

EXEMPTING CERTAIN MECHANICAL PENCILS HAVING PRECIOUS METALS AS ESSENTIAL PARTS FROM THE TAX WITH RESPECT TO JEWELRY

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

REPORT

[To accompany H. R. 3239]

The Committee on Finance, to whom was referred the bill (H. R. 3239) to exempt certain mechanical pencils having precious metals as essential parts from the tax with respect to jewelry, and so forth, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

Section 2400 of the Internal Revenue Code imposes a 10-percent retailers' excise tax upon articles of jewelry. However, certain enumerated items are exempt from the tax imposed by this section. Included among the items expressly exempt are fountain pens if the only parts of the pen consisting of precious metals are essential parts not used for ornamental purposes. This bill would amend section 2400 by extending to mechanical pencils an exemption corresponding to that provided in the case of fountain pens.

Section 2 of the bill provides that such amendment would become effective on the first day of the first month which begins more than 10 days after the date of enactment.