4 T.C. 1069 (1945)

A finance company’s income from charges on discounted conditional sales contracts constitutes interest income when the transactions are deemed loans secured by the contracts, impacting its classification as a personal holding company.

Summary

Southeastern Finance Co. disputed deficiencies in income tax, excess profits tax, and personal holding company surtax. The Tax Court addressed whether Southeastern was a personal holding company, whether charges on discounted contracts were interest, and the deductibility of bad debt reserves. The Court determined that Southeastern’s transactions with dealers were loans, not sales, and that the

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