20 T.C. 737 (1953)

The Tax Court's Special Division, when reviewing cases involving excess profits tax relief under Section 722 of the Internal Revenue Code, operates similarly to the full court's review in other cases, without requiring additional oral arguments before the Special Division itself.

Summary

Midvale Company sought leave to present oral arguments before the Tax Court's Special Division regarding motions for rehearing and to vacate a prior decision concerning Section 722 of the Internal Revenue Code (excess profits tax relief). The Tax Court denied the motion, holding that the Special Division's review process, as intended by Congress, mirrors the full court's review in regular cases. This review is based on the record and briefs presented to the original hearing division, without necessitating further oral arguments before the Special Division. The decision clarifies the procedural role of the Special Division in Section 722 cases.

Facts

The Midvale Company case involved questions arising under Section 722 of the Internal Revenue Code regarding excess profits tax relief. The case was initially assigned to a division of the Tax Court, specifically to Judge Opper, for hearing. After the hearing, both parties submitted extensive briefs. The hearing division reported its findings and opinion to the Chief Judge, who then directed that the report be reviewed by the Special Division constituted under Section 732(d) of the Internal Revenue Code. Midvale Company then sought to present oral arguments to the Special Division, which was denied.

Procedural History

The case was initially heard by a division of the Tax Court. Following the hearing, the division reported its determination to the Chief Judge. The Chief Judge then directed a review by the Special Division. Midvale Company filed a motion seeking leave to present oral arguments before the Special Division and the original Hearing Judge on its motions for rehearing and to vacate the initial decision. This motion was denied by the Tax Court.

Issue(s)

Whether the petitioner should be granted leave to present oral arguments before the Special Division and the Hearing Judge on its Motions for Rehearing and to Vacate Decision in a case involving Section 722 of the Internal Revenue Code.

Holding

No, because the Special Division's review process is intended to function similarly to

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the full court's review in regular cases, relying on the written record and briefs presented to the original hearing division, without requiring additional oral arguments before the Special Division itself.

Court's Reasoning

The Court reasoned that Congress intended the Special Division's review process under Section 732(d) to mirror the established practices of the Tax Court in other cases. The Special Division's role is to review the report of the hearing division in light of the briefs submitted by counsel. The court emphasized that counsel already has the opportunity to present arguments through briefs and, at the discretion of the hearing judge, through oral arguments before the initial hearing division. The court stated: "The statutes contemplate the same kind of review in both categories of cases, and further contemplate that the decisions entered become the decisions of the Special Division, or of the Court by reason of this review." Allowing additional oral arguments before the Special Division would deviate from this established procedure without legislative justification.

Practical Implications

This case clarifies the procedural framework for Special Division review in excess profits tax cases. It confirms that the Special Division's review is primarily a review of the record and briefs, and does not automatically entitle parties to further oral arguments. This ruling emphasizes the importance of thorough briefing at the initial hearing level in Section 722 cases, as the Special Division's decision will be based largely on those written submissions. The case also reinforces the Tax Court's control over its internal procedures and the limits on a litigant's right to demand specific forms of argument before reviewing bodies.

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