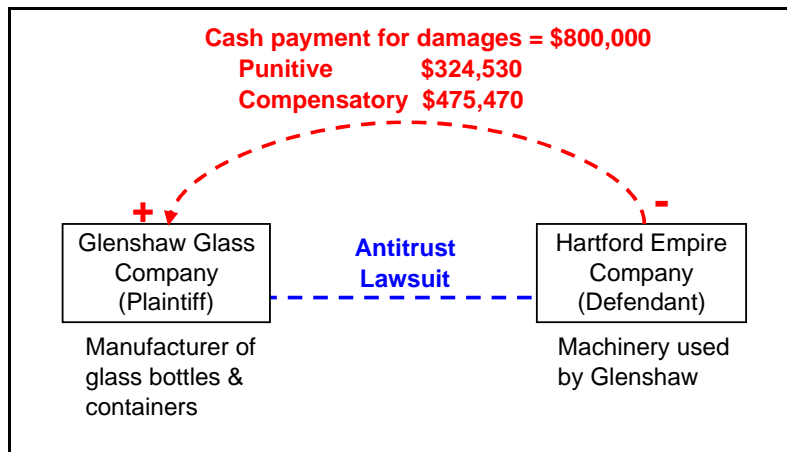


Commissioner v. Glenshaw Glass Co.
348 U.S. 426 (1954)

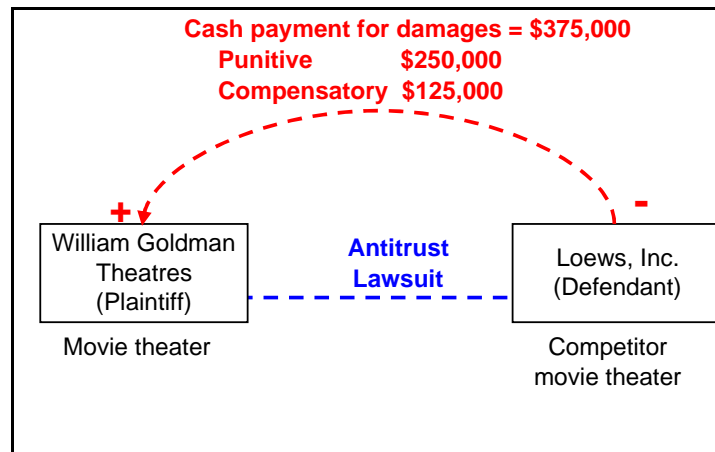
Copyright © 2006 Andrew Mitchel LLC
International Tax Services
www.andrewmitchel.com

Accessions to Wealth

Glenshaw Glass



William Goldman Theatres



In *Collins v. Commissioner*, 3 F.3d 625 (2nd Cir. 1993), the Second Circuit summarized *Glenshaw* as follows:

The Court finally abandoned the stilted capital-labor formulation of gross income and jettisoned its earlier attempts to define the term in *Commissioner v. Glenshaw Glass* There the taxpayers had received treble damage awards from successfully prosecuting antitrust suits. They argued that two-thirds of these awards constituted punishment imposed on the wrongdoer and, under the gross income definition of *Eisner*, this punitive portion of the damages could not be treated as income derived from either labor or capital. . . . In rebuffing this proposition, the Court ruled the damage awards taxable in their entirety. It cast aside *Eisner's* definition of income stating that it was "not meant to provide a touchstone to all future gross income questions." . . . Instead the Court stated, "Congress applied no limitations as to the source of taxable receipts, nor restrictive labels as to their nature." . . . The legislature intended to simply tax "all gains," which the Court effectively described as all "accessions to wealth, clearly realized, and over which the taxpayers have complete dominion."

Since *Glenshaw Glass* the term gross income has been read expansively to include all realized gains and forms of enrichment, that is, "all gains except those specifically exempted."