In the Matter of the Petition

J. RICH STEERS, INC. & FREDERICK SNARE CORP. Individually & as co-partners d/b/& the firm AFFIDAVIT OF MAILING name and style of STEERS-SNARE (T.N.),

OF NOTICE OF DECISION BY (CERTIFIED) MAIL

a Joint Venture For a Redetermination of a Deficiency or a Refund ofUnincorporated Business: Taxes under Article(s) 23 Tax Law for the (Year(s) 1961

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 29th day of August , 19^{72} , she served the within Notice of Decision (or Determination) by (certified) mail upon J. Rich Steers, Inc. & Frederick Snare, Corp. (representative of) the petitioner in the within proceeding, by enclosing a true copy thereof in a securely sealed postpaid J. Rich Steers, Inc. & Frederick wrapper addressed as follows: Snare Corp. d/b/u Steers-Snare 363 7th Avenue

and by depositing same enclosed in a postpaid properly addressed wrapper in a (post office or official depository) under the exclusive care and custedy 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

. 1972. day of August

marka Turnis

In the Matter of the Petition

J. RICH STEERS, INC. & FREDERICK SMARE CORP. AFFIDAVIT OF MAILING Individually & as co-partners d/b/u the firm name and style of STEERS SNARE (T.N.), a Joint Venture

OF NOTICE OF DECISION BY (CERTIFIED) MAIL

For a Redetermination of a Deficiency or a Refund of Unincorporated Business Taxes under Article(s) 23 Tax Law for the (Year(s) 1961

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 29th day of August , 1972, she served the within Notice of Decision (or Determination) by (certified) mail upon J. Edwin Ullmann, C.P.A. (representative of) the petitioner in the within

proceeding, by enclosing a true copy thereof in a securely sealed postpaid wrapper addressed as follows: J. Edwin Ullmann, C.P.A. 363 7th Avenue New York, 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 custedy 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

29th day of August . 1972. Martha Finaso



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

SECRETARY TO COMMISSION

ADDRESS YOUR REPLY TO

STATE TAX COMMISSION HEARING UNIT

EDWARD ROOK

Dated:

Albany, New York

August 29, 1972

J. Rich Steers, Inc. & Frederick Snare Corp. d/b/u Steers-Snare 363 7th Avenue New York, New York

Gentleman:

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

of

Please take further notice that pursuant to section 722 the Tax Law any proceeding in court to review an adverse decision must be commenced within after 4 Months 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,

Migel G. Wright

nowWight

HEARING OFFICER

cc Petitioner's Representative Law Bureau

STATE TAX COMMISSION

In the Matter of the Petition

of

J. RICH STEERS, INC. AND
FREDERICK SNARE CORP.
individually and as copartners
d/b/u the firm name and style of
Steers-Snare (T.N.) a joint venture

DECISION

for a redetermination of a deficiency or for refund of unincorporated business taxes under Article 23 of the Tax Law for the year 1961.

The taxpayer having filed a petition pursuant to Tax Law

Sections 722 and 689 for a redetermination of a deficiency under

date of April 13, 1965 of unincorporated business tax imposed under

Article 23 of the Tax Law for the year 1961, and a hearing having

been held on February 5, 1970 before Nigel G. Wright, Hearing

Officer, and the record thereof having been duly examined and

considered,

The State Tax Commission hereby

FINDS:

1. The issue in this case is whether certain indirect expenses incurred on behalf of a joint venture by one of the corporate partners thereof can be taken as deductions on the joint venture return and to what extent this affects the computation of the additional exemption under section 709(2) the purpose of which is to avoid taxing the income of a joint venture a second time when that income is included in the income of the corporate partner.

