

CONTROLLING LEGAL PRINCIPLES

Free Exercise Clause Decision – The “Contemplation of Justice” Dobson v. Commissioner, 320 U.S. 489 (1943)



No other branch of the law touches human

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activities at so many points. It can never be made simple, but we can try to avoid making it needlessly complex. *Emphasis added*

The Tax Court's inquiry as to past years was authorized if "necessary correctly to redetermine" the deficiency. The Tax Court thought in this case that it was necessary; the Court of Appeals apparently thought it was not. ***This precipitates a question, not raised by either counsel, as to whether the court is empowered to revise the Tax Court's decision***

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as ***"not in accordance with law"*** ***because of such a difference of opinion.***

Where no constitutional question is involved, and in the absence of a controlling statute or regulation, a determination of the Tax Court as to whether particular transactions are integrated or separated for tax purposes is no more reviewable than any other question of fact. P. 320 U. S. 502.

In determining questions of law, courts may properly attach weight to decisions of such questions by an administrative body having special competence to deal with the subject matter, and though decisions of the Tax Court may not be binding precedents for courts dealing with similar problems, uniform administration would be promoted by conforming to them where possible. P. 320 U. S. 502.

133 F.2d 732 affirmed in part, reversed in part.

The Court of Appeals concluded that the "tax benefit theory" applied by the Tax Court "seems to be an injunction into the law of an equitable principle, found neither in the statutes nor in the regulations." ***Because the Tax Court's reasoning was not embodied in any statutory precept,*** the court held that the Tax Court was not authorized to resort to it in determining whether the recovery should be treated as income or return of capital. It held as matter of law that the recoveries were neither return of capital nor capital gain, but were ordinary income in the year received.