

REVENUE ACT OF 1921

COPY

OF

THE BILL (H. R. 8245) TO REDUCE AND EQUALIZE TAXATION, TO AMEND AND SIMPLIFY THE REVENUE ACT OF 1918, AND FOR OTHER PURPOSES, AS REPORTED BY THE SENATE COMMITTEE ON FINANCE

SHOWING

THE HOUSE BILL IN ROMAN; ALL COMMITTEE AMENDMENTS IN STRICKEN-THROUGH TYPE OR ITALIC, WITH SUCH PARTS OF COMMITTEE AMENDMENTS AS REENACT THE PRESENT LAW OF 1918 IN SMALL CAPITAL ITALIC, AND NEW MATTER IN REGULAR ITALIC

WITH INDEX



WASHINGTON
GOVERNMENT PRINTING OFFICE

1921

SENATE CONCURRENT RESOLUTION NO. 12.

Submitted by Mr. Smoot.

SEPTEMBER 28, 1921.

Resolved by the Senate (the House of Representatives concurring), That the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the Revenue Act of 1918, and for other purposes, as reported to the United States Senate on September 26, 1921, be printed as a Senate document, with an index, and that nineteen thousand additional copies be printed, of which seven thousand shall be for the Senate document room, ten thousand for the House document room, one thousand for the Committee on Finance of the Senate, and one thousand for the Committee on Ways and Means of the House of Representatives.

Attest:

GEORGE A. SANDERSON,
Secretary.

Attest:

WM. TYLER PAGE,
Clerk of the House of Representatives.

II

67TH CONGRESS,
1st Session.**H. R. 8245.**

[Report No. 275.]

IN THE SENATE OF THE UNITED STATES.

AUGUST 22, 1921.

Read twice and referred to the Committee on Finance.

SEPTEMBER 21, 1921.

Reported by Mr. PENROSE, with an amendment.

SEPTEMBER 28, 1921.

Recommitted to the Committee on Finance.

SEPTEMBER 28, 1921.

Reported by Mr. PENROSE, with amendments, and ordered to be printed showing the House bill in Roman; all committee amendments in stricken-through type or italic, with such parts of committee amendments as reenact the present law of 1918 in small capital italic and new matter in regular italic.

[House bill in roman type;

Matter proposed by committee amendment to be stricken out of House bill, in stricken-through type;

Provisions of present law reported as committee amendments to House bill, in small italic capitals;

New matter (not contained in present law) reported as committee amendments to House bill, in italic.]

AN ACT

To reduce and equalize taxation, to amend and simplify the Revenue Act of 1918, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 ~~TITLE I. DEFINITIONS.~~

4 ~~TITLE I.—GENERAL DEFINITIONS.~~

5 ~~SECTION 1. This~~ That this Act may be cited as the
6 "Revenue Act of 1921."

7 ~~SEC. 2. Terms defined in the Revenue Act of 1918~~
8 ~~shall, when used in this Act, unless the context otherwise~~

1 ~~indicates, have the same meaning as when used in the~~
 2 ~~Revenue Act of 1918, as amended by this Act.~~

3 *SEC. 2. THAT WHEN USED IN THIS ACT--*

4 (1) *THE TERM "PERSON" INCLUDES PARTNERSHIPS*
 5 *AND CORPORATIONS, AS WELL AS INDIVIDUALS;*

6 (2) *THE TERM "CORPORATION" INCLUDES ASSOCIA-*
 7 *TIONS, JOINT-STOCK COMPANIES, AND INSURANCE COM-*
 8 *PANIES;*

9 (3) *THE TERM "DOMESTIC" WHEN APPLIED TO A*
 10 *CORPORATION OR PARTNERSHIP MEANS CREATED OR ORGAN-*
 11 *IZED IN THE UNITED STATES;*

12 (4) *THE TERM "FOREIGN" WHEN APPLIED TO A COR-*
 13 *PORATION OR PARTNERSHIP MEANS CREATED OR ORGANIZED*
 14 *OUTSIDE THE UNITED STATES;*

15 (5) *THE TERM "UNITED STATES" WHEN USED IN A*
 16 *GEOGRAPHICAL SENSE INCLUDES ONLY THE STATES, THE*
 17 *TERRITORIES OF ALASKA AND HAWAII, AND THE DISTRICT*
 18 *OF COLUMBIA;*

19 (6) *THE TERM "SECRETARY" MEANS THE SECRETARY*
 20 *OF THE TREASURY;*

21 (7) *THE TERM "COMMISSIONER" MEANS THE COM-*
 22 *MISSIONER OF INTERNAL REVENUE;*

23 (8) *THE TERM "COLLECTOR" MEANS COLLECTOR OF*
 24 *INTERNAL REVENUE;*

25 (9) *THE TERM "TAXPAYER" INCLUDES ANY PERSON,*
 26 *TRUST OR ESTATE SUBJECT TO A TAX IMPOSED BY THIS ACT*

1 (10) THE TERM "MILITARY OR NAVAL FORCES OF THE
2 UNITED STATES" INCLUDES THE MARINE CORPS, THE
3 COAST GUARD, THE ARMY NURSE CORPS, FEMALE, AND
4 THE NAVY NURSE CORPS, FEMALE, BUT THIS SHALL NOT
5 BE DEEMED TO EXCLUDE OTHER UNITS OTHERWISE IN-
6 CLUDED WITHIN SUCH TERMS: and

7 (11) THE TERM "GOVERNMENT CONTRACT" MEANS
8 (A) A CONTRACT MADE WITH THE UNITED STATES, OR
9 WITH ANY DEPARTMENT, BUREAU, OFFICER, COMMISSION,
10 BOARD, OR AGENCY, UNDER THE UNITED STATES AND
11 ACTING IN ITS BEHALF, OR WITH ANY AGENCY CONTROLLED
12 BY ANY OF THE ABOVE IF THE CONTRACT IS FOR THE BENE-
13 FIT OF THE UNITED STATES, OR (B) A SUBCONTRACT MADE
14 WITH A CONTRACTOR PERFORMING SUCH A CONTRACT IF
15 THE PRODUCTS OR SERVICES TO BE FURNISHED UNDER THE
16 SUBCONTRACT ARE FOR THE BENEFIT OF THE UNITED
17 STATES. THE TERM "GOVERNMENT CONTRACT OR CON-
18 TRACTS MADE BETWEEN APRIL 6, 1917, AND NOVEMBER
19 11, 1918, BOTH DATES INCLUSIVE" WHEN APPLIED TO A
20 CONTRACT OF THE KIND REFERRED TO IN CLAUSE (A) OF
21 THIS subdivision, INCLUDES ALL SUCH CONTRACTS WHICH,
22 ALTHOUGH ENTERED INTO DURING SUCH PERIOD, WERE
23 ORIGINALLY NOT ENFORCEABLE, BUT WHICH HAVE BEEN
24 OR MAY BECOME ENFORCEABLE BY REASON OF SUBSEQUENT
25 VALIDATION IN PURSUANCE OF LAW.

~~TITLE II. INCOME TAX AMENDMENTS.~~

TITLE II.—INCOME TAX.

PART I.—GENERAL PROVISIONS.

DEFINITIONS.

~~SEC. 201. Section 200 of the Revenue Act of 1918~~
 is amended by adding at the end thereof two new paragraphs
 to read as follows:

SEC. 200. THAT WHEN USED IN THIS TITLE—

(1) THE TERM "TAXABLE YEAR" MEANS THE CALENDAR
 YEAR, OR THE FISCAL YEAR ENDING DURING SUCH CALENDAR
 YEAR, UPON THE BASIS OF WHICH THE NET INCOME IS
 COMPUTED UNDER SECTION 212 OR SECTION 232. THE
 TERM "FISCAL YEAR" MEANS AN ACCOUNTING PERIOD OF
 TWELVE MONTHS ENDING ON THE LAST DAY OF ANY MONTH
 OTHER THAN DECEMBER. THE FIRST TAXABLE YEAR, TO
 BE CALLED THE TAXABLE year 1921, shall BE THE CAL-
 ENDAR year 1921 OF ANY FISCAL YEAR ENDING DURING
 THE CALENDAR year 1921;

(2) THE TERM "FIDUCIARY" MEANS A GUARDIAN,
 TRUSTEE, EXECUTOR, ADMINISTRATOR, RECEIVER, CON-
 SERVATOR, OR ANY PERSON ACTING IN ANY FIDUCIARY
 CAPACITY FOR ANY PERSON, TRUST OR ESTATE;

(3) THE TERM "WITHHOLDING AGENT" MEANS ANY
 PERSON REQUIRED TO DEDUCT AND WITHHOLD ANY TAX
 UNDER THE PROVISIONS OF SECTION 221 OR SECTION 237;

1 ~~“The term ‘foreign trader’~~ (4) *The term “foreign*
 2 *trader” means a citizen or resident of the United States or*
 3 *domestic partnership, (1) 80 per centum or more of whose*
 4 *gross income for the three-year period ending with the close*
 5 *of the taxable year (or for such part of such period immediately*
 6 *preceding the close of the taxable year as may be applicable)*
 7 *was derived from sources without the United States as deter-*
 8 *mined under section 217, and (2) 50 per centum or more of*
 9 *whose gross income for such period or such part thereof was*
 10 *derived from the active conduct of a trade or business without*
 11 *the United States either on his own account or as the em-*
 12 *ployee or agent of another; another;*

13 ~~“The~~ (5) *The term “foreign trade corporation” means*
 14 *a domestic corporation, (1) 80 per centum or more of the gross*
 15 *income of which for the three-year period ending with the*
 16 *close of the taxable year (or for such part of such period as the*
 17 *corporation has been in existence), was derived from sources*
 18 *without the United States as determined under section 217,*
 19 *and (2) 50 per centum or more of the gross income of which*
 20 *for such period or such part thereof was derived from the*
 21 *active conduct of a trade or business without the United*
 22 *States.*²² *States;*

23 (6) *THE TERM, “PAID,” FOR THE PURPOSES OF THE*
 24 *DEDUCTIONS AND CREDITS UNDER THIS TITLE, MEANS “PAID*
 25 *ON A COURT” OR “PAID OR INCURRED,” AND THE TERMS*

1 "PAID OR INCURRED" AND "PAID OR ACCRUED" SHALL BE
 2 CONSTRUED ACCORDING TO THE METHOD OF ACCOUNTING
 3 UPON THE BASIS OF WHICH THE NET INCOME IS COMPUTED
 4 UNDER SECTION 212; and

5 (7) THE TERM "PERSONAL SERVICE CORPORATION"
 6 MEANS A CORPORATION WHOSE INCOME IS TO BE ASCRIBED
 7 PRIMARILY TO THE ACTIVITIES OF THE PRINCIPAL OWNERS
 8 OR STOCKHOLDERS WHO ARE THEMSELVES REGULARLY
 9 ENGAGED IN THE ACTIVE CONDUCT OF THE AFFAIRS OF THE
 10 CORPORATION AND IN WHICH CAPITAL (WHETHER INVESTED
 11 OR BORROWED) IS NOT A MATERIAL INCOME-PRODUCING
 12 FACTOR; BUT DOES NOT INCLUDE ANY FOREIGN CORPORA-
 13 TION, NOR ANY CORPORATION 50 PER CENTUM OR MORE OF
 14 WHOSE GROSS INCOME CONSISTS EITHER (1) OF GAINS,
 15 PROFITS, OR INCOME DERIVED FROM TRADING AS A PRIN-
 16 CIPAL, OR (2) OF GAINS, PROFITS, COMMISSIONS, OR OTHER
 17 INCOME, DERIVED FROM A GOVERNMENT CONTRACT OR
 18 CONTRACTS MADE BETWEEN APRIL 6, 1917, AND NOVEM-
 19 BER 11, 1918, BOTH DATES INCLUSIVE.

20 ~~SEC. 202. (a) Subdivisions (a), (b), (c), and (d), of sec-~~
 21 ~~tion 201 of the Revenue Act of 1918 are amended to read as~~
 22 ~~follows:~~

23 DIVIDENDS.

24 ~~SEC. 201~~ SEC. 201. (a) That the term "dividend"
 25 "dividend" when used in this title (except in paragraph

1 (10) of subdivision (a) of section 234 and paragraph (4) of
2 subdivision (a) of section 245) means any distribution made
3 by a corporation to its shareholders or members, whether in
4 cash or in other property, out of its earnings or profits accumu-
5 lated since February 28, 1913, except a distribution made
6 by a personal service corporation out of earnings or profits
7 accumulated since December 31, 1917, and prior to January
8 1, 1922, 1922.

9 ~~“(b)~~ (b). For the purposes of this Act every distribution
10 *distribution, except on a bona fide liquidation of the corpora-*
11 *tion, is made out of earnings or profits, and from the most*
12 *recently accumulated earnings or profits, to the extent of*
13 *such earnings or profits accumulated since February 28, 1913;*
14 *but any earnings or profits accumulated prior to March 1,*
15 *1913, may may, except as provided in subdivision (c), be*
16 *distributed exempt from the tax, after the earnings and*
17 *profits accumulated since February 28, 1913, have been*
18 *distributed.*

19 ~~“(c) Amounts distributed in the liquidation of a cor-~~
20 ~~poration shall be treated as in part or in full payment in~~
21 ~~exchange for stock or shares, and any gain or profit realized~~
22 ~~thereby shall be taxed to the distributee as other gains or~~
23 ~~profits.~~

24 (c) Any distribution (whether in cash or other property)
25 made by a corporation to its shareholders or members (1)

1 otherwise than out of earnings or profits accumulated since
 2 February 28, 1913, or (8) on a bona fide liquidation of the
 3 corporation, shall be treated as a partial or full return of the
 4 cost to the distributee of his stock or shares. Any gain or
 5 loss realized from such distribution or from the sale or other
 6 disposition of such stock or shares shall be treated in the same
 7 manner as other gains or losses under the provisions of section
 8 202.

9 ~~10~~ (d) For the purposes of this Act, a taxable dis-
 10 tribution made by a corporation to its shareholders or mem-
 11 bers shall be included in the gross income of the distributees
 12 as of the date when the cash or other property is unqualifiedly
 13 made subject to their demands.¹¹ demands.

14 ~~(b) Subdivision (c) of section 201 of the Revenue Act~~
 15 ~~of 1918 is repealed, to take effect January 1, 1922.~~

16 (E) ANY DISTRIBUTION MADE DURING THE FIRST SIXTY
 17 DAYS OF ANY TAXABLE YEAR SHALL BE DEEMED TO HAVE
 18 BEEN MADE FROM EARNINGS OR PROFITS ACCUMULATED
 19 DURING PRECEDING TAXABLE YEARS; BUT ANY DISTRIBU-
 20 TION MADE DURING THE REMAINDER OF THE TAXABLE
 21 YEAR SHALL BE DEEMED TO HAVE BEEN MADE FROM EARN-
 22 INGS OR PROFITS ACCUMULATED BETWEEN THE CLOSE OF
 23 THE PRECEDING TAXABLE YEAR AND THE DATE OF DIS-
 24 TRIBUTION; TO THE EXTENT OF SUCH EARNINGS OR PROFITS,
 25 AND IF THE BOOKS OF THE CORPORATION DO NOT SHOW THE

1 AMOUNT OF SUCH EARNINGS OR PROFITS, THE EARNINGS
 2 OR PROFITS FOR THE ACCOUNTING PERIOD WITHIN WHICH
 3 THE DISTRIBUTION WAS MADE SHALL BE DEEMED TO HAVE
 4 BEEN ACCUMULATED RATABLY DURING SUCH PERIOD. This
 5 subdivision shall not be in effect after December 31, 1921

6 ~~SEC. 202. Section 202 of the Revenue Act of 1918 is~~
 7 ~~amended to read as follows:~~

8 **BASIS FOR DETERMINING GAIN OR LOSS.**

9 ~~“Sec. 202. (a) The~~ **SEC. 202. (a) That** the basis for
 10 ascertaining the gain derived or loss sustained from a sale
 11 or other disposition of property, real, personal, or mixed,
 12 acquired after February 28, 1913, shall be the cost of such
 13 property; except that—

14 ~~“(1) (1)~~ (1) In the case of such property, which should be
 15 included in the inventory, the basis shall be the last inven-
 16 tory value thereof;

17 ~~“(2) (2)~~ (2) In the case of such property, acquired by gift
 18 after December 31, 1920, the basis shall be the same as that
 19 which it would have in the hands of the donor or the last pre-
 20 ceding owner by whom it was not acquired by gift. If the facts
 21 necessary to determine such basis are unknown to the donee,
 22 the Commissioner shall, if possible, obtain such facts from
 23 such donor or last preceding owner, or any other person
 24 cognizant thereof. If the Commissioner finds it impossible
 25 to obtain such facts, the basis shall be the value of such prop-

1 erty as found by the Commissioner as of the date or approxi-
2 mate date at which, according to the best information the
3 Commissioner is able to obtain, such property was acquired
4 by such donor or last preceding owner. In the case of such
5 property acquired by gift on or before December 31, 1920,
6 the basis for ascertaining gain or loss from a sale or other
7 disposition thereof, shall be the same as that provided by
8 this Act before its amendment by the Revenue Act of 1921;
9 thereof shall be the fair market price or value of such prop-
10 erty at the time of such acquisition;

11 ~~“(2)~~ (3) In the case of such property, acquired by
12 bequest, devise, or inheritance, the basis shall be the fair
13 market price or value of such property at the time of such
14 acquisition. The provisions of this paragraph shall apply to
15 the acquisition of such property interests as are specified in
16 subdivision (c) or (e) of section 402.

17 ~~“(b)~~ (b) The basis for ascertaining the gain derived or
18 loss sustained from the sale or other disposition of property,
19 real, personal, or mixed, acquired before March 1, 1913,
20 shall be the same as that provided by subdivision (a); but—

21 ~~“(1)~~ (1) If its fair market price or value as of March 1,
22 1913, is in excess of such basis, the gain to be included in
23 the gross income shall be the excess of the amount realized
24 therefor over such fair market price or value;

1 ~~“(2) (2)~~ If its fair market price or value as of March 1,
2 1913, is lower than such basis, the deductible loss is the
3 excess of the fair market price or value as of March 1, 1913,
4 over the amount realized therefor; and

5 ~~“(3) (3)~~ If the amount realized therefor is more than
6 such basis but not more than its fair market price or value
7 as of March 1, 1913, or less than such basis but not less than
8 such fair market price or value, no gain shall be included in
9 and no loss deducted from the gross income.

10 ~~“(c) In ascertaining the gain derived or loss sustained~~
11 ~~from a sale or other disposition of property, real, personal, or~~
12 ~~mixed, proper adjustment shall be made for (1) any expend-~~
13 ~~iture properly chargeable to capital account, and (2) any item~~
14 ~~of loss, impairment, exhaustion, wear and tear, obsolescence,~~
15 ~~amortization, depletion, depreciation, or similar expense~~
16 ~~properly chargeable with respect to such property.~~

17 ~~“(d) (c)~~ For the purposes of this title, on an exchange
18 of property, real, personal or mixed, for any other such
19 property, no gain or loss shall be recognized unless the prop-
20 erty received in exchange has a definite and readily real-
21 izable market value; but even if the property received in
22 exchange has a definite and readily realizable market value,
23 no gain or loss shall be recognized—

24 ~~“(1) (1)~~ When any such property held for investment,
25 or for productive use in trade or business (not including

1 stock-in-trade or other property held primarily for sale), is
 2 exchanged for property of a like kind or use;

3 ~~“(2) (2) When in the organization or the reorganiza-~~
 4 ~~tion of one or more corporations a person receives in place~~
 5 ~~of any such property stock or securities owned by him, new~~
 6 ~~stock or securities in a corporation a party to or resulting~~
 7 ~~from such reorganization. The word “reorganization,” as~~
 8 ~~used in this paragraph, includes a merger, consolidation~~
 9 ~~(however effected), merger or consolidation (including the~~
 10 ~~acquisition by one corporation of substantially all the stock~~
 11 ~~or substantially all the properties of another corporation),~~
 12 ~~recapitalization, or a mere mere change in identity, form, or~~
 13 ~~place of organization of a corporation corporation, (however~~
 14 ~~effected); and or~~

15 ~~“(3) (3) When (A) a person transfers any such property~~
 16 ~~property, real, personal or mixed, to a corporation, and imme-~~
 17 ~~diately after the transfer is in control of such corporation, or~~
 18 ~~(B) a group of two or more persons transfers transfer any~~
 19 ~~such property to a corporation, and immediately after the~~
 20 ~~transfer is are in control of such corporation; corporation,~~
 21 ~~and when the amounts of stock, securities, or both, received~~
 22 ~~by such persons are in substantially the same proportion as~~
 23 ~~their interest interests in the property before such transfer.~~
 24 ~~For the purposes of this paragraph, a person or group of~~
 25 ~~persons is is, or two or more persons are, “in control” of a~~

1 corporation when owning at least 80 per centum of the voting
2 stock and at least 80 per centum of the total number of shares
3 of all other classes of stock of the corporation.

4 (e) (d) (f) Where property is exchanged for other
5 property and no gain or loss is recognized under the pro-
6 visions of subdivision (d) (c), the property received shall, for
7 the purposes of this section, be treated as taking the place of
8 the property exchanged therefor, ~~therefor~~, except as provided
9 in subdivision (a);

10 (2) Where property is compulsorily or involuntarily con-
11 verted into cash or its equivalent in the manner described in
12 paragraph (13) of subdivision (a) of section 214 and para-
13 graph (14) of subdivision (a) of section 234, and the taxpayer
14 proceeds in good faith to expend or set aside the proceeds of
15 such conversion in the form and in the manner therein pro-
16 vided, the property acquired shall, for the purpose of this
17 section, be treated as taking the place of a like proportion of
18 the property converted;

19 (3) Where no deduction is allowed for a loss or a part
20 thereof under the provisions of paragraph (5) of subdivision
21 (a) of section 214 and paragraph (4) of subdivision (a) of
22 section 234, that part of the property acquired with relation
23 to which such loss is disallowed shall for the purposes of this
24 section be treated as taking the place of the property sold or
25 disposed of.

1 (e) Where property is exchanged for other property which
2 has no readily realizable market value, together with money
3 or other property which has a readily realizable market
4 value, then the money or the fair market value of the property
5 having such readily realizable market value received in
6 exchange shall be applied against and reduce the basis, pro-
7 vided in this section, of the property exchanged, and if in
8 excess of such basis, shall be taxable to the extent of the excess;
9 but when property is exchanged for property specified in
10 paragraphs (1), (2), and (3) of subdivision (c) as received
11 in exchange, together with money or other property of a
12 readily realizable market value other than that specified in
13 such paragraphs, the money or the fair market value of the
14 property received in exchange shall be applied against and
15 reduce the basis, provided in this section, of the property
16 exchanged, and if in excess of such basis, shall be taxable
17 to the extent of the excess.

18 (f) Nothing in this section shall be construed to prevent
19 (in the case of property sold under contract providing for
20 payment in installments) the taxation of that portion of any
21 installment payment representing gain or profit in the year
22 in which such payment is received.

23 ~~“(f) The basis for ascertaining allowable deductions~~
24 ~~for loss, exhaustion, wear and tear, obsolescence, amorti-~~
25 ~~zation, and other like deductions, except those authorized in~~

1 paragraph (10) of subdivision (a) of section 214 and in para-
 2 graph (9) of subdivision (a) of section 234, shall be the same
 3 basis as that provided by subdivisions (a) and (b) of this
 4 section."

5 INVENTORIES.

6 SEC. 203. THAT WHENEVER IN THE OPINION OF THE
 7 COMMISSIONER THE USE OF INVENTORIES IS NECESSARY IN
 8 ORDER CLEARLY TO DETERMINE THE INCOME OF ANY TAX-
 9 PAYER, INVENTORIES SHALL BE TAKEN BY SUCH TAXPAYER
 10 UPON SUCH BASIS AS THE COMMISSIONER, WITH THE AP-
 11 PROVAL OF THE SECRETARY, MAY PRESCRIBE AS CONFORM-
 12 ING AS NEARLY AS MAY BE TO THE BEST ACCOUNTING PRA-
 13 CTICE IN THE TRADE OR BUSINESS AND AS MOST CLEARLY
 14 REFLECTING THE INCOME.

15 ~~Sec. 204. Section 204 of the Revenue Act of 1918 is~~
 16 ~~amended to read as follows:~~

17 NET LOSSES.

18 "~~See~~ SEC. 204. (a) That as used in this section the term
 19 "net loss" means only net losses resulting after December
 20 31, 1920, from the operation of any *trade or* business regularly
 21 carried on by the taxpayer (including losses sustained from
 22 the sale or other disposition of real estate, machinery, and
 23 other capital assets, used in the conduct of such *trade or*
 24 business); and when so resulting means the excess of the
 25 deductions allowed by section 214 or 234 of this Act, as the

1 case may be, over the sum of the following: (1) ~~The the~~
2 gross income of the taxpayer for the taxable year, (2) any
3 interest received free from taxation under this title, (3) the
4 amount of deductible losses not sustained in such *trade or*
5 business, (4) amounts *received as dividends and* allowed as a
6 deduction under paragraph (6) of subdivision (a) of section
7 234, and (5) so much of the depletion deduction allowed
8 with respect to any mine, oil or gas well as is based upon
9 discovery value in lieu of cost.

10 ~~“(b)~~ (b) If for any taxable year beginning after December
11 31, 1920, it appears upon the production of evidence satis-
12 factory to the commissioner *Commissioner* that any taxpayer
13 has sustained a net loss, the amount thereof shall be deducted
14 from the net income of the taxpayer for the succeeding taxable
15 year; and if such net loss is in excess of the net income for
16 such succeeding taxable year, the amount of such excess shall
17 be allowed as a deduction in computing the net income for
18 the next succeeding taxable year; the deduction in all cases
19 to be made under regulations prescribed by the commissioner
20 *Commissioner* with the approval of the Secretary.

21 ~~“(c) In ascertaining whether a net loss (as defined in this~~
22 ~~section) has resulted in any taxable year, the computation~~
23 ~~shall be made without reference to the provisions of section~~
24 ~~207, and if a net loss is established it shall, in the first or~~
25 ~~second succeeding taxable year or years, be taken into~~

1 ~~account for the purposes of section 207 as a deduction in com-~~
 2 ~~puting the ordinary net income as defined in such section.~~

3 ~~“(d) (c) The benefit of this section shall be allowed to~~
 4 ~~the members of a partnership and the beneficiaries of an~~
 5 ~~estate or trust under regulations prescribed by the commis-~~
 6 ~~sioner Commissioner with the approval of the Secretary.”~~
 7 ~~Secretary.~~

8 *(d) If it appears, upon the production of evidence satis-*
 9 *factory to the Commissioner, that a taxpayer having a fiscal*
 10 *year beginning in 1920 and ending in 1921 has sustained a*
 11 *net loss during such fiscal year, such taxpayer shall be entitled*
 12 *to the benefits of this section in respect to the same proportion*
 13 *of such net loss which the portion of such fiscal year falling*
 14 *within the calendar year 1921 is of the entire fiscal year.*

15 ~~Sec. 205. Section 205 of the Revenue Act of 1918 is~~
 16 ~~amended to read as follows:~~

17 *FISCAL YEARS 1920-1921 AND 1921-1922.*

18 ~~“Sec. 205. (a) That if a taxpayer makes return~~
 19 ~~for a fiscal year beginning in 1920 and ending in 1921, his~~
 20 ~~tax under this title for the taxable year 1921 shall be the~~
 21 ~~sum of: (1) the same proportion of a tax for the entire period~~
 22 ~~computed under this title (as in force prior to the passage of~~
 23 ~~the Revenue Act of 1921) Title II of the Revenue Act of~~
 24 ~~1918 at the rates for the calendar year 1920 which the por-~~

1 tion of such period falling within the calendar year 1920
2 is of the entire period, and (2) the same proportion of a tax
3 for the entire period computed under this title at the rates
4 for the calendar year 1921, which the portion of such period
5 falling within the calendar year 1921 is of the entire period.

6 ~~“Any~~ Any amount paid before or after the passage of
7 ~~the Revenue Act of 1921~~ this Act on account of the tax
8 imposed for such fiscal year by this title ~~(as in force prior to~~
9 ~~the passage of the Revenue Act of 1921)~~ Title II of the
10 Revenue Act of 1918 shall be credited toward the payment
11 of the tax imposed for such fiscal year by this Act, and if
12 the amount so paid exceeds the amount of such tax imposed
13 by this Act, the excess shall be credited or refunded in
14 accordance with the provisions of section 252.

15 ~~“(b)~~ (b) If a taxpayer makes return for a fiscal year
16 beginning in 1921 and ending in 1922, his tax under this
17 title for the taxable year 1922 shall be the sum of: (1) the
18 same proportion of a tax for the entire period computed
19 under this title (as in force on December 31, 1921) at the
20 rates for the calendar year 1921 which the portion of such
21 period falling within the calendar year 1921 is of the entire
22 period, and (2) the same proportion of a tax for the entire
23 period computed under this title *(as in force on January 1,*
24 *1922)* at the rates for the calendar year 1922 which the

1 portion of such period falling within the calendar year 1922
 2 is of the entire period: *Provided*, That in the case of a per-
 3 sonal service corporation the amount to be paid shall be
 4 only that specified in clause (2):

5 ~~“(e)~~ (c) If a fiscal year of a partnership begins in 1920 and
 6 ends in 1921, or begins in 1921 and ends in 1922, then (1)
 7 the rates for the calendar year during which such fiscal year
 8 begins shall apply to an amount of each partner's share of
 9 such partnership net income (determined under the law
 10 applicable to such year) equal to the proportion which the
 11 part of such fiscal year falling within such calendar year
 12 bears to the full fiscal year, and (2) the rates for the calendar
 13 year during which such fiscal year ends shall apply to an
 14 amount of each partner's share of such partnership net income
 15 (determined under the law applicable to such calendar year)
 16 equal to the proportion which the part of such fiscal year
 17 falling within such calendar year bears to the full fiscal
 18 year.” year.

19 ~~Sec. 206. Part I of Title II of the Revenue Act of 1918~~
 20 ~~is amended by adding at the end thereof a new section, to~~
 21 ~~take effect January 1, 1922, to read as follows:~~

22 ~~“CAPITAL CAPITAL GAIN AND CAPITAL LOSS.~~

23 ~~“Sec. 207. (a).~~ *SEC. 206. (a)* That for the purpose of
 24 this title:

1 ~~“The term ‘capital gain’~~ (1) *The term “capital gain”*
 2 means taxable gain from the sale or exchange of capital
 3 assets consummated after December 31, 1921;

4 ~~“The term ‘capital loss’~~ (2) *The term “capital loss”*
 5 means deductible loss resulting from the sale or exchange of
 6 capital assets consummated after December 31, 1921;

7 ~~“The term ‘capital deductions’~~ (3) *The term “capital*
 8 *deductions”* means such deductions as are allowed under this
 9 title for the purpose of computing net income and are properly
 10 allocable to or chargeable against items of capital gain as
 11 herein defined in this section;

12 ~~“The term ‘capital net gain’~~ (4) *The term “capital net*
 13 *gain”* means the excess of the total amount of capital gain
 14 over the sum of the capital deductions and capital losses;

15 ~~“The term ‘capital net loss’~~ (5) *The term “capital net*
 16 *loss”* means the excess of the sum of the capital losses plus
 17 the capital deductions over the total amount of capital gain;

18 ~~“The term ‘ordinary net income’~~ (6) *The term “ordinary*
 19 *net income”* means the net income, computed in accordance
 20 with the provisions of this title, after excluding all items of
 21 capital gain, capital loss, and capital deductions; and

22 ~~“The term ‘capital assets’~~ (7) *The term “capital assets”*
 23 as used in this section includes property acquired and held by
 24 the taxpayer for profit or investment (whether or not con-
 25 nected with his trade or business), but does not include prop-

1 erty held for the personal use or consumption of the taxpayer
 2 or his family, or stock in trade of the taxpayer or other prop-
 3 erty of a kind which would properly be included in the in-
 4 ventory of the taxpayer if on hand at the close of the taxable
 5 year.

