

Whether subsidies paid to corporations in money or in the form of grants of land or other physical property constitute taxable income has also concerned the Court. In *Edwards v. Cuba Railroad*,³³ it ruled that subsidies of lands, equipment, and money paid by Cuba for the construction of a railroad were not taxable income but were to be viewed as having been received by the railroad as a reimbursement for capital expenditures in completing such project. On the other hand, sums paid out by the Federal Government to fulfill its guarantee of minimum operating revenue to railroads during the six months following relinquishment of their control by that government were found to be taxable income. Such payments were distinguished from those excluded from computation of income in the preceding case in that the former were neither bonuses, nor gifts, nor subsidies, “that is, contributions to capital.”³⁴ Other corporate receipts deemed to be taxable as income include the following: (1) “insiders profits” realized by a director and stockholder of a corporation from transaction in its stock, which, as required by the Securities and Exchange Act,³⁵ are paid over to the corporation;³⁶ (2) money received as exemplary damages for fraud or as the punitive two-thirds portion of a treble damage antitrust recovery;³⁷ and (3) compensation awarded for the fair rental value of trucking facilities operated by the taxpayer under control and possession of the government during World War II, for in the last instance the government never acquired title to the property and had not damaged it beyond ordinary wear.³⁸

Gains: When Taxable.—Although “economic gain is not always taxable as income, it is settled that the realization of gain need not be in cash derived from the sale of an asset.”³⁹ Thus, when through forfeiture of a lease, a landlord became possessed of a new building erected on his land by the outgoing tenant, the resulting gain to the former was taxable to him in that same year. “The fact that the gain is a portion of the value of the property received by the . . . [landlord] does not negative its realization. . . . It is not necessary to recognition of taxable gain that . . . [the landlord] should be able to sever the improvement begetting the gain from his original capital.” Hence, the taxpayer was incorrect in contending “that the Amendment does not permit the taxation of such [a] gain with-

³³ 268 U.S. 628 (1925).

³⁴ *Texas & Pacific Ry. Co. v. United States*, 286 U.S. 285, 289 (1932); *Continental Tie & L. Co. v. United States*, 286 U.S. 290 (1932).

³⁵ 15 U.S.C. § 78p.

³⁶ *General American Investors Co. v. Commissioner*, 348 U.S. 434 (1955).

³⁷ *Commissioner v. Glenshaw Glass Co.*, 348 U.S. 426 (1955).

³⁸ *Commissioner v. Gillette Motor Co.*, 364 U.S. 130 (1960).

³⁹ *Helvering v. Bruun*, 309 U.S. 461, 469 (1940).