

to one Lyle E. Drugich, who was then renting their Michigan farm. Mr. Drugich took possession of the goods but disappeared without having paid the \$2,416.23 purchase price. Appellants' last contact with Mr. Drugich was a letter from him dated December 31, 1952. Subsequent attempts to locate him have been unsuccessful.

Appellants deducted the indebtedness of Mr. Drugich as a worthless debt in their 1961 return. Respondent disallowed the bad debt deduction on the ground that appellants had failed to show that the debt became worthless in 1961.

Appeal of George H. and G. G. Williamson

Section 17207 of the Revenue and Taxation Code permits a deduction for debts "which become worthless within the taxable year."

Appellants have the burden of showing that some identifiable event occurred during 1961 which formed a reasonable basis for abandoning any hope in that particular year that the debt would be paid sometime in the future. (Redman v. Commissioner, 155 F.2d 319; Watkins v. Glenn, 88 F. Supp. 70.) Faced with this burden, appellants have failed to submit any evidence to carry it. The bare facts before us indicate that the debt was worthless long before 1961. Under the circumstances, we must sustain respondent's action.

Our conclusion makes it unnecessary for us to consider a further contention raised by respondent after the appeal was filed to the effect that the bad debt is not deductible because it is allocable to income wholly exempt from California personal income tax.

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,