6 ~~“(b) In the case of any taxpayer (other than a corpora-~~
 7 ~~tion) whose ordinary net income and capital net gain together~~
 8 ~~exceed \$20,000, there shall be levied, collected, and paid, in~~
 9 ~~lieu of the taxes imposed by sections 210 and 211 of this~~
 10 ~~title, a tax determined as follows:~~

11 ~~“(A partial tax shall first be computed upon the basis of~~
 12 ~~the ordinary net income at the rates and in the manner pro-~~
 13 ~~vided in sections 210 and 211, and the total tax shall be this~~
 14 ~~amount plus 12½ per centum of the capital net gain, or minus~~
 15 ~~12½ per centum of the capital net loss, as the case may be;~~
 16 ~~but in no such case where the taxpayer derives a capital~~
 17 ~~net gain, shall the total tax be less than 12½ per centum~~
 18 ~~of the total net income. The total tax thus determined~~
 19 ~~shall be levied, collected, and paid at the same time and in~~
 20 ~~the same manner and subject to the same provisions of law,~~
 21 ~~including penalties, as other taxes under this title.~~

22 *(b) In the case of any taxpayer who for any taxable year*
 23 *derives a capital net gain, such capital net gain shall, under*
 24 *regulations prescribed by the Commissioner with the approval*
 25 *of the Secretary, be stated separately from the ordinary net*

1 *income in the taxpayer's return; and only 40 per centum of*
 2 *such capital net gain shall be taken into account in determining*
 3 *the amount of the net income upon which taxes are imposed*
 4 *by sections 210, 211, and 230 of this title.*

5 ~~“(e)~~ (c) In the case of a partnership or of an estate or
 6 trust, the proper part of each share of the net income which
 7 consists, respectively, of ordinary net ~~income~~, *income and*
 8 ~~capital net gain, or capital net loss~~ shall be determined under
 9 rules and regulations to be prescribed by the ~~commissioner~~
 10 *Commissioner* with the approval of the Secretary, and shall
 11 be separately shown in the return of the partnership or
 12 estate or trust, and shall be taxed to the member or bene-
 13 ficiary or to the estate or trust as provided in sections 218
 14 and 219, but at the rates and in the manner provided in
 15 subdivision (b) of this ~~section.~~ *section.*

16 *PART II.—INDIVIDUALS.*

17 *NORMAL TAX.*

18 *SEC. 210. THAT, IN LIEU OF THE tax imposed by section*
 19 *210 of the Revenue Act of 1918, THERE SHALL BE LEVIED,*
 20 *COLLECTED, AND PAID FOR EACH TAXABLE YEAR UPON THE*
 21 *NET INCOME OF EVERY INDIVIDUAL A NORMAL TAX OF 8 PER*
 22 *CENTUM OF THE AMOUNT OF THE NET INCOME IN EXCESS OF*
 23 *THE CREDITS PROVIDED IN SECTION 216: PROVIDED, THAT*
 24 *IN THE CASE OF A CITIZEN OR RESIDENT OF THE UNITED*

1 STATES THE RATE UPON THE FIRST \$4,000 OF SUCH EXCESS
2 AMOUNT SHALL BE 4 PER CENTUM.

3 ~~Sec. 207. That section 211 of the Revenue Act of 1918~~
4 ~~is amended by adding at the end thereof a new subdivision~~
5 ~~to read as follows:~~

6 ~~“(c) For the calendar year 1922, and each calendar~~
7 ~~year thereafter, the rate upon the amount by which the net~~
8 ~~income exceeds \$66,000 shall be 32 per centum instead of~~
9 ~~the rates specified in subdivision (a) in respect thereto.”~~

10 SURTAX.

11 SEC. 211. (A) THAT, IN LIEU OF THE tax imposed by
12 section 211 of the Revenue Act of 1918, BUT IN ADDITION TO
13 THE NORMAL TAX IMPOSED BY SECTION 210 OF THIS ACT,
14 THERE SHALL BE LEVIED, COLLECTED, AND PAID FOR EACH
15 TAXABLE YEAR UPON THE NET INCOME OF EVERY INDIV-
16 VIDUAL--

17 (1) For the calendar year 1921, a surtax equal to the
18 sum of the following:

19 1. PER CENTUM OF THE AMOUNT BY WHICH THE NET
20 INCOME EXCEEDS \$5,000 AND DOES NOT EXCEED \$6,000;

21 2. PER CENTUM OF THE AMOUNT BY WHICH THE NET
22 INCOME EXCEEDS \$6,000 AND DOES NOT EXCEED \$8,000;

23 3. PER CENTUM OF THE AMOUNT BY WHICH THE NET
24 INCOME EXCEEDS \$8,000 AND DOES NOT EXCEED \$10,000;

- 1 4 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 2 INCOME EXCEEDS \$10,000 AND DOES NOT EXCEED \$12,000;
- 3 5 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 4 INCOME EXCEEDS \$12,000 AND DOES NOT EXCEED \$14,000;
- 5 6 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 6 INCOME EXCEEDS \$14,000 AND DOES NOT EXCEED \$16,000;
- 7 7 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 8 INCOME EXCEEDS \$16,000 AND DOES NOT EXCEED \$18,000;
- 9 8 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 10 INCOME EXCEEDS \$18,000 AND DOES NOT EXCEED \$20,000;
- 11 9 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 12 INCOME EXCEEDS \$20,000 AND DOES NOT EXCEED \$22,000;
- 13 10 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 14 INCOME EXCEEDS \$22,000 AND DOES NOT EXCEED \$24,000;
- 15 11 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 16 INCOME EXCEEDS \$24,000 AND DOES NOT EXCEED \$26,000;
- 17 12 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 18 INCOME EXCEEDS \$26,000 AND DOES NOT EXCEED \$28,000;
- 19 13 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 20 INCOME EXCEEDS \$28,000 AND DOES NOT EXCEED \$30,000;
- 21 14 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 22 INCOME EXCEEDS \$30,000 AND DOES NOT EXCEED \$32,000;
- 23 15 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 24 INCOME EXCEEDS \$32,000 AND DOES NOT EXCEED \$34,000;

- 1 16 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 2 INCOME EXCEEDS \$34,000 AND DOES NOT EXCEED \$36,000;
- 3 17 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 4 INCOME EXCEEDS \$36,000 AND DOES NOT EXCEED \$38,000;
- 5 18 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 6 INCOME EXCEEDS \$38,000 AND DOES NOT EXCEED \$40,000;
- 7 19 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 8 INCOME EXCEEDS \$40,000 AND DOES NOT EXCEED \$42,000;
- 9 20 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 10 INCOME EXCEEDS \$42,000 AND DOES NOT EXCEED \$44,000;
- 11 21 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 12 INCOME EXCEEDS \$44,000 AND DOES NOT EXCEED \$46,000;
- 13 22 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 14 INCOME EXCEEDS \$46,000 AND DOES NOT EXCEED \$48,000;
- 15 23 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 16 INCOME EXCEEDS \$48,000 AND DOES NOT EXCEED \$50,000;
- 17 24 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 18 INCOME EXCEEDS \$50,000 AND DOES NOT EXCEED \$52,000;
- 19 25 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 20 INCOME EXCEEDS \$52,000 AND DOES NOT EXCEED \$54,000;
- 21 26 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 22 INCOME EXCEEDS \$54,000 AND DOES NOT EXCEED \$56,000;
- 23 27 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 24 INCOME EXCEEDS \$56,000 AND DOES NOT EXCEED \$58,000;

- 1 28 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 2 INCOME EXCEEDS \$58,000 AND DOES NOT EXCEED \$60,000;
- 3 29 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 4 INCOME EXCEEDS \$60,000 AND DOES NOT EXCEED \$62,000;
- 5 30 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 6 INCOME EXCEEDS \$62,000 AND DOES NOT EXCEED \$64,000;
- 7 31 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 8 INCOME EXCEEDS \$64,000 AND DOES NOT EXCEED \$66,000;
- 9 32 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 10 INCOME EXCEEDS \$66,000 AND DOES NOT EXCEED \$68,000;
- 11 33 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 12 INCOME EXCEEDS \$68,000 AND DOES NOT EXCEED \$70,000;
- 13 34 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 14 INCOME EXCEEDS \$70,000 AND DOES NOT EXCEED \$72,000;
- 15 35 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 16 INCOME EXCEEDS \$72,000 AND DOES NOT EXCEED \$74,000;
- 17 36 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 18 INCOME EXCEEDS \$74,000 AND DOES NOT EXCEED \$76,000;
- 19 37 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 20 INCOME EXCEEDS \$76,000 AND DOES NOT EXCEED \$78,000;
- 21 38 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 22 INCOME EXCEEDS \$78,000 AND DOES NOT EXCEED \$80,000;
- 23 39 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 24 INCOME EXCEEDS \$80,000 AND DOES NOT EXCEED \$82,000;

- 1 40 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 2 INCOME EXCEEDS \$82,000 AND DOES NOT EXCEED \$84,000;
- 3 41 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 4 INCOME EXCEEDS \$84,000 AND DOES NOT EXCEED \$86,000;
- 5 42 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 6 INCOME EXCEEDS \$86,000 AND DOES NOT EXCEED \$88,000;
- 7 43 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 8 INCOME EXCEEDS \$88,000 AND DOES NOT EXCEED \$90,000;
- 9 44 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 10 INCOME EXCEEDS \$90,000 AND DOES NOT EXCEED \$92,000;
- 11 45 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 12 INCOME EXCEEDS \$92,000 AND DOES NOT EXCEED \$94,000;
- 13 46 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 14 INCOME EXCEEDS \$94,000 AND DOES NOT EXCEED \$96,000;
- 15 47 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 16 INCOME EXCEEDS \$96,000 AND DOES NOT EXCEED \$98,000;
- 17 48 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 18 INCOME EXCEEDS \$98,000 AND DOES NOT EXCEED \$100,000;
- 19 52 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 20 INCOME EXCEEDS \$100,000 AND DOES NOT EXCEED \$150,000;
- 21 56 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 22 INCOME EXCEEDS \$150,000 AND DOES NOT EXCEED \$200,000;
- 23 60 PER CENTUM OF THE AMOUNT BY WHICH THE NET
- 24 INCOME EXCEEDS \$200,000 AND DOES NOT EXCEED \$300,000;

1 - 63 PER CENTUM OF THE AMOUNT BY WHICH THE NET
2 INCOME EXCEEDS \$300,000 AND DOES NOT EXCEED \$500,000;

3 64 PER CENTUM OF THE AMOUNT BY WHICH THE NET
4 INCOME EXCEEDS \$500,000 AND DOES NOT EXCEED
5 \$1,000,000;

6 65 PER CENTUM OF THE AMOUNT BY WHICH THE NET
7 INCOME EXCEEDS \$1,000,000;

8 (2) For the calendar year 1922 and each calendar year
9 thereafter, a surtax equal to the sum of the following:

10 1 per centum of the amount by which the net income
11 exceeds \$6,000 and does not exceed \$8,000;

12 2 per centum of the amount by which the net income
13 exceeds \$8,000 and does not exceed \$10,000;

14 3 per centum of the amount by which the net income
15 exceeds \$10,000 and does not exceed \$12,000;

16 4 per centum of the amount by which the net income
17 exceeds \$12,000 and does not exceed \$14,000;

18 5 per centum of the amount by which the net income
19 exceeds \$14,000 and does not exceed \$16,000;

20 6 per centum of the amount by which the net income
21 exceeds \$16,000 and does not exceed \$18,000;

22 7 per centum of the amount by which the net income
23 exceeds \$18,000 and does not exceed \$20,000;

24 10 per centum of the amount by which the net income
25 exceeds \$20,000 and does not exceed \$22,000;

1 11 per centum of the amount by which the net income
2 exceeds \$22,000 and does not exceed \$24,000;

3 12 per centum of the amount by which the net income
4 exceeds \$24,000 and does not exceed \$26,000;

5 13 per centum of the amount by which the net income
6 exceeds \$26,000 and does not exceed \$28,000;

7 14 per centum of the amount by which the net income
8 exceeds \$28,000 and does not exceed \$30,000;

9 15 per centum of the amount by which the net income
10 exceeds \$30,000 and does not exceed \$32,000;

11 16 per centum of the amount by which the net income
12 exceeds \$32,000 and does not exceed \$34,000;

13 17 per centum of the amount by which the net income
14 exceeds \$34,000 and does not exceed \$36,000;

15 18 per centum of the amount by which the net income
16 exceeds \$36,000 and does not exceed \$38,000;

17 19 per centum of the amount by which the net income
18 exceeds \$38,000 and does not exceed \$40,000;

19 20 per centum of the amount by which the net income
20 exceeds \$40,000 and does not exceed \$42,000;

21 21 per centum of the amount by which the net income
22 exceeds \$42,000 and does not exceed \$44,000;

23 22 per centum of the amount by which the net income
24 exceeds \$44,000 and does not exceed \$46,000;

1 23 per centum of the amount by which the net income
2 exceeds \$48,000 and does not exceed \$50,000;

3 24 per centum of the amount by which the net income
4 exceeds \$50,000 and does not exceed \$52,000;

5 25 per centum of the amount by which the net income
6 exceeds \$52,000 and does not exceed \$54,000;

7 26 per centum of the amount by which the net income
8 exceeds \$54,000 and does not exceed \$56,000;

9 27 per centum of the amount by which the net income
10 exceeds \$56,000 and does not exceed \$58,000;

11 28 per centum of the amount by which the net income
12 exceeds \$58,000 and does not exceed \$60,000;

13 29 per centum of the amount by which the net income
14 exceeds \$60,000 and does not exceed \$62,000;

15 30 per centum of the amount by which the net income
16 exceeds \$62,000 and does not exceed \$64,000;

17 31 per centum of the amount by which the net income
18 exceeds \$64,000 and does not exceed \$66,000;

19 32 per centum of the amount by which the net income
20 exceeds \$66,000.

21 (B) IN THE CASE OF A BONA FIDE SALE OF MINES, OIL
22 OR GAS WELLS, OR ANY INTEREST THEREIN, WHERE THE
23 PRINCIPAL VALUE OF THE PROPERTY HAS BEEN DEMON-
24 STRATED BY PROSPECTING OR EXPLORATION AND DISCOV-
25 ERY WORK DONE BY THE TAXPAYER, THE PORTION OF THE

1 TAX IMPOSED BY THIS SECTION ATTRIBUTABLE TO SUCH
 2 SALE SHALL NOT EXCEED, for the calendar year 1921, 20 per
 3 centum, and for each calendar year thereafter 16 per centum,
 4 OF THE SELLING PRICE OF SUCH PROPERTY OR INTEREST.

5 ~~SECTION 212~~ NET INCOME OF INDIVIDUALS DEFINED.

6 SEC. 212. (A) THAT IN THE CASE OF AN INDIVIDUAL
 7 THE TERM "NET INCOME" MEANS THE GROSS INCOME AS
 8 DEFINED IN SECTION 213, LESS THE DEDUCTIONS ALLOWED
 9 BY SECTION 214.

10 (B) THE NET INCOME SHALL BE COMPUTED UPON THE
 11 BASIS OF THE TAXPAYER'S ANNUAL ACCOUNTING PERIOD
 12 (FISCAL YEAR OR CALENDAR YEAR, AS THE CASE MAY BE)
 13 IN ACCORDANCE WITH THE METHOD OF ACCOUNTING REGU-
 14 LARLY EMPLOYED IN KEEPING THE BOOKS OF SUCH TAX-
 15 PAYER; BUT IF NO SUCH METHOD OF ACCOUNTING HAS
 16 BEEN SO EMPLOYED, OR IF THE METHOD EMPLOYED DOES
 17 NOT CLEARLY REFLECT THE INCOME, THE COMPUTATION
 18 SHALL BE MADE UPON SUCH BASIS AND IN SUCH MANNER
 19 AS IN THE OPINION OF THE COMMISSIONER DOES CLEARLY
 20 REFLECT THE INCOME. IF THE TAXPAYER'S ANNUAL
 21 ACCOUNTING PERIOD IS OTHER THAN A FISCAL YEAR AS
 22 DEFINED IN SECTION 200 OR IF THE TAXPAYER HAS NO
 23 ANNUAL ACCOUNTING PERIOD OR DOES NOT KEEP BOOKS,
 24 THE NET INCOME SHALL BE COMPUTED ON THE BASIS OF
 25 THE CALENDAR YEAR.

1 (c) If a taxpayer changes his accounting period
 2 from fiscal year to calendar year, from calendar
 3 year to fiscal year, or from one fiscal year to
 4 another, the net income shall, with the approval
 5 of the Commissioner, be computed on the basis of
 6 such new accounting period, subject to the pro-
 7 visions of section 286.

8 ~~Sec. 208. Subdivision (a) of section 213 of the Revenue~~
 9 ~~Act of 1918 is amended to read as follows:~~

10 ~~SECTION 213. GROSS INCOME DEFINED.~~

11 ~~SEC. 213. THAT FOR THE PURPOSES OF THIS TITLE~~
 12 ~~(EXCEPT AS OTHERWISE PROVIDED IN SECTION 239) THE~~

13 ~~TERM "GROSS INCOME"—~~

14 ~~"(a) Includes gains, profits, and income derived from~~
 15 ~~salaries, wages, or compensation for personal service of what-~~
 16 ~~ever kind and in whatever form paid (including in the case~~
 17 ~~of THE PRESIDENT OF THE UNITED STATES, THE JUDGES~~
 18 ~~OF THE SUPREME AND INFERIOR COURTS OF THE UNITED~~
 19 ~~STATES, AND ALL OTHER officers and employees EMPLOYED,~~
 20 ~~WHETHER ELECTED OR APPOINTED, of the United States,~~
 21 ~~Alaska, Hawaii, or any political subdivision thereof, or the~~
 22 ~~District of Columbia, whether elected or appointed, the~~
 23 ~~compensation received as such), OF WHATEVER KIND AND~~
 24 ~~IN WHATEVER FORM PAID, or from professions, vocations,~~
 25 ~~trades, businesses, commerce, or sales, or dealings in prop-~~

1 party, whether real or personal, growing out of the ownership
 2 or use of or interest in such property; also from interest,
 3 rent, dividends, securities, or the transaction of any busi-
 4 ness carried on for gain or profit, or gains or profits and in-
 5 come derived from any source whatever. Income received
 6 by any marital community shall be included in the gross
 7 income of the spouse having the management and control of
 8 the such community property property, and shall be taxed
 9 as the income of such spouse. The amount of all such items
 10 (except as provided in subdivision (d) of section 201) shall
 11 be included in the gross income for the taxable year in which
 12 received by the taxpayer, unless, under methods of account-
 13 ing permitted under subdivision (b) of section 212, any such
 14 amounts are to be properly accounted for as of a different
 15 period; but— but

16 (b) DOES NOT INCLUDE THE FOLLOWING ITEMS, WHICH
 17 SHALL BE EXEMPT FROM TAXATION UNDER THIS TITLE:

18 ~~Sec. 209. Paragraph (1) of subdivision (b) of section 212~~
 19 ~~of the Revenue Act of 1918 is amended to read as follows:~~

20 (1) (1) The proceeds of life insurance policies paid upon
 21 the death of the insured; insured;

22 (2) THE AMOUNT RECEIVED BY THE INSURED AS A
 23 RETURN OF PREMIUM OR PREMIUMS PAID BY HIM UNDER
 24 LIFE INSURANCE, ENDOWMENT, OR ANNUITY CONTRACTS,
 25 EITHER DURING THE TERM OR AT THE MATURITY OF THE

1 TERM MENTIONED IN THE CONTRACT OR UPON SURRENDER
2 OF THE CONTRACT;

3 (3) THE VALUE OF PROPERTY ACQUIRED BY GIFT,
4 BEQUEST, DEVISE, OR DESCENT (BUT THE INCOME FROM
5 SUCH PROPERTY SHALL BE INCLUDED IN GROSS INCOME);

6 ~~Sec. 210. Paragraph (4) of subdivision (b) of section 213~~
7 ~~of the Revenue Act of 1918 is amended to read as follows:~~

8 “(4) (4) Interest upon (a) the obligations of a State,
9 Territory, or any political subdivision thereof, or the Dis-
10 trict of Columbia; or (b) securities issued under the provisions
11 of the Federal Farm Loan Act of July 17, 1916; or (c) the
12 obligations of the United States or its possessions; or (d)
13 bonds issued by the War Finance Corporation. In the case
14 of obligations of the United States issued after September 1,
15 1917 (*other than postal savings certificates of deposit*), and
16 in the case of bonds issued by the War Finance Corporation,
17 the interest shall be exempt only if and to the extent pro-
18 vided in the respective Acts authorizing the issue thereof as
19 amended and supplemented, and shall be excluded from gross
20 income only if and to the extent it is wholly exempt to the
21 taxpayer from income, war-profits and excess-profits taxes,
22 taxes;

23 (5) THE INCOME OF FOREIGN GOVERNMENTS RECEIVED
24 FROM INVESTMENTS IN THE UNITED STATES IN STOCKS,
25 BONDS, OR OTHER DOMESTIC SECURITIES, OWNED BY SUCH

1 FOREIGN GOVERNMENTS, OR FROM INTEREST ON DEPOSITS
2 IN BANKS IN THE UNITED STATES OF MONEYS BELONGING
3 TO SUCH FOREIGN GOVERNMENTS, OR FROM ANY OTHER
4 SOURCE WITHIN THE UNITED STATES;

5 (6) AMOUNTS RECEIVED, THROUGH ACCIDENT OR
6 HEALTH INSURANCE OR UNDER WORKMEN'S COMPENSATION
7 ACTS, AS COMPENSATION FOR PERSONAL INJURIES OR SICK-
8 NESS, PLUS THE AMOUNT OF ANY DAMAGES RECEIVED
9 WHETHER BY SUIT OR AGREEMENT ON ACCOUNT OF SUCH
10 INJURIES OR SICKNESS;

11 (7) INCOME DERIVED FROM ANY PUBLIC UTILITY OR
12 THE EXERCISE OF ANY ESSENTIAL GOVERNMENTAL FUNC-
13 TION AND ACCRUING TO ANY STATE, TERRITORY, OR THE
14 DISTRICT OF COLUMBIA, OR ANY POLITICAL SUBDIVISION
15 OF A STATE OR TERRITORY, OR INCOME ACCRUING TO THE
16 GOVERNMENT OF ANY POSSESSION OF THE UNITED STATES,
17 OR ANY POLITICAL SUBDIVISION THEREOF.

18 WHENEVER ANY STATE, TERRITORY, OR THE DIS-
19 TRICT OF COLUMBIA, OR ANY POLITICAL SUBDIVISION OF
20 A STATE OR TERRITORY, PRIOR TO SEPTEMBER 8, 1916,
21 ENTERED IN GOOD FAITH INTO A CONTRACT WITH ANY
22 PERSON, THE OBJECT AND PURPOSE OF WHICH IS TO ACQUIRE,
23 CONSTRUCT, OPERATE, OR MAINTAIN A PUBLIC UTILITY, NO
24 TAX SHALL BE LEVIED UNDER THE PROVISIONS OF THIS
25 TITLE UPON THE INCOME DERIVED FROM THE OPERATION

1 OF SUCH PUBLIC UTILITY, SO FAR AS THE PAYMENT THEREOF
 2 WILL IMPOSE A LOSS OR BURDEN UPON SUCH STATE, TER-
 3 RITORY, DISTRICT OF COLUMBIA, OR POLITICAL SUB-
 4 DIVISION; BUT THIS PROVISION IS NOT INTENDED TO CONFER
 5 UPON SUCH PERSON ANY FINANCIAL GAIN OR EXEMPTION
 6 OR TO RELIEVE SUCH PERSON FROM THE PAYMENT OF A
 7 TAX AS PROVIDED FOR IN THIS TITLE UPON THE PART OR
 8 PORTION OF SUCH INCOME TO WHICH SUCH PERSON IS
 9 ENTITLED UNDER SUCH CONTRACT;

10 ~~Sec. 211. Subdivision (b) of such section 213 is further~~
 11 ~~amended by striking out paragraph (8) and inserting in lieu~~
 12 ~~thereof four new paragraphs to read as follows:~~

13 ~~“(8) The income (8) In the case of a nonresident alien~~
 14 ~~individual or foreign corporation which corporation, more~~
 15 ~~than 95 per centum of whose gross income (computed without~~
 16 ~~the benefit of this paragraph) consists exclusively of gross~~
 17 ~~earnings derived from the operation of a ship or ships docu-~~
 18 ~~mented under the laws of a foreign country which grants an~~
 19 ~~equivalent exemption to citizens of the United States and~~
 20 ~~to corporations organized in the United States; or to domestic~~
 21 ~~corporations the amount of gross earnings derived from~~
 22 ~~such operation;~~

23 ~~“(9) (9) Amounts received as compensation, family~~
 24 ~~allotments and allowances under the provisions of the War~~
 25 ~~Risk Insurance and the Vocational Rehabilitation Acts, or~~

1 as pensions from the United States for service of the bene-
 2 ficiary or another in the military or naval forces of the United
 3 States in time of war; war.

4 ~~“(10) Compensation received by the President of the~~
 5 ~~United States and the judges of the Supreme and inferior~~
 6 ~~courts of the United States;~~

7 ~~“(11) So much of the amount received by an individual~~
 8 ~~as dividends or interest from domestic building and loan~~
 9 ~~associations, operated exclusively for the purpose of making~~
 10 ~~loans to members, as does not exceed \$500.”~~

11 ~~Sec. 212. Subdivision (c) of such section 213 is amended~~
 12 ~~to read as follows:~~

13 ~~“(c) In the case of a nonresident alien individual, or~~
 14 ~~a foreign trader, gross income means only the gross income~~
 15 ~~from sources within the United States, determined under the~~
 16 ~~provisions of section 217.” 217.~~

17 ~~Sec. 213. Paragraphs (1), (2), and (3) of subdivision~~
 18 ~~(a) of section 214 of the Revenue Act of 1918 are amended~~
 19 ~~to read as follows:~~

20 *DEDUCTIONS ALLOWED INDIVIDUALS.*

21 *SEC. 214. (A) THAT IN COMPUTING NET INCOME*
 22 *THERE SHALL BE ALLOWED AS DEDUCTIONS:*

23 ~~“(1) (1) All the ordinary and necessary expenses paid~~
 24 ~~or incurred during the taxable year in carrying on any trade~~
 25 ~~or business, including a reasonable allowance for salaries or~~

1 other compensation for personal services actually rendered;
 2 traveling expenses (including the entire amount expended
 3 for meals and lodging) while away from home in the pursuit
 4 of a trade or business; and rentals or other payments required
 5 to be made as a condition to the continued use of or pos-
 6 session, for purposes of the trade or business, of property to
 7 which the taxpayer has not taken or is not taking title or
 8 in which he has no equity;

9 ~~“(2)~~ (2) All interest paid or accrued within the taxable
 10 year on indebtedness, except on indebtedness incurred or
 11 continued to purchase or carry obligations or securities, the
 12 interest upon which is wholly exempt from taxation under
 13 this title as income to the taxpayer; taxpayer: *Provided, That*
 14 *in the case of returns made for the taxable year 1921 or 1922*
 15 *there shall be allowed as a deduction interest paid or accrued*
 16 *during such taxable year and before January 1, 1922, on*
 17 *indebtedness incurred or continued to purchase or carry*
 18 *obligations of the United States issued after September 24,*
 19 *1917, even though the interest therefrom is so wholly exempt;*

20 ~~“(3)~~ (3) Taxes paid or accrued within the taxable year
 21 except (a) income, war-profits, and excess-profits taxes im-
 22 posed by the authority of the United States or any of its
 23 possessions or of any foreign country and States (b) so much
 24 of the income, war-profits, and excess-profits taxes imposed by
 25 the authority of any foreign country or possession of the

1 *United States, as is allowed as a credit under section 222,*
 2 *and (b) (c) taxes assessed against local benefits of a kind*
 3 *tending to increase the value of the property assessed,*
 4 *assessed, and (d) taxes imposed upon the taxpayer upon his*
 5 *interest as shareholder or member of a corporation, which are*
 6 *paid by the corporation without reimbursement from the*
 7 *taxpayer;*

8 **(4) LOSSES SUSTAINED DURING THE TAXABLE YEAR**
 9 **AND NOT COMPENSATED FOR BY INSURANCE OR OTHERWISE,**
 10 **IF INCURRED IN TRADE OR BUSINESS:**

11 ~~SEC. 214. Paragraphs (5), (6), and (7) of subdivision~~
 12 ~~(a) of section 214 of the Revenue Act of 1918 are amended~~
 13 ~~to read as follows:~~

14 ~~“(5) (5) Losses sustained during the taxable year and~~
 15 ~~not compensated for by insurance or otherwise, if incurred in~~
 16 ~~any transaction entered into for profit, though not connected~~
 17 ~~with the trade or business; but in the case of a nonresident~~
 18 ~~alien individual or foreign trader only if and to the extent~~
 19 ~~that the profit, if such transaction had resulted in a profit,~~
 20 ~~would be taxable under this title. No deduction shall be~~
 21 ~~allowed under paragraphs (4) and (5) this paragraph for any~~
 22 ~~loss claimed to have been sustained in any sale or other dis-~~
 23 ~~position of shares of stock or securities made after the passage of~~
 24 ~~the Revenue Act of 1921 this Act where it appears that at or~~
 25 ~~about within thirty days after the date of such sale or other dis-~~

1 position the taxpayer has acquired (otherwise than by bequest
 2 or inheritance) identical property in the same or substantially
 3 the same amount as the property sold or disposed of. If such
 4 new acquisition is to the extent of part only of identical
 5 property, then the amount of loss deductible shall be in
 6 proportion as the total amount of the property sold or dis-
 7 posed of bears to the property acquired;

8 ~~“(6)~~ (6) Losses sustained during the taxable year of
 9 property not connected with the trade or business (but in the
 10 case of a nonresident alien individual or foreign trader only
 11 property within the United States) if arising from fires,
 12 storms, shipwreck, or other casualty, or from theft, and if not
 13 compensated for by insurance or otherwise. Losses allowed
 14 under paragraphs (4), (5), and (6) of this subdivision shall
 15 be deducted as of the taxable year in which sustained unless,
 16 in order to clearly reflect the income, the loss should, in the
 17 opinion of the commissioner *Commissioner*, be accounted for
 18 as of a different period;

19 ~~“(7)~~ (7) Debts ascertained to be worthless and charged
 20 off within the taxable year (or, in the discretion of the com-
 21 missioner, a reasonable addition to a reserve for bad debts);
 22 and when satisfied that a debt is recoverable only in part, the
 23 commissioner may allow such debt to be charged off in part,
 24 year;

1 (6) A REASONABLE ALLOWANCE FOR THE EXHAUSTION,
 2 WEAR AND TEAR OF PROPERTY USED IN THE TRADE OR
 3 BUSINESS, INCLUDING A REASONABLE ALLOWANCE FOR
 4 OBSOLESCENCE. *In the case of such property acquired before*
 5 *March 1, 1918, this deduction shall be computed upon the*
 6 *basis of its fair market price or value as of March 1, 1918:*

