5 T.C. 1298 (1945)

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Shares of stock acquired by a company to maintain favorable business relations and secure a reliable supply of necessary goods are considered capital assets for tax purposes, not ordinary business assets.

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Summary

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Logan & Kanawha Coal Co. bought stock in several coal mining and transportation companies to ensure a steady supply of coal for its business. When calculating its excess profits tax for 1941, the company treated a loss from selling some of these shares as an ordinary loss and the remaining shares as non-capital assets. The Tax Court ruled that the shares were capital assets and thus

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