4 T.C. 922 (1945)

In cases involving the renegotiation of contracts with the Secretary of War for fiscal years ending before July 1, 1943, the Tax Court's jurisdiction is invoked only if a petition for redetermination is filed within 90 days of the Secretary's determination, not from the date the determination was mailed.

Summary

Frank M. Hill Machine Company sought a redetermination of excessive profits determined by the Secretary of War. The Tax Court considered whether it had jurisdiction, which hinged on whether the petition was filed within 90 days of the determination. The court found that for determinations made by a Secretary (as opposed to the War Contracts Price Adjustment Board), the 90-day period runs from the date of the determination itself, regardless of when notice was mailed. Because the petition was filed 92 days after the determination date, the court lacked jurisdiction, even though it was filed within 90 days of the alleged mailing date of the notice. This distinction arose from the specific language of the Renegotiation Act.

Facts

The Secretary of War determined that Frank M. Hill Machine Company had realized excessive profits under contracts subject to renegotiation for the fiscal year ending December 31, 1942.

The Secretary's determination was dated July 11, 1944.

Frank M. Hill Machine Company filed a petition with the Tax Court seeking a redetermination of the excessive profits on October 11, 1944.

The company contended that the notice of determination was not mailed until July 13, 1944, making their petition timely if the mailing date controlled.

Procedural History

The Secretary of War made a determination of excessive profits.

Frank M. Hill Machine Company petitioned the Tax Court for a redetermination.

The Secretary of War moved to dismiss the proceeding for lack of jurisdiction, arguing that the petition was not filed within the statutory timeframe.

Issue(s)

Whether the Tax Court has jurisdiction over a petition for redetermination of excessive profits when the petition is filed more than 90 days after the date of the

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Secretary of War's determination, but within 90 days of the date the determination was allegedly mailed to the contractor.

Holding

No, because the relevant statute requires the petition to be filed within 90 days of the date of determination by the Secretary of War, not the date of mailing, and the petition was filed outside that timeframe.

Court's Reasoning

The court emphasized the explicit language of subsection (e)(2) of the Renegotiation Act, which grants the Tax Court jurisdiction when a contractor files a petition within 90 days "after the date of such determination." The court contrasted this with subsection (e)(1), applicable to determinations by the War Contracts Price Adjustment Board, which specifies that the 90-day period runs from the date of mailing the notice of determination.

The court reasoned that Congress intentionally created this distinction. The War Contracts Price Adjustment Board was newly created and could easily implement a system to accurately record mailing dates. Secretaries of War, however, had been making determinations prior to the amendment, and their existing systems may not have readily lent themselves to using a mailing date as the trigger for the 90-day period. As the court stated, "Congress must have felt that the 90-day period would be ample in a case like this and would allow for whatever delay in notification might occur either in the War Department or in the Post Office Department."

The court noted the long history of strict adherence to filing deadlines in tax cases, emphasizing that even slight delays result in a loss of jurisdiction. The court found that deviating from the clear statutory provision based on uncertain mailing dates would be unwise.

Practical Implications

This case establishes a strict interpretation of the Renegotiation Act concerning the timing of petitions for redetermination of excessive profits. It highlights the importance of carefully examining the specific language of jurisdictional statutes.

Attorneys handling renegotiation cases must be aware of the distinction between determinations made by the War Contracts Price Adjustment Board and those made by a Secretary, as the filing deadline is calculated differently.

The case reinforces the principle that courts will strictly enforce statutory deadlines for filing petitions, even if the delay is minimal and attributable to factors such as postal service delays. This case also demonstrates how a change in administrative procedure can affect the interpretation of statutes and jurisdiction.

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