7 ~~Sec. 215. Paragraph (9) of subdivision (a) of section~~
 8 ~~214 of the Revenue Act of 1918 is amended by striking out~~
 9 ~~the words "taxes imposed by this title and by Title III"~~
 10 ~~and inserting in lieu thereof the words "income, war profits~~
 11 ~~and excess profits taxes".~~

12 (9) *In the case of buildings, machinery, equip-*
 13 *ment, or other facilities, constructed, erected,*
 14 *installed, or acquired, on or after April 6, 1917,*
 15 *for the production of articles contributing to the*
 16 *prosecution of the war against the German Government,*
 17 *and in the case of vessels constructed or acquired*
 18 *on or after such date for the transportation of*
 19 *articles or men contributing to the prosecution of*
 20 *such war, there shall be allowed a reasonable de-*
 21 *duction for the amortization of such part of the*
 22 *cost of such facilities or vessels as has been borne*
 23 *by the taxpayer, but not again including any amount*
 24 *otherwise allowed under this title or previous*
 25 *Acts of Congress as a deduction in computing net*

1 INCOME AT ANY TIME before March 3, 1924, THE COM-
2 MISSIONER MAY, AND AT THE REQUEST OF THE TAXPAYER
3 SHALL, REEXAMINE THE RETURN, AND IF HE THEN FINDS
4 AS A RESULT OF AN APPRAISAL OR FROM OTHER EVIDENCE
5 THAT THE DEDUCTION ORIGINALLY ALLOWED WAS INCOR-
6 RECT, THE income, war-profits, and excess-profits TAXES
7 FOR THE YEAR OR YEARS AFFECTED SHALL BE REDETER-
8 MINED: AND THE AMOUNT OF TAX DUE UPON SUCH REDE-
9 TERMINATION, IF ANY, SHALL BE PAID UPON NOTICE AND
10 DEMAND BY THE COLLECTOR, OR THE AMOUNT OF TAX OVER-
11 PAID, IF ANY, SHALL BE CREDITED OR REFUNDED TO THE
12 TAXPAYER IN ACCORDANCE WITH THE PROVISIONS OF SEC-
13 TION 252;

14 (10) IN THE CASE OF MINES, OIL AND GAS WELLS,
15 OTHER NATURAL DEPOSITS, AND TIMBER, A REASONABLE
16 ALLOWANCE FOR DEPLETION AND FOR DEPRECIATION OF
17 IMPROVEMENTS, ACCORDING TO THE PECULIAR CONDITIONS
18 IN EACH CASE, BASED UPON COST INCLUDING COST OF DE-
19 VELOPMENT NOT OTHERWISE DEDUCTED: PROVIDED, THAT
20 IN THE CASE OF SUCH PROPERTIES ACQUIRED PRIOR TO
21 MARCH, 1, 1913, THE FAIR MARKET VALUE OF THE PROPERTY
22 (OR THE TAXPAYER'S INTEREST THEREIN) ON THAT DATE
23 SHALL BE TAKEN IN LIEU OF COST UP TO THAT DATE: PRO-
24 VIDED FURTHER, THAT IN THE CASE OF MINES, OIL AND GAS
25 WELLS, DISCOVERED BY THE TAXPAYER, ON OR AFTER

1 MARCH 1, 1913, AND NOT ACQUIRED AS THE RESULT OF
2 PURCHASE OF A PROVEN TRACT OR LEASE, WHERE THE
3 FAIR MARKET VALUE OF THE PROPERTY IS MATERIALLY
4 DISPROPORTIONATE TO THE COST, THE DEPLETION ALLOW-
5 ANCE SHALL BE BASED UPON THE FAIR MARKET VALUE
6 OF THE PROPERTY AT THE DATE OF THE DISCOVERY, OR
7 WITHIN THIRTY DAYS THEREAFTER. And provided further,
8 That such depletion allowance based on discovery value shall
9 not exceed the net income, computed without allowance for
10 depletion, from the property upon which the discovery is made,
11 except where such net income so computed is less than the
12 depletion allowance based on cost or fair market value as of
13 March 1, 1913; SUCH REASONABLE ALLOWANCE IN ALL THE
14 ABOVE CASES TO BE MADE UNDER RULES AND REGULATIONS
15 TO BE PRESCRIBED BY THE COMMISSIONER, WITH THE
16 APPROVAL OF THE SECRETARY. IN THE CASE OF LEASES
17 THE DEDUCTIONS ALLOWED BY THIS PARAGRAPH SHALL
18 BE EQUITABLY APPORTIONED BETWEEN THE LESSOR AND
19 LESSEE;

20 ~~Sec. 216. Paragraph (11) of subdivision (a) of section~~
21 ~~214 of the Revenue Act of 1918 is amended to read as follows:~~
22 ~~“(11) (11) Contributions or gifts made within the tax-~~
23 ~~able year to or for the use of: (A) The United States, any~~
24 ~~State, Territory, or any political subdivision thereof, or the~~
25 ~~District of Columbia, for exclusively public purposes; (B)~~

1 any corporate corporation, or community chest, fund, or
 2 foundation, organized and operated exclusively for religious,
 3 charitable, scientific, literary, or educational purposes, or
 4 for the prevention of cruelty to children or animals, no part
 5 of the net earnings of which inures to the benefit of any
 6 private stockholder or individual; or (C) the special fund
 7 for vocational rehabilitation authorized by section 7 of
 8 the Vocational Rehabilitation Act; to an amount which in
 9 all of the above cases combined does not exceed 15 percentum
 10 of the taxpayer's net income as computed without the benefit
 11 of this paragraph. In case of a nonresident alien indi-
 12 vidual or foreign trader this deduction shall be allowed only
 13 as to contributions or gifts made to domestic corporations, or
 14 to community chests, funds, or foundations, created in the
 15 United States, or to such vocational rehabilitation fund.
 16 Such contributions or gifts shall be allowable as deductions
 17 only if verified under rules and regulations prescribed by the
 18 commissioner ~~Commissioner~~, with the approval of the Sec-
 19 retary; ~~Secretary~~; ~~Secretary~~
 20 ~~Sec. 217. Subdivision (c) of section 214 of the Revenue~~
 21 ~~Act of 1913 is amended by adding at the end thereof a new~~
 22 ~~paragraph to read as follows:~~ (11) 44942 20
 23 ~~(12) If property is compulsorily or involuntarily~~
 24 ~~converted into cash or its equivalent as a result of (A) its~~
 25 ~~destruction in whole or in part, (B) theft or seizure, or (C)~~

1 an exercise of the power of requisition or condemnation, or
 2 the threat or imminence thereof; and if the taxpayer pro-
 3 ceeds forthwith in good faith, under regulations prescribed
 4 by the ~~commissioner~~ *Commissioner* with the approval of the
 5 Secretary, to expend the proceeds of such conversion in the
 6 acquisition, ~~directly or through the purchase of stock,~~ of
 7 other property of a character similar or related in service or
 8 use to the property so converted, ~~or in the acquisition of~~ 80
 9 ~~per centum or more of the stock or shares of a corporation~~
 10 ~~owning such other property,~~ or in the establishment of a
 11 replacement fund, then there shall be allowed as a deduction
 12 ~~so much such portion of the gain derived as the portion of~~
 13 ~~the proceeds so expended bears to the entire proceeds, and~~
 14 ~~the property acquired shall be treated as taking the place~~
 15 ~~of a like proportion of the property converted.~~ ²¹ *proceeds.*
 16 *The provisions of this paragraph prescribing the conditions*
 17 *under which a deduction may be taken in respect of the pro-*
 18 *ceeds or gains derived from the compulsory or involuntary*
 19 *conversion of property into cash or its equivalent, shall apply*
 20 *so far as may be practicable to the exemption or exclusion*
 21 *of such proceeds or gains from gross income under prior*
 22 *income, war-profits and excess-profits tax acts.*
 23 ~~Sec. 216. Subdivision (b) of section 211 of the Revenue~~
 24 ~~Act of 1918 is amended to read as follows:~~

1 ~~“(b) (b) In the case of a nonresident alien individual or a~~
 2 ~~foreign trader, the deductions allowed in subdivision (a)~~
 3 ~~{except (a), except those allowed in paragraphs (5), (6), and~~
 4 ~~(11)} shall (11), shall be allowed only if and to the extent~~
 5 ~~that they are connected with income from sources within~~
 6 ~~the United States; and the proper apportionment and allo-~~
 7 ~~cation of the deductions with respect to sources of income~~
 8 ~~within and without the United States shall be determined as~~
 9 ~~provided in section 217 under rules and regulations prescribed~~
 10 ~~by the commissioner Commissioner with the approval of the~~
 11 ~~Secretary, which determination shall be final.” Secretary.~~

12 ~~Sec. 210. Section 215 of the Revenue Act of 1918 is~~
 13 ~~amended by adding at the end of such section a new sub-~~
 14 ~~division to read as follows:~~

15 ~~ITEMS NOT DEDUCTIBLE.~~

16 ~~SEC. 215. (a) THAT IN COMPUTING NET INCOME NO DE-~~
 17 ~~DUCTION SHALL IN ANY CASE BE ALLOWED IN RESPECT OF--~~

18 ~~(1) PERSONAL, LIVING, OR FAMILY EXPENSES;~~

19 ~~(2) ANY AMOUNT PAID OUT FOR NEW BUILDINGS OR FOR~~
 20 ~~PERMANENT IMPROVEMENTS OR BETTERMENTS MADE TO IN-~~
 21 ~~CREASE THE VALUE OF ANY PROPERTY OR ESTATE;~~

22 ~~(3) ANY AMOUNT EXPENDED IN RESTORING PROPERTY~~
 23 ~~OR IN MAKING GOOD THE EXHAUSTION THEREOF FOR WHICH~~
 24 ~~AN ALLOWANCE IS OR HAS BEEN MADE; OR~~

1 (A) PREMIUMS PAID ON ANY LIFE INSURANCE POLICY
 2 COVERING THE LIFE OF ANY OFFICER OR EMPLOYEE, OR OF
 3 ANY PERSON FINANCIALLY INTERESTED IN ANY TRADE OR
 4 BUSINESS CARRIED ON BY THE TAXPAYER, WHEN THE TAX-
 5 PAYER IS DIRECTLY OR INDIRECTLY A BENEFICIARY UNDER
 6 SUCH POLICY.

7 (e) (b) Amounts paid under the laws of any State,
 8 Territory, District of Columbia, possession of the United
 9 States, or foreign country as income to the holder of a life or
 10 terminable interest acquired by gift, bequest, devise, or
 11 inheritance shall not be reduced or diminished by any de-
 12 duction for shrinkage (by whatever name called) in the
 13 value of such interest due to the lapse of time, nor by any
 14 deduction allowed by this Act for the purpose of computing
 15 the net income of an estate or trust but not allowed under
 16 the laws of such State, Territory, District of Columbia,
 17 possession of the United States, or foreign country for the
 18 purpose of computing the income to which such holder is
 19 entitled.²² entitled.

20 ~~Sec. 220. Subdivision (a) of section 216 of the Revenue~~
 21 ~~Act of 1918 is amended to read as follows:~~

22 CREDITS ALLOWED INDIVIDUALS.

23 SEC. 216. THAT FOR THE PURPOSE OF THE NORMAL
 24 TAX ONLY THERE SHALL BE ALLOWED THE FOLLOWING
 25 CREDITS:

1 ~~“(a) The amount of dividends included in the gross~~
 2 ~~income;”~~

3 (a) The amount received as dividends (1) from a domes-
 4 tic corporation other than a foreign trade corporation, or (2)
 5 from a foreign corporation when it is shown to the satis-
 6 faction of the Commissioner that more than 50 per centum
 7 of the gross income of such foreign corporation for the three-
 8 year period ending with the close of its taxable year preced-
 9 ing the declaration of such dividends (or for such part of
 10 such period as the corporation has been in existence) was
 11 derived from sources within the United States as determined
 12 under the provisions of section 217;

13 (b) THE AMOUNT RECEIVED AS INTEREST UPON OBLI-
 14 GATIONS OF THE UNITED STATES AND BONDS ISSUED BY
 15 THE WAR FINANCE CORPORATION, WHICH IS INCLUDED
 16 IN GROSS INCOME UNDER SECTION 218;

17 Sec. 221. Subdivisions (c), (d), and (e) of section 216
 18 of the Revenue Act of 1916 are amended to read as follows:

19 “(e) (c) In the case of a single person, a personal exemp-
 20 tion of \$1,000; or in the case of the head of a family or a
 21 married person living with husband or wife, a personal exemp-
 22 tion of \$2,500, unless the net income is in excess of \$5,000,
 23 in which case the personal exemption shall be \$2,000. A
 24 husband and wife living together shall receive but one per-
 25 sonal exemption, which shall be computed on their aggregate

~~(d) net income; and in case they exemption. The amount of~~
~~(2) such personal exemption shall be \$2,500, unless the aggregate~~
~~3 net income of such husband and wife is in excess of \$5,000,~~
~~4 in which case the amount of such personal exemption shall~~
~~5 be \$2,000. If such husband and wife make separate returns,~~
~~6 the personal exemption may be taken by either or divided~~
~~7 between them;~~

~~8 “(d) (d) \$400 for each person (other than husband or~~
~~9 wife) dependent upon and receiving his chief support from~~
~~10 the taxpayer if such dependent person is under eighteen~~
~~11 years of age or is incapable of self-support because mentally~~
~~12 or physically defective.~~

~~13 “(e) (e) In the case of a nonresident alien individual~~
~~14 or foreign trader, the personal exemption shall be only~~
~~15 \$1,000, and he shall not be entitled to the credit provided~~
~~16 in subdivision (d).” (d).~~

~~17 ~~Sec. 222. Section 216 of the Revenue Act of 1918 is~~~~
~~18 ~~further amended by adding at the end thereof a new subdi-~~~~
~~19 ~~vision to read as follows:~~~~

~~20 “(f) (f) The credits allowed by subdivisions (c), (d),~~
~~21 and (e) of this section shall be determined by the status of~~
~~22 the taxpayer on the last day of the period for which the return~~
~~23 of income is made; but in the case of an individual who dies~~
~~24 during the taxable year, such credits shall be determined by~~
~~25 his status at the time of his death, and in such case full credits~~

1 shall be allowed to the surviving spouse, if any, according to
 2 his or her status at the close of the period for which such
 3 survivor makes return of income," *income.*

4 ~~Sec. 223. Section 217 of the Revenue Act of 1918 and~~
 5 ~~the heading preceding such section are amended to read as~~
 6 ~~follows:~~

7 ~~"NET NET INCOME OF NONRESIDENT ALIEN INDIVIDUALS~~
 8 ~~AND FOREIGN TRADERS.~~

9 ~~"SEC. SEC. 217. (a) IN~~ *That* in the case of a nonresi-
 10 dent alien individual or foreign trader, the following items
 11 of gross income shall be treated as ~~derived in full income~~
 12 from sources within the United States:

13 ~~"(1)~~ (1) Interest on bonds, notes, or other interest-
 14 bearing obligations of residents, corporate or otherwise
 15 ~~(except interest received from foreign traders or foreign trade~~
 16 ~~corporations, and interest on deposits in banks, banking asso-~~
 17 ~~ciations, and trust companies paid to persons not engaged in~~
 18 ~~business within the United States and not having an office~~
 19 ~~or place of business therein); otherwise not including~~
 20 (A) *interest received from foreign traders or foreign trade*
 21 *corporations, (B) interest on deposits with persons carrying*
 22 *on the banking business paid to persons not engaged in business*
 23 *within the United States and not having an office or place of*
 24 *business therein, or (C) interest received from a resident alien*
 25 *individual or a resident foreign corporation when it is shown*

1 to the satisfaction of the Commissioner that less than 20 per
2 centum of the gross income of such resident payor has been
3 derived from sources within the United States, as determined
4 under the provisions of this section, for the three-year period
5 ending with the close of the taxable year of such payor, or for
6 such part of such period immediately preceding the close of
7 such taxable year as may be applicable;

8 ~~“(2) Dividends from domestic corporations other than~~
9 ~~foreign trade corporations;~~

10 (2) The amount received as dividends (A) from a
11 domestic corporation other than a foreign trade corporation,
12 or (B) from a foreign corporation unless less than 50 per
13 centum of the gross income of such foreign corporation for
14 the three-year period ending with the close of its taxable year
15 preceding the declaration of such dividends (or for such part
16 of such period as the corporation has been in existence) was
17 derived from sources within the United States as determined
18 under the provisions of this section;

19 ~~“(3) (3) Compensation for labor or personal services~~
20 ~~performed in the United States;~~

21 ~~“(4) (4) Rentals or royalties from property located in~~
22 ~~the United States or from any interest in such property,~~
23 ~~including rentals or royalties for the use of or for the privi-~~
24 ~~lege of using in the United States, patents, copyrights,~~

1 secret processes and formulas, good will, trade marks, trade
2 brands, franchises, and other like property; and

3 ~~“(5) Gains, profits, and income from the ownership or
4 operation of any farm, mine, oil or gas well, other natural
5 deposit, or timber, located in the United States, and from
6 any sale by the producer of the products thereof;~~

7 ~~“(6) (5) Gains, profits, and income from the sale of
8 real property located in the United States; States.~~

9 ~~“(7) Gains, profits, and income from the sale of personal
10 property, both purchased and sold, or both produced and sold
11 by the taxpayer within the United States.~~

12 ~~“(b) (b) From the items of gross income specified in
13 subdivision (a) there shall be deducted the expenses, losses,
14 and other deductions properly apportioned or allocated
15 thereto and a ratable part of any expenses, losses, or other
16 deductions which can not definitely be allocated to some
17 item or class of gross income. The remainder, if any, shall
18 be included in full as net income from sources within the
19 United States.~~

20 ~~“(e) (c) The following items of gross income shall not be
21 included treated as income from sources within without the
22 United States:~~

23 ~~“(1) (1) Interest other than that derived from sources
24 within the United States as provided in paragraph (1) of
25 subdivision (a);~~

1 ~~“(9) Dividends from foreign corporations and from for-~~
 2 ~~“(10) Dividends from foreign corporations and from for-~~

3 ~~“(2) Dividends other than those derived from sources~~
 4 ~~“(3) Dividends other than those derived from sources~~
 5 ~~“(4) Dividends other than those derived from sources~~

6 ~~“(3) Compensation for labor or personal service per-~~
 7 ~~“(4) Compensation for labor or personal service per-~~

8 ~~“(4) (4) Rentals or royalties from property located~~
 9 ~~“(5) Rentals or royalties from property located~~
 10 ~~“(6) Rentals or royalties from property located~~
 11 ~~“(7) Rentals or royalties from property located~~
 12 ~~“(8) Rentals or royalties from property located~~
 13 ~~“(9) Rentals or royalties from property located~~
 14 ~~“(10) Rentals or royalties from property located~~

15 ~~“(5) Gains, profits, and income from the ownership or~~
 16 ~~“(6) Gains, profits, and income from the ownership or~~
 17 ~~“(7) Gains, profits, and income from the ownership or~~
 18 ~~“(8) Gains, profits, and income from the ownership or~~

19 ~~“(6) (5) Gains, profits, and income from the sale of real~~
 20 ~~“(7) (5) Gains, profits, and income from the sale of real~~

21 ~~“(7) Gains, profits, and income from the sale of per-~~
 22 ~~“(8) Gains, profits, and income from the sale of per-~~
 23 ~~“(9) Gains, profits, and income from the sale of per-~~

24 ~~“(d) No deduction shall be made from income from~~
 25 ~~“(e) No deduction shall be made from income from~~

1 of gross income specified in subdivision (c) there shall be
 2 deducted the expenses, losses, or and other deductions properly
 3 apportioned or allocated to items specified in subdivision (c)
 4 nor for thereto, and a ratable part of any expenses, losses,
 5 and or other deductions which can not definitely be allocated
 6 to some item or class of gross income. The remainder, if any,
 7 shall be treated in full as net income from sources without
 8 the United States.

9 ~~“(c) Except as otherwise provided in subdivisions (a)~~
 10 ~~and (c), gains, profits, and income are (for the purposes of this~~
 11 ~~title) derived partly from sources within and partly from~~
 12 ~~sources without the United States, when derived (1) from~~
 13 ~~transportation or other services rendered partly within and~~
 14 ~~partly without the United States, or (2) from the sale of~~
 15 ~~personal property produced (in whole or part) by the taxpayer~~
 16 ~~within the United State and sold without the United States,~~
 17 ~~or produced (in whole or part) by the taxpayer without the~~
 18 ~~United States and sold within the United States. In the case~~
 19 ~~of such income and of any other income (except that specified~~
 20 ~~in subdivisions (a) and (c)) the net income shall first be com-~~
 21 ~~puted by deducting the expenses, losses, or other deductions~~
 22 ~~apportioned or allocated thereto, and a ratable part of any~~
 23 ~~expense, losses, or other deductions which can not definitely~~
 24 ~~be allocated to some item or class of gross income. The~~
 25 ~~portion of such net income attributable to the sale, production,~~

~~1 or service rendered within the United States (which shall be
2 taxed as income from sources within the United States) shall
3 be determined by reasonable processes of allocation or appor-
4 tionment under regulations to be prescribed by the commis-
5 sioner with the approval of the Secretary.~~

6 *(e) Items of gross income, expenses, losses and deduc-
7 tions, other than those specified in subdivisions (a) and (c),
8 shall be allocated or apportioned to sources within or without
9 the United States under rules and regulations prescribed
10 by the Commissioner with the approval of the Secretary.
11 Where items of gross income are separately allocated to
12 sources within the United States, there shall be deducted (for
13 the purpose of computing the net income therefrom) the
14 expenses, losses and other deductions properly apportioned
15 or allocated thereto and a ratable part of other expenses,
16 losses or other deductions which can not definitely be allocated
17 to some item or class of gross income. The remainder, if any,
18 shall be included in full as net income from sources within
19 the United States. In the case of gross income derived from
20 sources partly within and partly without the United States,
21 the net income may first be computed by deducting the ex-
22 penses, losses or other deductions apportioned or allocated
23 thereto and a ratable part of any expenses, losses or other
24 deductions which can not definitely be allocated to some item
25 or class of gross income; and the portion of such net income*

1 *attributable to sources within the United States may be de-*
 2 *termined by processes or formulas of general apportionment*
 3 *prescribed by the Commissioner with the approval of the*
 4 *Secretary. Gains, profits and income from (1) transporta-*
 5 *tion or other services rendered partly within and partly*
 6 *without the United States, or (2) from the sale of personal*
 7 *property produced (in whole or in part) by the taxpayer*
 8 *within and sold without the United States, or produced (in*
 9 *whole or in part) by the taxpayer without and sold within the*
 10 *United States, shall be treated as derived partly from sources*
 11 *within and partly from sources without the United States.*
 12 *Gains, profits and income derived from the purchase of*
 13 *personal property within and its sale without the United*
 14 *States or from the purchase of personal property without and*
 15 *its sale within the United States, shall be treated as derived*
 16 *entirely from the country in which sold.*

17 *“(f) (f) As used in this section the words “sale” or*
 18 *“sold” include “exchange” or “exchanged”; and the word*
 19 *“produced” includes “created,” “fabricated,” “manufae-*
 20 *ctured,” “extracted,” “processed,” “cured,” or “aged.”*

21 *“(g) (g) A nonresident alien individual or a foreign*
 22 *trader shall receive the benefit of the deductions and credits*
 23 *allowed in this title only by filing or causing to be filed with*
 24 *the collector a true and accurate return of his total income*
 25 *received from all sources corporate or otherwise in the*

1 United States, in the manner prescribed in this title; in-
2 cluding therein all the information which the commissioner
3 Commissioner may deem necessary for the calculation of
4 such deductions and credits: *Provided*, That the benefit of
5 the credit allowed in subdivision (e) of section 216 may, in
6 the discretion of the commissioner Commissioner, be re-
7 ceived by filing a claim therefor with the withholding agent.
8 In case of failure to file a return, the collector shall collect
9 the tax on such income, and all property belonging to such
10 nonresident alien individual or foreign trader shall be liable
11 to distraint for the tax. tax.

12 ~~Sec. 224. (a) Subdivisions (b) and (c) of section 218 of~~
13 ~~the Revenue Act of 1918 are repealed to take effect January~~
14 ~~1, 1922. In the case of a personal service corporation hav-~~
15 ~~ing a fiscal year beginning in 1921 and ending in 1922,~~
16 ~~amounts distributed prior to January 1, 1922, to its stock-~~
17 ~~holders out of earnings or profits accumulated after Decem-~~
18 ~~ber 31, 1920, shall be taxed to the distributees under Title~~
19 ~~H of the Revenue Act of 1918 as in force prior to the pas-~~
20 ~~sage of this Act; and the stockholders of record on Decem-~~
21 ~~ber 31, 1921, shall be taxed under such title upon their~~
22 ~~distributive shares of the difference (if any) between such~~
23 ~~distributed profits and the portion of the corporation's net~~
24 ~~income assignable to the calendar year 1921, determined in~~

1 ~~the manner provided in clause (1) of subdivision (c) of section~~
 2 ~~205 of the Revenue Act of 1918 as amended by this Act.~~

3 ~~(b) Subdivision (d) of section 218 of the Revenue Act~~
 4 ~~of 1918 is amended to read as follows:~~

5 ~~"(d) The net income of the partnership shall be com-~~
 6 ~~puted in the same manner and on the same basis as provided~~
 7 ~~in section 212."~~

8 PARTNERSHIPS AND PERSONAL SERVICE CORPORATIONS.

9 SEC. 218. (A) THAT INDIVIDUALS CARRYING ON BUSI-
 10 NESS IN PARTNERSHIP SHALL BE LIABLE FOR INCOME TAX
 11 ONLY IN THEIR INDIVIDUAL CAPACITY. THERE SHALL BE
 12 INCLUDED IN COMPUTING THE NET INCOME OF EACH PARTNER
 13 HIS DISTRIBUTIVE SHARE, WHETHER DISTRIBUTED OR NOT,
 14 OF THE NET INCOME OF THE PARTNERSHIP FOR THE TAX-
 15 ABLE YEAR, OR, IF HIS NET INCOME FOR SUCH TAXABLE
 16 YEAR IS COMPUTED UPON THE BASIS OF A PERIOD DIFFERENT
 17 FROM THAT UPON THE BASIS OF WHICH THE NET INCOME
 18 OF THE PARTNERSHIP IS COMPUTED, THEN HIS DISTRIBUTIVE
 19 SHARE OF THE NET INCOME OF THE PARTNERSHIP FOR ANY
 20 ACCOUNTING PERIOD OF THE PARTNERSHIP ENDING WITHIN
 21 THE FISCAL OR CALENDAR YEAR UPON THE BASIS OF WHICH
 22 THE PARTNER'S NET INCOME IS COMPUTED.

23 (B) THE PARTNER SHALL, FOR THE PURPOSE OF THE
 24 NORMAL TAX, BE ALLOWED AS CREDITS, IN ADDITION TO THE
 25 CREDITS ALLOWED TO HIM UNDER SECTION 216, HIS PRO-

1 PORTIONATE SHARE OF SUCH AMOUNTS SPECIFIED IN SUB-
2 DIVISIONS (A) AND (B) OF SECTION 216 AS ARE RECEIVED
3 BY THE PARTNERSHIP.

4 (c) THE NET INCOME OF THE PARTNERSHIP SHALL BE
5 COMPUTED IN THE SAME MANNER AND ON THE SAME BASIS
6 AS PROVIDED IN SECTION 212 EXCEPT THAT THE DEDUCTION
7 PROVIDED IN PARAGRAPH (11) OF SUBDIVISION (A) OF
8 SECTION 214 SHALL NOT BE ALLOWED.

9 (d) PERSONAL SERVICE CORPORATIONS SHALL NOT BE
10 SUBJECT TO TAXATION UNDER THIS TITLE, BUT THE INDIV-
11 IDUAL STOCKHOLDERS THEREOF SHALL BE TAXED IN THE
12 SAME MANNER AS THE MEMBERS OF PARTNERSHIPS. ALL
13 THE PROVISIONS OF THIS TITLE RELATING TO PARTNER-
14 SHIPS AND THE MEMBERS THEREOF SHALL SO FAR AS PRACTI-
15 CABLE APPLY TO PERSONAL SERVICE CORPORATIONS AND
16 THE STOCKHOLDERS THEREOF. PROVIDED, THAT FOR THE
17 PURPOSE OF THIS SUBDIVISION AMOUNTS DISTRIBUTED BY
18 A PERSONAL SERVICE CORPORATION DURING ITS TAXABLE
19 YEAR SHALL BE ACCOUNTED FOR BY THE DISTRIBUTEES;
20 AND ANY PORTION OF THE NET INCOME REMAINING UNDIS-
21 TRIBUTED AT THE CLOSE OF ITS TAXABLE YEAR SHALL BE
22 ACCOUNTED FOR BY THE STOCKHOLDERS OF SUCH CORPORA-
23 TION AT THE CLOSE OF ITS TAXABLE YEAR IN PROPORTION
24 TO THEIR RESPECTIVE SHARES.

1 This subdivision shall not be in effect after December
 2 31, 1921. In the case of a personal service corporation hav-
 3 ing a fiscal year beginning in 1921 and ending in 1922,
 4 amounts distributed prior to January 1, 1922, to its stock-
 5 holders out of earnings or profits accumulated after Decem-
 6 ber 31, 1920, shall be taxed to the distributees under Title
 7 II of the Revenue Act of 1918; and the stockholders of rec-
 8 ord on December 31, 1921, shall be taxed under such title
 9 upon their distributive shares of the difference (if any) be-
 10 tween such distributive profits and the portion of the corpo-
 11 ration's net income assignable to the calendar year 1921,
 12 determined in the manner provided in clause (1) of subdivi-
 13 sion (c) of section 205 of this Act.

14 ~~Sec. 225. Section 210 of the Revenue Act of 1918 is~~
 15 ~~amended to read as follows:~~

16 ~~ESTATES AND TRUSTS.~~

17 ~~“Sec. 210. (a) That the tax imposed by sections~~
 18 ~~210 and 211 shall apply to the income of estates or of any~~
 19 ~~kind of property held in trust, including—~~

20 ~~“(1) (1) Income received by estates of deceased persons~~
 21 ~~during the period of administration or settlement of the~~
 22 ~~estate;~~

23 ~~“(2) (2) Income accumulated in trust for the benefit of~~
 24 ~~unborn or unascertained persons or persons with contingent~~
 25 ~~interests;~~

1 4(2) (3) Income held for future distribution under the
2 terms of the will or trust; and

3 4(4) (4) Income which is to be distributed to the bene-
4 ficiaries periodically, whether or not at regular intervals,
5 and the income collected by a guardian of an infant to be
6 held, or distributed as the court may direct:

7 4(b) (b) The fiduciary shall be responsible for making
8 the return of income for the estate or trust for which he acts.

9 The net income of the estate or trust shall be computed in
10 the same manner and on the same basis as provided in sec-

11 tion 212, except that (in lieu of the deduction authorized by
12 paragraph (11) of subdivision (a) of section 214) there shall

13 also be allowed as a deduction, without limitation, any part of
14 the gross income which, pursuant to the terms of the will or

15 deed creating the trust, is during the taxable year paid or
16 permanently set aside for the purposes and in the manner

17 specified in paragraph (11) of subdivision (a) of section 214;
18 214. and in cases in which there is any income of the class

19 described in paragraph (4) of subdivision (a) of this section
20 the fiduciary shall include in the return a statement of the in-

21 come of the estate or trust which, pursuant to the instrument
22 or order governing the distribution, is distributable to each

23 beneficiary, whether or not distributed before the close of
24 the taxable year for which the return is made.

