15 T.C. 671 (1950)

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An employer’s contribution to an employee pension plan is deductible for tax purposes if the plan and trust meet the requirements of Internal Revenue Code Section 23(p) and 165(a), even if initial compliance is achieved within a specified grace period after the close of the taxable year.

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Summary

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555, Inc. established a tentative employee pension plan near the close of its fiscal year, appropriating funds and executing a tentative trust agreement. The company accrued a deduction for the contribution on its tax return, but the Commissioner disallowed it, arguing no valid plan existed at year-end. The Tax Court held that the contribution was deductible because the company demonstrated a clear intent to establish a qualifying plan and trust, and ultimately complied with all requirements of the relevant statutes within the permissible grace period following the close of the fiscal year.

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Facts

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555, Inc.’s directors passed a resolution on September 29, 1943, to create an employee profit-sharing fund. They appropriated up to $37,000 for the fund, aiming to provide retirement and disability benefits. A

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