

AMENDING THE EXCISE TAX ON PHOTOGRAPHIC
APPARATUS

MAY 1, 1952.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H. R. 5998]

The Committee on Finance, to whom was referred the bill (H. R. 5998) to amend the excise tax on photographic apparatus, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The purpose of this bill is to correct an inequity which was inadvertently created by the Revenue Act of 1951 (Public Law 183, 82d Cong.), by amending section 3406 (a) (4) of the Internal Revenue Code so as to exempt all unperforated microfilm from the 20-percent excise tax imposed by that section. Actually, this bill simply corrects a technical mistake in the 1951 Revenue Act.

The Revenue Act of 1951 provided a uniform rate of tax of 20 percent for all articles taxable under section 3406 (a) (4) of the Internal Revenue Code and revised the tax base so as to impose the tax, insofar as administratively practicable, only on film, cameras, and lenses which do not represent a cost of doing business.

In the case of photographic film, the present law, as amended by the Revenue Act of 1951, imposes the 20-percent tax on all unexposed photographic film in rolls except X-ray film, film more than 150 feet in length, or film more than 25 feet in length and more than 30 millimeters in width. Most microfilm, which is a type of film generally used by business for preserving records, is manufactured in lengths exceeding 150 feet and, therefore, is exempt from the tax on photographic film.

The attention of your committee has been called to the fact that a few business enterprises produce microfilm in 100-foot lengths which is less than 30 millimeters in width and on which, therefore, under the specific definition of taxable film contained in the present law, the

20-percent excise tax must be paid. Since the producers of this microfilm compete generally in the same market with manufacturers selling microfilm over 150 feet in length, the continued imposition of a 20-percent excise tax on their product places them at a serious competitive disadvantage unintended by the Congress. An exemption from the 20-percent excise tax for unperforated microfilm, as provided in H. R. 5998, corrects this inequity and fulfills the intent of the Congress in the Revenue Act of 1951 to exempt from tax all film which represents a cost of doing business.

The Treasury Department has no objection to the enactment of this legislation.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE

SEC. 3406.

(a) IMPOSITION.— * * *
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(4) PHOTOGRAPHIC APPARATUS.—Cameras and camera lenses, and unexposed photographic film in rolls (including motion-picture film), 20 per centum. The tax imposed under this paragraph shall not apply to X-ray cameras, to cameras weighing more than four pounds exclusive of lens and accessories, to still-camera lenses having a focal length of more than one hundred and twenty millimeters, to motion-picture camera lenses having a focal length of more than thirty millimeters, to X-ray film, to *unperforated microfilm*, to film more than one hundred and fifty feet in length, or to film more than twenty-five feet in length and more than thirty millimeters in width. Any person who acquires unexposed photographic film not subject to tax under this paragraph and sells such unexposed film in form and dimensions subject to tax hereunder (or in connection with a sale cuts such film to form and dimensions subject to tax hereunder) shall for the purposes of this subsection be considered the manufacturer of the film so sold by him.