1 ~~“(e)~~ (e) In cases under paragraphs (1), (2), or (3) of sub-
2 division (a) or in any other case within subdivision (a) of this
3 section except paragraph (4) thereof the tax shall be imposed
4 upon the net income of the estate or trust and shall be paid
5 by the fiduciary, except that in determining the net income of
6 the estate of any deceased person during the period of admin-
7 istration or settlement there may be deducted the amount of
8 any income properly paid or credited to any legatee, heir, or
9 other beneficiary. In such cases the estate or trust shall,
10 for the purpose of the normal tax, be allowed the same credits
11 as are allowed to single persons under section 216.

12 ~~“(d)~~ (d) In cases under paragraph (4) of subdivision (a),
13 and in the case of any income of an estate during the period
14 of administration or settlement permitted by subdivision (c)
15 to be deducted from the net income upon which tax is to be
16 paid by the fiduciary, the tax shall not be paid by the fidu-
17 ciary, but there shall be included in computing the net in-
18 come of each beneficiary that part of the income of the estate
19 or trust for its taxable year which, pursuant to the instrument
20 or order governing the distribution, is distributable to such
21 beneficiary, whether distributed or not, or if his taxable year
22 is different from that of the estate or trust, then there shall
23 be included in computing his net income his distributive
24 share of the income of the estate or trust for its taxable year
25 ending within the taxable year of the beneficiary. In such

1 cases the beneficiary shall, for the purpose of the normal tax,
2 be allowed as ~~credits~~ *credits*, in addition to the credits allowed
3 to him under section 216, his proportionate share of such
4 amounts specified in subdivisions (a) and (b) of section 216
5 as are received by the estate or trust.

6 ~~“(e)~~ (e) In the case of an estate or trust the income of
7 which consists both of income of the class described in para-
8 graph (4) of subdivision (a) of this section and other income,
9 the net income of the estate or trust shall be computed and the
10 return made by the fiduciary in accordance with subdivision
11 (b) and the tax shall be imposed, and shall be paid by the
12 fiduciary in accordance with subdivision (c), except that
13 there shall be allowed as an additional deduction in comput-
14 ing the net income of the estate or trust that part of its in-
15 come of the class described in paragraph (4) of subdivision
16 (a) which, pursuant to the instrument or order governing the
17 distribution, is distributable during its taxable year to the
18 ~~beneficiaries.~~ *beneficiaries.*

19 (f) *An irrevocable trust created by an employer as a*
20 *part of a stock bonus or profit-sharing plan for the exclusive*
21 *benefit of some or all of his employees, to which contributions*
22 *are made by such employer, or employees, or both, for the*
23 *purpose of distributing to such employees the earnings and*
24 *principal of the fund accumulated by the trust in accordance*
25 *with such plan, shall not be taxable under this section, but*

1 the amount actually distributed or made available to any
 2 such employee shall be taxable to him in the year in which
 3 so distributed or made available to the extent that it exceeds
 4 the amounts paid in by him. Such distributees shall for
 5 the purpose of the normal tax be allowed as credits that part
 6 of the amount so distributed or made available as represents
 7 the items specified in subdivisions (a) and (b) of section 216.
 8 ~~Sec. 220. Section 220 of the Revenue Act of 1918 is~~
 9 ~~amended to read as follows:~~

10 **EVASION OF SURTAXES BY INCORPORATIONS.**

11 ~~“Sec. SEC. 220.~~ That if any corporation, however
 12 created or organized, is formed or availed of for the purpose
 13 of preventing the imposition of the surtax upon its stock-
 14 holders or members through the medium of permitting its
 15 gains and profits to accumulate instead of being divided or
 16 distributed, there shall be levied, collected, and paid
 17 for each taxable year upon the net income of such cor-
 18 poration a tax equal to 25 per centum of the amount
 19 thereof, which shall be in addition to the tax im-
 20 posed by section 230 of this title and shall be com-
 21 puted, collected, and paid at the same time and in the same
 22 manner and subject to the same provisions of law, including
 23 penalties, as that tax: *Provided*, That if all the stockholders
 24 or members of such corporation agree thereto, the commis-

1 sioner *Commissioner* may, in lieu of all income, war-profits
2 and excess-profits taxes imposed upon the corporation for the
3 taxable year, tax the stockholders or members of such cor-
4 poration upon their distributive shares in the net income of
5 the corporation for the taxable year in the same manner as
6 provided in subdivision (a) of section 218 in the case of mem-
7 bers of a partnership. The fact that any corporation is a
8 mere holding company, or that the gains and profits are per-
9 mitted to accumulate beyond the reasonable needs of the
10 business, shall be prima facie evidence of a purpose to escape
11 the surtax; but the fact that the gains and profits are in any
12 case permitted to accumulate and become surplus shall not
13 be construed as evidence of a purpose to escape the tax in
14 such case unless the ~~commissioner~~ *Commissioner* certifies
15 that in his opinion such accumulation is unreasonable for
16 the purposes of the business. When requested by the ~~com-~~
17 ~~missioner~~ *Commissioner*, or any collector, every corporation
18 shall forward to him a correct statement of such gains and
19 profits and the names and addresses of the individuals or
20 shareholders who would be entitled to the same if divided or
21 distributed, and of the amounts that would be payable to
22 each." each.

23 ~~Sec. 227. Subdivisions (a) and (b) of section 221 of~~
24 ~~the Revenue Act of 1918 are amended to read as follows:~~

PAYMENT OF INDIVIDUAL'S TAX AT SOURCE.

1 "Sec. SEC. 221. (a) That all individuals, corporations,
2 and partnerships, in whatever capacity acting, including
3 lessees or mortgagors of real or personal property, fiduciaries,
4 employers, and all officers and employees of the United States
5 having the control, receipt, custody, disposal, or payment of
6 interest (except (1) interest received from foreign traders
7 or foreign trade corporations, and (2) interest on deposits in
8 banks, banking associations, and trust companies with per-
9 sons carrying on the banking business paid to persons not
10 engaged in business in the United States and not having
11 an office or place of business therein), rent, salaries, wages,
12 premiums, annuities, compensations, remunerations, emolu-
13 ments, or other fixed or determinable annual or periodical
14 gains, profits, and income, of any nonresident alien indi-
15 vidual or of any partnership composed in whole or in part
16 of nonresident aliens (other than *income received as divi-*
17 *dends of the class allowed as a credit by subdivision (a) of*
18 *section 216*) shall (except in the cases provided for in sub-
19 division (b) and except as otherwise provided in regulations
20 prescribed by the ~~commissioner~~ Commissioner under sec-
21 tion 217) deduct and withhold from such annual or periodical
22 gains, profits, and income tax equal to 8 per centum thereof:
23 *Provided, That the commissioner* Commissioner may au-
24 thorize such tax to be deducted and withheld from the interest
25

1 upon any securities the owners of which are not known to
2 the withholding agent.

3 ~~“(b)~~ (b) In any case where bonds, mortgages, or deeds
4 of trust, or other similar obligations of a corporation contain a
5 contract or provision by which the obligor agrees to pay any
6 portion of the tax imposed by this title upon the obligee, or
7 to reimburse the obligee for any portion of the tax, or to pay
8 the interest without deduction for any tax which the obligor
9 may be required or permitted to pay thereon, or to retain
10 therefrom under any law of the United States, the obligor
11 shall deduct and withhold a tax equal to 2 per centum of the
12 interest upon such bonds, mortgages, deeds of trust, or other
13 obligations, whether such interest is payable annually or
14 at shorter or longer periods and whether payable to a non-
15 resident alien ~~individually~~ *individual* or to an individual
16 citizen or resident of the United States or to a partnership
17 ~~or a corporation~~: *Provided*, That the Commissioner may
18 authorize such tax to be deducted and withheld in the case of
19 interest upon any such bonds, mortgages, deeds of trust, or
20 other obligations, the owners of which are not known to the
21 withholding agent. Such deduction and withholding shall
22 not be required in the case of a citizen or resident entitled to
23 receive such interest, if he files with the withholding agent
24 on or before February 1 a signed notice in writing claiming
25 the benefit of the credits provided in subdivisions (c) and

1 (d) of section 216; nor in the case of a nonresident alien
2 individual if so provided for in regulations prescribed by the
3 Commissioner under subdivision (g) of section 217.²² 217.

4 (c) EVERY INDIVIDUAL, CORPORATION, OR PARTNER-
5 SHIP, REQUIRED TO DEDUCT AND WITHHOLD ANY TAX UNDER
6 THIS SECTION SHALL MAKE RETURN THEREOF ON OR BEFORE
7 MARCH 1 OF EACH YEAR AND SHALL ON OR BEFORE JUNE
8 15 PAY THE TAX TO THE OFFICIAL OF THE UNITED STATES
9 GOVERNMENT AUTHORIZED TO RECEIVE IT. EVERY SUCH
10 INDIVIDUAL, CORPORATION, OR PARTNERSHIP IS HEREBY
11 MADE LIABLE FOR SUCH TAX AND IS HEREBY INDEMNIFIED
12 AGAINST THE CLAIMS AND DEMANDS OF ANY INDIVIDUAL,
13 CORPORATION, OR PARTNERSHIP FOR THE AMOUNT OF ANY
14 PAYMENTS MADE IN ACCORDANCE WITH THE PROVISIONS
15 OF THIS SECTION.

16 (d) INCOME UPON WHICH ANY TAX IS REQUIRED TO
17 BE WITHHELD AT THE SOURCE UNDER THIS SECTION SHALL
18 BE INCLUDED IN THE RETURN OF THE RECIPIENT OF SUCH
19 INCOME, BUT ANY AMOUNT OF TAX SO WITHHELD SHALL BE
20 CREDITED AGAINST THE AMOUNT OF INCOME TAX AS COM-
21 PUTED IN SUCH RETURN.

22 (e) IF ANY TAX REQUIRED UNDER THIS SECTION TO
23 BE DEDUCTED AND WITHHELD IS PAID BY THE RECIPIENT
24 OF THE INCOME, IT SHALL NOT BE RE-COLLECTED FROM THE
25 WITHHOLDING AGENT, NOR IN CASES IN WHICH THE TAX IS

1 SO PAID SHALL ANY PENALTY BE IMPOSED UPON OR COL-
2 LECTED FROM THE RECIPIENT OF THE INCOME OR THE WITH-
3 HOLDING AGENT FOR FAILURE TO RETURN OR PAY THE SAME,
4 UNLESS SUCH FAILURE WAS FRAUDULENT AND FOR THE
5 PURPOSE OF EVADING PAYMENT.

6 ~~Sec. Subdivision (a) of section 222 of the Revenue~~
7 ~~Act of 1918 is amended to read as follows:~~

8 *CREDIT FOR TAXES IN CASE OF INDIVIDUALS.*

9 ~~“(a) SEC. 222.~~ (a) That the tax computed under Part II
10 of this title shall be credited with:

11 ~~“(1) (1)~~ (1) In the case of a citizen of the United States, the
12 amount of any income, war-profits and excess-profits taxes
13 paid during the taxable year to any foreign country or to
14 any possession of the United States; and

15 ~~“(2) (2)~~ (2) In the case of a resident of the United States,
16 the amount of any such taxes paid during the taxable year to
17 any possession of the United States; and

18 ~~“(3) (3)~~ (3) In the case of an alien resident of the United
19 States, the amount of any such taxes paid during the taxable
20 year to any foreign country, if the foreign country of which
21 such alien resident is a citizen or subject, in imposing such
22 taxes, allows a similar credit to citizens of the United States
23 residing in such country; and

24 ~~“(4) (4)~~ (4) In the case of any such individual who is a
25 member of a partnership or a beneficiary of an estate or trust,

1 his proportionate share of such taxes of the partnership or the
2 estate or trust paid during the taxable year to a foreign
3 country or to any possession of the United States, as the case
4 may be.

5 ~~“(5)~~ (5) The above credits shall not be allowed in the
6 case of a foreign trader; and in no other case shall the amount
7 of credit taken under this subdivision exceed the same propor-
8 tion of the ~~tax~~ *tax, against which such credit is taken*, which
9 the taxpayer's net income (computed without deduction for
10 any income, war-profits and excess-profits taxes imposed by
11 any foreign country or possession of the United States)
12 from sources without the United States bears to his entire
13 net income (computed without such deduction) for the same
14 taxable ~~year.~~ *year.*

15 (B) *IF ACCRUED TAXES WHEN PAID DIFFER FROM THE*
16 *AMOUNTS CLAIMED AS CREDITS BY THE TAXPAYER, OR IF*
17 *ANY TAX PAID IS REFUNDED IN WHOLE OR IN PART, THE*
18 *TAXPAYER SHALL NOTIFY THE COMMISSIONER, WHO SHALL*
19 *REDETERMINE THE AMOUNT OF THE TAX DUE UNDER PART*
20 *II OF THIS TITLE FOR THE YEAR OR YEARS AFFECTED, AND*
21 *THE AMOUNT OF TAX DUE UPON SUCH REDETERMINATION,*
22 *IF ANY, SHALL BE PAID BY THE TAXPAYER UPON NOTICE*
23 *AND DEMAND BY THE COLLECTOR, OR THE AMOUNT OF TAX*
24 *OVERPAID, IF ANY, SHALL BE CREDITED OR REFUNDED TO*
25 *THE TAXPAYER IN ACCORDANCE WITH THE PROVISIONS OF*

1 SECTION 252. IN THE CASE OF SUCH A TAX ACCRUED BUT
 2 NOT PAID, THE COMMISSIONER AS A CONDITION PRECEDENT
 3 TO THE ALLOWANCE OF THIS CREDIT MAY REQUIRE THE TAX-
 4 PAYER TO GIVE A BOND WITH SURETIES SATISFACTORY TO
 5 AND TO BE APPROVED BY THE COMMISSIONER IN SUCH
 6 PENAL SUM AS THE COMMISSIONER MAY REQUIRE, CONDI-
 7 TIONED FOR THE PAYMENT BY THE TAXPAYER OF ANY AMOUNT
 8 OF TAX FOUND DUE UPON ANY SUCH REDETERMINATION,
 9 AND THE BOND HEREIN PRESCRIBED SHALL CONTAIN SUCH
 10 FURTHER CONDITIONS AS THE COMMISSIONER MAY REQUIRE.

11 ~~Sec. 220. Subdivision (e) of section 222 of the Revenue~~
 12 ~~Act of 1918 is amended to read as follows:~~

13 ~~“(e) (c) These credits shall be allowed only if the tax-~~
 14 ~~payer furnishes evidence satisfactory to the commissioner~~
 15 ~~Commissioner showing the amount of income derived from~~
 16 ~~sources without the United States, and all other information~~
 17 ~~necessary for the verification and computation of such~~
 18 ~~credits.” credits.~~

19 ~~Sec. 220. Section 222 of the Revenue Act of 1918 is~~
 20 ~~further amended by adding at the end thereof a new para-~~
 21 ~~graph to read as follows:~~

22 ~~“(d) (d) If the taxpayer makes a return for a fiscal year~~
 23 ~~beginning in 1920 and ending in 1921, the credit for the~~
 24 ~~entire fiscal year shall, notwithstanding any provision of~~
 25 ~~this Act, be determined under the provisions of this sec-~~

1 tion; and the commissioner *Commissioner* is authorized to
 2 disallow, in whole or part, any such credit which he finds
 3 has already been taken by the taxpayer." *taxpayer.*

4 ~~Sec. 221. Section 223 of the Revenue Act of 1918 is~~
 5 ~~amended to read as follows:~~

6 ~~"Sec. 223. That every individual having a net income~~
 7 ~~for the taxable year of \$1,000 or over, if single, or if married~~
 8 ~~and not living with husband or wife, or of \$2,000 or over,~~
 9 ~~if married and living with husband or wife, shall make under~~
 10 ~~oath a return stating specifically the items of his gross income~~
 11 ~~and the deductions and credits allowed by this title. A~~
 12 ~~husband and wife living together may make a single joint~~
 13 ~~return, in which case the tax shall be computed on the com-~~
 14 ~~bined income.~~

15 ~~"If the taxpayer is unable to make his own return, the~~
 16 ~~return shall be made by a duly authorized agent or by the~~
 17 ~~guardian or other person charged with the care of the person~~
 18 ~~or property of such taxpayer.~~

19 *INDIVIDUAL RETURNS.*

20 *Sec. 223. (a) That the following individuals shall*
 21 *each make under oath a return stating specifically the items*
 22 *of his gross income and the deductions and credits allowed*
 23 *under this title—*

24 *(1) Every individual having a net income for the taxable*
 25 *year of \$1,000 or over, if single, or if married and not living*
 26 *with husband or wife;*

1. (2) Every individual having a net income for the
 2 taxable year of \$2,000 or over, if married and living with
 3 husband or wife; and

4. (3) Every individual having a gross income for the
 5 taxable year of \$5,000 or over, regardless of the amount of
 6 his net income.

7. (b) If a husband and wife living together have an ag-
 8 gregate net income for the taxable year of \$2,000 or over, or
 9 an aggregate gross income for such year of \$5,000 or over—

10. (d) Each shall make such a return, or

11. (2) The income of each shall be included in a single
 12 joint return, in which case the tax shall be computed on the
 13 aggregate income.

14. (i) IF THE TAXPAYER IS UNABLE TO MAKE HIS OWN
 15 RETURN, THE RETURN SHALL BE MADE BY A DULY AUTHOR-
 16 IZED AGENT OR BY THE GUARDIAN OR OTHER PERSON
 17 CHARGED WITH THE CARE OF THE PERSON OR PROPERTY
 18 OF SUCH TAXPAYER.

19. PARTNERSHIP RETURNS.

20. SEC. 224. THAT EVERY PARTNERSHIP SHALL MAKE A
 21 RETURN FOR EACH TAXABLE YEAR, STATING SPECIFICALLY
 22 THE ITEMS OF ITS GROSS INCOME AND THE DEDUCTIONS
 23 ALLOWED BY THIS TITLE, AND SHALL INCLUDE IN THE
 24 RETURN THE NAMES AND ADDRESSES OF THE INDIVIDUALS
 25 WHO WOULD BE ENTITLED TO SHARE IN THE NET INCOME

1 IF DISTRIBUTED AND THE AMOUNT OF THE DISTRIBUTIVE
2 SHARE OF EACH INDIVIDUAL. THE RETURN SHALL BE
3 SWORN TO BY ANY ONE OF THE PARTNERS.

4 FIDUCIARY RETURNS.

5 SEC. 225. (a) That every fiduciary (except a receiver
6 appointed by authority of law in possession of part only of
7 the property of an individual) shall make under oath a return
8 for any of the following individuals, estates, or trusts for
9 which he acts, stating specifically the items of gross income
10 thereof and the deductions and credits allowed under this
11 title—

12 (1) Every individual having a net income for the taxable
13 year of \$1,000 or over, if single, or if married and not living
14 with husband or wife;

15 (2) Every individual having a net income for the taxable
16 year of \$2,000 or over, if married and living with husband or
17 wife;

18 (3) Every individual having a gross income for the
19 taxable year of \$5,000 or over, regardless of the amount of
20 his net income;

21 (4) Every estate or trust the net income of which for the
22 taxable year is \$1,000 or over; and

23 (5) Every estate or trust of which any beneficiary is a
24 nonresident alien.

1 (b) UNDER SUCH REGULATIONS AS THE COMMISSIONER
2 WITH THE APPROVAL OF THE SECRETARY MAY PRESCRIBE
3 A RETURN MADE BY ONE OF TWO OR MORE JOINT FIDUCIARIES
4 AND FILED IN THE OFFICE OF THE COLLECTOR OF THE DIS-
5 TRICT WHERE SUCH FIDUCIARY RESIDES SHALL BE SUFFI-
6 CIENT COMPLIANCE WITH THE ABOVE REQUIREMENT. Such
7 FIDUCIARY SHALL MAKE OATH (1) THAT HE HAS SUFFICIENT
8 KNOWLEDGE OF THE AFFAIRS OF *the* INDIVIDUAL, ESTATE
9 OR TRUST *for which the return is made,* TO ENABLE HIM TO
10 MAKE THE RETURN, AND (2) THAT THE *return* IS, TO THE
11 BEST OF HIS KNOWLEDGE AND BELIEF, TRUE AND CORRECT.
12 Any *fiduciary* REQUIRED TO MAKE a return under this Act
13 SHALL BE SUBJECT TO ALL THE PROVISIONS OF THIS ACT
14 WHICH APPLY TO INDIVIDUALS.

15 RETURNS WHEN ACCOUNTING PERIOD CHANGED.

16 SEC. 227. (a) THAT IF A TAXPAYER, WITH THE
17 APPROVAL OF THE COMMISSIONER, CHANGES THE BASIS OF
18 COMPUTING NET INCOME FROM FISCAL YEAR TO CALENDAR
19 YEAR A SEPARATE RETURN SHALL BE MADE FOR THE PERIOD
20 BETWEEN THE CLOSE OF THE LAST FISCAL YEAR FOR WHICH
21 RETURN WAS MADE AND THE FOLLOWING *DECEMBER 31.*
22 IF THE CHANGE IS FROM CALENDAR YEAR TO FISCAL YEAR,
23 A SEPARATE RETURN SHALL BE MADE FOR THE PERIOD
24 BETWEEN THE CLOSE OF THE LAST CALENDAR YEAR FOR

1 WHICH RETURN WAS MADE AND THE DATE DESIGNATED AS
 2 THE CLOSE OF THE FISCAL YEAR. IF THE CHANGE IS FROM
 3 ONE FISCAL YEAR TO ANOTHER FISCAL YEAR A SEPARATE
 4 RETURN SHALL BE MADE FOR THE PERIOD BETWEEN THE
 5 CLOSE OF THE FORMER FISCAL YEAR AND THE DATE DESIG-
 6 NATED AS THE CLOSE OF THE NEW FISCAL YEAR.

7 ~~SEC. 222. The second paragraph of section 226 of the~~
 8 ~~Revenue Act of 1918 is amended to read as follows:~~

9 ~~“In all of the above cases (b) In all the cases referred to in~~
 10 ~~subdivision (a) the net income shall be computed on the basis~~
 11 ~~of such period for which separate return is made, and the tax~~
 12 ~~shall be paid thereon at the rate for the calendar year in~~
 13 ~~which such period is included; and the credits provided in~~
 14 ~~subdivisions (c), (d), and (e) of section 216 shall be reduced~~
 15 ~~respectfully to amounts which bear the same ratio to the full~~
 16 ~~credits provided in such subdivisions as the number of months~~
 17 ~~in such period bears to twelve months.~~

18 ~~“In (c) In the case of a return for a period of less than~~
 19 ~~one year the net income shall be placed on an annual basis by~~
 20 ~~multiplying the amount thereof by twelve and dividing by~~
 21 ~~the number of months included in such period; and the surtax~~
 22 ~~tax shall be such part of a surtax tax computed on such annual~~
 23 ~~basis as the number of months in such period is of twelve~~
 24 ~~months. ²² months.~~

1 TIME AND PLACE FOR FILING INDIVIDUAL, PARTNERSHIP, AND
2 FIDUCIARY RETURNS.

3 SEC. 227. (A) THAT RETURNS (except in the case of non-
4 resident aliens) SHALL BE MADE ON OR BEFORE THE FIF-
5 TEENTH DAY OF THE THIRD MONTH FOLLOWING THE CLOSE
6 OF THE FISCAL YEAR, OR, IF THE RETURN IS MADE ON THE
7 BASIS OF THE CALENDAR YEAR, THEN THE RETURN SHALL
8 BE MADE ON OR BEFORE THE 15TH DAY OF MARCH. In the
9 case of a nonresident alien individual returns shall be made
10 on or before the fifteenth day of the sixth month following
11 the close of the fiscal year, or, if the return is made on the basis
12 of the calendar year, then the return shall be made on or before
13 the 15th day of June. THE COMMISSIONER MAY GRANT A
14 REASONABLE EXTENSION OF TIME FOR FILING RETURNS
15 WHENEVER IN HIS JUDGMENT GOOD CAUSE EXISTS AND SHALL
16 KEEP A RECORD OF EVERY SUCH EXTENSION AND THE REA-
17 SON THEREFOR EXCEPT IN THE CASE OF TAXPAYERS
18 WHO ARE ABROAD, NO SUCH EXTENSION SHALL BE FOR
19 MORE THAN SIX MONTHS.

20 (B) RETURNS SHALL BE MADE TO THE COLLECTOR FOR
21 THE DISTRICT IN WHICH IS LOCATED THE LEGAL RESIDENCE
22 OR PRINCIPAL PLACE OF BUSINESS OF THE PERSON MAKING
23 THE RETURN, OR, IF HE HAS NO LEGAL RESIDENCE OR PRIN-
24 CIPAL PLACE OF BUSINESS IN THE UNITED STATES, THEN
25 TO THE COLLECTOR AT BALTIMORE, MARYLAND.

1 UPON THE NET INCOME OF EVERY CORPORATION A TAX AT
2 THE FOLLOWING RATES:

3 (a) For the calendar year 1921, 10 per centum
4 of the amount of the net income in excess of the
5 credits provided in section 235; and

6 (b) For each calendar year thereafter, 15 per centum of
7 such excess amount.

8 *CONDITIONAL AND OTHER EXEMPTIONS OF CORPORATIONS.*

9 *SEC. 231. THAT THE FOLLOWING ORGANIZATIONS SHALL*
10 *BE EXEMPT FROM TAXATION UNDER THIS TITLE--*

11 (1) LABOR, AGRICULTURAL, OR HORTICULTURAL OR-
12 GANIZATIONS;

13 (2) MUTUAL SAVINGS BANKS NOT HAVING A CAPITAL
14 STOCK REPRESENTED BY SHARES;

15 ~~SEC. 234. Subdivisions (3) and (4) of section 231 of the~~
16 ~~Revenue Act of 1918 are amended to read as follows:~~

17 ~~“(3) (3) Fraternal beneficiary societies, orders, or asso-~~
18 ~~ciations, (A) operating under the lodge system or for the~~
19 ~~exclusive benefit of the members or beneficiaries of members~~
20 ~~of a fraternity itself operating under the lodge system;~~
21 ~~AND (B) PROVIDING FOR THE PAYMENT OF LIFE, SICK, ACCI-~~
22 ~~DENT, OR OTHER BENEFITS TO THE MEMBERS OF SUCH~~
23 ~~SOCIETY, ORDER, OR ASSOCIATION OR THEIR DEPENDENTS;~~

24 ~~“(4) (4) Domestic building and loan associations oper-~~
25 ~~ated exclusively for the purpose of substantially all the~~

1 *business of which is confined to making loans to members; and*
 2 *cooperative banks without capital stock organized and oper-*
 3 *ated for mutual purposes and without ~~profit;~~ profit;*

4 (5) *CEMETERY COMPANIES OWNED AND OPERATED EX-*
 5 *CLUSIVELY FOR THE BENEFIT OF THEIR MEMBERS:*

6 ~~SEC. 235. Subdivision (6) of section 231 of the Revenue~~
 7 ~~Act of 1918 is amended to read as follows:~~

8 ~~“(6)~~ (6) *Corporations, and any community chest, fund,*
 9 *or foundation, organized and operated exclusively for reli-*
 10 *gious, charitable, scientific, literary, or educational purposes,*
 11 *or for the prevention of cruelty to children or animals, no*
 12 *part of the net earnings of which inures to the benefit of*
 13 *any private stockholder or ~~individual;~~ individual;*

14 (7) *BUSINESS LEAGUES, CHAMBERS OF COMMERCE, OR*
 15 *BOARDS OF TRADE, NOT ORGANIZED FOR PROFIT AND NO*
 16 *PART OF THE NET EARNINGS OF WHICH INURES TO THE*
 17 *BENEFIT OF ANY PRIVATE STOCKHOLDER OR INDIVIDUAL:*

18 (8) *CIVIC LEAGUES OR ORGANIZATIONS NOT ORGANIZED*
 19 *FOR PROFIT BUT OPERATED EXCLUSIVELY FOR THE PRO-*
 20 *MOTION OF SOCIAL WELFARE:*

21 (9) *CLUBS ORGANIZED AND OPERATED EXCLUSIVELY*
 22 *FOR PLEASURE, RECREATION, AND OTHER NONPROFITABLE*
 23 *PURPOSES, NO PART OF THE NET EARNINGS OF WHICH INURES*
 24 *TO THE BENEFIT OF ANY PRIVATE STOCKHOLDER OR MEMBER*

1 (10) FARMERS' OR OTHER MUTUAL HAIL, CYCLONE,
 2 OR FIRE INSURANCE COMPANIES, MUTUAL DITCH OR IRRI-
 3 GATION COMPANIES, MUTUAL OR COOPERATIVE TELEPHONE
 4 COMPANIES, OR LIKE ORGANIZATIONS OF A PURELY LOCAL
 5 CHARACTER, THE INCOME OF WHICH CONSISTS SOLELY OF
 6 ASSESSMENTS, DUES, AND FEES COLLECTED FROM MEMBERS
 7 FOR THE SOLE PURPOSE OF MEETING EXPENSES;

8 ~~Sec. 236. Subdivision (11) of section 231 of the Revenue~~
 9 ~~Act of 1918 is amended to read as follows:~~

10 “(11) (11) Farmers', fruit growers', or like associations,
 11 organized and operated as sales agents for the purpose of
 12 marketing the products of members and turning back to
 13 them the proceeds of sales, less the necessary selling expenses,
 14 on the basis of the quantity of produce furnished by them;
 15 or organized and operated as purchasing agents for the pur-
 16 pose of purchasing supplies and equipment for the use of mem-
 17 bers and turning over such supplies and equipment to such
 18 members at actual cost, plus necessary purchasing expenses;”
 19 expenses;

20 (12) CORPORATIONS ORGANIZED FOR THE EXCLUSIVE
 21 PURPOSE OF HOLDING TITLE TO PROPERTY, COLLECTING
 22 INCOME THEREFROM, AND TURNING OVER THE ENTIRE
 23 AMOUNT THEREOF, LESS EXPENSES, TO AN ORGANIZATION
 24 WHICH ITSELF IS EXEMPT FROM THE TAX IMPOSED BY
 25 THIS TITLE;

1 (13) FEDERAL LAND BANKS AND NATIONAL FARM-
 2 LOAN ASSOCIATIONS AS PROVIDED IN SECTION 26 OF THE
 3 ACT APPROVED JULY 17, 1916, ENTITLED "AN ACT TO
 4 PROVIDE CAPITAL FOR AGRICULTURAL DEVELOPMENT, TO
 5 CREATE STANDARD FORMS OF INVESTMENT BASED UPON
 6 FARM MORTGAGE, TO EQUALIZE RATES OF INTEREST
 7 UPON FARM LOANS, TO FURNISH A MARKET FOR UNITED
 8 STATES BONDS, TO CREATE GOVERNMENT DEPOSITARIES
 9 AND FINANCIAL AGENTS FOR THE UNITED STATES, AND FOR
 10 OTHER PURPOSES";

11 ~~SEC. 237. Subdivision (14) of section 231 of the Revenue~~
 12 ~~Act of 1918 is repealed, to take effect January 1, 1922.~~

13 (14) PERSONAL SERVICE CORPORATIONS This sub-
 14 division shall not be in effect after December 31, 1921.

15 NET INCOME OF CORPORATIONS DEFINED.

16 SEC. 232, THAT IN THE CASE OF A CORPORATION SUB-
 17 JECT TO THE TAX IMPOSED BY SECTION 230 THE TERM "NET
 18 INCOME" MEANS THE GROSS INCOME AS DEFINED IN SECTION
 19 233 LESS THE DEDUCTIONS ALLOWED BY SECTION 234, AND
 20 THE NET INCOME SHALL BE COMPUTED ON THE SAME BASIS
 21 AS IS PROVIDED IN SUBDIVISION (B) OF SECTION 212 OR IN
 22 SECTION 226.

