

**Corporations—License Taxes—Deductions—Rentals.**

Rentals paid by a corporation may be charged off as an allowable deduction but a corporation may not charge off a portion of the estimated value of the lease each year.

April 13, 1928.

State Board of Equalization,  
Helena, Montana.

Gentlemen:

You have requested my opinion whether a corporation which leases buildings can value said lease which is for a period of years and carry it as an asset and charge a portion of the estimated value of said lease off as an allowable deduction each year for the life of the lease, in addition to the rentals which they pay for said lease each year, under chapter 79, laws of 1917, as amended.

In perusing the first subdivision of section 2, chapter 79, laws of 1917, as amended, I find as an allowable deduction "all rentals, or other payments required to be made as a condition to the continued use or possession of property to which a corporation has not taken, or is not taking title, or in which it has no equity."

I find no other provision in said law which would authorize a corporation to estimate the value of the lease and amortize and charge it off during the life of the lease.

It is therefore my opinion that the corporation would be permitted only to charge off what it actually paid in rentals each year in making its return to the state of Montana under the Montana corporation license tax laws.

Very truly yours,

L. A. FOOT,  
Attorney General.