

Appeal of Highland Corporation

McColgan, 17 Cal. 2d 664, affirmed 315 U.S. 501; Edison California Stores, Inc. v. McColgan, 30 Cal. 2d 472; Regulation 24501 (now 25101), Title 18, California Administrative Code),

Appellant states that "All of the business activities were closely controlled and supervised from Appellant's principal-office by executives who were stationed and operated out of said office" and then concludes that the business was unitary. The premise does not support the conclusion. As indicated by the foregoing authorities, a business is to be considered unitary if the various parts contribute to or are dependent upon one another. To establish the unitary nature of a business, accordingly, it is necessary to show some relationship between the earnings or losses of its various parts. From all that appears in the record in this matter the earnings or losses of its several segments would have been substantially the same whether or not they had been under common ownership. We conclude that Appellant has failed to show that it was engaged in a unitary business and we must, therefore, sustain the action of the Franchise Tax Board in using separate accounting for the purpose of determining income from California sources,

O R D E R

Pursuant to the views expressed in the Opinion of the Board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, pursuant to Section 25667 of the Revenue and Taxation Code, that the action of the Franchise Tax Board in denying the protests of Highland Corporation to proposed assessments of additional franchise tax in the amounts of \$2,437.19 and \$1,726.85 for the income years ended May 31, 1952, and May 31, 1953, respectively, be, and the same is hereby sustained.

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Done at Sacramento, California, this 20th day of May,
1959, by the State Board of Equalization.

Paul R. Leake _____, Chairman

John W. Lynch _____, Member

Richard Nevins _____, Member

George R. Reilly _____, Member

_____, Member

ATTEST: Dixwell L. Pierce _____, Secretary