The Van Norman Co. v. Commissioner, 30 T.C. 271 (1958)

Under Section 722(c)(1) of the Internal Revenue Code of 1939, a corporation may be entitled to excess profits tax relief if its business relies heavily on intangible assets not included in invested capital, such as goodwill or the unique skills of key personnel.

Summary

The Van Norman Co. sought excess profits tax relief, arguing that its invested capital credit was inadequate due to its reliance on intangible assets, including the founder's expertise and the goodwill it acquired from a previous proprietorship. The Tax Court agreed, finding that the founder's skills, experience, and business acumen constituted a significant intangible asset that contributed substantially to the company's income, thus qualifying the company for relief under Section 722(c)(1) of the Internal Revenue Code. The court emphasized that the founder's contributions were crucial to the company's success and represented an intangible asset not reflected in the company's invested capital. The court also rejected the Commissioner's arguments regarding the administrative presentation of the goodwill issue and the company's status as a

© 2025 SCOTUSreports.com. All rights reserved.