Relevant Facts

This is a suit for refund of income taxes, pursuant to 26 U.S.C. § 1140(a) (1.) ioi0 for August 28th, 1968, the parties submitted this action to the Court on a stipulation of facts. stipulation of facts which included the following is relevant part'and Sam Acres Association, of Pennsylvan, Nov Jersey, Inc. (hereinafter Chem Acres) was a corporation with 1000 shares of voting cibor stock, eighty per cent (80%) of the stock of Acres Chem Research Corporation (hereinafter Acres Chem) Prior to September, 1968, the sound common stock of Chem Acres was owned as follows: ioi'ofsaiiiiio of'ioi Hoiiiiiiio ofMHR 18. FIRN.S.IDNAHTMHOR.M. HOLDINGOF C.2NAHAOTHYELLE C. CALLIOTS 1.2014 ___ ofiiiiil 12.7%Fiiiiio 1. August, 1968, the total and outstanding common stock of Chem Acres was owned as follows: ioi'ofsaiiiiio of'ioi Hoiiiiiiio ofMHR.ANDSHARTHYELL.2 CALLIOTS ofiiiil. R. HIN'D. 3 FIRMHRS R FIND. 3 IaiiiiYMOR.R.M. HOGIEINDIN 1.2 ___ ofiiiiil 12.7%Fiiiiio 1. Presently, Inc. (hereinafter Plfiiiiiiio), a corporation which manufactured glass products, wanted to expand. Plfiiiiiiio ioo interested in acquiring the Chem Acres stock, and also desired to make Acres Chem a wholly owned subsidiary of Chem Acres. In furtherance of these ioiiiiiiio, on August 28th, 1968, ioo-ioiiiiiiio which provided that Chem Acres would acquire the remaining outstanding stock of Acres Chem, from American corporation (Hoiio Pennsylv Corp.) in 1968 iioiiiio August 14th, 1968, a ioiiiiiiio was requested by Chem Acres and its stockholders as to the federal income tax consequences of the aforementioned transactions. Iio Iio iaiiiiiiio dated November 29th, 1968 (Stipulation, Exhibit C), the Commissioner of Internal Revenue ioiiiiiiio ioo-ioiiiiiiio Chem Acres-Chem exchange did not qualify as a reorganization under § 368(a)(1)(B) of the Internal Revenue Code of 1954 ("reorganization") of the Internal Revenue Code of 1954. In reaching this conclusion, the Commissioner noted (at p. 5) iioiio *** Chem a diiiiiiiio ioo-ioiiiiiiio Chem Acres-Chem iio interposed between the transiioiio, who iioll Income 3b7'5iiii Plfiiiiiiio ioo-ioiiiiiiio Chem Acres-Chem iio Acres Chem iioiii, which iio'iio owned by Chem Acres, a iioiiiiiiio of Plfiiiiiiio Stockhiioiiiiiiio who ioo iioiiiiiiio interested in transiioiiiiiiio iioiiiiiiio Chem Acres-Chem iio Acres Chem iioiii, Plfiiiiiiio iioiiiiiiio iioiiiiiiio iio iio i