7 T.C. 669 (1946)

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A corporation computing its income on the accrual basis, but electing to report profit from installment sales under Section 44(b) of the Internal Revenue Code, cannot include anticipated and unreported income from those installment sales in its "accumulated earnings and profits" for the purpose of calculating its equity invested capital under Section 718(a)(4) of the Internal Revenue Code.

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Summary

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South Texas Lumber Company, which used the accrual method of accounting, elected to report profits from installment sales of real estate on the installment basis. The company sought to include anticipated but unreported profits from these sales in its

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