Morrisdale Coal Mining Co. v. Commissioner, 19 T.C. 208 (1952)

The extended statute of limitations for assessing deficiencies related to net operating loss carrybacks applies only to deficiencies directly attributable to the carryback, not to other adjustments for the same tax year.

Summary

Morrisdale Coal Mining Co. received a tentative refund for 1945 due to net operating loss carrybacks from 1947. The IRS determined a deficiency for 1945, partly from adjustments to the carryback and partly from other adjustments. The Tax Court addressed whether the extended statute of limitations for carrybacks applied to the entire deficiency, even the portion not directly related to the carryback. The court held that the extended limitations period only applied to the portion of the deficiency attributable to the carryback adjustments, and the assessment of the remaining deficiency was barred by the normal three-year statute of limitations.

Facts

- Morrisdale Coal Mining Co. filed income tax returns for 1945.
- The company received a tentative refund for 1945 due to net operating loss carrybacks from 1947, under Section 3780 of the Internal Revenue Code (I.R.C.).
- The Commissioner determined a deficiency for 1945.
- Part of the deficiency was attributable to adjustments related to the net operating loss carrybacks.
- Another part of the deficiency stemmed from other adjustments unrelated to the carrybacks, and these were assessed more than three years after the 1945 return was filed.

Procedural History

The Commissioner assessed a deficiency for 1945. The taxpayers contested the portion of the deficiency that was not attributable to the net operating loss carryback, arguing it was barred by the statute of limitations. The Tax Court heard the case to determine whether the extended statute of limitations for net operating loss carrybacks applied to the entire deficiency.

Issue(s)

1. Whether the extended period of assessment under sections 3780 and 276(d) of the I.R.C. applies only to deficiencies resulting from adjustments to the net operating loss carrybacks, or whether it applies to any portion of a deficiency for that year, regardless of the source of the adjustment.

Holding

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1. No, the extended period of assessment under sections 3780 and 276(d) applies only to the portion of the deficiency attributable to adjustments to the net operating loss carrybacks, because the relevant statutes are specifically limited to situations where the deficiency is

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