23 GROSS INCOME OF CORPORATIONS DEFINED.

24 ~~SEC. 238. Section 233 of the Revenue Act of 1918 is~~
 25 ~~amended to read as follows:~~

1 ~~“Sec. 233(a).~~ *SEC. 233. (a)* That in the case of a cor-
 2 poration subject to the tax imposed by section 230 the term
 3 ~~“gross income.”~~ *“gross income”* means the gross income as
 4 defined in sections 213 and 217, except ~~that:~~ *that*

5 ~~“(1) In the case of life insurance companies there~~
 6 ~~shall not be included in gross income such portion of any~~
 7 ~~actual premium received from any individual policyholder as~~
 8 ~~is paid back or credited to or treated as an abatement of~~
 9 ~~premium of such policyholder within the taxable year.~~

10 ~~“(2) Mutual~~ *mutual* marine insurance companies shall
 11 include in gross income the gross premiums collected and re-
 12 ceived by them less amounts paid for reinsurance.

13 ~~“(b) (b)~~ In the case of a foreign corporation or a foreign
 14 trade corporation, gross income means only gross income from
 15 sources within the United States, ~~as determined~~ *determined*
 16 *(except in the case of life insurance companies)* under the
 17 provisions of section ~~217.~~ *217.*

18 DEDUCTIONS ALLOWED CORPORATIONS.

19 *SEC. 234. (A) THAT IN COMPUTING THE NET INCOME*
 20 *OF A CORPORATION SUBJECT TO THE TAX IMPOSED BY SEC-*
 21 *TION 230 THERE SHALL BE ALLOWED AS DEDUCTIONS:*

22 (1) *ALL THE ORDINARY AND NECESSARY EXPENSES*
 23 *PAID OR INCURRED DURING THE TAXABLE YEAR IN CARRY-*
 24 *ING ON ANY TRADE OR BUSINESS, INCLUDING A REASON-*
 25 *ABLE ALLOWANCE FOR SALARIES OR OTHER COMPENSATION*

1 FOR PERSONAL SERVICES ACTUALLY RENDERED, AND IN-
 2 CLUDING RENTALS OR OTHER PAYMENTS REQUIRED TO BE
 3 MADE AS A CONDITION TO THE CONTINUED USE OR POSSES-
 4 SION OF PROPERTY TO WHICH THE CORPORATION HAS NOT
 5 TAKEN OR IS NOT TAKING TITLE, OR IN WHICH IT HAS NO
 6 EQUITY;

7 ~~SEC. 239. Paragraphs (2), (3), (4), (5), and (6) of~~
 8 ~~subdivision (a) of section 234 of the Revenue Act of 1918~~
 9 ~~are amended to read as follows:~~

10 ~~“(2)~~ (2) All interest paid or accrued within the taxable
 11 year on its indebtedness, except on indebtedness incurred or
 12 continued to purchase or carry obligations or securities the
 13 interest upon which is wholly exempt from taxation under
 14 this title as income to the taxpayer; *taxpayer: Provided,*
 15 *That in the case of returns made for the taxable year 1921 or*
 16 *1922, there shall be allowed as a deduction interest paid or*
 17 *accrued during such taxable year and before January 1,*
 18 *1922, on indebtedness incurred or continued to purchase or*
 19 *carry obligations of the United States issued after Septem-*
 20 *ber 24, 1917, even though the interest therefrom is so wholly*
 21 *exempt;*

22 ~~“(3)~~ (3) Taxes paid or accrued within the taxable year
 23 except (a) income, war-profits, and excess-profits taxes im-
 24 posed by the authority of the United States ~~or any of its~~
 25 ~~possessions or of any foreign country and States,~~ (b) so much

1 of the income, war-profits and excess-profits taxes imposed
2 by the authority of any foreign country or possession of
3 the United States as is allowed as a credit under section
4 238, and ~~(b)~~ (c) taxes assessed against local benefits of a
5 kind tending to increase the value of the property assessed;
6 ~~Provided, That in~~ assessed. In the case of obligors speci-
7 fied in subdivision (b) of section 221 no deduction for the
8 payment of the tax imposed by this title title, or any other
9 tax paid pursuant to the contract or provision referred to
10 in that subdivision, shall be allowed, nor shall such tax be
11 included in the gross income of the obligee; obligee. The
12 deduction allowed by this paragraph shall be allowed in the
13 case of taxes imposed upon a shareholder or member of a
14 corporation upon his interest as shareholder or member, which
15 are paid by the corporation without reimbursement from
16 the shareholder or member, but in such cases no deduction
17 shall be allowed the shareholder or member for the amount
18 of such taxes;

19 ~~“(4)~~ (4) Losses sustained during the taxable year and
20 not compensated for by insurance or otherwise; unless, in
21 order to clearly reflect the income, the loss should in the
22 opinion of the Commissioner be accounted for as of a different
23 period. No deduction shall be allowed for any loss claimed
24 to have been sustained in any sale or other disposition of
25 property shares of stock or securities made after the passage of

1 ~~the Revenue Act of 1921~~ *this Act* where it appears that ~~at or~~
2 ~~about~~ *within 30 days after* the date of such sale or other
3 ~~disposition~~ the taxpayer has acquired (*otherwise than by*
4 *bequest or inheritance*) identical property in the same or
5 substantially the same amount as the property sold or disposed
6 ~~of~~ *of, unless such claim is made by a dealer in stock or securi-*
7 *ties and with respect to a transaction made in the ordinary*
8 *course of his business.* If such new acquisition is to the
9 extent of part only of identical property, then the amount of
10 loss deductible shall be in proportion as the total amount of
11 the property sold or disposed of bears to the property acquired;
12 ~~“(5) (5) Debts ascertained to be worthless and charged~~
13 ~~off within the taxable year (or in the discretion of the Com-~~
14 ~~missioner, a reasonable addition to a reserve for bad debts;~~
15 ~~and when satisfied that a debt is recoverable only in part, the~~
16 ~~Commissioner may allow such debt to be charged off in part;~~
17 *year.*

18 ~~“(6) The amount of dividends included in the gross~~
19 ~~income;”.~~

20 (6) *The amount received as dividends (A) from a*
21 *domestic corporation other than a foreign trade corporation, or*
22 *(B) from any foreign corporation when it is shown to the*
23 *satisfaction of the Commissioner that more than 50 per centum*
24 *of the gross income of such foreign corporation for the three-*
25 *year period ending with the close of its taxable year preceding*

1 *the declaration of such dividends (or for such part of such*
2 *period as the foreign corporation has been in existence) was*
3 *derived from sources within the United States as determined*
4 *under section 217;*

5 (7) A REASONABLE ALLOWANCE FOR THE EXHAUSTION,
6 WEAR AND TEAR OF PROPERTY USED IN THE TRADE OR
7 BUSINESS, INCLUDING A REASONABLE ALLOWANCE FOR
8 OBSOLESCENCE. *In the case of such property acquired be-*
9 *fore March 1, 1913, this deduction shall be computed upon*
10 *the basis of its fair market price or value as of March 1,*
11 *1913;*

12 ~~Sec. 240. Paragraph (8) of subdivision (a) of section 234~~
13 ~~of the Revenue Act of 1918 is amended by striking out the~~
14 ~~words "taxes imposed by this title and by Title III" and~~
15 ~~inserting in lieu thereof the words "income, war profits,~~
16 ~~and excess profits taxes".~~

17 (8) IN THE CASE OF BUILDINGS, MACHINERY, EQUIP.
18 MENT, OR OTHER FACILITIES. CONSTRUCTED, ERECTED,
19 INSTALLED, OR ACQUIRED, ON OR AFTER APRIL 6, 1917, FOR
20 THE PRODUCTION OF ARTICLES CONTRIBUTING TO THE PROS-
21 ECUTION OF THE WAR *against the German Government* AND
22 IN THE CASE OF VESSELS CONSTRUCTED OR ACQUIRED ON
23 OR AFTER SUCH DATE FOR THE TRANSPORTATION OF ARTI-
24 CLES OR MEN CONTRIBUTING TO THE PROSECUTION OF *such*
25 WAR, THERE SHALL BE ALLOWED A REASONABLE DEDUC-

1 TION FOR THE AMORTIZATION OF SUCH PART OF THE COST
2 OF SUCH FACILITIES OR VESSELS AS HAS BEEN BORN BY
3 THE TAXPAYER, BUT NOT AGAIN INCLUDING ANY AMOUNT
4 OTHERWISE ALLOWED UNDER THIS TITLE OR PREVIOUS
5 ACTS OF CONGRESS AS A DEDUCTION IN COMPUTING NET
6 INCOME. AT ANY TIME *before March 3, 1924*, THE COM-
7 MISSIONER MAY, AND AT THE REQUEST OF THE TAXPAYER
8 SHALL, REEXAMINE THE RETURN, AND IF HE THEN FINDS
9 AS A RESULT OF AN APPRAISAL OR FROM OTHER EVIDENCE
10 THAT THE DEDUCTION ORIGINALLY ALLOWED WAS INCOR-
11 RECT, THE *income, war-profits, and excess-profits* TAXES
12 FOR THE YEAR OR YEARS AFFECTED SHALL BE REDETER-
13 MINED AND THE AMOUNT OF TAX DUE UPON SUCH REDETER-
14 MINATION, IF ANY, SHALL BE PAID UPON NOTICE AND DEMAND
15 BY THE COLLECTOR, OR THE AMOUNT OF TAX OVERPAID,
16 IF ANY, SHALL BE CREDITED OR REFUNDED TO THE TAXPAYER
17 IN ACCORDANCE WITH THE PROVISIONS OF SECTION 252:

18 (9) IN THE CASE OF MINES, OIL AND GAS WELLS, OTHER
19 NATURAL DEPOSITS, AND TIMBER, A REASONABLE ALLOW-
20 ANCE FOR DEPLETION AND FOR DEPRECIATION OF IMPROVE-
21 MENTS, ACCORDING TO THE PECULIAR CONDITIONS IN EACH
22 CASE, BASED UPON COST INCLUDING COST OF DEVELOPMENT
23 NOT OTHERWISE DEDUCTED: PROVIDED, THAT IN THE CASE
24 OF SUCH PROPERTIES ACQUIRED PRIOR TO *MARCH 1, 1913*,
25 THE FAIR MARKET VALUE OF THE PROPERTY (OR THE TAX-

1 PAYEE'S INTEREST THEREIN) ON THAT DATE SHALL BE
2 TAKEN IN LIEU OF COST UP TO THAT DATE: PROVIDED
3 FURTHER, THAT IN THE CASE OF MINES, OIL AND GAS WELLS,
4 DISCOVERED BY THE TAXPAYER, ON OR AFTER MARCH 1,
5 1913, AND NOT ACQUIRED AS THE RESULT OF PURCHASE OF
6 A PROVEN TRACT OR LEASE, WHERE THE FAIR MARKET
7 VALUE OF THE PROPERTY IS MATERIALLY DISPROPOR-
8 TIONATE TO THE COST, THE DEPLETION ALLOWANCE SHALL
9 BE BASED UPON THE FAIR MARKET VALUE OF THE PROPERTY
10 AT THE DATE OF THE DISCOVERY, OR WITHIN THIRTY DAYS
11 THEREAFTER: *And provided further, That such depletion*
12 *allowance based on discovery value shall not exceed the net*
13 *income, computed without allowance for depletion, from the*
14 *property upon which the discovery is made, except where such*
15 *net income so computed is less than the depletion allowance*
16 *based on the cost or fair market value as of March 1, 1913;*
17 SUCH REASONABLE ALLOWANCE IN ALL THE ABOVE CASES
18 TO BE MADE UNDER RULES AND REGULATIONS TO BE PRE-
19 SCRIBED BY THE COMMISSIONER WITH THE APPROVAL OF
20 THE SECRETARY. IN THE CASE OF LEASES THE DEDUC-
21 TIONS ALLOWED BY THIS PARAGRAPH SHALL BE EQUITABLY
22 APPORTIONED BETWEEN THE LESSOR AND LESSEE;

23 ~~SEC. 241. Paragraph (10) of subdivision (a) of section~~
24 ~~234 of the Revenue Act of 1918 is repealed, to take effect~~
25 ~~January 1, 1922.~~

1 ~~Sec. 242. Paragraphs (11), (12) and (13) of subdivision~~
 2 ~~(a) of section 234 of the Revenue Act of 1918 are repealed,~~
 3 ~~to take effect January 1, 1922.~~

4 (10) *IN THE CASE OF INSURANCE COMPANIES (other*
 5 *than life insurance companies), IN ADDITION TO THE ABOVE*
 6 *(unless otherwise allowed): (A) THE NET ADDITION REQUIRED*
 7 *BY LAW TO BE MADE WITHIN THE TAXABLE YEAR TO RE-*
 8 *SERVE FUNDS (INCLUDING IN THE CASE OF ASSESSMENT*
 9 *INSURANCE COMPANIES THE ACTUAL DEPOSIT OF SUMS*
 10 *WITH STATE OR TERRITORIAL OFFICERS PURSUANT TO*
 11 *LAW AS ADDITIONS TO GUARANTEE OR RESERVE FUNDS);*
 12 *AND (B) THE SUMS OTHER THAN DIVIDENDS PAID WITHIN*
 13 *THE TAXABLE YEAR ON POLICY AND ANNUITY CONTRACTS;*

14 (11) *IN THE CASE OF CORPORATIONS (except those taxed*
 15 *under section 243) ISSUING POLICIES COVERING LIFE,*
 16 *HEALTH, AND ACCIDENT INSURANCE COMBINED IN ONE*
 17 *POLICY ISSUED ON THE WEEKLY PREMIUM PAYMENT PLAN*
 18 *CONTINUING FOR LIFE AND NOT SUBJECT TO CANCELLATION,*
 19 *IN ADDITION TO THE ABOVE, SUCH PORTION OF THE NET*
 20 *ADDITION (NOT REQUIRED BY LAW) MADE WITHIN THE*
 21 *TAXABLE YEAR TO RESERVE FUNDS AS THE COMMISSIONER*
 22 *FINDS TO BE REQUIRED FOR THE PROTECTION OF THE*
 23 *HOLDERS OF SUCH POLICIES ONLY;*

24 (12) *IN THE CASE OF MUTUAL MARINE INSURANCE*
 25 *COMPANIES, THERE SHALL BE ALLOWED, IN ADDITION TO*

1 THE DEDUCTIONS ALLOWED IN PARAGRAPHS (1) TO (10),
2 INCLUSIVE, and paragraph (14); unless otherwise allowed,
3 AMOUNTS REPAID TO POLICYHOLDERS ON ACCOUNT OF
4 PREMIUMS, PREVIOUSLY PAID BY THEM, AND INTEREST
5 PAID UPON SUCH AMOUNTS BETWEEN THE ASCERTAINMENT
6 AND THE PAYMENT THEREOF;

7 (13) IN THE CASE OF MUTUAL INSURANCE COMPANIES
8 (including interinsurers and reciprocal underwriters, but not
9 including MUTUAL LIFE OR MUTUAL MARINE INSURANCE
10 COMPANIES) REQUIRING THEIR MEMBERS TO MAKE PREMIUM
11 DEPOSITS TO PROVIDE FOR LOSSES AND EXPENSES, THERE
12 SHALL BE ALLOWED, IN ADDITION TO THE DEDUCTIONS
13 ALLOWED IN PARAGRAPHS (1) TO (10), INCLUSIVE, and
14 paragraph (14), UNLESS OTHERWISE ALLOWED, THE AMOUNT
15 OF PREMIUM DEPOSITS RETURNED TO THEIR POLICYHOLDERS
16 AND THE AMOUNT OF PREMIUM DEPOSITS RETAINED FOR
17 THE PAYMENT OF LOSSES, EXPENSES, AND REINSURANCE
18 RESERVES;

19 ~~Sec. 242. Subdivision (a) of section 234 of the Revenue~~
20 ~~Act of 1918 is amended by adding thereto two new para-~~
21 ~~graphs to read as follows:~~

22 ~~“(15) Contributions or gifts made within the taxable~~
23 ~~year to or for the use of: (A) The United States, any State,~~
24 ~~Territory, or any political subdivision thereof, or the District~~
25 ~~of Columbia, for exclusively public purposes; (B) any cor-~~

1 ~~poration or community chest, fund, or foundation, organized~~
2 ~~and operated exclusively for religious, charitable, scientific,~~
3 ~~literary, or educational purposes, or for the prevention of cru-~~
4 ~~elty to children or animals, no part of the net earnings of which~~
5 ~~inures to the benefit of any private stockholder or individual;~~
6 ~~or (C) the special fund for vocational rehabilitation author-~~
7 ~~ized by section 7 of the Vocational Rehabilitation Act; to an~~
8 ~~amount which in all of the above cases combined does not~~
9 ~~exceed 5 per centum of the taxpayer's net income as com-~~
10 ~~puted without the benefit of this paragraph. In case of a~~
11 ~~foreign corporation or foreign trade corporation this deduc-~~
12 ~~tion shall be allowed only as to contributions or gifts made to~~
13 ~~domestic corporations, or to community chests, funds, or~~
14 ~~foundations, created in the United States, or to such vocational~~
15 ~~rehabilitation fund. Such contributions or gifts shall be~~
16 ~~allowable as deductions only if verified under rules and~~
17 ~~regulations prescribed by the Commissioner with the approval~~
18 ~~of the Secretary;~~

19 ~~“(16) (14) If property is compulsorily or involun-~~
20 ~~tarily converted into cash or its equivalent as a~~
21 ~~result of (A) its destruction in whole or in part,~~
22 ~~(B) theft or seizure, or (C) an exercise of the power~~
23 ~~of requisition or condemnation, or the threat or~~
24 ~~imminence thereof; and if the taxpayer proceeds forthwith~~
25 ~~in good faith; under regulations prescribed by the Commis-~~

1 sioner with the approval of the Secretary, to expend the
 2 proceeds of such conversion in the ~~acquisition, directly or~~
 3 ~~through the purchase of stock,~~ acquisition of other property
 4 of a character similar or related in service or use to the prop-
 5 erty so converted, *or in the acquisition of 80 per centum or*
 6 *more of the stock or shares of a corporation owning such*
 7 *other property,* or in the establishment of a replacement
 8 fund, then there shall be allowed as a deduction ~~so much~~
 9 *such portion* of the gain derived as the portion of the proceeds
 10 so expended bears to the entire ~~proceeds, and the property~~
 11 ~~acquired shall be treated as taking the place of a like pro-~~
 12 ~~portion of the property converted.~~ *proceeds. The provisions*
 13 *of this paragraph prescribing the conditions under which a*
 14 *deduction may be taken in respect of the proceeds or gains*
 15 *derived from the compulsory or involuntary conversion of*
 16 *property into cash or its equivalent, shall apply so far as*
 17 *may be practicable to the exemption or exclusion of such*
 18 *proceeds or gains from gross income under prior income, war-*
 19 *profits and excess-profits tax Acts.*

20 ~~Sec. 244. Subdivision (b) of section 234 of the Revenue~~
 21 ~~Act of 1918 is amended to read as follows:~~

22 ~~“(b)~~ (b) In the case of a foreign corporation the deduc-
 23 tions allowed in subdivision (a) shall be allowed only if and
 24 to the extent that they are connected with income from
 25 sources within the United States; and the proper apportion-

1 ment and allocation of the deductions with respect to sources
 2 within and without the United States shall be determined
 3 as provided in section 217 under rules and regulations pre-
 4 scribed by the Commissioner with the approval of the Sec-
 5 retary, ~~which determination shall be final.~~²¹ Secretary.

6 **ITEMS NOT DEDUCTIBLE BY CORPORATIONS.**

7 **SEC. 235. THAT IN COMPUTING NET INCOME NO DE-**
 8 **DUCTION SHALL IN ANY CASE BE ALLOWED IN RESPECT OF**
 9 **ANY OF THE ITEMS SPECIFIED IN SECTION 215.**

10 **CREDITS ALLOWED CORPORATIONS.**

11 **SEC. 236. THAT FOR THE PURPOSE ONLY OF THE TAX**
 12 **IMPOSED BY SECTION 230 THERE SHALL BE ALLOWED THE**
 13 **FOLLOWING CREDITS:**

14 (A) **THE AMOUNT RECEIVED AS INTEREST UPON OBLI-**
 15 **GATIONS OF THE UNITED STATES AND BONDS ISSUED BY**
 16 **THE WAR FINANCE CORPORATION, WHICH IS INCLUDED IN**
 17 **GROSS INCOME UNDER SECTION 233;**

18 (B) **IN THE CASE OF A DOMESTIC CORPORATION, \$2,000;**
 19 **and**

20 (C) **The amount of any war-profits and excess-profits**
 21 **taxes imposed by Act of Congress for the same taxable year.**
 22 **The credit allowed by this subdivision shall be determined as**
 23 **follows:**

24 (1) **In the case of a corporation which makes return for**
 25 **a fiscal year beginning in 1920 and ending in 1921, in com-**

1 putting the income tax as provided in subdivision (a) of sec-
 2 tion 205, the portion of the war-profits and excess-profits tax
 3 computed for the entire period under clause (1) of subdivision
 4 (a) of section 335 shall be credited against the net income
 5 computed for the entire period as provided in clause (1) of
 6 subdivision (a) of section 205, and the portion of the war-
 7 profits and excess-profits tax computed for the entire period
 8 under clause (2) of subdivision (a) of section 335 shall be
 9 credited against the net income computed for the entire period
 10 as provided in clause (2) of subdivision (a) of section 205.

11 (2) In the case of a corporation which makes return for
 12 a fiscal year beginning in 1921 and ending in 1922, in com-
 13 puting the income tax as provided in subdivision (b) of sec-
 14 tion 205, the war-profits and excess-profits tax computed under
 15 subdivision (b) of section 335 shall be credited against the net
 16 income computed for the entire period as provided in clause
 17 (1) of subdivision (b) of section 205.

18 ~~SEC. 245. On and after January 1, 1922, section 237~~
 19 ~~of the Revenue Act of 1918 is amended by striking out the~~
 20 ~~figures "10" and inserting in lieu thereof the figures~~
 21 ~~"12½".~~

22 PAYMENT OF CORPORATION INCOME TAX AT SOURCE.

23 SEC. 237. THAT IN THE CASE OF FOREIGN CORPORA-
 24 TIONS SUBJECT TO TAXATION UNDER THIS TITLE NOT EN-
 25 GAGED IN TRADE OR BUSINESS WITHIN THE UNITED STATES
 26 AND NOT HAVING ANY OFFICE OR PLACE OF BUSINESS

1 THEREIN, THERE SHALL BE DEDUCTED AND WITHHELD AT
 2 THE SOURCE IN THE SAME MANNER AND UPON THE SAME
 3 ITEMS OF INCOME AS IS PROVIDED IN SECTION 221 a tax
 4 equal to 15 per centum THEREOF (but during the calendar
 5 year 1921 only 10 per centum), AND SUCH TAX SHALL BE
 6 RETURNED AND PAID IN THE SAME MANNER AND SUBJECT
 7 TO THE SAME CONDITIONS AS PROVIDED IN THAT SECTION:
 8 PROVIDED, THAT IN THE CASE OF INTEREST DESCRIBED
 9 IN SUBDIVISION (B) OF THAT SECTION THE DEDUCTION AND
 10 WITHHOLDING SHALL BE AT THE RATE OF 2 PER CENTUM.

11 ~~SEC. 246. The first paragraph of subdivision (a) of sec-~~
 12 ~~tion 238 of the Revenue Act of 1918 is amended to read as~~
 13 ~~follows:~~

14 CREDIT FOR TAXES IN CASE OF CORPORATIONS.

15 ~~“Sec. SEC. 238. (a) That in the case of a domestic~~
 16 ~~corporation the tax imposed by this title, plus the war-profits~~
 17 ~~and excess-profits taxes, if any, shall be credited with the~~
 18 ~~amount of any income, war-profits, and excess-profits taxes~~
 19 ~~paid during the same taxable year to any foreign country, or~~
 20 ~~to any possession of the United States: Provided, That the~~
 21 ~~amount of credit taken under this subdivision shall in no case~~
 22 ~~exceed the same proportion of the tax taxes, against which~~
 23 ~~such credit is taken, which the taxpayer's net income (com-~~
 24 ~~puted without deduction for any income, war-profits, and~~
 25 ~~excess-profits taxes imposed by any foreign country or posses-~~

1 sion of the United States) from sources without the United
2 States bears to its entire net income (computed without such
3 deduction) for the same taxable year—² year.

4 (b) *If ACCRUED TAXES WHEN PAID DIFFER FROM THE*
5 *AMOUNTS CLAIMED AS CREDITS BY THE CORPORATION, OR IF*
6 *ANY TAX PAID IS REFUNDED IN WHOLE OR IN PART, THE*
7 *CORPORATION SHALL AT ONCE NOTIFY THE COMMISSIONER,*
8 *WHO SHALL REDETERMINE THE AMOUNT OF THE income,*
9 *war-profits and excess-profits TAXES FOR THE YEAR OR YEARS*
10 *AFFECTED, AND THE AMOUNT OF TAXES DUE UPON SUCH*
11 *REDETERMINATION, IF ANY, SHALL BE PAID BY THE CORPORA-*
12 *TION UPON NOTICE AND DEMAND BY THE COLLECTOR, OR THE*
13 *AMOUNT OF TAXES OVERPAID, IF ANY, SHALL BE CREDITED*
14 *OR REFUNDED TO THE CORPORATION IN ACCORDANCE WITH*
15 *THE PROVISIONS OF SECTION 252. IN THE CASE OF SUCH A*
16 *TAX ACCRUED BUT NOT PAID, THE COMMISSIONER AS A*
17 *CONDITION PRECEDENT TO THE ALLOWANCE OF THIS CREDIT*
18 *MAY REQUIRE THE CORPORATION TO GIVE A BOND WITH*
19 *SURETIES SATISFACTORY TO AND TO BE APPROVED BY HIM*
20 *IN SUCH PENAL SUM AS HE MAY REQUIRE, CONDITIONED FOR*
21 *THE PAYMENT BY THE TAXPAYER OF ANY AMOUNT OF TAXES*
22 *FOUND DUE UPON ANY SUCH REDETERMINATION; AND THE*
23 *BOND HEREIN PRESCRIBED SHALL CONTAIN SUCH FURTHER*
24 *CONDITIONS AS THE COMMISSIONER MAY REQUIRE.*

1 ~~Sec. 247. Subdivisions (b) and (c) of section 238 of~~
 2 ~~the Revenue Act of 1918 are amended to read as follows:~~

3 ~~“(b) (c) These credits shall be allowed only if the tax-~~
 4 ~~payer furnishes evidence satisfactory to the Commissioner~~
 5 ~~showing the amount of income derived from sources without~~
 6 ~~the United States, and all other information necessary for~~
 7 ~~the verification and computation of such credit; credit.~~

8 ~~“(c) (d) If a domestic corporation makes a return for a~~
 9 ~~fiscal year beginning in 1920 and ending in 1921, the credit~~
 10 ~~for the entire fiscal year shall, notwithstanding any pro-~~
 11 ~~vision of this Act, be determined under the provisions of~~
 12 ~~this section; and the Commissioner is authorized to disallow,~~
 13 ~~in whole or in part, any such credit which he finds has~~
 14 ~~already been taken by the taxpayer; taxpayer.~~

15 ~~“(d) (e) For the purposes of this section a foreign trade~~
 16 ~~corporation shall be treated as a foreign corporation.”~~
 17 ~~corporation.~~

18 **CORPORATION RETURNS.**

19 **SEC. 239. (a) THAT EVERY CORPORATION SUBJECT**
 20 **TO TAXATION UNDER THIS TITLE AND EVERY PERSONAL**
 21 **SERVICE CORPORATION SHALL MAKE A RETURN, STATING**
 22 **SPECIFICALLY THE ITEMS OF ITS GROSS INCOME AND THE**
 23 **DEDUCTIONS AND CREDITS ALLOWED BY THIS TITLE. THE**
 24 **RETURN SHALL BE SWORN TO BY THE PRESIDENT, VICE**
 25 **PRESIDENT, OR OTHER PRINCIPAL OFFICER AND BY THE**

1 TREASURER OR ASSISTANT TREASURER. IF ANY FOREIGN
2 CORPORATION HAS NO OFFICE OR PLACE OF BUSINESS IN
3 THE UNITED STATES BUT HAS AN AGENT IN THE UNITED
4 STATES, THE RETURN SHALL BE MADE BY THE AGENT. IN
5 CASES WHERE RECEIVERS, TRUSTEES IN BANKRUPTCY, OR
6 ASSIGNEES ARE OPERATING THE PROPERTY OR BUSINESS
7 OF CORPORATIONS, SUCH RECEIVERS, TRUSTEES, OR AS-
8 SIGNEES SHALL MAKE RETURNS FOR SUCH CORPORATIONS
9 IN THE SAME MANNER AND FORM AS CORPORATIONS ARE
10 REQUIRED TO MAKE RETURNS. ANY TAX DUE ON THE
11 BASIS OF SUCH RETURNS MADE BY RECEIVERS, TRUSTEES,
12 OR ASSIGNEES SHALL BE COLLECTED IN THE SAME MANNER
13 AS IF COLLECTED FROM THE CORPORATIONS OF WHOSE
14 BUSINESS OR PROPERTY THEY HAVE CUSTODY AND CONTROL.

15 (b) RETURNS MADE UNDER THIS SECTION SHALL BE
16 SUBJECT TO THE PROVISIONS OF SECTIONS 226 AND 228.
17 WHEN RETURN IS MADE UNDER SECTION 226 THE CREDIT
18 PROVIDED IN SUBDIVISION (B) OF SECTION 236 SHALL BE
19 REDUCED TO AN AMOUNT WHICH BEARS THE SAME RATIO
20 TO THE FULL CREDIT THEREIN PROVIDED AS THE NUMBER
21 OF MONTHS IN THE PERIOD FOR WHICH SUCH RETURN IS
22 MADE BEARS TO TWELVE MONTHS.

23 ~~SEC. 248. Subdivision (a) of section 240 of the Revenue~~
24 ~~Act of 1918 is amended to read as follows:~~

1 **CONSOLIDATED RETURNS OF CORPORATIONS.**

2 ~~Sec.~~ *Sec.* 240. (a) That corporations which are affili-
3 ated within the meaning of this section may, for any taxable
4 year beginning on or after January 1, 1922, make separate
5 returns or, under regulations prescribed by the Commissioner
6 with the approval of the Secretary, make a consolidated
7 return of net income for the purpose of this title, in which
8 case the taxes thereunder shall be computed and determined
9 upon the basis of such return. If return is made on either
10 of such bases, all returns thereafter made shall be upon the
11 same basis unless permission to change the basis is granted
12 by the Commissioner.

13 ~~In~~ (b) *In* any case in which a tax is assessed upon the
14 basis of a consolidated return, the total tax shall be computed
15 in the first instance as a unit and shall then be assessed upon
16 the respective affiliated corporations in such proportions as
17 may be agreed upon among them, or, in the absence of any
18 such agreement, then on the basis of the net income properly
19 assignable to each. There shall be allowed in computing the
20 income tax only one specific credit of \$2,000 (as provided in
21 section 236). ~~236~~ 236).

