11 T.C. 602 (1948)

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A taxpayer cannot seek disallowance of costs under Section 711(b)(1)(E) of the Internal Revenue Code if those costs were initially treated as part of the cost of goods sold rather than as a deduction for losses in their original tax return.

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Summary

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Veeder-Root, Inc. sought to adjust its base period income for excess profits tax purposes by disallowing deductions for abandoned tools under Section 711(b)(1)(E) of the Internal Revenue Code. The Tax Court held that Veeder-Root could not disallow these costs because they were originally accounted for as part of the cost of goods sold, not as deductions for losses. The court emphasized that it examines returns as filed and does not amend them to reclassify expenses as losses for excess profits tax calculations. The court also upheld the Commissioner's adjustments to the capital stock tax deductions.

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Facts

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Veeder-Root, a manufacturer of counting and measuring devices, developed specialized tools for a new gasoline pump computer (the

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