

EXCISE TAX ACT OF 1947

MARCH 4, 1947.—Ordered to be printed

Mr. KNUTSON, from the committee of conference, submitted the following

CONFERENCE REPORT

(To accompany H. R. 1030)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1030) to continue in effect certain war excise tax rates, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 7. (a) Section 2401 of the Internal Revenue Code (relating to the tax on furs) is hereby amended by inserting after the words "chief value" a comma and the following: "but only if such value is more than three times the value of the next most valuable component material".

(b) The amendment made by subsection (a) shall apply in the case of articles sold on or after the first day of the first month which begins more than twenty days after the date of the enactment of this Act.

And the Senate agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 8. (a) Section 3469 (a) of the Internal Revenue Code (relating to the tax on transportation of persons) is hereby amended by inserting after the first sentence two new sentences to read as follows: "The tax shall not

apply with respect to transportation any part of which is outside the northern portion of the Western Hemisphere, except with respect to any part of such transportation which is from any port or station within the United States, Canada or Mexico to any other port or station within the United States, Canada or Mexico. For the purposes of this section, the words 'northern portion of the Western Hemisphere' mean the area lying west of the thirtieth meridian west of Greenwich, east of the International Date Line, and north of the Equator, but not including any country of South America."

(b) The amendment made by subsection (a) shall apply to amounts paid on or after the first day of the first month which begins more than twenty days after the date of the enactment of this Act for transportation on or after such first day.

(c) Effective with respect to tickets sold or issued on or after the first day of the first month which begins more than twenty days after the date of the enactment of this Act, section 1806 of the Internal Revenue Code (relating to stamp tax on passage tickets) is hereby repealed.

And the Senate agree to the same.

HAROLD KNUTSON,
DANIEL A. REED,
BERTRAND W. GEARHART,
RICHARD SIMPSON,
R. L. DOUGHTON,
JERE COOPER,
JOHN D. DINGELL,
Managers on the Part of the House.

E. D. MILLIKIN,
ROBERT TAFT,
HUGH BUTLER,
WALTER F. GEORGE,
ALBEN W. BARKLEY,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1030) to continue in effect certain war excise tax rates, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference Report:

Amendment No. 1: Section 2401 of the Internal Revenue Code imposes a tax on the retail sale of "articles made of fur on the hide or pelt, and articles of which such fur is the component material of chief value." The Senate amendment makes the tax apply to "articles made of fur on the hide or pelt, and articles of which such fur is a component material the value of which is greater than three times the value of the component material of chief value without regard to such fur." Under existing law the component material of chief value is the one that exceeds in value at the time of assemblage of the article the value at such time of the next most valuable component material. The only change in existing law and its application made by the Senate amendment is to provide that the component material of chief value is the one which at the time of assemblage of the article is more than three times the value at such time of the next most valuable component material.

The Senate amendment also provides that the amendment with respect to the fur tax shall take effect on the first day of the first month which begins more than 20 days after the date of the enactment of the act.

The House recedes with clerical amendments.

Amendment No. 2: The Senate amendment excludes from the tax on transportation of persons, amounts paid in the United States for transportation without the United States, effective on the date of the enactment of the act.

The House recedes with an amendment which (1) limits the exclusion to transportation any part of which is outside the northern portion of the Western Hemisphere, as more fully described below; (2) makes the amendment applicable with respect to amounts paid on or after the first day of the first month which begins more than 20 days after the date of the enactment of the act for transportation after such first day; and (3) repeals section 1806 of the Internal Revenue Code, which imposes a stamp tax on passage tickets for transportation by water, sold or issued in the United States, such repeal to be effective with respect to tickets sold or issued on or after the first day of the first month which begins more than 20 days after the date of the enactment of the act.

As above stated, the amendment agreed to in conference excludes from the tax amounts paid in the United States for transportation any part of which is outside the northern portion of the Western Hemisphere. However, even in the case of transportation part of which is outside the northern portion of the Western Hemisphere, the tax shall apply to any part of such transportation which is from any port or station within the United States, Canada, or Mexico to any other

port or station within the United States, Canada, or Mexico. The term "northern portion of the Western Hemisphere" is defined as the area lying west of the thirtieth meridian west of Greenwich, east of the international date line and north of the Equator, but not including any country of South America. Broadly speaking, the amendment as agreed to in conference exempts from taxation trans-Atlantic and trans-Pacific travel and travel to South America, but keeps within the tax travel in or near North America and Central America and the West Indies.

The following examples illustrate the application of the amendment as agreed to in conference:

Example 1: A purchases a ticket in New York for transportation to Lisbon aboard a vessel or aircraft bound from New York to Lisbon, with a stop at Bermuda. No part of the amount paid by A for his ticket is subject to the tax on transportation of persons.

Example 2: If, in the foregoing example, A decides to disembark at Bermuda and not to continue to Lisbon, A is liable for the tax with respect to the amount paid for transportation to Bermuda and, upon presentation of his ticket for refund, the carrier is required to withhold such tax.

Example 3: B, C, and D purchase tickets in New York for transportation aboard a vessel bound from New York to San Francisco via the Panama Canal, with stops at Trinidad and Venezuela. B's ticket entitles him to transportation to Port of Spain, Trinidad; C's ticket is for Asuncion, Venezuela; and D's ticket is for San Francisco. The amount paid by B is subject to tax, since Trinidad is not a country of South America and is within the northern portion of the Western Hemisphere. The amount paid by C is not subject to tax, since Asuncion is located on the island of Nueva Esparta and is included within Venezuela, a country of South America. The amount paid by D is not subject to tax even though the voyage begins at a port within the United States and ends at another port within the United States, since part of the transportation was to Venezuela, a country of South America.

Example 4: E purchases in Chicago a round-trip ticket for transportation by air from Chicago to New York to Newfoundland to London. The amount paid for that part of the transportation between Chicago and New York on both going and return trips is subject to tax. If because of weather or other emergency the aircraft is forced, while on the New York-Newfoundland leg of the journey, to land at Boston, no tax is imposed by reason of such emergency stop.

Example 5: F purchases a ticket in Detroit for transportation from Ottawa to Vancouver to Honolulu to Shanghai. Only the amount paid for transportation from Ottawa to Honolulu is subject to the tax.

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