22 (c) *FOR THE PURPOSE OF THIS SECTION TWO OR MORE*
23 *DOMESTIC CORPORATIONS SHALL BE DEEMED TO BE AFFILI-*
24 *ATED (1) IF ONE CORPORATION OWNS DIRECTLY OR CON-*

1 ~~TROLS THROUGH CLOSELY AFFILIATED INTERESTS OR BY~~
 2 ~~NOMINEE OR NOMINEES SUBSTANTIALLY ALL THE STOCK~~
 3 ~~OF THE OTHER OR OTHERS OR (2) IF SUBSTANTIALLY, ALL~~
 4 ~~THE STOCK OF TWO OR MORE CORPORATIONS IS OWNED OR~~
 5 ~~CONTROLLED BY THE SAME INTERESTS.~~

6 ~~Sec. 249. Subdivision (e) of section 249 of the Revenue~~
 7 ~~Act of 1918 is amended to read as follows:~~

8 ~~“(e) (d)~~ For the purposes of this section a foreign-trade
 9 corporation shall be treated as a foreign corporation: *Pro-*
 10 *vided*, That in any case of two or more related trades or busi-
 11 nesses (whether unincorporated or incorporated and whether
 12 organized in the United States or not) owned or controlled
 13 directly or indirectly by the same interests, the ~~commissioner~~
 14 *Commissioner* may consolidate the accounts of such related
 15 trades and businesses, in any proper case, for the purpose of
 16 making an accurate distribution or apportionment of gains,
 17 profits, income, deductions, or capital between or among such
 18 related trades or businesses.

19 ~~“(d) (e)~~ Corporations which are affiliated within the
 20 meaning of this section shall make consolidated returns for
 21 any taxable year beginning prior to January 1, 1922, in the
 22 same manner and subject to the same conditions as provided
 23 by ~~this Act as in force prior to the passage of the Revenue~~
 24 ~~Act of 1921.~~ *the Revenue Act of 1918.*

1 **TIME AND PLACE FOR FILING CORPORATE RETURNS.**

2 **SEC. 241. (A) THAT RETURNS OF CORPORATIONS SHALL**
 3 **BE MADE AT THE SAME TIME AS IS PROVIDED IN SUBDIVI-**
 4 **SION (A) OF SECTION 227, except that in the case of foreign**
 5 **corporations not having any office or place of business in the**
 6 **United States returns shall be made at the same time as pro-**
 7 **vided in section 227 in the case of a nonresident alien indi-**
 8 **vidual.**

9 **(B) RETURNS SHALL BE MADE TO THE COLLECTOR OF**
 10 **THE DISTRICT IN WHICH IS LOCATED THE PRINCIPAL PLACE**
 11 **OF BUSINESS OR PRINCIPAL OFFICE OR AGENCY OF THE COR-**
 12 **PORATION, OR, IF IT HAS NO PRINCIPAL PLACE OF BUSINESS**
 13 **OR PRINCIPAL OFFICE OR AGENCY IN THE UNITED STATES,**
 14 **THEN TO THE COLLECTOR AT BALTIMORE, MARYLAND.**

15 ~~Sec. 250. Part III of Title II of the Revenue Act of~~
 16 ~~1918 is amended by adding at the end thereof five new~~
 17 ~~sections, to take effect January 1, 1922, to read as follows:~~

18 ~~“TAXES TAXES ON LIFE INSURANCE COMPANIES.~~

19 ~~“Sec. SEC. 242. That when used in this title the term~~
 20 ~~“life “life insurance company’ company” means an insur-~~
 21 ~~ance company engaged in the business of issuing life insur-~~
 22 ~~ance and annuity contract (including contracts of combined~~
 23 ~~life, health, and accident insurance), the reserve funds of~~
 24 ~~which held for the fulfillment of such contracts comprise~~
 25 ~~more than 50 per centum of its total reserve funds.~~

1 ~~Sec.~~ *Sec.* 243. That in lieu of the taxes imposed by
 2 ~~sections 230 and 1000~~ *section 230 of this Act, and by Title*
 3 *III of the Revenue Act of 1918*, there shall be levied, col-
 4 lected, and paid for the calendar year ~~1922~~ *1921* and for each
 5 taxable year thereafter upon the net income of every *life*
 6 insurance company a tax as follows:

7 ~~“(1) (1)~~ *(1)* In the case of a domestic *life* insurance com-
 8 pany, ~~12½~~ *15* per centum of its net income;

9 ~~“(2) (2)~~ *(2)* In the case of a foreign *life* insurance com-
 10 pany, ~~12½~~ *15* per centum of its net income from sources
 11 within the United States.

12 ~~Sec.~~ *Sec.* 244. (a) That in the case of ~~an~~ *a* *life* insurance
 13 company the term ~~‘gross income’~~ *“gross income”* means the
 14 gross amount of income received during the taxable year from
 15 ~~to~~ interest, dividends, and rents.

16 ~~“(b) (b)~~ *(b)* The term ~~‘reserve funds required by law’~~
 17 ~~“reserve funds required by law”~~ *“reserve funds required by law”* includes, in the case of
 18 assessment insurance, sums actually deposited by any company
 19 or association with State or Territorial officers pursuant to
 20 law as guaranty or reserve funds, and any funds maintained
 21 under the charter or articles of incorporation of the company
 22 or association exclusively for the payment of claims arising
 23 under certificates of membership or policies issued upon the
 24 assessment plan and not subject to any other use.

1 ~~“Sec. 245 (a).~~ *Sec. 245. (a)* That in the case of an a
2 life insurance company the term ~~‘net income’~~ “net income”
3 means the gross income less—

4 ~~“(1)~~ (1) The amount of interest received during the
5 taxable year which under paragraph (4) of subdivision (b) of
6 section 213 is exempt from taxation under this title;

7 ~~“(2)~~ (2) An amount equal to the excess, if any, over the
8 deduction specified in paragraph (1) of this subdivision, of 4
9 per centum of the mean of the reserve funds required by law
10 and held at the beginning and end of the taxable year, plus
11 (in case of life insurance companies issuing policies covering
12 life, health, and accident insurance combined in one policy
13 issued on the weekly premium payment plan, continuing for
14 life and not subject to cancellation) 4 per centum of the mean
15 of such reserve funds (not required by law) held at the begin-
16 ning and end of the taxable year, as the Commissioner finds
17 to be necessary for the protection of the holders of such poli-
18 cies only;

19 ~~“(3) The amount of dividends included in the gross~~
20 ~~income;~~

21 (3) *The amount received as dividends (A) from a domes-*
22 *tic corporation other than a foreign trade corporation, or (B)*
23 *from any foreign corporation when it is shown to the satis-*
24 *faction of the Commissioner that more than 50 per centum*
25 *of the gross income of such foreign corporation for the three-*

1 year period ending with the close of its taxable year preceding
2 the declaration of such dividends (or for such part of such
3 period as the foreign corporation has been in existence), was
4 derived from sources within the United States as determined
5 under section 217;

6 ~~“(4) In the case of life insurance companies, an~~
7 (4) An amount equal to 2 per centum of any sums held
8 at the end of the taxable year as a reserve for dividends (other
9 than dividends payable during the year following the taxable
10 year) the payment of which is deferred for a period of not
11 less than five years from the date of the policy contract;

12 ~~“(5) (5) Investment expenses paid during the taxable~~
13 year: *Provided*, That if any general expenses are in part
14 assigned to or included in the investment expenses, the total
15 deduction under this paragraph shall not exceed one-fourth of
16 1 per centum of the book value of the mean of the invested
17 assets held at the beginning and end of the taxable year;

18 ~~“(6) (6) Taxes and other expenses paid during the tax-~~
19 able year exclusively upon or with respect to the real estate
20 owned by the company, not including taxes assessed against
21 local benefits of a kind tending to increase the value of the
22 property assessed, and not including any amount paid out for
23 new buildings, or for permanent improvements or betterments
24 made to increase the value of any property;

1 ~~“(7)~~ (7) A reasonable allowance for the exhaustion,
 2 wear and tear of property, including a reasonable allowance
 3 for ~~obsolescence~~; *obsolescence*. *In the case of property*
 4 *acquired before March 1, 1913, this deduction shall be com-*
 5 *puted upon the basis of its fair market price or value as of*
 6 *March 1, 1913;*

7 ~~“(8)~~ (8) All interest paid within the taxable year on its
 8 indebtedness, except on indebtedness incurred or continued to
 9 purchase or carry obligations or securities, the interest upon
 10 which is wholly exempt from taxation under this title as in-
 11 come to the ~~taxpayer~~. *taxpayer: Provided, That in the case of*
 12 *returns made for the calendar year 1921, there shall be*
 13 *allowed as a deduction interest paid or accrued during such*
 14 *year on indebtedness incurred or continued to purchase or*
 15 *carry obligations of the United States issued after September*
 16 *24, 1917, even though the interest therefrom is so wholly*
 17 *exempt.*

18 ~~“(b)~~ (b) No deduction shall be made under paragraphs
 19 (6) and (7) of subdivision (a) on account of any real estate
 20 owned and occupied in whole or in part by ~~an~~ *a* life insurance
 21 company unless there is included in the return of gross in-
 22 come the rental value of the space so occupied. Such rental
 23 value shall be not less than a sum which in addition to any
 24 rents received from other tenants shall provide a net in-
 25 come (after deducting taxes, depreciation, and all other

1 expenses) at the rate of 4 per centum per annum of the book
 2 value at the end of the taxable year of the real estate so
 3 owned or occupied.

4 “(e) (c) In the case of a foreign *life* insurance company
 5 the amount of its net income for any taxable year from
 6 sources within the United States shall be the same propor-
 7 tion of its net income for the taxable year from sources within
 8 and without the United States, which the reserve funds
 9 required by law and held by it at the end of the taxable year
 10 upon business transacted within the United States, States is
 11 of the reserve funds held by it at the end of the taxable
 12 year upon all business transacted.

13 “~~Sec.~~ *SEC. 246.* That every *life* insurance company not
 14 exempt under the provisions of section 231 shall make a re-
 15 turn for the purposes of this Act. Such returns shall be made,
 16 and the taxes imposed by section 243 shall be paid, at the same
 17 times and places, in the same manner, and subject to the
 18 same conditions and penalties as provided in the case of
 19 returns and payment of income tax by other corporations,
 20 and all the provisions of this title not inapplicable, including
 21 penalties, are hereby made applicable to the assessment and
 22 collection of the taxes imposed by section ~~243.~~²¹ 243.

23 *PART IV.—ADMINISTRATIVE PROVISIONS.*

24 *PAYMENT OF TAXES.*

25 *SEC. 250. (A) THAT EXCEPT AS OTHERWISE PROVIDED*
 26 *IN THIS SECTION AND SECTIONS 221 AND 237 THE TAX SHALL*

1 BE PAID IN FOUR INSTALLMENTS, EACH CONSISTING OF ONE-
2 FOURTH OF THE TOTAL AMOUNT OF THE TAX. THE FIRST
3 INSTALLMENT SHALL BE PAID AT THE TIME FIXED BY LAW
4 FOR FILING THE RETURN, AND THE SECOND INSTALLMENT
5 SHALL BE PAID ON THE FIFTEENTH DAY OF THE THIRD
6 MONTH, THE THIRD INSTALLMENT ON THE FIFTEENTH DAY
7 OF THE SIXTH MONTH, AND THE FOURTH INSTALLMENT ON
8 THE FIFTEENTH DAY OF THE NINTH MONTH, AFTER THE TIME
9 FIXED BY LAW FOR FILING THE RETURN. WHERE AN EX-
10 TENSION OF TIME FOR FILING A RETURN IS GRANTED THE
11 TIME FOR PAYMENT OF THE FIRST INSTALLMENT SHALL BE
12 POSTPONED UNTIL THE DATE OF THE EXPIRATION OF THE
13 PERIOD OF THE EXTENSION, BUT THE TIME FOR PAYMENT
14 OF THE OTHER INSTALLMENTS SHALL NOT BE POSTPONED
15 UNLESS THE COMMISSIONER SO PROVIDES IN GRANTING THE
16 EXTENSION. IN ANY CASE IN WHICH THE TIME FOR THE
17 PAYMENT OF ANY INSTALLMENT IS AT THE REQUEST OF THE
18 TAXPAYER THUS POSTPONED, THERE SHALL BE ADDED AS
19 PART OF SUCH INSTALLMENT INTEREST THEREON AT THE
20 RATE OF ONE-HALF OF 1 PER CENTUM PER MONTH FROM THE
21 TIME IT WOULD HAVE BEEN DUE IF NO EXTENSION HAD BEEN
22 GRANTED, UNTIL PAID. IF ANY INSTALLMENT IS NOT PAID
23 WHEN DUE, THE WHOLE AMOUNT OF THE TAX UNPAID SHALL
24 BECOME DUE AND PAYABLE UPON NOTICE AND DEMAND BY
25 THE COLLECTOR.

1 THE TAX MAY AT THE OPTION OF THE TAXPAYER BE
2 PAID IN A SINGLE PAYMENT INSTEAD OF IN INSTALLMENTS,
3 IN WHICH CASE THE TOTAL AMOUNT SHALL BE PAID ON OR
4 BEFORE THE TIME FIXED BY LAW FOR FILING THE RETURN,
5 OR, WHERE AN EXTENSION OF TIME FOR FILING THE RE-
6 TURN HAS BEEN GRANTED, ON OR BEFORE THE EXPIRATION
7 OF THE PERIOD OF SUCH EXTENSION.

8 (B) AS SOON AS PRACTICABLE AFTER THE RETURN IS
9 FILED, THE COMMISSIONER SHALL EXAMINE IT. IF IT
10 THEN APPEARS THAT THE CORRECT AMOUNT OF THE TAX
11 IS GREATER OR LESS THAN THAT SHOWN IN THE RETURN,
12 THE INSTALLMENTS SHALL BE RECOMPUTED. IF THE
13 AMOUNT ALREADY PAID EXCEEDS THAT WHICH SHOULD
14 HAVE BEEN PAID ON THE BASIS OF THE INSTALLMENTS AS
15 RECOMPUTED, THE EXCESS SO PAID SHALL BE CREDITED
16 AGAINST THE SUBSEQUENT INSTALLMENTS; AND IF THE
17 AMOUNT ALREADY PAID EXCEEDS THE CORRECT AMOUNT
18 OF THE TAX, THE EXCESS SHALL BE CREDITED OR RE-
19 FUNDED TO THE TAXPAYER IN ACCORDANCE WITH THE
20 PROVISIONS OF SECTION 252.

21 ~~Sec. 251. The second and third paragraphs of sub-~~
22 ~~division (b) of section 250 of the Revenue Act of 1918 are~~
23 ~~amended to read as follows:~~

24 "If the amount already paid is less than that which
25 should have been paid, the difference, to the extent not

1 covered by any credits due to the taxpayer under section 252
2 (hereinafter called ~~'deficiency'~~ "deficiency"), together with
3 interest thereon at the rate of one-half of 1 per centum per
4 month from the time the tax was due (or, if paid on the install-
5 ment basis, on the deficiency of each installment from the
6 time the installment was due), shall be paid upon notice and
7 demand by the collector. If any part of the deficiency is due
8 to negligence or ~~willful~~ *intentional* disregard of authorized
9 rules and regulations with knowledge thereof, but without
10 intent to defraud, there shall be added as part of the tax 5 per
11 centum of the total amount of the deficiency in the tax, and
12 interest in such a case shall be collected at the rate of 1 per
13 centum per month on the amount of such deficiency in the
14 tax from the time it was due (or, if paid on the installment
15 basis, on the amount of the deficiency in each installment
16 from the time the installment was due), which penalty and
17 interest shall become due and payable upon notice and de-
18 mand by the collector. If any part of the deficiency is due to
19 fraud with intent to evade tax, then, in lieu of the penalty
20 provided by section 3176 of the Revised Statutes, as amended,
21 for false or fraudulent returns willfully made, but in addition
22 to other penalties provided by law for false or fraudulent
23 returns, there shall be added as part of the tax 50 per centum
24 of the total amount of the deficiency in the tax. In such case
25 the entire *whole amount of the tax unpaid*, including the

1 penalty so added, shall become due and payable upon notice
2 and demand by the collector.²² collector.

3 (c) IF THE RETURN IS MADE PURSUANT TO SECTION
4 3176 OF THE REVISED STATUTES AS AMENDED, THE AMOUNT
5 OF TAX DETERMINED TO BE DUE UNDER SUCH RETURN
6 SHALL BE PAID UPON NOTICE AND DEMAND BY THE COL-
7 LECTOR.

8 ~~Sec. 252. Subdivisions (d) and (e) of section 250 of the~~
9 ~~Revenue Act of 1918 are amended to read as follows:~~

10 ~~“(d) (d) The amount of tax income, excess-profits, or~~
11 ~~war-profits taxes due under any return made under this Act~~
12 ~~for the taxable year 1921 or succeeding taxable years shall~~
13 ~~be determined and assessed by the commissioner Commis-~~
14 ~~sioner within three four years after the return was filed,~~
15 ~~and the amount of tax any such taxes due under any return~~
16 ~~made under this Act for prior fiscal taxable years or under~~
17 ~~prior income, excess-profits, or war-profits tax Acts, or under~~
18 ~~section 38 of the Act entitled “An Act to provide revenue,~~
19 ~~equalize duties, and encourage the industries of the United~~
20 ~~States, and for other purposes,” approved August 5, 1909,~~
21 ~~shall be determined and assessed within five years after~~
22 ~~the return was filed, unless both the commissioner Commis-~~
23 ~~sioner and the taxpayer consent in writing to a later deter-~~
24 ~~mination, assessment, and collection of the tax; and~~
25 ~~no suit or proceeding for the collection of any tax~~

1 such taxes due under this Act or under prior income,
2 excess-profits, or war-profits tax Acts Acts, or of any taxes
3 due under section 38 of such Act of August 5, 1909,
4 shall be begun, after the expiration of five years after the
5 date when such return was filed, but this shall not affect suits
6 or proceedings begun at the time of the passage of the
7 Revenue Act of 1921 this Act: *Provided*, That in the case
8 of income received during the lifetime of a decedent, all
9 taxes due thereon shall be determined and assessed by the
10 commissioner *Commissioner* within one year after written
11 request therefor by the executor, administrator, or other
12 fiduciary representing the estate of such decedent: *Pro-*
13 *vided further*, That in the case of a false or fraudulent return
14 with intent to evade tax, or of a failure to file a required
15 return, the amount of tax due may be determined *determined*,
16 *assessed, and collected, and a suit or proceeding for the col-*
17 *lection of such amount may be begun*, at any time after it
18 becomes due: *Provided further*, That in cases coming within
19 the scope of paragraph (9) of subdivision (a) of section 214,
20 or of paragraph (8) of subdivision (a) of section 234, or in
21 cases of final settlement of losses and other deductions ten-
22 tatively allowed by the commissioner *Commissioner* pending a
23 determination of the exact amount deductible, the amount of
24 tax or deficiency in tax due may be determined, assessed, and
25 collected at any time; but prior to the assessment thereof the

1 taxpayer shall be notified and given a period of not less than
2 thirty days in which to file an appeal and be heard as here-
3 inafter provided in this subdivision.

4 ~~“(H) If~~ upon examination of a return, a tax or a defi-
5 ciency in tax is discovered, the taxpayer shall be notified
6 thereof and given a period of not less than thirty days after
7 such notice is mailed in which to file an appeal and
8 show cause or reason why the tax or deficiency should not be
9 paid. The appeal shall be promptly decided after opportu-
10 nity is given for a hearing thereon, and any Opportunity
11 for hearing shall be granted and a final decision thereon shall
12 be made as quickly as practicable. Any tax or deficiency in
13 tax then determined to be due shall be assessed and paid,
14 together with the penalty and interest, if any, applicable
15 thereto, within ten days after notice and demand by the
16 collector as hereinafter provided, and in such cases no claim
17 in abatement of the amount so assessed shall be entertained:
18 *Provided*, That in cases where the commissioner *Commis-*
19 *sioner* believes that the collection of the amount due will be
20 jeopardized by such delay he may make the assessment with-
21 out giving such notice: *notice or awaiting the conclusion of*
22 *such hearing.*

23 ~~“(e) (e)~~ If any tax remains unpaid after the date when it is
24 due, and for ten days after notice and demand by the collector,
25 then, except in the case of estates of insane, deceased, or in-

1 solvent persons, there shall be added as part of the tax the
2 sum of 5 per centum on the amount due but unpaid, plus
3 interest at the rate of 1 per centum per month upon such
4 amount from the time it became due: *Provided*, That as to
5 any such amount which is the subject of a bona fide claim for
6 abatement filed within ten days after notice and demand by
7 the collector, where the taxpayer has not had the benefit of
8 ~~the notice and the thirty day period for filing an appeal as~~
9 ~~provided in provisions of subdivision (d)~~, such sum of 5 per
10 centum shall not be added and the interest from the time the
11 amount was due until the claim is decided shall be at the rate
12 of one-half of 1 per centum per month on that part of the
13 claim rejected.

14 ~~"In~~ *In* the case of the first installment provided for in
15 subdivision (a) the instructions printed on the return shall be
16 deemed sufficient notice of the date when the tax is due and
17 sufficient demand, and the taxpayer's computation of the tax
18 on the return shall be deemed sufficient notice of the amount
19 ~~due.~~ *due.* *In the case of each subsequent installment the*
20 *collector may, within thirty days and not later than ten days*
21 *before the installment becomes due, mail to the taxpayer*
22 *notice of the amount of the installment and the date on which*
23 *it is due for payment. Such notice of the collector shall be*
24 *sufficient notice and sufficient demand under this section.*

1 ~~Sec. 253. Subdivision (f) of section 250 of the Reve-~~
2 ~~nue Act of 1918 is repealed.~~

3 (f) *In the case of any deficiency (except where the de-*
4 *ficiency is due to negligence or to fraud with intent to evade*
5 *tax) where it is shown to the satisfaction of the Commissioner*
6 *that the payment of such deficiency would result in undue*
7 *hardship to the taxpayer, the Commissioner may, with the*
8 *approval of the Secretary, extend the time for the payment*
9 *of such deficiency or any part thereof for such period not*
10 *in excess of eighteen months from the passage of this Act as*
11 *the Commissioner may determine. In such case the Commis-*
12 *sioner may require the taxpayer to furnish a bond with suffi-*
13 *cient sureties conditioned upon the payment of the deficiency*
14 *in accordance with the terms of the extension granted. There*
15 *shall be added in lieu of other interest provided by law, as*
16 *a part of such deficiency, interest thereon at the rate of two-*
17 *thirds of 1 per centum per month from the time such exten-*
18 *sion is granted; except where such other interest provided by*
19 *law is in excess of interest at the rate of two-thirds of 1 per*
20 *centum per month. If the deficiency or any part thereof is*
21 *not paid in accordance with the terms of the extension granted,*
22 *there shall be added as part of the deficiency, in lieu of other*
23 *interest and penalties provided by law, the sum of 5 per*
24 *centum of the deficiency and interest on the deficiency at the*
25 *rate of 1 per centum per month from the time it becomes*
26 *payable in accordance with the terms of such extension.*

1 ~~Sec. 254. Subdivision (g) of section 250 of the Reve-~~
2 ~~nue Act of 1918 is amended by adding at the end thereof~~
3 ~~the following sentences:~~

4 (g) If THE COMMISSIONER FINDS THAT A TAXPAYER
5 DESIGNS QUICKLY TO DEPART FROM THE UNITED STATES
6 OR TO REMOVE HIS PROPERTY THEREFROM, OR TO CONCEAL
7 HIMSELF OR HIS PROPERTY THEREIN, OR TO DO ANY OTHER
8 ACT TENDING TO PREJUDICE OR TO RENDER WHOLLY OR
9 PARTLY INEFFECTUAL PROCEEDINGS TO COLLECT THE TAX
10 FOR THE TAXABLE YEAR THEN LAST PAST OR THE TAXABLE
11 YEAR THEN CURRENT UNLESS SUCH PROCEEDINGS BE
12 BROUGHT WITHOUT DELAY, THE COMMISSIONER SHALL DE-
13 CLARE THE TAXABLE PERIOD FOR SUCH TAXPAYER *immedi-*
14 *ately* TERMINATED AND SHALL CAUSE NOTICE OF SUCH
15 FINDING AND DECLARATION TO BE GIVEN THE TAXPAYER,
16 TOGETHER WITH A DEMAND FOR IMMEDIATE PAYMENT OF
17 THE TAX FOR THE TAXABLE PERIOD SO DECLARED TER-
18 MINATED AND OF THE TAX FOR THE PRECEDING TAXABLE
19 YEAR OR SO MUCH OF SAID TAX AS IS UNPAID, WHETHER OR
20 NOT THE TIME OTHERWISE ALLOWED BY LAW FOR FILING RE-
21 TURN AND PAYING THE TAX HAS EXPIRED; AND SUCH TAXES
22 SHALL THEREUPON BECOME IMMEDIATELY DUE AND PAY-
23 ABLE. IN ANY ACTION OR SUIT BROUGHT TO ENFORCE PAY-
24 MENT OF TAXES MADE DUE AND PAYABLE BY VIRTUE OF THE
25 PROVISIONS OF THIS SUBDIVISION THE FINDING OF THE COM-

1 **NOTICE, MADE AS HEREIN PROVIDED, WHETHER MADE**
2 **AFTER NOTICE TO THE TAXPAYER OR NOT, SHALL BE FOR**
3 **ALL PURPOSES PRESUMPTIVE EVIDENCE OF THE TAXPAYER'S**
4 **DESIGN. A TAXPAYER WHO IS NOT IN DEFAULT IN MAK-**
5 **ING ANY RETURN OR PAYING INCOME, WAR-PROFITS, OR**
6 **EXCESS-PROFITS TAX UNDER ANY ACT OF CONGRESS MAY**
7 **FURNISH TO THE UNITED STATES, UNDER REGULATIONS TO**
8 **BE PRESCRIBED BY THE COMMISSIONER WITH THE AP-**
9 **PROVAL OF THE SECRETARY, SECURITY APPROVED BY THE**
10 **COMMISSIONER THAT HE WILL DULY MAKE THE RETURN**
11 **NEXT THEREAFTER REQUIRED TO BE FILED AND PAY THE**
12 **TAX NEXT THEREAFTER REQUIRED TO BE PAID. THE**
13 **COMMISSIONER MAY APPROVE AND ACCEPT IN LIKE MANNER**
14 **SECURITY FOR RETURN AND PAYMENT OF TAXES MADE DUE**
15 **AND PAYABLE BY VIRTUE OF THE PROVISIONS OF THIS SUB-**
16 **DIVISION, PROVIDED THE TAXPAYER HAS PAID IN FULL ALL**
17 **OTHER INCOME, WAR-PROFITS, OR EXCESS-PROFITS TAXES**
18 **DUE FROM HIM UNDER ANY ACT OF CONGRESS. IF SE-**
19 **CURITY IS APPROVED AND ACCEPTED PURSUANT TO THE**
20 **PROVISIONS OF THIS SUBDIVISION AND SUCH FURTHER OR**
21 **OTHER SECURITY WITH RESPECT TO THE TAX OR TAXES**
22 **COVERED THEREBY IS GIVEN AS THE COMMISSIONER SHALL**
23 **FROM TIME TO TIME FIND NECESSARY AND REQUIRE, PAY-**
24 **MENT OF SUCH TAXES SHALL NOT BE ENFORCED BY ANY**
25 **PROCEEDINGS UNDER THE PROVISIONS OF THIS SUBDIVISION**

1 PRIOR TO THE EXPIRATION OF THE TIME OTHERWISE AL-
 2 LOWED FOR PAYING SUCH RESPECTIVE TAXES. ~~“In~~ In the
 3 case of a citizen of the United States about to depart from
 4 the United States the ~~commissioner~~ *Commissioner* may, at
 5 his discretion, waive any or all of the requirements placed on
 6 the taxpayer by this subdivision. No alien shall depart
 7 from the United States unless he first secures from the col-
 8 lector or agent in charge a certificate that he has complied
 9 with all the obligations imposed upon him by the income,
 10 war-profits, and excess-profits tax laws. If a taxpayer
 11 violates or attempts to violate this subdivision there shall,
 12 in addition to all other penalties, be added as part of the tax
 13 25 per centum of the total amount of the *tax or deficiency in*
 14 *the tax, together with interest at the rate provided by this*
 15 ~~section in the case of the filing of a false or fraudulent re-~~
 16 ~~turn,~~ *” of 1 per centum per month from the time the tax*
 17 *became due.*

18 RECEIPTS FOR TAXES.

19 *SEC. 251. THAT EVERY COLLECTOR TO WHOM ANY*
 20 *PAYMENT OF ANY TAX IS MADE UNDER THE PROVISIONS OF*
 21 *THIS TITLE SHALL UPON REQUEST GIVE TO THE PERSON*
 22 *MAKING SUCH PAYMENT A FULL WRITTEN OR PRINTED RE-*
 23 *CEIPT, STATING THE AMOUNT PAID AND THE PARTICULAR*
 24 *ACCOUNT FOR WHICH SUCH PAYMENT WAS MADE; AND*
 25 *WHENEVER ANY DEBTOR PAYS TAXES ON ACCOUNT OF PAY-*

1 MENTS MADE OR TO BE MADE BY HIM TO SEPARATE CREDITORS
 2 THE COLLECTOR SHALL, IF REQUESTED BY SUCH DEBTOR,
 3 GIVE A SEPARATE RECEIPT FOR THE TAX PAID ON ACCOUNT
 4 OF EACH CREDITOR IF SUCH FORM THAT THE DEBTOR CAN
 5 CONVENIENTLY PRODUCE SUCH RECEIPTS SEPARATELY TO
 6 HIS SEVERAL CREDITORS IN SATISFACTION OF THEIR RE-
 7 SPECTIVE DEMANDS UP TO THE AMOUNTS STATED IN THE
 8 RECEIPTS; AND SUCH RECEIPT SHALL BE SUFFICIENT EVI-
 9 DENCE IN FAVOR OF SUCH DEBTOR TO JUSTIFY HIM IN
 10 WITHHOLDING FROM HIS NEXT PAYMENT TO HIS CREDITOR
 11 THE AMOUNT THEREIN STATED; BUT THE CREDITOR MAY,
 12 UPON GIVING TO HIS DEBTOR A FULL WRITTEN RECEIPT
 13 ACKNOWLEDGING THE PAYMENT TO HIM OF ANY SUM AC-
 14 TUALY PAID AND ACCEPTING THE AMOUNT OF TAX PAID
 15 AS AFORESAID (SPECIFYING THE SAME) AS A FURTHER
 16 SATISFACTION OF THE DEBT TO THAT AMOUNT, REQUIRE
 17 THE SURRENDER TO HIM OF SUCH COLLECTOR'S RECEIPT.

