
AMENDING THE REVENUE ACT OF 1926

AUGUST 20 (calendar day, AUG. 21), 1937.—Ordered to be printed

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

REPORT

[To accompany H. R. 1481]

The Committee on Finance, to whom was referred the bill (H. R. 1481) to amend the Revenue Act of 1926, as amended, to exempt persons traveling between Puerto Rico and the continental United States from the payment of a stamp tax on steamship tickets, having considered the same, report favorably thereon without amendment and recommend that the bill be passed.

The purpose of this bill is fully explained in the report of the Committee on Ways and Means, House of Representatives, which is incorporated herein and made a part of this report.

[H. Rept. No. 1530, 75th Cong., 1st sess.]

The Committee on Ways and Means to whom was referred the bill (H. R. 1481) to amend the Revenue Act of 1926, as amended, to exempt persons traveling between Puerto Rico and the continental United States from the payment of a stamp tax on steamship tickets, having considered the same, report thereon with a recommendation that the bill do pass without amendment.

The purpose of the measure is to remove the discrimination that has for many years existed as to Puerto Rico and all persons traveling thereto, because of the imposition of a stamp tax on all steamship tickets purchased in the United States for a voyage to the island. Existing law exempts from such stamp tax all tickets purchased for passage to Canada, Mexico, and Cuba and your committee feels that Puerto Rico should be placed on the same basis as these countries.

The Treasury Department estimates the loss of revenue that will occur by the enactment of this bill at approximately \$50,000 per annum, but the committee believes that such loss will be more than made up by the creation of better relationship between the United States and Puerto Rico which will result in more business for this country. The letters from the Treasury and State Departments

addressed to the chairman of the Ways and Means Committee, concerning this bill are made a part of this report as follows:

TREASURY DEPARTMENT,
Washington, D. C., May 13, 1936.

Hon. ROBERT L. DOUGHTON,
Chairman, Committee on Ways and Means,
House of Representatives.

MY DEAR MR. CHAIRMAN: There has been called to my attention H. R. 11693 (74th Cong., 2d sess.), a bill to amend the Revenue Act of 1926, as amended, to exempt persons traveling between Puerto Rico and the continental United States from the payment of a stamp tax on steamship tickets.

In view of the fact that steamship tickets for passage to Cuba were exempted from the stamp tax by section 442 (a) of the Revenue Act of 1928, the extension of such exemption to steamship tickets for passage to Puerto Rico would appear to be justified. The loss of revenue which would result from the enactment of the proposed legislation, it is estimated, would not be more than \$50,000 yearly.

The Treasury Department, therefore, has no objection to the passage of the bill. The proposed legislation is in accord with the program of the President.

In the event that further correspondence relative to this matter is necessary, please refer to IR:MT:ST:RHP.

Very truly yours,

HENRY MORGENTHAU, JR., *Secretary.*

TREASURY DEPARTMENT,
Washington, D. C., May 28, 1937.

Hon. R. L. DOUGHTON,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: I have your letter of March 6, 1937, transmitting a copy of H. R. 1481 (75th Cong., 1st sess.), a bill to amend the Revenue Act of 1926, as amended, so as to exempt persons traveling between Puerto Rico and the continental United States from the payment of a stamp tax on steamship tickets. You request any comments or recommendations this Department may care to make with respect to the above-mentioned bill.

This bill H. R. 1481 contains the identical language involved in bill H. R. 11693 (74th Cong., 2d sess.), which was reported on in my letter of May 13, 1936. The question of granting an exemption from taxation like that contemplated in the instant bill is essentially one of legislative policy. However, your attention is directed to the fact that it is estimated that the proposed exemption would reduce the amount of revenues collected under the tax involved in an amount approximating \$50,000 annually.

In the event that further correspondence relative to this matter is necessary, please refer to IR:MT:ST:NNH.

Very truly yours,

ROSWELL MAGILL,
Acting Secretary of the Treasury.

STATE DEPARTMENT,
Washington, D. C., June 3, 1937.

Hon. R. L. DOUGHTON,
Chairman, Committee on Ways and Means, House of Representatives.

MY DEAR MR. DOUGHTON: I have received your letter, dated March 6, 1937, transmitting a copy of H. R. 1481, entitled "A bill to amend the Revenue Act of 1926, as amended, to exempt persons traveling between Puerto Rico and the continental United States from the payment of a stamp tax on steamship tickets." You state that the committee will be pleased to receive any comments or recommendations I may care to make with respect to this bill.

Insofar as the interests entrusted to this Department are concerned, there is no objection to the enactment of the proposed legislation.

Sincerely yours,

CORDELL HULL.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in title VIII of the Revenue Act of 1926, as amended, made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets and new matter is printed in italics):

TITLE VIII—STAMP TAXES

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SCHEDULE A—STAMP TAXES

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5. *Passage ticket, one way or round trip, for each passenger, sold or issued in the United States for passage by any vessel to a port or place not in the United States, Canada, Mexico [, or Cuba], Cuba or Puerto Rico, if costing not exceeding \$30, \$1; costing more than \$30 and not exceeding \$60, \$3; costing more than \$60, \$5. This subdivision shall not apply to passage tickets costing \$10 or less.*

