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SENATE

{ REPORT
{ No. 1423

EXEMPTION OF HOSPITALIZED SERVICEMEN AND VETERANS FROM THE ADMISSIONS TAX WHEN ADMITTED FREE

MAY 28 (legislative day, MAY 20), 1948.—Ordered to be printed

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

REPORT

(To accompany S. 2469)

The Committee on Finance, to whom was referred the bill (S. 2469) to amend section 1700 (a) (1) of the Internal Revenue Code so as to exempt hospitalized servicemen and veterans from the admissions tax when admitted free, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

Strike out all the bill after the enacting clause, and insert in its place the following:

That section 1700(a)(1) of the Internal Revenue Code (relating to the tax on amounts paid for admission) is amended by adding at the end thereof a new sentence as follows: "Subject to such regulations as the Commissioner, with the approval of the Secretary, shall prescribe, no tax shall be imposed in the case of admission free of charge of a hospitalized member of the military, naval, or air forces of the United States or of a person hospitalized as a veteran by the Federal Government in a Federal, State, municipal, private, or other hospital or institution, except when such member or veteran is on leave or furlough."

SEC. 2. The amendment made by this Act shall be effective on and after the first day of the first month which commences more than twenty days after the enactment of this act.

GENERAL STATEMENT

A tax of 1 cent for each 5 cents or major fraction thereof is imposed on the price of admissions under the provisions of section 1700 (a) (1) of the Internal Revenue Code. This section provides that an equivalent tax shall be collected on free admissions, based on the price charged to other persons for the same or similar accommodations. The pending bill would exempt hospitalized servicemen and veterans who are granted free admission from the payment of the tax. The

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exemption does not apply when the serviceman or veteran is on leave or furlough.

The purpose of this bill is to make it possible for hospitalized veterans and servicemen to have the advantage of such free admissions to places of entertainment as may be offered them without having to pay the admissions tax on such admissions.

The Treasury Department reports that the exemption, "appears to be in keeping with the Government's program to accord all proper benefits to the hospitalized members and former members of our military, naval, and air forces. Moreover, the fact that these individuals are ordinarily admitted to theaters, ball parks, and other places of amusement by groups and in the charge of Government attendants or some responsible sponsoring organization would tend to mitigate some of the enforcement difficulties that might otherwise be encountered. Further it does not appear that the loss of revenue which would be involved would be substantial."