18 ~~Sec. 255. Section 252 of the Revenue Act of 1918 is~~
 19 ~~amended by striking out the period at the end thereof and~~
 20 ~~inserting a colon and the following: "Provided~~

21 REFUNDS.

22 SEC. 252. THAT IF, UPON EXAMINATION OF ANY
 23 RETURN OF INCOME MADE PURSUANT TO THIS ACT, THE
 24 ACT OF AUGUST 5, 1909, ENTITLED "AN ACT TO PROVIDE
 25 REVENUE, EQUALIZE DUTIES, AND ENCOURAGE THE IN-

1 DUSTRIES OF THE UNITED STATES, AND FOR OTHER PUR
2 POSES," THE ACT OF OCTOBER 3, 1913, ENTITLED "AN
3 ACT TO REDUCE TARIFF DUTIES AND TO PROVIDE REVENUE
4 FOR THE GOVERNMENT, AND FOR OTHER PURPOSES," THE
5 REVENUE ACT OF 1916, AS AMENDED, THE REVENUE ACT
6 OF 1917, OR THE REVENUE ACT OF 1918, IT APPEARS THAT AN
7 AMOUNT OF INCOME, WAR-PROFITS OR EXCESS-PROFITS TAX
8 HAS BEEN PAID IN EXCESS OF THAT PROPERLY DUE, THEN,
9 NOTWITHSTANDING THE PROVISIONS OF SECTION 3228 OF
10 THE REVISED STATUTES, THE AMOUNT OF THE EXCESS
11 SHALL BE CREDITED AGAINST ANY INCOME, WAR-PROFITS
12 OR EXCESS-PROFITS TAXES, OR INSTALLMENT THEREOF, THEN
13 DUE FROM THE TAXPAYER UNDER ANY OTHER RETURN, AND
14 ANY BALANCE OF SUCH EXCESS SHALL BE IMMEDIATELY
15 REFUNDED TO THE TAXPAYER: PROVIDED, THAT NO SUCH
16 CREDIT OR REFUND SHALL BE ALLOWED OR MADE AFTER
17 FIVE YEARS FROM THE DATE WHEN THE RETURN WAS DUE,
18 UNLESS BEFORE THE EXPIRATION OF SUCH FIVE YEARS A
19 CLAIM THEREFOR IS FILED BY THE TAXPAYER: Provided
20 further, That if upon examination of any return of income
21 made pursuant to the Revenue Act of 1917 1917, the Revenue
22 Act of 1918, or this Act Act, the invested capital of a tax-
23 payer is decreased by the commissioner Commissioner, and
24 such decrease is due to the fact that the taxpayer failed to take
25 adequate deductions in previous years, with the result that an

1 amount of income tax in excess of that properly due was paid
2 in any previous year or years, then, notwithstanding any
3 other provision of law and regardless of the expiration of such
4 five-year period, the amount of such excess shall, without the
5 filing of any claim therefor, be credited or refunded as pro-
6 vided in this section." section: And provided further, That
7 nothing in this section shall be construed to bar from allowance
8 claims for refund filed under the provisions of subdivision
9 (a) of section 14 of the Revenue Act of 1916, prior to the
10 date of the passage of the Revenue Act of 1918.

11 **PENALTIES.**

12 **Sec. 253. THAT ANY INDIVIDUAL, CORPORATION, OR**
13 **PARTNERSHIP REQUIRED UNDER THIS TITLE TO PAY OR**
14 **COLLECT ANY TAX, TO MAKE A RETURN OR TO SUPPLY IN-**
15 **FORMATION, WHO FAILS TO PAY OR COLLECT SUCH TAX,**
16 **TO MAKE SUCH RETURN, OR TO SUPPLY SUCH INFORMATION**
17 **AT THE TIME OR TIMES REQUIRED UNDER THIS TITLE, SHALL**
18 **BE LIABLE TO A PENALTY OF NOT MORE THAN \$1,000. ANY**
19 **INDIVIDUAL, CORPORATION, OR PARTNERSHIP, OR ANY OFFI-**
20 **CER OR EMPLOYEE OF ANY CORPORATION OR MEMBER OR**
21 **EMPLOYEE OF A PARTNERSHIP, WHO WILLFULLY REFUSES TO**
22 **PAY OR COLLECT SUCH TAX, TO MAKE SUCH RETURN, OR TO**
23 **SUPPLY SUCH INFORMATION AT THE TIME OR TIMES RE-**
24 **QUIRED UNDER THIS TITLE, OR WHO WILLFULLY ATTEMPTS**
25 **IN ANY MANNER TO DEFEAT OR EVADE THE TAX IMPOSED**

1 BY THIS TITLE, SHALL BE GUILTY OF A MISDEMEANOR AND
2 SHALL BE FINED NOT MORE THAN \$10,000 OR IMPRISONED
3 FOR NOT MORE THAN ONE YEAR, OR BOTH, TOGETHER WITH
4 THE COSTS OF PROSECUTION.

5 RETURNS OF PAYMENTS OF DIVIDENDS.

6 SEC. 254. THAT EVERY CORPORATION SUBJECT TO THE
7 TAX IMPOSED BY THIS TITLE AND EVERY PERSONAL SERVICE
8 CORPORATION, SHALL, WHEN REQUIRED BY THE COMMIS-
9 SIONER, RENDER A CORRECT RETURN, DULY VERIFIED UNDER
10 OATH, OF ITS PAYMENTS OF DIVIDENDS, STATING THE NAME
11 AND ADDRESS OF EACH STOCKHOLDER, THE NUMBER OF
12 SHARES OWNED BY HIM, AND THE AMOUNT OF DIVIDENDS
13 PAID TO HIM.

14 RETURNS OF BROKERS.

15 SEC. 255. THAT EVERY INDIVIDUAL, CORPORATION,
16 OR PARTNERSHIP DOING BUSINESS AS A BROKER SHALL,
17 WHEN REQUIRED BY THE COMMISSIONER, RENDER A
18 CORRECT RETURN DULY VERIFIED UNDER OATH, UNDER
19 SUCH RULES AND REGULATIONS AS THE COMMISSIONER,
20 WITH THE APPROVAL OF THE SECRETARY, MAY PRESCRIBE,
21 SHOWING THE NAMES OF CUSTOMERS FOR WHOM SUCH
22 INDIVIDUAL, CORPORATION, OR PARTNERSHIP HAS TRANS-
23 ACTED ANY BUSINESS, WITH SUCH DETAILS AS TO THE
24 PROFITS, LOSSES, OR OTHER INFORMATION WHICH THE
25 COMMISSIONER MAY REQUIRE, AS TO EACH OF SUCH BUS-

1 TOMERS, AS WILL ENABLE THE COMMISSIONER TO DETER-
2 MINE WHETHER ALL INCOME TAX DUE ON PROFITS OR
3 GAINS OF SUCH CUSTOMERS HAS BEEN PAID.

4 ~~SEC. 256. Section 256 of the Revenue Act of 1918 is~~
5 ~~amended by inserting before the words "of \$1,000 or more"~~
6 ~~the words "at the rate"~~.

7 INFORMATION AT SOURCE.

8 SEC. 256. THAT ALL INDIVIDUALS, CORPORATIONS, AND
9 PARTNERSHIPS, IN WHATEVER CAPACITY ACTING, INCLUDING
10 LESSEES OR MORTGAGORS OF REAL OR PERSONAL PROPERTY,
11 FIDUCIARIES, AND EMPLOYERS, MAKING PAYMENT TO AN-
12 OTHER INDIVIDUAL, CORPORATION, OR PARTNERSHIP, OF
13 INTEREST, RENT, SALARIES, WAGES, PREMIUMS, ANNUITIES,
14 COMPENSATIONS, REMUNERATIONS, EMOLUMENTS, OR OTHER
15 FIXED OR DETERMINABLE GAINS, PROFITS, AND INCOME
16 (OTHER THAN PAYMENTS DESCRIBED IN SECTIONS 254 AND
17 255), OF \$1,000 OR MORE IN ANY TAXABLE YEAR, OR, IN THE
18 CASE OF SUCH PAYMENTS MADE BY THE UNITED STATES,
19 THE OFFICERS OR EMPLOYEES OF THE UNITED STATES
20 HAVING INFORMATION AS TO SUCH PAYMENTS AND REQUIRED
21 TO MAKE RETURNS IN REGARD THERETO BY THE REGULA-
22 TIONS HEREINAFTER PROVIDED FOR, SHALL RENDER A TRUE
23 AND ACCURATE RETURN TO THE COMMISSIONER, UNDER
24 SUCH REGULATIONS AND IN SUCH FORM AND MANNER AND
25 TO SUCH EXTENT AS MAY BE PRESCRIBED BY HIM WITH THE

1 APPROVAL OF THE SECRETARY, SETTING FORTH THE AMOUNT
2 OF SUCH GAINS, PROFITS, AND INCOME, AND THE NAME AND
3 ADDRESS OF THE RECIPIENT OF SUCH PAYMENT.

4 SUCH RETURNS MAY BE REQUIRED, REGARDLESS OF
5 AMOUNTS, (1) IN THE CASE OF PAYMENTS OF INTEREST UPON
6 BONDS, MORTGAGES, DEEDS OF TRUST, OR OTHER SIMILAR
7 OBLIGATIONS OF CORPORATIONS, AND (2) IN THE CASE OF
8 COLLECTIONS OF ITEMS (NOT PAYABLE IN THE UNITED
9 STATES) OF INTEREST UPON THE BONDS OF FOREIGN COUN-
10 TRIES AND INTEREST UPON THE BONDS OF AND DIVIDENDS
11 FROM FOREIGN CORPORATIONS BY INDIVIDUALS, CORPORA-
12 TIONS, OR PARTNERSHIPS, UNDERTAKING AS A MATTER OF
13 BUSINESS OR FOR PROFIT THE COLLECTION OF FOREIGN
14 PAYMENTS OF SUCH INTEREST OR DIVIDENDS BY MEANS OF
15 COUPONS, CHECKS, OR BILLS OF EXCHANGE.

16 WHEN NECESSARY TO MAKE EFFECTIVE THE PROVISIONS
17 OF THIS SECTION THE NAME AND ADDRESS OF THE RECIPIENT
18 OF INCOME SHALL BE FURNISHED UPON DEMAND OF THE
19 INDIVIDUAL, CORPORATION, OR PARTNERSHIP PAYING THE
20 INCOME.

21 THE PROVISIONS OF THIS SECTION SHALL APPLY TO
22 THE CALENDAR YEAR 1921 AND EACH CALENDAR YEAR
23 THEREAFTER, BUT SHALL NOT APPLY TO THE PAYMENT OF
24 INTEREST ON OBLIGATIONS OF THE UNITED STATES.

1 RETURNS TO BE PUBLIC RECORDS.

2 SEC. 257. THAT RETURNS UPON WHICH THE TAX HAS
3 BEEN DETERMINED BY THE COMMISSIONER SHALL CONSTI-
4 TUTE PUBLIC RECORDS; BUT THEY SHALL BE OPEN TO
5 INSPECTION ONLY UPON ORDER OF THE PRESIDENT AND
6 UNDER RULES AND REGULATIONS PRESCRIBED BY THE
7 SECRETARY AND APPROVED BY THE PRESIDENT: PROVIDED,
8 THAT THE PROPER OFFICERS OF ANY STATE IMPOSING AN
9 INCOME TAX MAY, UPON THE REQUEST OF THE GOVERNOR
10 THEREOF, HAVE ACCESS TO THE RETURNS OF ANY COR-
11 PORATION, OR TO AN ABSTRACT THEREOF SHOWING THE
12 NAME AND INCOME OF THE CORPORATION, AT SUCH TIMES
13 AND IN SUCH MANNER AS THE SECRETARY MAY PRESCRIBE.
14 PROVIDED FURTHER, THAT ALL BONA FIDE STOCKHOLDERS
15 OF RECORD OWNING 1 PER CENTUM OR MORE OF THE OUT-
16 STANDING STOCK OF ANY CORPORATION SHALL, UPON MAKING
17 REQUEST OF THE COMMISSIONER, BE ALLOWED TO EXAMINE
18 THE ANNUAL INCOME RETURNS OF SUCH CORPORATION AND
19 OF ITS SUBSIDIARIES. ANY STOCKHOLDER WHO PURSUANT
20 TO THE PROVISIONS OF THIS SECTION IS ALLOWED TO EX-
21 AMINE THE RETURN OF ANY CORPORATION, AND WHO
22 MAKES KNOWN IN ANY MANNER WHATEVER NOT PROVIDED
23 BY LAW THE AMOUNT OR SOURCE OF INCOME, PROFITS,
24 LOSSES, EXPENDITURES, OR ANY PARTICULAR THEREOF, SET
25 FORTH OR DISCLOSED IN ANY SUCH RETURN, SHALL BE

1 GUILTY OF A MISDEMEANOR AND BE PUNISHED BY A FINE
2 NOT EXCEEDING \$1,000, OR BY IMPRISONMENT NOT EX-
3 CEEDING ONE YEAR, OR BOTH.

4 THE COMMISSIONER SHALL AS SOON AS PRACTICABLE
5 IN EACH YEAR CAUSE TO BE PREPARED AND MADE AVAILABLE
6 TO PUBLIC INSPECTION IN SUCH MANNER AS HE MAY DETERMINE,
7 IN THE OFFICE OF THE COLLECTOR IN EACH INTERNAL-
8 REVENUE DISTRICT AND IN SUCH OTHER PLACES AS HE MAY
9 DETERMINE, LISTS CONTAINING THE NAMES AND THE POST-
10 OFFICE ADDRESSES OF ALL INDIVIDUALS MAKING INCOME-
11 TAX RETURNS IN SUCH DISTRICT.

12 PUBLICATION OF STATISTICS.

13 SEC. 258. THAT THE COMMISSIONER, WITH THE AP-
14 PROVAL OF THE SECRETARY, SHALL PREPARE AND PUBLISH
15 ANNUALLY STATISTICS REASONABLY AVAILABLE WITH RE-
16 SPECT TO THE OPERATION OF THE INCOME, WAR-PROFITS
17 AND EXCESS-PROFITS TAX LAWS, INCLUDING CLASSIFICA-
18 TIONS OF TAXPAYERS AND OF INCOME, THE AMOUNTS AL-
19 LOWED AS DEDUCTIONS, EXEMPTIONS, AND CREDITS, AND
20 ANY OTHER FACTS DEEMED PERTINENT AND VALUABLE.

21 COLLECTION OF FOREIGN ITEMS.

22 SEC. 259. THAT ALL INDIVIDUALS, CORPORATIONS, OR
23 PARTNERSHIPS UNDERTAKING AS A MATTER OF BUSINESS OR
24 FOR PROFIT THE COLLECTION OF FOREIGN PAYMENTS OF
25 INTEREST OR DIVIDENDS BY MEANS OF COUPONS, CHECKS,

1 OR BILLS OF EXCHANGE SHALL OBTAIN A LICENSE FROM
2 THE COMMISSIONER AND SHALL BE SUBJECT TO SUCH REGU-
3 LATIONS ENABLING THE GOVERNMENT TO OBTAIN THE
4 INFORMATION REQUIRED UNDER THIS TITLE AS THE COM-
5 MISSIONER, WITH THE APPROVAL OF THE SECRETARY,
6 SHALL PRESCRIBE; AND WHOEVER KNOWINGLY UNDER
7 TAKES TO COLLECT SUCH PAYMENTS WITHOUT HAVING
8 OBTAINED A LICENSE THEREFOR, OR WITHOUT COMPLYING
9 WITH SUCH REGULATIONS, SHALL BE GUILTY OF A MIS-
10 DEMEANOR AND SHALL BE FINED NOT MORE THAN \$5,000,
11 OR IMPRISONED FOR NOT MORE THAN ONE YEAR, OR BOTH.

12 CITIZENS OF UNITED STATES POSSESSIONS.

13 SEC. 260: THAT ANY INDIVIDUAL WHO IS A CITIZEN
14 OF ANY POSSESSION OF THE UNITED STATES (BUT NOT
15 OTHERWISE A CITIZEN OF THE UNITED STATES) AND WHO
16 IS NOT A RESIDENT OF THE UNITED STATES, SHALL BE
17 SUBJECT TO TAXATION UNDER THIS TITLE ONLY AS TO
18 INCOME DERIVED FROM SOURCES WITHIN THE UNITED
19 STATES, AND IN SUCH CASE THE TAX SHALL BE COMPUTED
20 AND PAID IN THE SAME MANNER AND SUBJECT TO THE SAME
21 CONDITIONS AS IN THE CASE OF OTHER PERSONS WHO ARE
22 TAXABLE ONLY AS TO INCOME DERIVED FROM SUCH SOURCES.

23 *Nothing in this section shall be construed to alter or*
24 *amend the provisions of the Act entitled "An Act making*
25 *appropriations for the naval service for the fiscal year ending*
26 *June 30, 1922, and for other purposes," approved July 12,*

1 1921, relating to the imposition of income taxes in the Virgin
 2 Islands of the United States; and the provisions of this Act
 3 relating to foreign traders and foreign trade corporations
 4 shall not apply to residents, corporate or otherwise, of such
 5 islands.

6 **PORTO RICO AND PHILIPPINE ISLANDS.**

7 **SEC. 261.** THAT IN PORTO RICO AND THE PHILIP-
 8 PINE ISLANDS THE INCOME TAX SHALL BE LEVIED, ASSESSED,
 9 COLLECTED, AND PAID as provided by law prior to the pas-
 10 sage of this Act.

11 THE PORTO RICAN OR PHILIPPINE LEGISLATURE;
 12 SHALL HAVE POWER BY DUE ENACTMENT TO AMEND, ALTER,
 13 MODIFY, OR REPEAL THE INCOME TAX LAWS IN FORCE IN
 14 PORTO RICO, OR THE PHILIPPINE ISLANDS, RESPEC-
 15 TIVELY:

16 **RETROACTIVE EXEMPTION OF INCOME FROM SOURCES WITHIN**
 17 **THE POSSESSIONS OF THE UNITED STATES.**

18 **SEC. 262. (a).** That in the case of citizens of the United
 19 States or domestic corporations, satisfying the following con-
 20 ditions, gross income under the Revenue Act of 1918, as in
 21 force prior to the passage of this Act, means only gross income
 22 from sources within the United States—

23 (1) If 80 per centum or more of the gross income of such
 24 citizen or domestic corporation (computed without the benefit
 25 of this section) for the three-year period immediately pre-

1 ceding the close of the taxable year (or for such part of such
2 period immediately preceding the close of such taxable year
3 as may be applicable) was derived from sources within a
4 possession of the United States; and

5 (2) If, in the case of such corporation, 50 per centum or
6 more of its gross income (computed without the benefit of this
7 section) for such period or such part thereof was derived from
8 the active conduct of a business within a possession of the
9 United States; or

10 (3) If, in the case of such citizen, 50 per centum or more
11 of his gross income (computed without the benefit of this sec-
12 tion) for such period or such part thereof was derived from
13 the active conduct of a trade or business within a possession
14 of the United States, either on his own account or as an
15 employee or agent of another.

16 (b) In case an amount of tax has been paid under the
17 Revenue Act of 1918, as in force prior to the passage of this
18 Act, in excess of a tax determined with the benefit of this
19 section, the amount of such excess shall be credited or refunded
20 in accordance with section 252 of this Act.

21

EFFECTIVE DATE OF TITLE.

22 SEC. 257. ~~This 263.~~ That this title shall take effect as
23 of January 1, 1921, ~~except sections 206, 207, 224, 237, 241,~~
24 ~~242, 245, 250, and 262, and subdivision (b) of section 202,~~
25 ~~all of which shall take effect January 1, 1922.~~ 1921.

~~TITLE III. EXCESS PROFITS TAX REPEAL.~~

TITLE III.—WAR-PROFITS AND EXCESS-

PROFITS TAX FOR 1921.

~~SEC. 301. (a) Title III of the Revenue Act of 1918 is repealed, to take effect January 1, 1922.~~

PART I.—GENERAL DEFINITIONS.

SEC. 300. THAT WHEN USED IN THIS TITLE THE TERMS "TAXABLE YEAR," "FISCAL YEAR," "PERSONAL SERVICE CORPORATION," "foreign trade corporation," "PAID OR ACCRUED," AND "DIVIDENDS" SHALL HAVE THE SAME MEANING AS PROVIDED FOR THE PURPOSES OF INCOME TAX IN SECTIONS 200 AND 201.

PART II.—IMPOSITION OF TAX.

SEC. 301. (A) THAT IN LIEU OF THE TAX IMPOSED BY Title III of the Revenue Act of 1918, BUT IN ADDITION TO THE OTHER TAXES IMPOSED BY THIS ACT, THERE SHALL BE LEVIED, COLLECTED AND PAID FOR THE calendar YEAR 1921 UPON THE NET INCOME OF EVERY CORPORATION (EXCEPT CORPORATIONS TAXABLE UNDER SUBDIVISION (B) OF THIS SECTION), A TAX EQUAL TO THE SUM OF THE FOLLOWING.

FIRST BRACKET.

20 PER CENTUM OF THE AMOUNT OF THE NET INCOME IN EXCESS OF THE EXCESS-PROFITS CREDIT (DETERMINED UNDER SECTION 312) AND NOT IN EXCESS OF 20 PER CENTUM OF THE INVESTED CAPITAL;

1 SECOND BRACKET.
2 40 PER CENTUM OF THE AMOUNT OF THE NET INCOME
3 IN EXCESS OF 20 PER CENTUM OF THE INVESTED CAPITAL.

4 (b) For the calendar year 1921 there shall be
5 levied, collected, and paid upon the net income of
6 every corporation which derives in such a year a
7 net income of more than \$10,000 from any Government
8 contract or contracts made between April 6, 1917,
9 and November 11, 1918, both dates inclusive, a tax
10 equal to the sum of the following:

11 (1) Such a portion of a tax computed at the
12 rates specified in subdivision (a) of section 301 of the
13 Revenue Act of 1918 as the part of the net income
14 attributable to such Government contract or con-
15 tracts bears to the entire net income. In computing
16 such tax the excess-profits credit and the war-
17 profits credit which would be applicable to such calendar
18 year under the Revenue Act of 1918 if it had been continued
19 in force, shall be used;

20 (2) Such a portion of a tax computed at the
21 rates specified in subdivision (a) of this section as the
22 part of the net income not attributable to such
23 Government contract or contracts bears to the en-
24 tire net income.

1 FOR THE PURPOSE OF DETERMINING THE PART OF THE
2 NET INCOME ATTRIBUTABLE TO SUCH GOVERNMENT CON-
3 TRACT OR CONTRACTS, THE PROPER APPORTIONMENT AND
4 ALLOCATION OF THE DEDUCTIONS WITH RESPECT TO GROSS
5 INCOME DERIVED FROM SUCH GOVERNMENT CONTRACT OR
6 CONTRACTS AND FROM OTHER SOURCES, RESPECTIVELY,
7 SHALL BE DETERMINED UNDER RULES AND REGULATIONS
8 PRESCRIBED BY THE COMMISSIONER WITH THE APPROVAL
9 OF THE SECRETARY.

10 (D) IN ANY CASE WHERE THE FULL AMOUNT OF THE
11 EXCESS-PROFITS CREDIT IS NOT ALLOWED UNDER THE
12 FIRST BRACKET OF SUBDIVISION (A), BY REASON OF THE
13 FACT THAT SUCH CREDIT IS IN EXCESS OF 20 PER CENTUM
14 OF THE INVESTED CAPITAL, THE PART NOT SO ALLOWED
15 SHALL BE DEDUCTED FROM THE AMOUNT IN THE SECOND
16 BRACKET.

17 SEC. 302. THAT THE TAX IMPOSED BY SUBDIVISION
18 (A) OF SECTION 301 SHALL IN NO CASE BE MORE THAN 20
19 PER CENTUM OF THE AMOUNT OF THE NET INCOME IN EXCESS
20 OF \$3,000 AND NOT IN EXCESS OF \$20,000, PLUS 40 PER
21 CENTUM OF THE AMOUNT OF THE NET INCOME IN EXCESS OF
22 \$20,000; and the limitations imposed by section 302 of the
23 Revenue Act of 1918 (upon taxes computed under subdivi-
24 sion (c) of section 301 of that Act) are hereby made appli-
25 cable to taxes computed under subdivision (b) of section 301

1 of this Act. NOTHING IN THIS SECTION SHALL BE CON-
2 STRUED IN SUCH MANNER AS TO INCREASE THE TAX IM-
3 POSED BY SECTION 301 OF THIS ACT.

4 SEC. 303. THAT IF PART OF THE NET INCOME OF A
5 CORPORATION IS DERIVED (1) FROM A TRADE OR BUSINESS
6 (OR A BRANCH OF A TRADE OR BUSINESS) IN WHICH THE
7 EMPLOYMENT OF CAPITAL IS NECESSARY, AND (2) A PART
8 (CONSTITUTING NOT LESS THAN 30 PER CENTUM OF ITS
9 TOTAL NET INCOME) IS DERIVED FROM A SEPARATE TRADE
10 OR BUSINESS (OR A DISTINCTLY SEPARATE BRANCH OF THE
11 TRADE OR BUSINESS) WHICH IF CONSTITUTING THE SOLE
12 TRADE OR BUSINESS WOULD BRING IT WITHIN THE CLASS
13 OF "PERSONAL SERVICE CORPORATIONS," THEN (UNDER
14 REGULATIONS PRESCRIBED BY THE COMMISSIONER WITH
15 THE APPROVAL OF THE SECRETARY) THE TAX UPON THE
16 FIRST PART OF SUCH NET INCOME SHALL BE SEPARATELY
17 COMPUTED (ALLOWING IN SUCH COMPUTATION ONLY THE
18 SAME PROPORTIONATE PART OF THE CREDITS AUTHORIZED
19 IN SECTION 312), AND THE TAX UPON THE SECOND PART
20 SHALL BE THE SAME PERCENTAGE THEREOF AS THE TAX
21 SO COMPUTED UPON THE FIRST PART IS OF SUCH FIRST
22 PART: PROVIDED, THAT THE TAX UPON SUCH SECOND PART
23 SHALL IN NO CASE BE LESS THAN 20 PER CENTUM THEREOF,
24 UNLESS THE TAX UPON THE ENTIRE NET INCOME, IF COM-
25 PUTED WITHOUT BENEFIT OF THIS SECTION, WOULD CON-

1 STITUTE LESS THAN 20 PER CENTUM OF SUCH ENTIRE NET
2 INCOME, IN WHICH EVENT THE TAX SHALL BE DETERMINED
3 UPON THE ENTIRE NET INCOME, WITHOUT REFERENCE TO
4 THIS SECTION, AS OTHER TAXES ARE DETERMINED UNDER
5 THIS TITLE. THE TOTAL TAX COMPUTED UNDER THIS
6 SECTION SHALL BE SUBJECT TO THE LIMITATIONS PROVIDED
7 IN SECTION 302.

8 SEC. 304. (A) THAT THE CORPORATIONS ENUMERATED
9 IN SECTION 231 SHALL, TO THE EXTENT THAT THEY ARE
10 EXEMPT FROM INCOME TAX UNDER TITLE II, BE EXEMPT
11 FROM TAXATION UNDER THIS TITLE.

12 (B) ANY CORPORATION WHOSE NET INCOME FOR THE
13 TAXABLE YEAR IS LESS THAN \$3,000 SHALL BE EXEMPT
14 FROM TAXATION UNDER THIS TITLE.

15 (C) IN THE CASE OF ANY CORPORATION ENGAGED IN
16 THE MINING OF GOLD, THE PORTION OF THE NET INCOME
17 DERIVED FROM THE MINING OF GOLD SHALL BE EXEMPT
18 FROM THE TAX IMPOSED BY THIS TITLE, AND THE TAX ON
19 THE REMAINING PORTION OF THE NET INCOME SHALL BE
20 THE SAME PROPORTION OF A TAX COMPUTED WITHOUT THE
21 BENEFIT OF THIS SUBDIVISION WHICH SUCH REMAINING
22 PORTION OF THE NET INCOME BEARS TO THE ENTIRE NET
23 INCOME.

24 SEC. 305. THAT IF A TAX IS COMPUTED UNDER THIS
25 TITLE FOR A PERIOD OF LESS THAN TWELVE MONTHS, THE

1 SPECIFIC EXEMPTION OF \$3,000, WHEREVER REFERRED
 2 TO IN THIS TITLE, SHALL BE REDUCED TO AN AMOUNT
 3 WHICH IS THE SAME PROPORTION OF \$3,000 AS THE NUM-
 4 BER OF MONTHS IN THE PERIOD IS OF TWELVE MONTHS.

5 *PART III.—EXCESS-PROFITS CREDIT.*

6 SEC. 319. THAT THE EXCESS-PROFITS CREDIT SHALL
 7 CONSIST OF A SPECIFIC EXEMPTION OF \$3,000 PLUS AN
 8 AMOUNT EQUAL TO 8 PER CENTUM OF THE INVESTED CAPITAL
 9 FOR THE TAXABLE YEAR.

10 A FOREIGN CORPORATION SHALL NOT BE ENTITLED TO
 11 THE SPECIFIC EXEMPTION OF \$3,000.

12 *PART IV.—NET INCOME.*

13 SEC. 320. (A) THAT FOR THE PURPOSE OF THIS TITLE
 14 THE NET INCOME OF A CORPORATION SHALL BE ASCER-
 15 TAINED AND RETURNED FOR THE TAXABLE YEAR UPON
 16 THE SAME BASIS AND IN THE SAME MANNER AS PROVIDED
 17 FOR INCOME TAX PURPOSES IN TITLE II OF THIS ACT.

