Eastern Machinery Co. v. Commissioner, 6 T.C. 457 (1946)

For contracts ended prior to July 1, 1943, under Section 403(e)(2) of the Renegotiation Act, the 90-day period for filing a petition with the Tax Court begins on the date the Renegotiation Board makes its determination, not when notice of the determination is mailed.

Summary

Eastern Machinery Co. sought a redetermination of excessive profits determined by the RFC Price Adjustment Board. The critical issue was whether the 90-day period for filing a petition with the Tax Court began on June 14, 1944, when the Board made its determination, or later when the company received notice. The Tax Court held that the 90-day period began on the date the Board made its determination, June 14, 1944. Because Eastern Machinery filed its petition outside of this period, the Court lacked jurisdiction.

Facts

Eastern Machinery Co. had contracts with the War Department and RFC subsidiaries. The War Department renegotiated the 1942 contracts, but the RFC contracts were initially treated as non-renegotiable. When notified that the RFC contracts would be renegotiated, Eastern Machinery protested, arguing the statute was retroactive and unconstitutional. The RFC Price Adjustment Board determined excessive profits. Eastern Machinery then filed a petition with the Tax Court seeking redetermination more than 90 days after the Board's determination, but within 90 days of receiving the notice.

Procedural History

The RFC Price Adjustment Board made a determination regarding excessive profits. Eastern Machinery filed a petition with the Tax Court for redetermination. The Commissioner argued that the petition was untimely because it was filed more than 90 days after the determination date. The Tax Court considered whether the 90-day period began on the date of the determination or the date of notification.

Issue(s)

1. Whether the 90-day period for filing a petition with the Tax Court under Section 403(e)(2) of the Renegotiation Act begins on the date the Renegotiation Board makes its determination of excessive profits, or on the date the contractor receives notice of that determination.

Holding

1. No, because Section 403(e)(2) explicitly states the petition must be filed within 90 days after the date of such determination and the RFC Price Adjustment

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Board was authorized to make the determination.

Court’s Reasoning

The Court emphasized the language of Section 403(e)(2) of the Renegotiation Act, which requires petitions to be filed within 90 days

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