-2-

- 2. A statement of audit changes dated October 7, 1964 was issued in the amount of \$14,368.21 plus interest. A revised statement of audit changes dated March 4, 1965 was issued in the amount of \$2,777.20 plus interest of \$486.01 for a total of \$3,263.21. This amount has been remitted. A further revised statement of audit changes together with a notice of deficiency was issued on April 13, 1965 in the amount of \$14,368.21 less the previous remittance of \$3,263.21 for a net deficiency of \$11,105.00 plus interest. It is this deficiency which is in issue.
- 3. The petitioner was a joint venture engaged in the construction of the Throggs Neck Bridge in Staten Island, New York during 1960 and 1961. Frederick Snare Corporation put up capital and received 20% of the gross profit from the job. J. Rich Steers, Inc. managed the job and received all remaining profit.
- 4. The joint venture reported on the completed contract method of accounting. Gross receipts were \$11,014,296.07 costs of construction were \$10,476,171.78 resulting in a gross profit of \$538,124.29. To this was added other income of \$86,867.53 attributable to discounts to arrive at a total income of \$624,991.82.
- 5. The taxpayer asserts that the joint venture incurred certain indirect costs consisting of the overhead of J. Rich Steers, Inc. paid by J. Rich Steers, Inc. in 1960 and 1961 which was attributable to the work of the joint venture. These costs amount to \$471,562.77 and are 49% of the costs of \$962,373.31 for wages, rent, interest, pension expense and other expenses. (Expenses for officers salaries, repairs, taxes and depreciation were not allocated). The allocation of 49% is based on the receipts of the joint venture divided by the total receipts of J. Rich Steers, Inc. for the years 1960 and 1961.

These indirect costs were taken each year on the corporate tax return. They were not eligible for inclusion in the completed contract method of accounting.

- The taxpayer filed a partnership return showing gross receipts of \$11,014,296.07 cost of construction of \$10,476,171.78 leaving a gross profit of \$538,124.29. To this was added other income of \$86,867.53 to show a total income of \$624,991.82. The share of this amount assigned to F. Snare Corporation was 20% and to J. R. Steers, Inc. was 80%. The taxpayer joint venture did not pay a tax with the return asserting that all income would be picked up on the franchise tax returns of the corporate partners filed under Article 9-A of the Tax Law. If this was acceptable, it would reflect a theory that the joint venture is a mere conduit for purposes of interstate allocation with the result that the receipts and deductions of the joint venture conducted completely within the State of New York are allocated to other states in accordance with the business allocation ratios appearing on the franchise tax returns of the partners.
- 7a. The deficiency under date of April 13, 1965 found net income to be \$624,991.82, as reported on the return and allowed, under Tax Law Section 709, a basic exemption of \$5,000 and an additional exemption computed under section 709(2) of \$260,786.59 for a taxable balance of \$359,205.23 and a tax of \$14,368.21 plus interest.
- 7b. The additional exemption under Tax Law section 709(2) was computed as follows: The taxable income of \$624,991.82 was divided between the partners 80%, \$499,993.46 to J. Rich Steers, Inc. and the remaining 20%, \$124,998.36, to F. Snare Corporation.

 These amounts had been included in the Article 9-A franchise tax returns of the tax corporations.

These amounts were multiplied by the respective Article 9-A franchise tax business allocation percentages of the two corporations (38.55% and 54.432%) resulting in amounts of \$192,747.48 and \$63,039.11 which when added results in the additional credit of \$260,786.59.

7c. The calculation of this deficiency is with respect to the return as filed, in accordance with Tax Law section 709(2) and reflects a theory that a joint venture whose activity takes place entirely in New York should not be entitled to an allocation of income to other states. The possible double taxation which might result from the inclusion of the joint venture income in the income of the corporate partners is eliminated by providing a deduction for the amount of such income appearing on the corporate return as such income is allocated to New York. Although this deduction refers to figures on the corporate return it is provided in section 709(2) that it be taken on the return of the joint venture.

8a. The taxpayer's position is represented by the statement of audit changes dated March 4, 1965. The income of \$624,991.82 is reduced by the indirect expenses of \$471,562.77 to arrive at a net income of \$153,429.77 from which an exemption of \$5,000 and an additional exemption of \$78,999.16 is deduction to arrive at a taxable balance of \$69,429.91.

The additional exemption was computed as follows: The net income of \$153,429.05 is divided between the two corporate partners \$124,998.36, the amount actually received by F. Snare Corp. to F. Snare Corporation and the remainder of \$28,430.69 is allocated to J. Rich Steers, Inc. The total for each partner is then multiplied by its business allocation percentage to arrive at an exemption of \$10,960.65 for Steers and \$68,039.11 for Snare or a total exemption of \$78,999.16.

