***Lester & Witcher Abstract Company v. Commissioner*, 27 T.C. 744 (1957)**

To receive excess profits tax relief under Section 722 of the 1939 Internal Revenue Code, a taxpayer must establish a fair and just amount for reconstructing normal earnings, resulting in greater tax credits than those calculated by the Commissioner using the invested capital method.

Summary

Lester & Witcher Abstract Company, a Mississippi title-abstracting firm, sought excess profits tax relief under Section 722 of the Internal Revenue Code of 1939 for the years 1943-1945. The company claimed that its base period earnings were artificially low due to its late incorporation, after the discovery of a new oil field. The Tax Court held that the company was not entitled to relief because it failed to provide sufficient evidence to reconstruct its normal base period earnings and prove that they would have resulted in greater tax credits than those allowed by the Commissioner. The court emphasized the importance of admissible evidence and the burden of proof on the taxpayer to substantiate its claims.

Facts

Lester & Witcher Abstract Company was incorporated in Mississippi in November 1939, after an oil field was discovered in Tinsley, Mississippi. The company specialized in preparing title abstracts for oil companies. Due to the nature of oil production in Mississippi, the

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