7 T.C. 834 (1946)

A life estate with the power to consume principal renders the life tenant taxable on the income from the property, even if there is a remainder interest.

Summary

The Tax Court addressed whether income from property bequeathed to a widow was taxable to her individually or as income held in trust for future distribution. Willis Mercer's will left his estate to his wife, Myrtle, for her care, comfort, and support during her life, with any remaining portion to be distributed to their children upon her death. Myrtle reported half of the income from the property in a fiduciary return, claiming it was income of a trust. The court held that no trust was created, and Myrtle, as the life tenant with the power to consume the property, was taxable on the income because she possessed a life estate with the power to invade the principal.

Facts

Willis Mercer died testate in 1941, leaving his estate to his wife, Myrtle,

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