21 T.C. 1111 (1954)

An assignment of property, even if subject to income tax, can also be subject to gift tax if it constitutes a transfer without adequate consideration, and a return filed by an agent must be ratified by the donor within a reasonable time.

Summary

This case concerns the gift tax implications of an author's assignment of a one-half interest in his literary work to his wife. The court addressed whether the assignment constituted a taxable gift, considering whether the wife's services were adequate consideration. The court found that the assignment was a gift because the wife's services were not bargained for. Furthermore, the court evaluated the valuation of the gifted property. The court considered the deduction of agent commissions and withholding taxes. Finally, the court considered whether the taxpayer was liable for a penalty for failing to file a timely ratified gift tax return. The court held that the taxpayer's reliance on his attorney constituted reasonable cause for failure to file the required ratification.

Facts

Sax Rohmer, an author, assigned a one-half interest in his novel,

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