19 T.C. 913 (1953)

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Estate income properly credited to beneficiaries during the taxable year is taxable to the beneficiaries, regardless of whether actual distribution occurred during that year.

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Summary

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The Tax Court addressed whether income from an estate was properly credited to the beneficiaries in 1941, making it taxable to them under Section 162(c) of the Internal Revenue Code. The court held that the income was indeed properly credited because the executors' actions demonstrated an intent to make the funds available, the estate possessed sufficient assets to cover its obligations without using the income, and there was no evidence of an agreement preventing distribution. The beneficiaries' settlement agreement, which included the credited income, further supported the court's decision.

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Facts

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Andrew J. Igoe died in 1937, leaving his estate to his wife, Alma, and their four children. His will appointed his two brothers, Peter and James Igoe, and Alma as co-executors. The estate included stocks, bonds, and interests in family-owned corporations. In 1941, the estate earned net income, which was credited proportionally to the beneficiaries on the estate's books. The estate's accountant informed the beneficiaries of these credits. However, the beneficiaries did not include these amounts in their individual income tax returns, claiming no actual distribution had occurred. Disputes arose among the executors, leading to a settlement agreement in November 1941 where Alma later resigned as co-exectutor.

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Procedural History

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The Commissioner of Internal Revenue determined deficiencies in the income tax of Alma and John Igoe for the year 1941, asserting that income from the estate of Andrew J. Igoe was properly credited to them, and therefore taxable to them. The Igoes petitioned the Tax Court for a redetermination of these deficiencies.

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Issue(s)

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Whether the income from the estate of Andrew J. Igoe was

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