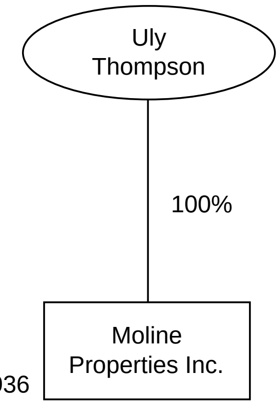
Moline Properties v. Commissioner
319 U.S. 436 (1943)

Corporation With A Single Shareholder is a Separate Taxable Entity



Moline activities included:
- Pay-off of mortgage
- Re-mortgaging of property
- Leasing of part of its property as a parking lot
- Sales of portions of the property in 1934, 1935 and 1936

Formed in 1928
No books
No bank account
No assets other than the real estate

Florida real estate contributed into the corporation at the suggestion of the mortgagee so that the stock could be used as a security device.

The doctrine of corporate entity fills a useful purpose in business life. Whether the purpose be to gain an advantage under the law of the state of incorporation or to avoid or to comply with the demands of creditors or to serve the creator's personal or undisclosed convenience, so long as that purpose is the equivalent of business activity or is followed by the carrying on of business by the corporation, the corporation remains a separate taxable entity. The choice of the advantages of incorporation to do business, it was held, required the acceptance of the tax disadvantages.

Moline argued that it was a mere agent for its sole stockholder and "therefore the same tax consequences follow as in the case of any corporate agent or fiduciary." There was no actual contract of agency, nor the usual incidents of an agency relationship. The mere fact of the existence of a corporation with one or several stockholders, regardless of the corporation's business activities, does not make the corporation the agent of its stockholders. See also Commissioner v. Bollinger, 485 U.S. 340 (1988) and National Carbide v. Commissioner, 336 U.S. 422 (1949).