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SENATE.

} REPORT
No. 432.

REFUND OF DUTIES COLLECTED ON FLAX-PREPARATORY MACHINES, PARTS, AND ACCESSORIES.

MAY 9 (calendar day, MAY 12), 1916.—Ordered to be printed.

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

REPORT.

[To accompany S. 4384.]

The Committee on Finance, to whom was referred the bill (S. 4384) providing for the refund of duties collected on flax-preparatory machines, parts, and accessories imported subsequently to August 5, 1909, and prior to January 1, 1911, having considered the same, report thereon with a recommendation that it do pass.

The accompanying letters from the Acting Secretary of the Treasury to the chairman of the Finance Committee is appended hereto and made a part hereof.

TREASURY DEPARTMENT,
Washington, D. C., March 8, 1916.

The CHAIRMAN COMMITTEE ON FINANCE,
United States Senate.

SIR: I have the honor to acknowledge the receipt of your letter of the 22d ultimo, inclosing copy of a bill (S. 4384), providing for the refund to the Linen Thread Co., of New York, of the sum of \$23,239.35, the amount of duties collected on certain flax-preparatory machines, parts thereof, and accessories thereto, and requesting suggestions in regard to the merits of the bill and the propriety of its passage.

This question was also the subject of a bill (S. 5881) of the previous Congress, and I inclose herewith a copy of the department's letter addressed to the chairman of the Committee on Finance, under date of January 5, 1915, setting forth the facts in the case.

Such action as Congress desires to take relative to the bill will be satisfactory to the department.

Respectfully,

BYRON R. NEWTON,
Acting Secretary.

(Copy.)

JANUARY 5, 1915.

The CHAIRMAN COMMITTEE ON FINANCE,
United States Senate.

SIR: I have the honor to refer to a letter from Mr. Carroll E. Pillsbury, Boston, Mass., and other correspondence left at the department by Hon. William Hughes in connection with a bill (S. 5881) for the refund to the Linen Thread Co. of the sum of \$23,218.65, duties collected on flax-preparatory machines, parts thereof, and accessories thereto.

The facts in the case are as follows: Paragraph 197 of the tariff act of 1909 provided for the free entry of certain lace-making machines and other machines, including machines used only for the weaving of linen thread from flax and flax fiber, imported prior to January 1, 1911. The Board of General Appraisers at first held that this provision did not include parts, and duty was therefore assessed on parts, as it was also on accessories of such machines. Subsequently the department held that under a more liberal construction the provisions mentioned included parts and accessories of the said machines, and therefore such parts and accessories were admitted free, and duty was refunded in cases in which protests were lodged.

The act of February 7, 1913, providing for the refunds of duties on certain machines, was apparently intended to cover the articles above mentioned, imported after August 5, 1909, and before January 1, 1911, upon which duty had been paid and not refunded, and included "machines used only for the weaving of linen cloth from flax and flax fiber (including preparatory machines) and also all parts or accessories of any of said machines."

It appears that the claim of the Linen Thread Co. on importations at the port of New York has been disallowed by the Auditor for the Treasury Department because it appeared that the machines in question or parts were not to be used for the weaving of linen cloth or for the making of yarns for the weaving of such cloth, and were not therefore machines of the character covered by the said act of February 7, 1913, or parts or accessories of such machines, although an affidavit by the general manager of the company sets forth that a considerable quantity of the yarn produced thereon was sold to weavers.

At Boston machinery of the same general character as that now in question was passed free of duty under paragraph 197 of the act of 1909, or refund was made on such merchandise on protest or under the act of February 7, 1913.

The amount of the duties involved in the present claim as now reported by the collector of customs at New York is \$23,239.35, instead of \$23,218.65.

Should this bill be favorably reported, it is suggested that it be amended so as to eliminate the words "such as are described in the act of Congress (H. R. 12813) approved February seventh, nineteen hundred and thirteen," as in its present form the bill would seem to have no greater force than the act of February 7, 1913.

If Congress sees fit under the circumstances set forth to make refund of the duties in this case, the department will interpose no objection thereto.

Respectfully,

(Signed)

BYRON R. NEWTON,
Acting Secretary.

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