8b. This position differs from the Bureau's position only in the treatment of indirect expenses. This position treats the indirect expenses as if they had been shown on the return of the joint venture for 1960 and 1961 with a net operating loss carry-over of the 1960 expenses to the 1961 return, the ordinary income of the venture is computed to be \$153,429.05 which is taken into the returns of the corporate partners as separate figures of \$624,991.82 for total income and \$471,562.77 for expenses included in separately itemized figures on the returns and resulting in a net figure of \$153,429.05.

Upon the foregoing findings and all the evidence in the case the State Tax Commission decides:

- A. The indirect expenses of the joint venture were properly "paid or incurred" by it for purposes of the deduction of trade or business expenses by the joint venture. Under the agreement of joint venture all expenses of the venture were to be paid by one of the partners and the payment by that partner out of its own bank account and in its own name is in every way equivalent to the payment of the expense by the venture itself.'
- B. The inclusion of the indirect expenses in the joint venture return is proper. It is conceded that the indirect expenses are attributable to joint venture activities. It is apparent that the taxpayer filed out its return with only the expenses directly attributable to the long term contract in mind. The indirect expenses however while not qualifying for the completed contract method of accounting chosen by the taxpayer are still ordinary and necessary expenses of the venture. It is not contended that the indirect expenses here in issue are prohibited by Tax Law section 706(3). The additional exemption provided by Tax Law section 709(2) is computed on the basis of "the excess of the unincorporated business gross income over the deductions allowed

under...[Section 706] and Section 706 allows the trade or business expenses allowable for federal income tax purposes which include these indirect expenses in issue.

- C. The inclusion of the indirect expenses on the joint venture return does not result in improper "double deductions."

 It is immaterial whether the indirect expenses are used on the joint venture return to reduce the net income which is then carried over to the returns of the partners, on the one hand, or whether, on the other hand, the income is carried into the partners returns without reduction by indirect expenses and the indirect expenses are carried over to the partner's returns separately. In fact, under Internal Revenue Code Section 702 and 703, each kind of item of gross income and deduction may be properly considered as being carried separately to the partners returns. In any event, the result here is that the indirect expenses in issue appear only once on the venture return and only once on the corporate return. There is no doubling of deductions on either return.
- D. The inclusion of the indirect expenses on the joint venture return is required if the policy of the statute is to be carried out. If these expenses are not thus taken into account, they appear only on the corporate return and the corporation gets the benefit of them only to the extent of its allocation ratio attributable to its interstate business. Since, however, these expenses are attributable to the joint venture, whose activity is 100% within New York, the taxpayer should be entitled to benefit from them to the extent of 100%. This is accomplished by allowing the deduction of these expenses in full on the joint venture return and then eliminating their effect on the corporate return by means of the Section 709(2) computation.

ALBANY, N. Y. 12227 ATE CAMPUS Taxation and Finance NEW YORK

ERTIFIED 363 7th Avenue New York, New York J. Rich Steers, Inc. & Frederick Snare Corp. d/b/u Steers-Snare

No. 592770

SEP 16 1972

E. The petition is allowed and the deficiency under date of April 13, 1965 is revised so as to reinstate the computation found in the statement of audit changes of March 4, 1965 showing a tax due of \$2,777.20 and interest of \$486.01 for a total of \$3,263.21. This amount having been paid the taxpayers liability in this matter is discharged.

DATED: Albany, New York August 29, 1972 STATE TAX COMMISSION

COMMISSIONER/

COMMISSIONER

COMMITCOTONED



A. BRUCE MANLEY

MILTON KOERNER

STATE OF NEW YORK

DEPARTMENT OF TAXATION AND FINANCE

STATE TAX COMMISSION

NORMAN F. GALLMAN, PRESIDENT

BUILDING 9, ROOM 214A STATE CAMPUS

ALBANY, N. Y. 12227 AREA CODE 518

457-2655, 6, 7

EDWARD ROOK

STATE TAX COMMISSION HEARING UNIT

ADDRESS YOUR REPLY TO

COMMISSION

Dated:

Albany, New York

August 29, 1972

J. Rich Steers, Inc. & Frederick Snare Corp. d/b/u Steers-Snare 363 7th Avenue New York, New York

Gentlemen:

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

of

Please take further notice that pursuant to section 722 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 relating hereto may be addressed to the undersigned. These will be referred to the proper party for reply.

