SUPREME COURT OF MICHIGAN

Tucker v. Department of Revenue, 334 Mich. 380

54 N.W.2d 691 (1952) · No. Docket No. 45, Calendar No. 45,274 · Decided September 3, 1952

SUMMARY

The Michigan Supreme Court affirmed a judgment denying Michigan inheritance tax on a decedent's beneficial interest in an Illinois real-estate trust. The court held that, despite the trust agreement's characterization of the beneficiary's interest as personal property, the interest was sufficiently an interest in land that Michigan could not constitutionally tax its transfer under the Fourteenth Amendment. The case was remanded for entry of an order consistent with that ruling.

CASE DETAILS

COURT	Supreme Court of Michigan
WRITING FOR THE COURT	Boyles, J.; Dethmers, J.; Butzel, J.; Carr, J.; Bushnell, J.; Sharpe, J.; Reid, J.
JURISDICTION	Michigan
DECIDED	September 3, 1952
DOCKET	Docket No. 45, Calendar No. 45,274
DISPOSITION	affirmed
PROCEDURAL POSTURE	The Michigan Department of Revenue appealed from a circuit court judgment reversing a probate court's determination that a beneficial interest in an Illinois land trust was subject to Michigan inheritance tax.
STANDARD OF REVIEW	De novo determination of the constitutional nature and incidence of the tax and the legal character of the trust beneficiary's interest; the essential facts were undisputed.
PRECEDENTIAL VALUE	Published Michigan Supreme Court opinion
PARTIES	Michigan Department of Revenue v. Irving J. Tucker, administrator of the estate of Gustave A. Stahl

TOPICS

probate procedure · state and local tax · trusts · real estate · due process

PRACTICE AREAS

probate | state and local taxation | trusts | constitutional taxation

QUESTIONS PRESENTED

1. Whether Michigan could impose an inheritance tax on the transfer of a Michigan decedent's beneficial interest in a trust consisting solely of Illinois real estate.
2. Whether the beneficiary's interest should be treated as an interest in land or as taxable intangible personal property under the Fourteenth Amendment.

HOLDINGS

1. Michigan could not impose its inheritance tax on the transfer because the beneficiary's interest was an interest in Illinois land rather than taxable intangible personal property.

KEY QUOTATIONS

> *"In the Stahl trust, the beneficiary Gustave A. Stahl possessed all the attributes of an owner of the fee except the power to sign instruments of conveyance."* (385)

> *"Where the validity of a State tax is challenged under the Federal Constitution, this court must determine for itself the nature and incidence of the tax."* (386)

FACTUAL BACKGROUND

Gustave A. Stahl, a Michigan resident, held the beneficial interest in an Illinois land trust. The trust company held legal title to Cook County, Illinois, real estate, while Stahl managed the property, collected rents, paid taxes, directed conveyances, and possessed substantially all incidents of ownership except the formal power to execute conveyances. Upon Stahl's death, the trustee sold the real estate and delivered the proceeds to the designated charitable beneficiary in Massachusetts.

PROCEDURAL HISTORY

After Gustave A. Stahl's death, his administrator petitioned the probate court for an order determining that no Michigan inheritance tax was due on the transfer of Stahl's beneficial interest in an Illinois real-estate trust. The probate court held the interest taxable. The administrator appealed, and the circuit court reversed. The Department of Revenue appealed to the Supreme Court of Michigan, which affirmed and remanded for return to the probate court.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The judgment was affirmed, and the case was remanded to the circuit court for return to the probate court with directions to enter an order consistent with the opinion.

CASES CITED

- Senior v. Braden, 295 U.S. 422 (1935)