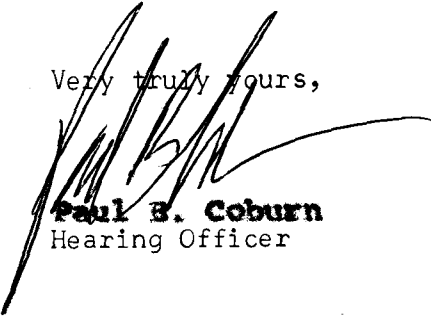
Gentlemen:

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

Please take further notice that pursuant to section(s)
1138 & 1243 of the Tax Law any proceeding
in court to review an adverse decision must be commenced
within **four 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 relating hereto may be
addressed to the undersigned. These will be referred
to the proper party for reply.

Very truly yours,


Paul E. Coburn
Hearing Officer

cc Petitioner's Representative
Law Bureau

STATE OF NEW YORK

STATE TAX COMMISSION

In the Matter of the Application	:	
of	:	
UNITED STATES LINES, INC.	:	DETERMINATION
for Revision of a Determination or for	:	
Refund of Sales and Use Taxes under	:	
Articles 28 and 29 of the Tax Law for	:	
the Period from December 1, 1966 to	:	
February 28, 1967.	:	

Applicant, United States Lines, Inc., has filed an application for revision of a determination or for refund of sales and use taxes under Articles 28 and 29 of the Tax Law for the period from December 1, 1966 to February 28, 1967. (File No. 90301902). A formal hearing was held before Alfred Rubinstein, Hearing Officer, at the offices of the State Tax Commission, 80 Centre Street, New York, New York on July 22, 1968, at 10:00 A.M. Applicant appeared by Herman Goldman, Esq., (Norman H. Sparber, Esq., and Paul Bauman, Esq., of Counsel).

FINDINGS OF FACT

1. On January 3, 1967, United States Lines Company, in order to accomplish a program of diversification, reorganized its corporate structure by transferring to a new wholly owned Delaware subsidiary corporation known as United States Lines, Inc., substantially all of its business property and assets other than (a) the stock of Number One Broadway Corporation (a wholly owned subsidiary and the owner of the property known as No. 1 Broadway, New York, New York), and (b) the sum of \$2,000,000.00.

2. Included in the business property and assets transferred were the operating-differential subsidy agreement with the United States, contract No. FMB-19, all cash on hand and in banks (except for the sum of \$2,000,000.00), all securities (except the stock of Number One Broadway Corporation) including all investments in foreign subsidiaries, receivables and inventories, all statutory reserve accounts, all vessels, spare parts, shipping property and terminal equipment, all construction-differential subsidy contracts including all guarantees, agreements, etc., issued in connection therewith, all pier leases and all loans and mortgage contracts and supporting documents issued pursuant to Title XI of the Merchant Marine Act of 1936, as amended.

3. In exchange for the property transferred to applicant, United States Lines, Inc., as aforesaid, applicant, United States Lines, Inc., transferred all of its authorized capital stock to United States Lines Company and assumed and agreed to pay all debts, liabilities and obligations of United States Lines Company, including without limitation all expenses incident to the transaction and all tax liabilities arising out of business transacted prior to the consummation of the transactions.

4. On June 10, 1966, the Internal Revenue Service ruled that under the provisions of section 351(a) of the Internal Revenue Code of 1954, no gain or loss would be recognized to United States Lines Company upon its transfer of property to applicant, United States Lines, Inc., in exchange for all of the stock of United States Lines, Inc., as described in the aforesaid paragraphs.

5. On October 2, 1967, the Sales Tax Bureau issued a Notice of Determination and Demand for payment of sales and use taxes due imposing sales tax on those assets located in New York State and New York City which were transferred from United States Lines Company to applicant, United States Lines, Inc., on January 3, 1967, pursuant to the aforesaid reorganization upon the grounds that a taxable bulk sale had taken place and accordingly assessed sales tax due against "United States Lines Company, Inc." (sic) in the sum of \$19,473.53 plus interest to September 5, 1970, of \$723.07 or a total sum of \$20,196.60. The tax and interest were paid by applicant, United States Lines, Inc., under protest and an application was made for a refund of said payment.

6. The debts, liabilities and obligations of United States Lines Company assumed by applicant, United States Lines, Inc., did not exceed the value of the assets transferred.

CONCLUSIONS OF LAW


A. That the transfer by United States Lines Company of all of its assets, except \$2,000,000.00 and the stock of Number One Broadway Corporation, to applicant, United States Lines, Inc., in exchange for all of the stock of applicant, United States Lines, Inc., and an assumption by applicant, United States Lines, Inc., of all debts liabilities and obligations of United States Lines Company did not constitute a retail sale subject to sales tax in accordance with the meaning and intent of section 1101(b)(4)(ii)(D) of the Tax Law.

B. That the application of United States Lines, Inc., is granted

and the Notice of Determination and Demand for payment of sales and use taxes due issued October 2, 1967, is cancelled.

DATED: Albany, New York
December 8, 1972

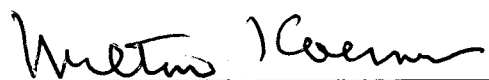
STATE TAX COMMISSION



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