Vaughn Machinery Co. v. Renegotiation Board, 30 T.C. 949 (1958)

The Tax Court determined that a company's profits from selling wire-drawing machines to contractors for a government program were excessive, rejecting the company's claim for an exemption and finding that the company failed to prove the Renegotiation Board's determination of excessive profits was erroneous.

Summary

Vaughn Machinery Co. manufactured wire-drawing machines. In 1952, it sold machines to contractors participating in a government program. The Renegotiation Board determined that Vaughn had excessive profits from these sales, prompting Vaughn to challenge this determination. The Tax Court addressed whether the company was entitled to an exemption under the Renegotiation Act of 1951 and whether it had, in fact, realized excessive profits. The Court found against Vaughn on both counts, concluding that the exemption did not apply and that the company had failed to demonstrate the Board's findings were incorrect. The court focused on the specific terms of the Act and the facts presented, emphasizing the government's ownership of the machines and the nature of the contracts.

Facts

Vaughn Machinery Co. (Petitioner) sold 101 wire-drawing machines in 1952. These machines were purchased by seven customers to fulfill prime contracts with the U.S. Government under the

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