32 T.C. 22 (1959)

An amendment to a timely filed claim for a tax refund is permissible if the amendment clarifies grounds for relief that were already present in the original claim, even if the amendment is filed after the statutory deadline.

Summary

The H.J. Heinz Company filed a timely claim for a 1943 tax refund, and later filed an amended claim. The Commissioner disallowed the amended claim, arguing it was filed outside the statute of limitations. The court determined that the amendment was timely because the original claim provided sufficient notice and grounds for the refund asserted in the amendment. The court held that the carryover in question did not arise from a credit based upon a constructive average base period net income and the amended claim was based on grounds of which the respondent had continuing notice and which were included in the timely claim so that the amendment is effective and will be considered with the timely claim.

Facts

H.J. Heinz Company (petitioner) filed its income and excess profits tax returns for the fiscal year ending April 30, 1943. On its 1941 return, the petitioner computed its excess profits tax, resulting in an unused excess profits credit that was carried over to 1942. On May 23, 1944, petitioner filed a timely claim for a refund of its 1943 taxes, based on increased state taxes in the fiscal years of 1941, 1942, and 1943. On December 28, 1949, petitioner filed timely applications for excess profits tax relief under section 722 for its fiscal years 1941 through 1946. On February 25, 1952, after the Excess Profits Tax Council made its determination on the claim, petitioner filed an amended Form 991 for the 1943 fiscal year claiming an unused excess profits credit carryover from 1941. The Commissioner disallowed this carryover.

Procedural History

The case was brought before the United States Tax Court after the Commissioner disallowed H.J. Heinz Company’s amended claim for a tax refund. The Commissioner’s disallowance was based on the argument that the amended claim was filed after the statute of limitations had expired. The Tax Court reviewed the facts and the procedural history to determine if the amendment was indeed timely filed.

Issue(s)

1. Whether the unused excess profits credit carryover from 1941, claimed in the amended application filed February 25, 1952, was barred because it was filed after the statutory period?

Holding

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1. No, because the amended claim was a timely amendment to the original claim.

Court’s Reasoning

The court first addressed the Commissioner’s argument that the carryover from 1941 was an unused credit based on constructive average base period net income (CABPNI) under section 722, and thus the amended claim, filed outside the statute of limitations, was invalid. The court found the carryover did not arise from a CABPNI credit because it originated from a credit under section 713. The court determined that the credit carryover to 1943 was not dependent on the application of section 722 to 1942, but was an unused credit from 1941. The court also addressed whether the amended claim was timely. The court cited *United States v. Memphis Cotton Oil Co.*, 288 U.S. 62 (1933), which held that an amendment to a timely filed claim is permissible if it clarifies grounds for relief already present in the original claim. The court found the amended claim was timely because the original claim for refund filed on May 23, 1944, and other filings, gave the Commissioner sufficient notice of the basis for the refund, thus the amended claim was an appropriate clarification.

Practical Implications

This case is significant for tax practitioners because it reinforces the importance of the

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