Aero Corporation v. Commissioner, 5 T.C. 71 (1945)

The presumption that a document mailed is delivered is insufficient to overcome the presumption of correctness attached to the Commissioner of Internal Revenue's determination that a return was not filed.

Summary

Aero Corporation claimed it had elected to declare a value for its capital stock by mailing the election to the collector's office. The Commissioner determined that no such election was made. Aero Corp. argued that mailing the return created a presumption of delivery, sufficient to prove filing. The Tax Court held that while a presumption of delivery exists, it is insufficient to overcome the presumption of correctness of the Commissioner's determination. The court reasoned that the presumption of delivery only demonstrates a possibility of delivery, not the fact of delivery required to prove filing against the Commissioner's assessment.

Facts

Aero Corporation asserted it mailed a capital stock tax return containing an election to declare a value for its capital stock before the statutory deadline. The return was allegedly mailed from Tulsa, Oklahoma, to the collector's office in Oklahoma City, Oklahoma, in time to arrive by the deadline. The Commissioner of Internal Revenue determined that Aero Corporation failed to make a timely election. The return was never found by the collector's office. The collector's office processed approximately 10,000 returns a month and had lost only one return in three years.

Procedural History

The Commissioner of Internal Revenue determined a deficiency against Aero Corporation based on the failure to elect a value for its capital stock. Aero Corporation petitioned the Tax Court for a redetermination of the deficiency, arguing that the return was timely filed. The Tax Court ruled in favor of the Commissioner.

Issue(s)

Whether the presumption that a mailed document is delivered is sufficient to overcome the presumption of correctness of the Commissioner's determination that the taxpayer failed to file a capital stock tax return with an election to declare a value for its capital stock.

Holding

No, because the presumption of delivery is not sufficient to overcome the presumption of correctness of the Commissioner's determination that the taxpayer failed to file the required election. The presumption of delivery only demonstrates a

© 2025 SCOTUSreports.com. All rights reserved.

possibility of delivery, not the fact of delivery.

Court’s Reasoning

The court acknowledged the existence of a legal presumption that items properly mailed are duly delivered. However, it held that this presumption of delivery is not enough to overcome the presumption of correctness that attaches to the Commissioner’s deficiency determination. The court reasoned that establishing a presumption of delivery only shows the possibility of delivery, not the actual fact of delivery. The court cited numerous cases, including *Shea v. Commissioner*, 81 F.2d 937, and *W.D. Johnson, 1 T.C. 1041*, to support the principle that the presumption of delivery is insufficient to rebut the Commissioner’s determination. The court explicitly rejected the argument that Treasury Regulations made the Post Office the agent of the Commissioner for filing purposes, finding the regulation applied only to penalties assessed solely for late receipt, not for complete failure to receive the return.

Practical Implications

This case illustrates the high burden taxpayers face when challenging a determination by the Commissioner of Internal Revenue. Taxpayers must present credible evidence to overcome the presumption of correctness afforded to the Commissioner’s findings. The mere act of mailing a return, even with proof of mailing, is insufficient to prove filing if the IRS claims non-receipt. Taxpayers should consider using certified mail with return receipt requested or electronic filing methods to provide stronger proof of filing. This case emphasizes the importance of maintaining thorough records and exploring alternative methods for filing sensitive documents with government agencies where proof of receipt is critical. Later cases have continued to uphold this principle, requiring more than just the presumption of delivery to prove filing against IRS determinations.

© 2025 SCOTUSreports.com. All rights reserved.