15 T.C. 922 (1950)

Expenditures incurred to acquire a liquor license, including associated legal fees and costs of acquiring property solely to obtain the license, are capital expenditures and not deductible as ordinary business expenses because the license is considered a capital asset with an indeterminable life.

Summary

Tube Bar, Inc. sought to deduct expenses related to acquiring a liquor license, including a loss on the sale of property purchased only to obtain the license and associated legal fees. The Tax Court held that these expenses were capital expenditures, not deductible as ordinary business expenses. The court reasoned that the liquor license was a capital asset with an indeterminable life because of the high likelihood of renewal, and the costs of acquiring it, including the property transaction, were part of its capital cost.

Facts

The Concourse Grill Corporation (

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