Ebco Manufacturing Co., 10 T.C. 1055 (1948)</p>

Renegotiation commences for the purpose of the Renegotiation Act of 1942 when proceedings are instituted to obtain information that will be used as a basis for the determination of excessive profits, which can include a notice of an initial renegotiation conference.

Summary</p>

The United States Tax Court addressed whether a telegraphic notice and a subsequent letter constituted the commencement of renegotiation proceedings within the meaning of the Renegotiation Act of 1942. The Court held that the notice, which explicitly set an “initial Renegotiation conference,” satisfied the requirement for commencing renegotiation. The Court emphasized that the notice initiated the process of gathering information, even if further information was needed for a final determination. The Court rejected the argument that the notice was insufficient because it didn’t specify the fiscal year, as it was clear from the context which year was subject to renegotiation. This case clarifies the timing and requirements for initiating renegotiation proceedings under the Act.

Facts</p>

The United States Maritime Commission sent a telegram on November 29, 1943, to Ebco Manufacturing Co., stating that an “initial Renegotiation conference” was set for November 30. A subsequent letter reiterated the information in the telegram. The government sought to renegotiate Ebco’s profits for the fiscal year ending November 30, 1942. The issue was whether the telegram and letter constituted the commencement of renegotiation within the timeframe allowed by the Renegotiation Act of 1942.

Procedural History</p>

The case was before the United States Tax Court.

Issue(s)</p>

1. Whether the telegram and letter from the United States Maritime Commission to Ebco constituted commencement of renegotiation of Ebco for the fiscal year ended November 30, 1942, within the meaning of section 403(c)(6) of the Renegotiation Act of 1942.

Holding</p>

1. Yes, because the telegram and subsequent letter set an “initial Renegotiation conference,” constituting the commencement of renegotiation proceedings.

Court’s Reasoning</p>

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The court distinguished the facts from a prior case, stating that the telegram's purpose was to initiate a conference and gather information, unlike the prior case, where the initial letter merely sought limited information for assignment purposes. The Court reasoned that the telegram explicitly setting an initial renegotiation conference, unequivocally began renegotiation proceedings. The court held that the notice commenced the process of obtaining information for the determination of excessive profits, which was sufficient to satisfy the legal requirements. Furthermore, The court found that the telegram did not need to specify the fiscal year. The court noted that at the time of the notice, only the 1942 fiscal year was subject to renegotiation. The Court also rejected the argument that the telegram was insufficient because it requested only balance sheets and income statements, holding that these were

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