



Tax Reduction Letter

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Lycoming Silk Co. v. Commissioner

11 B.T.A. 523 (B.T.A. 1928)

Docket No. 12932.

Board of Tax Appeals.

Promulgated April 12, 1928.

U. S. Green, C. P. A., for the petitioner.

J. L. Backstrom, Esq., for the respondent.

GREEN:

In this proceeding the petitioner seeks a redetermination of its income and profits taxes for the calendar year 1920 for which the respondent has determined a deficiency in the amount of \$180.26. The error alleged is "the disallowance by the Commissioner as a deduction from gross income for the calendar year 1920, of the cost of rewiring the plant in the amount of \$1,802.61."

The petitioner expended the amount of \$1,802.61 in rewiring its plant pursuant to the order of the local fire prevention inspectors. The work done consisted of enclosing the wiring then in place in conduits and B. X. cable. The improvements made did not arrest the depreciation of the equipment nor prolong the life of the building. The respondent concluded that the expenditure did not constitute an ordinary and necessary expense and disallowed the deduction claimed therefor by the petitioner. The evidence does not disclose the probable life of the improvements and the indications are that the improvements would have a life equal to that of the building. There is nothing in the record to indicate that the Commissioner erred in holding that this item was a capital expenditure and his action is therefore affirmed.

Judgment will be entered for the respondent.