The State Tax Commission

Corporation Tax

Ralph J. Vecchio

October 21, 1976

Guy F. Atkinson Co.

Form CT-122 attached to the corporation's 1971, 1972 and 1973 franchise tax reports show tax reductions of $6,791.09, $26,546.28 and $13,856.05, respectively.

Taxpayer originally included its proportionate share of joint venture sales, payroll and property factors in the computation of the business allocation percentage. In addition, taxpayer did not deduct interest income from subsidiary capital for 1971 and 1972. Taxpayer timely filed claims for refunds recomputing the business allocation percentage by including only the company's share of joint venture net income in the receipts factor. For 1971 and 1972, taxpayer excluded interest income from subsidiary capital.

I recommend approval of this refund because it reflects the practice approved by the Tax Commission for taxable years ending before January 1, 1975. You will recall that in the case of C. J. Langenfelder & Son, Inc. a new method of allocation using the taxpayer's proportionate share of the joint venture sales, property and payroll in the three factor allocation formula was approved for taxable years beginning on or after January 1, 1975. Since these tax reductions are for 1971, 1972 and 1973, I recommend your approval.

Ralph J. Vecchio
Deputy Director

Approved:

Commissioner

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