17 T.C. 92 (1951)

A restrictive agreement requiring an estate to offer stock to a company at a fixed price limits the stock's value for estate tax purposes, and discretionary death benefits paid to a beneficiary are not includible in the gross estate if the decedent had no vested interest.

Summary

The Tax Court addressed two issues: the valuation of Graybar stock subject to a restrictive agreement and the includibility of a death benefit paid to the decedent's widow in the gross estate. The decedent's estate was required to offer his Graybar stock to the company at $20 per share. The court held that the stock's value for estate tax purposes was limited to $20 per share due to the restriction. Additionally, a $40,000 death benefit paid to the widow was deemed not includible in the gross estate because the decedent had no vested right to the benefit, and its payment was discretionary.

Facts

Albert L. Salt died on September 29, 1945. At the time of his death, he held a voting trust certificate representing 4,000 shares of Graybar Electric Company stock, which he had purchased for $80,000. A restrictive agreement required Salt or his estate to offer the stock to Graybar at $20 per share, at which price Graybar would either purchase the stock or designate a purchaser. Salt was also receiving a pension from Graybar. Graybar's pension plan allowed a committee to authorize discretionary payments, termed

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