

AMENDING ACT TO INCREASE INTERNAL REVENUE.

DECEMBER 14, 1914.—Ordered to be printed.

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

REPORT.

[To accompany S. 6686.]

The Committee on Finance, to whom was referred the bill (S. 6686) entitled "A bill to supplement an act entitled 'An act to increase the internal revenue, and for other purposes,' approved October twenty-second, nineteen hundred and fourteen," having had the same under consideration, reports it back to the Senate with an amendment and recommends that the bill as amended do pass.

There is herewith attached copy of letter from the Secretary of the Treasury, together with a letter from W. H. Osborn, Commissioner of Internal Revenue.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, December 9, 1914.

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate.

MY DEAR SENATOR: I return herewith copy of "A bill (S. 6686) to supplement an act entitled 'An act to increase the internal revenue, and for other purposes,' approved October twenty-second, nineteen hundred and fourteen," submitted with your letter of the 8th instant for examination, and for the views of this department as to the advisability of this proposed measure.

The purpose of this bill, which is to remit penalties incurred under the act named, by reason of the failure of the taxpayer to file the prescribed returns or to pay the tax due on or before December 1, 1914, meets the approval of this department, for reasons stated in the accompanying letter of the Commissioner of Internal Revenue of this date.

In order to avoid some administrative difficulties in carrying out the provisions of this bill, as now prepared, I would recommend that the bill be amended in accordance with the inclosed bill prepared by the commissioner and herewith transmitted.

Respectfully,

W. G. McADOO, *Secretary.*

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, December 9, 1914.

MY DEAR MR. SECRETARY: I have the honor to submit herewith a bill (S. 6886) providing for the remission of certain penalties incurred under the revenue act of October 22, 1914, by reason of the failure to comply with its terms respecting the time and manner of making tax returns and for the paying the taxes imposed.

This bill, which was introduced by Senator Pomerene, was handed me yesterday by Senator Simmons for examination and for such suggestion in the way of changes as seem necessary from an administrative standpoint. I am heartily in favor of this proposed measure, inasmuch as the penalties now incurred under the act named have resulted mainly, if not wholly, from the failure of Congress to provide sufficient time for the preparation and distribution of stamps and the necessary blank forms required to be used by the taxpayer. The enforcement of these penalties under the circumstances would, in my judgment, work a great hardship and in many cases an actual injustice.

I have carefully examined the bill submitted, and in order to obviate the necessity of determining in each individual case whether the penalty incurred was due solely to negligence of the taxpayer (which, under the many varying circumstances, would be very difficult of determination) and for the purpose of supplying certain omissions noted, I have had prepared, and submit herewith for your consideration, a substitute bill in accordance with the suggestions contained in Senator Simmons's letter, which I also inclose.

Respectfully,

W. H. OSBORN, *Commissioner.*

Hon. WM. G. McADOO,
Secretary of the Treasury.

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