Very truly yours,

Nigel G. Wright HEARING OFFICER

Myel 9 Wnght

cc Petitioner's Representative Law Bureau In the Matter of the Petition

of ...

J. RICH STEERS, INC. AND
FREDERICK SNARE CORP.
individually and as copartners
d/b/u the firm name and state of
Steers-Snare (T.N.) a joint venture

DECISION.

for a redetermination of a deficiency or for refund of unincorporated business taxes under Article 20 of the Tax Law for the year 1961.

Sections 722 and 689 for a redetermination of a deficiency under date of April 13, 1965 of unincorporated business tax imposed under Article 23 of the Tax Law for the year 1961, and a hearing beging been held on February 5, 1970 before Nigel G. Wright, Hearing Officer, and the record thereof having been duly examined and considered.

The State Tax Commission hereby

FINDS:

1. The issue in this case is whether certain indirect expenses incurred on behalf of a joint venture by one of the corporate partners thereof can be taken as deductions on the joint venture return and to what extent this affects the computation of the additional exemption under section 709(2) the purpose of which is to avoid taxing the income of a joint venture a second time when that income is included in the income of the corporate partner.

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- 2. A statement of audit changes dated October 7, 1964 was issued in the amount of \$14,368.21 plus interest. A revised statement of audit changes dated March 4, 1965 was issued in the amount of \$2,277.20 plus interest of \$486.01 for a total of \$3,263,21. This amount has been remitted. A further revised statement of audit changes together with a notice of deficiency was issued on April 13, 1965 in the amount of \$14,368.21 less the previous remittance of \$3,263.21 for a net deficiency of \$11,105.00 plus interest. It is this deficiency which is in issue.
- 3. The petitioner was a joint venture engaged in the construction of the Throggs Neck Bridge in Staten Island, New York during 1960 and 1961. Frederick Snare Corporation put up capital and received 20% of the gross profit from the job. J. Rich Steers, Inc. managed the job and received all remaining profit.
- 4. The joint venture reported on the completed contract method of accounting. Gross receipts were \$11,014,296.07 costs of construction were \$10,476,171.78 resulting in a gross profit of \$538,124.29. To this was added other income of \$86,867.53 attributable to discounts to arrive at a total income of \$624,991.82.
- 5. The taxpayer asserts that the joint venture incurred certain indirect costs consisting of the overhead of J. Rich Steers, Inc. paid by J. Rich Steers, Inc. in 1960 and 1961 which was attributable to the work of the joint venture. These costs amount to \$471,562.77 and are 49% of the costs of \$962,373.31 for wages, rent, interest, pension expense and other expenses. (Expenses for officers salaries, repairs, taxes and depresiation were not allocated). The allocation of 49% is based on the receipts of the joint venture divided by the total receipts of J. Rich Steers, Inc. for the years 1960 and 1961.

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4. The joint various reported on the completed concact wathou of acocconting. Cross receiptnament 51.014,296 U7 court of constitution text 316, 474,171.78 recalting in a gross graft of \$573, 34.39.39. For this eas added other income of \$885,867.33 eterm.

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to the work of the lolar venture. Free; costs amount to 9471,562.7

and are 13% of the ucuts of 1962/273.31 for wages, rent, interest,

restrict and are sufficient expenses. Toreste for of Human salation.

Ispanded that are and to be received to the contract allocation of 49% is inteed on the received of the restrict of the venture divided by the

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These indirect costs were taken each year on the corporate take return. They were not eligible for inclusion in the completed contract method of accounting.

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7a. The deficiency under date of April 13, 1965 found net income to be \$624,991.82, as reported on the return and allowed, under Tax Law Section 709, a basic exemption of \$5,000 and an additional exemption computed under section 709(2) of \$250,786.59 for a taxable balance of \$359,205.23 and a tax of \$14,358.21 plus interest.

7b. The additional exemption under Tax Law section 709(2) was computed as follows: The taxable income of \$624,\$91.82 was divided between the partners 80%, \$499,993.46 to J. Rich Steers, Inc. and the remaining 20%, \$124,998.36, to F. Share Corporation.

These amounts had been included in the Article 9-A franchise tax returns of the tax corporations.

