

Unsecured creditor, as not

5-45

395.1780

Constituting an ultimate C corp.
1338 Purchasing corp. on which was unsecured seller of corp.
is not regarded as holding interest in selling corp.

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Drunk

Sacramento, California
September 5, 1952

Unsecured

*(+) unsecured
creditor,
as not
ult. note own*

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Account No.
(file unlocatable)

G. Slud

In this case the taxpayer sold all of its tangible personal property to the for a consideration of \$116,582.11. The question presented concerns the application of Section 6006.5(b), Ruling 81, and Bulletin 52-2. If we look only to the stock ownership of the purchasing and selling corporations, it is found that 100% of the stock holders of the selling corporation own only 40% of the stock of the purchasing corporation. The taxpayer asserts, however, that since the purchasing corporation was an unsecured creditor of the selling corporation to the amount of some \$491,000.00 it should be considered as a "person holding an interest in the corporation" for the purpose of Section 6006.5(b). While it is true that bond holders in some instances are regarded as having an ownership interest, it is our opinion that an unsecured creditor does not have such an interest. Accordingly, the tax is properly applicable. ← *End*

1610.20 A Purchasing Corporation which was an unsecured creditor of the selling corporation is not regarded as "a person holding an interest in the (selling) corporation," and tax is properly applicable to the sale of tangible personal property by the selling corporation. 9/5/52.

NBHPja

*"Date"
"Occasional Seller"
"A Purchasing Corporation"*

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