Hardaway Motor Co. v. Commissioner, 18 T.C. 832 (1952)

r
r

A “final determination” of tax liability, for purposes of triggering the statute of limitations, requires formal notification from the Commissioner of Internal Revenue to the taxpayer, not merely internal approvals or decisions within the IRS.

r
r

Summary

r

Hardaway Motor Co. deferred excess profits tax payments for 1944 and 1945, pending a determination on its claim for relief under Section 722 of the Internal Revenue Code. After the Excess Profits Tax Council internally approved a determination of “none” for constructive average base period net income for those years, the Commissioner issued a deficiency notice more than one year later. The Tax Court held that the deficiency notice was timely, because the “final determination” that triggered the one-year statute of limitations under Section 710(a)(5) required an official notice to the taxpayer from the Commissioner, not merely an internal decision by the Excess Profits Tax Council.

r
r

Facts

r

r
Hardaway Motor Company filed excess profits tax returns for 1940, 1941, 1944, and 1945, and also filed applications for relief under Section 722 of the Internal Revenue Code for those years.r
In June 1948, Hardaway executed Form EPC-1, agreeing to a constructive average base period net income of “none” for 1944 and 1945, reflecting an understanding with local IRS representatives.r
In November 1948, the Executive Committee of the Excess Profits Tax Council approved the determination of “none” for 1944 and 1945. Hardaway was notified of this decision by letter dated November 23, 1948.r
On August 21, 1950, the Commissioner sent a deficiency notice to Hardaway for 1944 and 1945, determining deficiencies based on the denial of Section 722 relief.r

r

© 2025 SCOTUSreports.com. All rights reserved.

r

Procedural History

r

r
The Commissioner asserted deficiencies in excess profits tax for 1944 and 1945. Hardaway Motor Co. petitioned the Tax Court, arguing the deficiencies were barred by the statute of limitations. The Tax Court ruled in favor of the Commissioner, holding that the deficiency notice was timely because the “final determination” occurred when the Commissioner officially notified the taxpayer, not when the Excess Profits Tax Council internally made its decision. This decision was not appealed.r

r
r

Issue(s)

r

r
Whether the

© 2025 SCOTUSreports.com. All rights reserved.