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These amounts were multiplied by the respective Artisls 9-A:
franchise tax business allocation percentages of the two corporations
(38.55% and 54.432%) resulting in amounts of \$192,747.48 and
\$63.039.11 which when adds results in the additional credit of
\$260,786.59.

return as filed, in accordance with Tax Law section 709(2) and reflects a theory that a joint venture whose activity takes place. entirely in New York should not be entitled to an allocation of income to other states. The possible double taxation which might result from the inclusion of the joint venture income in the income of the corporate partners is eliminated by providing a deduction for the amount of such income appearing on the corporate return as such income is allocated to New York. Although this deduction refers to figures on the corporate return it is provided in section 709(2).

8a. The taxpayer's position is represented by the statement of audit changes dated March 4, 1965. The income of \$624,991.82 is reduced by the indirect expenses of \$471,562.77 to arrive at a net income of \$153,429.77 from which an exemption of \$5,000 and an additional exemption of \$78,999.16 is deduction to arrive at a taxable balance of \$69,429.91.

income of \$153,429.05 is divided between the two corporate partners.
\$124,999.36, the amount actually received by F. Snare Corp. to F. Snare Corporation and the remainder of \$28,430.69 is allocated to J. Righ.
Steers, Inc. The total for each partner is then multiplied by its
business allocation percentage to arrive at an exemption of \$10,960.65
for Steers and \$68,039.11 for Snare or a total exemption of \$78,999.85.

These amounts wan multified by the respective Arthole 9-A franchise the ought tend to experations (franchise the ought new tion percentages of the two corporations (falso 5% and 56.472%) resulting in empunts of \$152,747.48 and \$3.45 and \$553,639. It which when added require in the additional oredit of \$260,756.59

Telure as filed, in accordance with Tax Law section 703(2) and return as filed, in accordance with Tax Law section 703(2) and redifferts a theory that a joint vector whose activity takes glace southfrely in may your charts had not be entitled to an allocation of income to other states. The cossiste double catation which might result from the inciscion of the joint tendure income in the income of the corporate cartiers is aligned, at by profession that the income of the income of income of income of income of income of income of income appearing on the component return as such income in the return of the induction of the figure in the trace on the return of the induction of the return of the inductions.

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The additional exemption was compared at 16110we: The net income of 5152,432,65 is divided between it was comporate partners of 1711,598,36, the amount actually received by v. Shale Corr. to F. Juace Correction and the remainder of \$38,330,68 is allocated to J. Pitch Steams, Inc. The rotal for each pathner is then multiplied by its business allocation percentage to arrive at the exemption of \$10,360.65 for Steams allocation of \$10,360.65

Sb. This position differs from the Bureau's position only in the treatment of indirect expenses. This position treats the indirect expenses as if they had been shown on the return of the joint venture for 1960 and 1961 with a net operating loss garry—over of the 1960 expenses to the 1961 return, the ordinary income of the venture is computed to be \$153,429.05 which is taken into the returns of the corporate partners as separate figures of \$624,991.82 for total income and \$471,562.77 for expenses included in separately itemized figures on the returns and resulting in a net figure of \$153,429.05.

Upon the foregoing findings and all the evidence in the case the State Tax Commission decides:

- A. The indirect expenses of the joint venture were properly "paid or incurred" by it for purposes of the deduction of trade or business expenses by the joint venture. Under the agreement of joint venture all expenses of the venture were to be paid by one of the partners and the payment by that partner out of its own bank account and in its own name is in every way equivalent to the payment of the expense by the venture itself.
- B. The inclusion of the indirect expenses in the joint venture return is proper. It is conceded that the indirect expenses are attributable to joint venture activities. It is apparent that the taxpayer filed out its return with only the expenses directly attributable to the long term contract in mind. The indirect expenses however while not qualifying for the completed contract method of accounting chosen by the taxpayer are still ordinary and necessary expenses of the venture. It is not contended that the indirect expenses here in issue are prohibited by Tax Law section 706(3). The additional exemption provided by Tax Law section 709(2) is computed on the basis of "the excess of the unincorporated business gross income over the deductions allowed

to the breathant of indirect extended, whis position only indirect expenses as if they had been shown on the return of the indirect expenses as if they had been shown on the return of the joint venture for 1966 and 1851 with a netroperating loss garry—over of the little ordenses to the 1851 securn, the ordensty income of the venture is consisted to be \$153,428.03 which is taken into the feture, of this corporate as separate figures of \$521,951.83 for the total taxone and \$471,962.77 for proposes included a separately largined of figures on the returns of teeniting in a met items of themselved figures on the returns of teeniting in a met items of

Upon the foregoing findings and all the evidence in the constant that it is to the decider.

