***4 T.C. 558 (1945)***

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A corporation remains liable for taxes on the sale of its assets, even after dissolution, if the sale is conducted by its former officers acting as trustees in dissolution under state law.

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**Summary**

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Chilhowee Mills, Inc. dissolved in 1937, with its stockholders forming a partnership to continue the business. Corporate assets, however, remained titled in the corporation's name. In 1938, a pre-existing option to purchase the corporate property was exercised, with the sale executed by the corporation's former officers as trustees in dissolution. The Tax Court addressed whether the gain from this sale was taxable to the corporation or the partnership. The court held that the sale was attributable to the corporation, making it liable for the taxes on the gain, because the trustees in dissolution acted on behalf of the corporation in accordance with state law.

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**Facts**

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1. In 1937, Chilhowee Mills, Inc. granted an option to purchase its property.r
2. The corporation dissolved later that year, with stockholders forming a partnership to continue operations.r
3. Partnership books reflected each partner's interest as proportionate to their stock in the corporation.r
4. Title to the corporate property remained with the corporation, but the partnership used the property.r
5. In 1938, the option was extended via a contract executed by the corporation, through former officers, with stockholder consent.r
6. The property was conveyed in 1938 under the option, the deed signed by the corporation

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