A. The initive expenses of the joing vanture was properly "paid or inougred" by it for purpose of the deduction of truck or business expenses by the joing venture. Under the agreement of adaptive venture all expenses of the weather wars to be paid by and of the paramers and the payment by that partner out of its own bank account and in its com wase is in the way againates to the payment of the expense by the wantiestine.

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- under...[Section 706] and Section 706 allows the trade or business expenses allowable for federal income tax purposess which include these indirect expenses in issue.
- C. The inclusion of the indirect expenses on the joint venture return does not result in impeoper 'double deductions.'

 It is immaterial whether the indirect expenses are used on the joint venture return to reduce the new income which is then carried over to the returns of the partners, on the one hand, or whether, on the other hand, the income is carried into the partners returns without reduction by indirect expenses and the indirect expenses are carried over to the partner's returns separately. In fact, under Internal Revenue Code Section 702 and 703, each kind of item of gross income and deduction may be properly considered as being carried separately to the partners returns. In any event, the result here is that the indirect expenses is issue appear only ence on the venture return and easignonce on the corporate return. There is no doubling of deductions on either return.
- D. The inclusion of the indirect expenses on the joint wenture return is required if the policy of the statute is to be carried out. If these expenses are not thus taken into accomply they appear only on the corporate return and the oprporation gets the benefit of them only to the extent of its allocation ratio attributable to its interstate business. Since, however, these expenses are attributable to the joint venture, whose activity is 100% within New York, the tampayer should be entitled to benefit from them to the extent of 100%. This is accomplished by allowing the deduction of these expenses in full on the joint venture return and then eliminating their effect on the corporate return by means of the Section 709(2) computation.

under... [Section 700] and Maraion 706 allows the trade or bustoness expanses allowable to redard mome tex purposess which include these indirect expenses in leads.

The inclusion of the incident in incident on the joint relief in incident "Course deductions."

Less involution in incident the indirect, execuse, are used as the intest technic relief to the seturn to the returns of the partners, or the one hand of whether, on the older hand, the income indirect into the partners returns without reduction indirect expenses and the indirect expenses are carried over to the partner's returns and the indirect expenses and the indirect expenses are carried over to the partner's returns and and 70% each kind of item of gross income and deduction way be prepared to the partner, the result of execute and deduction way be returns. In any event, the result have is that the indirect expenses in the result returns and only beneat in these repears only acres to the conservations and only once on the conservat asturn. There is no dentiling of dadnetiching on the conservat asturn.

ture required if the indirect expenses on the joint venture required out. If these expenses are not thus taken into excount carried out. If these expenses are not thus taken into excount lifey agreed out. If these expenses are return and the complements gate that benefit of their only to the extent of its allocation ratio attainable to its interstate business. Since however, these axpenses are attainable to the joint venture, whose activity it in 100% within New York, the taxpayer should be activited to benefit from their to the extent of 100%. This is accomplished by allowing the deduction of these expenses in follow the joint yearure and then eliminating their offers on the gorners; appears of the section 730 (2) computation on the gorners;

E. The petition is allowed and the deficiency under date of April 13, 1965 is revised so as to reinstate the computation found in the statement of audit changes of March 4, 1965 showing a tax due of \$2,777.20 and interest of \$486.01 for a total of \$3,263.21. This amount having been paid the paxpayers liability in this matter is discharged.

DATED: Albany, New York August 29, 1972

STATE TAX COMMISSION

COMMISSIONER

COMMISSIONER

COMMISSIONER

were the peterion is allowed and the delicator under date of April 17, 1965 is revised so to reinstate the compact. on found in the statement of audit transparof wares a. 1865 showing a tax this uf aid . IS ERS (ER to Indone to: 13.86.E) : or sendel Cit of. 773.88 amount having base paste the pasteer limbility in which rather is . Tenganalis

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