18 *PART V.—INVESTED CAPITAL.*

19 SEC. 325. (A) THAT AS USED IN THIS TITLE—
 20 THE TERM "INTANGIBLE PROPERTY" MEANS PATENTS,
 21 COPYRIGHTS, SECRET PROCESSES, AND FORMULÆ, GOOD
 22 WILL, TRADE-MARKS, TRADE-BRANDS, FRANCHISES, AND
 23 OTHER LIKE PROPERTY;

24 THE TERM "TANGIBLE PROPERTY" MEANS STOCKS,
 25 BONDS, NOTES, AND OTHER EVIDENCES OF INDEBTEDNESS,

1 **BILLS AND ACCOUNTS RECEIVABLE, LEASEHOLDS, AND OTHER**
2 **PROPERTY OTHER THAN INTANGIBLE PROPERTY;**

3 **THE TERM "BORROWED CAPITAL" MEANS MONEY OR**
4 **OTHER PROPERTY BORROWED, WHETHER REPRESENTED BY**
5 **BONDS, NOTES, OPEN ACCOUNTS, OR OTHERWISE;**

6 **THE TERM "INADMISSIBLE ASSETS" MEANS STOCKS,**
7 **BONDS, AND OTHER OBLIGATIONS (OTHER THAN OBLIGATIONS**
8 **OF THE UNITED STATES), THE DIVIDENDS OR INTEREST FROM**
9 **WHICH IS NOT INCLUDED IN COMPUTING NET INCOME, BUT**
10 **WHERE THE INCOME DERIVED FROM SUCH ASSETS CONSISTS**
11 **IN PART OF GAIN OR PROFIT DERIVED FROM THE SALE OR**
12 **OTHER DISPOSITION THEREOF, OR WHERE ALL OR PART OF**
13 **THE INTEREST DERIVED FROM SUCH ASSETS IS IN EFFECT**
14 **INCLUDED IN THE NET INCOME BECAUSE OF THE LIMITATION**
15 **ON THE DEDUCTION OF INTEREST UNDER PARAGRAPH (2) OF**
16 **SUBDIVISION (A) OF SECTION 234, A CORRESPONDING PART**
17 **OF THE CAPITAL INVESTED IN SUCH ASSETS SHALL NOT BE**
18 **DEEMED TO BE INADMISSIBLE ASSETS;**

19 **THE TERM "ADMISSIBLE ASSETS" MEANS ALL ASSETS**
20 **OTHER THAN INADMISSIBLE ASSETS, VALUED IN ACCORD-**
21 **ANCE WITH THE PROVISIONS OF SUBDIVISION (A) OF SEC-**
22 **TION 326 AND SECTION 331.**

23 **(B) FOR THE PURPOSES OF THIS TITLE THE PAR VALUE**
24 **OF STOCK OR SHARES SHALL, IN THE CASE OF STOCK OR**
25 **SHARES ISSUED AT A NOMINAL VALUE OR HAVING NO PAR**

1 VALUE, BE DEEMED TO BE THE FAIR MARKET VALUE AS OF
2 THE DATE OR DATES OF ISSUE OF SUCH STOCK OR SHARES.

3 SEC. 306. (A) THAT AS USED IN THIS TITLE' THE
4 TERM "INVESTED CAPITAL" FOR ANY YEAR MEANS (EXCEPT
5 AS PROVIDED IN SUBDIVISIONS (B) AND (C) OF THIS SEC-
6 TION):

7 (1) ACTUAL CASH BONA FIDE PAID IN FOR STOCK OR
8 SHARES;

9 (2) ACTUAL CASH VALUE OF TANGIBLE PROPERTY,
10 OTHER THAN CASH, BONA FIDE PAID IN FOR STOCK OR SHARES,
11 AT THE TIME OF SUCH PAYMENT, BUT IN NO CASE TO EX-
12 CEED THE PAR VALUE OF THE ORIGINAL STOCK OR SHARES
13 SPECIFICALLY ISSUED THEREFOR, UNLESS THE ACTUAL
14 CASH VALUE OF SUCH TANGIBLE PROPERTY AT THE TIME
15 PAID IN IS SHOWN TO THE SATISFACTION OF THE COMMIS-
16 SIONER TO HAVE BEEN CLEARLY AND SUBSTANTIALLY IN
17 EXCESS OF SUCH PAR VALUE, IN WHICH CASE SUCH EXCESS
18 SHALL BE TREATED AS PAID-IN SURPLUS: PROVIDED, THAT
19 THE COMMISSIONER SHALL KEEP A RECORD OF ALL CASES
20 IN WHICH TANGIBLE PROPERTY IS INCLUDED IN INVESTED
21 CAPITAL AT A VALUE IN EXCESS OF THE STOCK OR SHARES
22 ISSUED THEREFOR, CONTAINING THE NAME AND ADDRESS
23 OF EACH TAXPAYER, THE BUSINESS IN WHICH ENGAGED,
24 THE AMOUNT OF INVESTED CAPITAL AND NET INCOME SHOWN
25 BY THE RETURN, THE VALUE OF THE TANGIBLE PROPERTY

1 AT THE TIME PAID IN, THE PAR VALUE OF THE STOCK OR
2 SHARES SPECIFICALLY ISSUED THEREFOR, AND THE AMOUNT
3 INCLUDED UNDER THIS PARAGRAPH AS PAID-IN SURPLUS.
4 THE COMMISSIONER SHALL FURNISH A COPY OF SUCH
5 RECORD AND OTHER DETAILED INFORMATION WITH RESPECT
6 TO SUCH CASES WHEN REQUIRED BY RESOLUTION OF EITHER
7 HOUSE OF CONGRESS, WITHOUT REGARD TO THE RESTRIC-
8 TIONS CONTAINED IN SECTION 257;

9 (3) PAID-IN OR EARNED SURPLUS AND UNDIVIDED
10 PROFITS; NOT INCLUDING SURPLUS AND UNDIVIDED PROFITS
11 EARNED DURING THE YEAR;

12 (4) INTANGIBLE PROPERTY BONA FIDE PAID IN FOR
13 STOCK OR SHARES PRIOR TO MARCH 3, 1917, IN AN AMOUNT
14 NOT EXCEEDING (A) THE ACTUAL CASH VALUE OF SUCH
15 PROPERTY AT THE TIME PAID IN, (B) THE PAR VALUE OF
16 THE STOCK OR SHARES ISSUED THEREFOR, OR (C) IN THE
17 AGGREGATE 25 PER CENTUM OF THE PAR VALUE OF THE
18 TOTAL STOCK OR SHARES OF THE CORPORATION OUTSTAND-
19 ING ON MARCH 3, 1917, WHICHEVER IS LOWEST;

20 (5) INTANGIBLE PROPERTY BONA FIDE PAID IN FOR
21 STOCK OR SHARES ON OR AFTER MARCH 3, 1917, IN AN
22 AMOUNT NOT EXCEEDING (A) THE ACTUAL CASH VALUE
23 OF SUCH PROPERTY AT THE TIME PAID IN, (B) THE PAR VALUE
24 OF THE STOCK OR SHARES ISSUED THEREFOR, OR (C) IN
25 THE AGGREGATE 25 PER CENTUM OF THE PAR VALUE OF

1 THE TOTAL STOCK OR SHARES OF THE CORPORATION OUT-
2 STANDING AT THE BEGINNING OF THE TAXABLE YEAR
3 WHICHEVER IS LOWEST: PROVIDED, THAT IN NO CASE
4 SHALL THE TOTAL AMOUNT INCLUDED UNDER PARAGRAPHS
5 (4) AND (5) EXCEED IN THE AGGREGATE 25 PER CENTUM
6 OF THE PAR VALUE OF THE TOTAL STOCK OR SHARES OF
7 THE CORPORATION OUTSTANDING AT THE BEGINNING OF
8 THE TAXABLE YEAR; BUT

9 (B) AS USED IN THIS TITLE THE TERM "INVESTED
10 CAPITAL" DOES NOT INCLUDE BORROWED CAPITAL.

11 (C) THERE SHALL BE DEDUCTED FROM INVESTED CAP-
12 TAL AS ABOVE DEFINED A PERCENTAGE THEREOF EQUAL
13 TO THE PERCENTAGE WHICH THE AMOUNT OF INADMISS-
14 SIBLE ASSETS IS OF THE AMOUNT OF ADMISSIBLE AND IN-
15 ADMISSIBLE ASSETS HELD DURING THE TAXABLE YEAR.

16 (D) THE INVESTED CAPITAL FOR ANY PERIOD SHALL
17 BE THE AVERAGE INVESTED CAPITAL FOR SUCH PERIOD,
18 BUT IN THE CASE OF A CORPORATION MAKING A RETURN
19 FOR A FRACTIONAL PART OF A YEAR, IT SHALL BE THE SAME
20 FRACTIONAL PART OF SUCH AVERAGE INVESTED CAPITAL.

21 SEC. 327. THAT IN THE FOLLOWING CASES THE TAX
22 SHALL BE DETERMINED AS PROVIDED IN SECTION 328.

23 (A) WHERE THE COMMISSIONER IS UNABLE TO DE-
24 TERMINE THE INVESTED CAPITAL AS PROVIDED IN SECTION
25 326;

1. (B) IN THE CASE OF A FOREIGN CORPORATION OR A
2. foreign trade corporation;

3. (C) WHERE A MIXED AGGREGATE OF TANGIBLE PROP-
4. ERTY AND INTANGIBLE PROPERTY HAS BEEN PAID IN FOR
5. STOCK OR FOR STOCK AND BONDS AND THE COMMISSIONER
6. IS UNABLE SATISFACTORILY TO DETERMINE THE RESPEC-
7. TIVE VALUES OF THE SEVERAL CLASSES OF PROPERTY AT
8. THE TIME OF PAYMENT, OR TO DISTINGUISH THE CLASSES
9. OF PROPERTY PAID IN FOR STOCK AND FOR BONDS, RESPEC-
10. TIVELY;

11. (D) WHERE UPON APPLICATION BY THE CORPORATION
12. THE COMMISSIONER FINDS AND SO DECLARES OF RECORD
13. THAT THE TAX IF DETERMINED WITHOUT BENEFIT OF THIS
14. SECTION WOULD, OWING TO ABNORMAL CONDITIONS AF-
15. FECTING THE CAPITAL OR INCOME OF THE CORPORATION,
16. WORK UPON THE CORPORATION AN EXCEPTIONAL HARDSHIP
17. EVIDENCED BY GROSS DISPROPORTION BETWEEN THE TAX
18. COMPUTED WITHOUT BENEFIT OF THIS SECTION AND THE
19. TAX COMPUTED BY REFERENCE TO THE REPRESENTATIVE
20. CORPORATIONS SPECIFIED IN SECTION 328. THIS SUBDI-
21. VISION SHALL NOT APPLY TO ANY CASE (1) IN WHICH THE
22. TAX (COMPUTED WITHOUT BENEFIT OF THIS SECTION) IS
23. HIGH MERELY BECAUSE THE CORPORATION EARNED WITHIN
24. THE TAXABLE YEAR A HIGH RATE OF PROFIT UPON A NORMAL
25. INVESTED CAPITAL, NOR (2) IN WHICH 50 PER CENTUM OR

1 MORE OF THE GROSS INCOME OF THE CORPORATION FOR THE
2 TAXABLE YEAR (COMPUTED UNDER SECTION 233 OF TITLE
3 II) CONSISTS OF GAINS, PROFITS, COMMISSIONS, OR OTHER
4 INCOME, DERIVED ON A COST-PLUS BASIS FROM A GOVERN-
5 MENT CONTRACT OR CONTRACTS MADE BETWEEN APRIL 6,
6 1917, AND NOVEMBER 11, 1918, BOTH DATES INCLUSIVE.

7 SEC. 328. (A) That IN THE CASES SPECIFIED IN SEC-
8 TION 327 THE TAX SHALL BE THE AMOUNT WHICH BEARS
9 THE SAME RATIO TO THE NET INCOME OF THE TAXPAYER
10 (IN EXCESS OF THE SPECIFIC EXEMPTION OF \$3,000) FOR
11 THE TAXABLE YEAR, AS THE AVERAGE TAX OF REPRESENTATIVE
12 CORPORATIONS ENGAGED IN A LIKE OR SIMILAR
13 TRADE OR BUSINESS, BEARS TO THEIR AVERAGE NET INCOME
14 (IN EXCESS OF THE SPECIFIC EXEMPTION OF \$3,000) FOR
15 SUCH YEAR. IN THE CASE OF A FOREIGN CORPORATION
16 THE TAX SHALL BE COMPUTED WITHOUT DEDUCTING THE
17 SPECIFIC EXEMPTION OF \$3,000 EITHER FOR THE TAX-
18 PAYER OR THE REPRESENTATIVE CORPORATIONS.

19 IN COMPUTING THE TAX UNDER THIS SECTION THE
20 COMMISSIONER SHALL COMPARE THE TAXPAYER ONLY WITH
21 REPRESENTATIVE CORPORATIONS WHOSE INVESTED CAPITAL
22 CAN BE SATISFACTORILY DETERMINED UNDER SECTION 326
23 AND WHICH ARE, AS NEARLY AS MAY BE, SIMILARLY CIR-
24 CUMSTANCED WITH RESPECT TO GROSS INCOME, NET IN-
25 COME, PROFITS PER UNIT OF BUSINESS TRANSACTED AND

1 CAPITAL EMPLOYED, THE AMOUNT AND RATE OF WAR-PROFITS
2 OR EXCESS-PROFITS, AND ALL OTHER RELEVANT FACTS AND
3 CIRCUMSTANCES.

4 (B) FOR THE PURPOSES OF SUBDIVISION (A) THE
5 RATIOS BETWEEN THE AVERAGE TAX AND THE AVERAGE
6 NET INCOME OF REPRESENTATIVE CORPORATIONS SHALL BE
7 DETERMINED BY THE COMMISSIONER IN ACCORDANCE WITH
8 REGULATIONS PRESCRIBED BY HIM WITH THE APPROVAL OF
9 THE SECRETARY.

10 (C) THE COMMISSIONER SHALL KEEP A RECORD OF ALL
11 CASES IN WHICH THE TAX IS DETERMINED IN THE MANNER
12 PRESCRIBED IN SUBDIVISION (A), CONTAINING THE NAME
13 AND ADDRESS OF EACH TAXPAYER, THE BUSINESS IN WHICH
14 ENGAGED, THE AMOUNT OF INVESTED CAPITAL AND NET
15 INCOME SHOWN BY THE RETURN, AND THE AMOUNT OF
16 INVESTED CAPITAL AS DETERMINED UNDER SUCH SUB-
17 DIVISION. THE COMMISSIONER SHALL FURNISH A COPY
18 OF SUCH RECORD AND OTHER DETAILED INFORMATION WITH
19 RESPECT TO SUCH CASES WHEN REQUIRED BY RESOLUTION
20 OF EITHER HOUSE OF CONGRESS, WITHOUT REGARD TO THE
21 RESTRICTIONS CONTAINED IN SECTION 257.

22 PART VI.—REORGANIZATIONS.

23 SEC. 331. That IN THE CASE OF THE REORGANIZATION,
24 CONSOLIDATION, OR CHANGE OF OWNERSHIP OF A TRADE OR
25 BUSINESS, OR CHANGE OF OWNERSHIP OF PROPERTY, AFTER

1 MARCH 3, 1917, IF AN INTEREST OR CONTROL IN SUCH
2 TRADE OR BUSINESS OR PROPERTY OF 50 PER CENTUM OR
3 MORE REMAINS IN THE SAME PERSONS, OR ANY OF THEM,
4 THEN NO ASSET TRANSFERRED OR RECEIVED FROM THE
5 PREVIOUS OWNER SHALL, FOR THE PURPOSE OF DETER-
6 MINING INVESTED CAPITAL, BE ALLOWED A GREATER VALUE
7 THAN WOULD HAVE BEEN ALLOWED UNDER THIS TITLE IN
8 COMPUTING THE INVESTED CAPITAL OF SUCH PREVIOUS
9 OWNER IF SUCH ASSET HAD NOT BEEN SO TRANSFERRED OR
10 RECEIVED: PROVIDED, THAT IF SUCH PREVIOUS OWNER
11 WAS NOT A CORPORATION, THEN THE VALUE OF ANY ASSET
12 SO TRANSFERRED OR RECEIVED SHALL BE TAKEN AT ITS
13 COST OF ACQUISITION (AT THE DATE WHEN ACQUIRED BY
14 SUCH PREVIOUS OWNER) WITH PROPER ALLOWANCE FOR
15 DEPRECIATION, IMPAIRMENT, BETTERMENT, OR DEVELOP-
16 MENT, BUT NO ADDITION TO THE ORIGINAL COST SHALL BE
17 MADE FOR ANY CHARGE OR EXPENDITURE DEDUCTED AS
18 EXPENSE OR OTHERWISE ON OR AFTER MARCH 1, 1913, IN
19 COMPUTING THE NET INCOME OF SUCH PREVIOUS OWNER
20 FOR PURPOSES OF TAXATION.

21 PART VII.—MISCELLANEOUS.

22 (b)—If SEC. 335. (A) THAT IF a corporation (other than a
23 personal service corporation) makes return for a fiscal year
24 beginning in 1920 and ending in 1921, the war-profits

1 and excess-profits tax for the taxable year 1921 shall be
2 the sum of: (1) the same proportion of a tax for the entire
3 period computed under the Revenue Act of 1918 *1918*,
4 ~~(as in force prior to the passage of this Act)~~ which the
5 portion of such period falling within the calendar year 1920
6 is of the entire period, and (2) the same proportion of a tax
7 for the entire period computed under the Revenue Act of
8 ~~1918 (as in force on December 31, 1921)~~ which *this title, which*
9 the portion of such period falling within the calendar year 1921
10 is of the entire period. Any amount heretofore or hereafter
11 paid on account of the tax imposed for such taxable year by
12 the Revenue Act of 1918 ~~(as in force prior to the passage of~~
13 ~~this Act)~~ shall be credited towards the payment of the tax
14 as above computed, and if the amount so paid exceeds the
15 amount of such tax, the excess shall be credited or refunded
16 to the corporation in accordance with the provisions of
17 section 252 of the Revenue Act of 1918 *this Act.*

18 (e) (b) If a corporation (other than a personal service
19 corporation) makes a return for a fiscal year beginning in
20 1921 and ending in 1922, the war-profits and excess-profits
21 tax for the portion of the year falling within the calendar
22 year 1921 shall be an amount equivalent to the same propor-
23 tion of a tax for the entire period computed under the Revenue
24 Act of 1918 ~~(as in force on December 31, 1921)~~ which *this title,*

1 which the portion of such period falling within the calendar
2 year 1921 is of the entire period.

3 *SEC. 336. THAT EVERY CORPORATION, NOT EXEMPT*
4 *UNDER SECTION 304, SHALL MAKE A RETURN FOR THE PUR-*
5 *POSES OF THIS TITLE. SUCH RETURNS SHALL BE MADE,*
6 *AND THE TAXES IMPOSED BY THIS TITLE SHALL BE PAID, AT*
7 *THE SAME TIMES AND PLACES, IN THE SAME MANNER, AND*
8 *SUBJECT TO THE SAME CONDITIONS, AS IS PROVIDED IN THE*
9 *CASE OF RETURNS AND PAYMENT OF INCOME TAX BY COR-*
10 *PORATIONS FOR THE PURPOSES OF TITLE II, AND ALL THE*
11 *PROVISIONS OF THAT TITLE NOT INAPPLICABLE, INCLUDING*
12 *PENALTIES, ARE HEREBY MADE APPLICABLE TO THE TAXES*
13 *IMPOSED BY THIS TITLE.*

14 *SEC. 337. THAT IN THE CASE OF A BONA FIDE SALE OF*
15 *MINES, OIL OR GAS WELLS, OR ANY INTEREST THEREIN*
16 *WHERE THE PRINCIPAL VALUE OF THE PROPERTY HAS*
17 *BEEN DEMONSTRATED BY PROSPECTING OR EXPLORATION*
18 *AND DISCOVERY WORK DONE BY THE TAXPAYER, THE POR-*
19 *TION OF THE TAX IMPOSED BY THIS TITLE ATTRIBUTABLE*
20 *TO SUCH SALE SHALL NOT EXCEED 20 PER CENTUM OF THE*
21 *SELLING PRICE OF SUCH PROPERTY OR INTEREST.*

22 *EFFECTIVE DATE OF TITLE.*

23 *SEC. 338. That this title shall take effect as of January*
24 *1, 1921.*

~~TITLE IV. ESTATE TAX AMENDMENTS.~~

TITLE IV.—ESTATE TAX.

SEC. 400. THAT WHEN USED IN THIS TITLE—

THE TERM "EXECUTOR" MEANS THE EXECUTOR OR ADMINISTRATOR OF THE DECEDENT, OR, IF THERE IS NO EXECUTOR OR ADMINISTRATOR, ANY PERSON IN ACTUAL OR CONSTRUCTIVE POSSESSION OF ANY PROPERTY OF THE DECEDENT;

The term "net estate" means the net estate as determined under the provisions of section 403;

The term "month" means calendar month; and

THE TERM "COLLECTOR" MEANS THE COLLECTOR OF INTERNAL REVENUE OF THE DISTRICT IN WHICH WAS THE DOMICILE OF THE DECEDENT AT THE TIME OF HIS DEATH, OR, IF THERE WAS NO SUCH DOMICILE IN THE UNITED STATES, THEN THE COLLECTOR OF THE DISTRICT IN WHICH IS SITUATED THE PART OF THE GROSS ESTATE OF THE DECEDENT IN THE UNITED STATES, OR, IF SUCH PART OF THE GROSS ESTATE IS SITUATED IN MORE THAN ONE DISTRICT, THEN THE COLLECTOR OF INTERNAL REVENUE OF SUCH DISTRICT AS MAY BE DESIGNATED BY THE COMMISSIONER.

SEC. 401. THAT, IN LIEU OF THE TAX IMPOSED BY TITLE IV OF THE REVENUE ACT OF 1918, A TAX EQUAL TO THE SUM OF THE FOLLOWING PERCENTAGES OF THE VALUE

1 OF THE NET ESTATE (DETERMINED AS PROVIDED IN SECTION
2 405) IS HEREBY IMPOSED UPON THE TRANSFER OF THE
3 NET ESTATE OF EVERY DECEDENT DYING AFTER THE PAS-
4 SAGE OF THIS ACT, WHETHER A RESIDENT OR NONRESIDENT
5 OF THE UNITED STATES:

6 1 PER CENTUM OF THE AMOUNT OF THE NET ESTATE
7 NOT IN EXCESS OF \$50,000;

8 2 PER CENTUM OF THE AMOUNT BY WHICH THE NET
9 ESTATE EXCEEDS \$50,000 AND DOES NOT EXCEED \$150,000;

10 3 PER CENTUM OF THE AMOUNT BY WHICH THE NET
11 ESTATE EXCEEDS \$150,000 AND DOES NOT EXCEED \$250,000;

12 4 PER CENTUM OF THE AMOUNT BY WHICH THE NET
13 ESTATE EXCEEDS \$250,000 AND DOES NOT EXCEED \$450,000;

14 6 PER CENTUM OF THE AMOUNT BY WHICH THE NET
15 ESTATE EXCEEDS \$450,000 AND DOES NOT EXCEED \$750,000;

16 8 PER CENTUM OF THE AMOUNT BY WHICH THE NET
17 ESTATE EXCEEDS \$750,000 AND DOES NOT EXCEED
18 \$1,000,000;

19 10 PER CENTUM OF THE AMOUNT BY WHICH THE NET
20 ESTATE EXCEEDS \$1,000,000 AND DOES NOT EXCEED
21 \$1,500,000;

22 12 PER CENTUM OF THE AMOUNT BY WHICH THE NET
23 ESTATE EXCEEDS \$1,500,000 AND DOES NOT EXCEED
24 \$2,000,000;

1 14 PER CENTUM OF THE AMOUNT BY WHICH THE NET
 2 ESTATE EXCEEDS \$2,000,000 AND DOES NOT EXCEED
 3 \$3,000,000;

4 16 PER CENTUM OF THE AMOUNT BY WHICH THE NET
 5 ESTATE EXCEEDS \$3,000,000 AND DOES NOT EXCEED
 6 \$4,000,000;

7 18 PER CENTUM OF THE AMOUNT BY WHICH THE NET
 8 ESTATE EXCEEDS \$4,000,000 AND DOES NOT EXCEED
 9 \$5,000,000;

10 20 PER CENTUM OF THE AMOUNT BY WHICH THE NET
 11 ESTATE EXCEEDS \$5,000,000 AND DOES NOT EXCEED
 12 \$8,000,000;

13 22 PER CENTUM OF THE AMOUNT BY WHICH THE NET
 14 ESTATE EXCEEDS \$8,000,000 AND DOES NOT EXCEED
 15 \$10,000,000; AND

16 25 PER CENTUM OF THE AMOUNT BY WHICH THE NET
 17 ESTATE EXCEEDS \$10,000,000.

18 THE TAXES IMPOSED BY THIS TITLE OR BY TITLE II
 19 OF THE REVENUE ACT OF 1916 (AS AMENDED BY THE ACT
 20 ENTITLED "AN ACT TO PROVIDE INCREASED REVENUE TO
 21 DEFRAID THE EXPENSES OF THE INCREASED APPROPRIA-
 22 TIONS FOR THE ARMY AND NAVY AND THE EXTENSIONS
 23 OF FORTIFICATIONS, AND FOR OTHER PURPOSES," APPROVED
 24 MARCH 3, 1917) OR BY TITLE IX OF THE REVENUE ACT
 25 OF 1917, or by Title IV of the Revenue Act of 1918, SHALL

1 NOT APPLY TO THE TRANSFER OF THE NET ESTATE OF ANY
2 DECEDENT WHO HAS DIED or may die from injuries received
3 or disease contracted in line of duty while serving in the mili-
4 tary or naval forces of the United States in the war against
5 the German Government, or to the transfer of the net estate
6 of any citizen of the United States who has died or may die
7 from injuries received or disease contracted in line of duty
8 while serving in the military or naval forces of any country
9 while associated with the United States in the prosecution
10 of such war, or prior to the entrance therein of the United
11 States, and any tax collected upon such transfer shall be
12 refunded to the estate of such decedent.

13 SEC. 402. THAT THE VALUE OF THE GROSS ESTATE
14 OF THE DECEDENT SHALL BE DETERMINED BY INCLUDING
15 THE VALUE AT THE TIME OF HIS DEATH OF ALL PROPERTY,
16 REAL OR PERSONAL, TANGIBLE OR INTANGIBLE, WHEREVER
17 SITUATED—

18 (A) TO THE EXTENT OF THE INTEREST THEREIN OF
19 THE DECEDENT AT THE TIME OF HIS DEATH WHICH AFTER
20 HIS DEATH IS SUBJECT TO THE PAYMENT OF THE CHARGES
21 AGAINST HIS ESTATE AND THE EXPENSES OF ITS ADMINIS-
22 TRATION AND IS SUBJECT TO DISTRIBUTION AS PART OF HIS
23 ESTATE;

24 (B) TO THE EXTENT OF ANY INTEREST THEREIN OF
25 THE SURVIVING SPOUSE, EXISTING AT THE TIME OF THE

1 DECEDENT'S DEATH AS DOWER, CURTESY, OR BY VIRTUE
 2 OF A STATUTE CREATING AN ESTATE IN LIEU OF DOWER OR
 3 CURTESY;

4 (c) To THE EXTENT OF ANY INTEREST THEREIN OF
 5 WHICH THE DECEDENT HAS AT ANY TIME MADE A TRANSFER,
 6 OR WITH RESPECT TO WHICH HE HAS AT ANY TIME CREATED
 7 A TRUST, IN CONTEMPLATION OF OR INTENDED TO TAKE
 8 EFFECT IN POSSESSION OR ENJOYMENT AT OR AFTER HIS
 9 DEATH (WHETHER SUCH TRANSFER OR TRUST IS MADE OR
 10 CREATED BEFORE OR AFTER THE PASSAGE OF THIS ACT,
 11 EXCEPT IN CASE OF A BONA FIDE SALE FOR A FAIR CON-
 12 sideration IN MONEY OR MONEY'S WORTH. ANY TRANSFER
 13 OF A MATERIAL PART OF HIS PROPERTY IN THE NATURE OF
 14 A FINAL DISPOSITION OR DISTRIBUTION THEREOF, MADE
 15 BY THE DECEDENT WITHIN TWO YEARS PRIOR TO HIS DEATH
 16 WITHOUT SUCH A CONSIDERATION, SHALL, UNLESS SHOWN
 17 TO THE CONTRARY, BE DEEMED TO HAVE BEEN MADE IN
 18 CONTEMPLATION OF DEATH WITHIN THE MEANING OF THIS
 19 TITLE;

20 ~~Sec. 401. Subdivision (d) of section 402 of the Revenue~~
 21 ~~Act of 1918 is amended to read as follows:~~

22 ~~“(d)~~ (d) To the extent of the interest therein held
 23 jointly or as tenants in the entirety by the decedent and
 24 any other person, or deposited in banks or other institutions
 25 in their joint names and payable to either or the survivor,

1 except such part thereof as may be shown to have originally
 2 belonged to such other person and never to have been re-
 3 ceived or acquired by the latter from the decedent for less
 4 than a fair consideration in money or money's worth: *Pro-*
 5 *vided*, That where such property or any part thereof, or part
 6 of the consideration with which such property was acquired,
 7 is shown to have been at any time acquired by such other
 8 person from the decedent for less than a fair consideration
 9 in money or money's worth, there shall be excepted only
 10 such part of the value of such property as is proportionate to
 11 the consideration furnished by such other person: *Provided*
 12 *further*, That where any property has been acquired by
 13 gift, bequest, devise, or inheritance, as a tenancy in the
 14 entirety by the decedent and spouse, or where so acquired
 15 by the decedent and any other person as joint tenants and
 16 their interests are not otherwise specified or fixed by law,
 17 then to the extent of one-half of the value thereof. ~~thereof~~ thereof;

18 (E) TO THE EXTENT OF ANY PROPERTY PASSING UNDER
 19 A GENERAL POWER OF APPOINTMENT EXERCISED BY THE
 20 DECEDENT (1) BY WILL, OR (2) BY DEED EXECUTED IN CON-
 21 TEMPLATION OF OR INTENDED TO TAKE EFFECT IN POSSES-
 22 SION OR ENJOYMENT AT OR AFTER, HIS DEATH, EXCEPT IN
 23 CASE OF A BONA FIDE SALE FOR A FAIR CONSIDERATION IN
 24 MONEY OR MONEY'S WORTH; AND

1 (F) TO THE EXTENT OF THE AMOUNT RECEIVABLE BY
 2 THE EXECUTOR AS INSURANCE UNDER POLICIES TAKEN OUT
 3 BY THE DECEDENT UPON HIS OWN LIFE; AND TO THE EX-
 4 TENT OF THE EXCESS OVER \$40,000 OF THE AMOUNT RE-
 5 CEIVABLE BY ALL OTHER BENEFICIARIES AS INSURANCE
 6 UNDER POLICIES TAKEN OUT BY THE DECEDENT UPON HIS
 7 OWN LIFE.

8 SEC. 403. THAT FOR THE PURPOSE OF THE TAX THE
 9 VALUE OF THE NET ESTATE SHALL BE DETERMINED—

10 (A) IN THE CASE OF A RESIDENT, BY DEDUCTING FROM
 11 THE VALUE OF THE GROSS ESTATE—

12 (1) SUCH AMOUNTS FOR FUNERAL EXPENSES, ADMIN-
 13 STRATION EXPENSES, CLAIMS AGAINST THE ESTATE, UNPAID
 14 MORTGAGES upon, or any indebtedness in respect to, property
 15 (except, in the case of a resident decedent, where such property
 16 is not situated in the United States), LOSSES INCURRED
 17 DURING THE SETTLEMENT OF THE ESTATE ARISING FROM
 18 FIRES, STORMS, SHIPWRECK, OR OTHER CASUALTY, OR FROM
 19 THEFT, WHEN SUCH LOSSES ARE NOT COMPENSATED FOR BY
 20 INSURANCE, OR OTHERWISE, AND SUCH AMOUNTS REASON-
 21 ABLY REQUIRED AND ACTUALLY EXPENDED FOR THE SUPPORT
 22 DURING THE SETTLEMENT OF THE ESTATE OF THOSE DE-
 23 PENDENT UPON THE DECEDENT, AS ARE ALLOWED BY THE
 24 LAWS OF THE JURISDICTION, WHETHER WITHIN OR WITHOUT
 25 THE UNITED STATES, UNDER WHICH THE ESTATE IS BEING

1 ADMINISTERED, BUT NOT INCLUDING ANY INCOME TAXES
2 UPON INCOME RECEIVED AFTER THE DEATH OF THE DE-
3 CEDENT, OR ANY ESTATE, SUCCESSION, LEGACY, OR IN-
4 HERITANCE TAXES.

5 ~~SEC. 402. Paragraph (2) of subdivision (a) of section~~
6 ~~402 of the Revenue Act of 1918 is amended to read as follows:~~

7 ~~“(2) (2)~~ An amount equal to the value of any property
8 forming a part of the gross estate *situated in the United States*
9 of any person who dies within five years prior to the death of
10 the decedent where such property can be identified as having
11 been received by the decedent from such prior decedent by
12 gift, bequest, devise, or inheritance, or which can be identified
13 as having been acquired in exchange for property so received:
14 *Provided*, That this deduction shall be allowed only where
15 an estate tax under the ~~Revenue Act of 1917 or this Act~~
16 ~~this or any prior Act of Congress~~ was paid by or on behalf
17 of the estate of such prior decedent, and only in the amount
18 of the value placed by the Commissioner on such property
19 in determining the value of the gross estate of such prior
20 decedent, and only to the extent that the value of such
21 property is included in the decedent's gross estate and not
22 deducted under paragraphs (1) or (3) of subdivision (a) of
23 ~~this section.~~ *section. This deduction shall be made in case*
24 *of the estates of all decedents who have died since September*
25 *8, 1916;*

1 (3) THE AMOUNT OF ALL BEQUESTS, LEGACIES, DEVISES,
2 or transfers, except bona fide sales for a fair consideration
3 in money or money's worth, in contemplation of or intended
4 to take effect in possession or enjoyment at or after the dece-
5 dent's death, TO OR FOR THE USE OF THE UNITED STATES,
6 ANY STATE, TERRITORY, ANY POLITICAL SUBDIVISION THERE-
7 OF, OR THE DISTRICT OF COLUMBIA, FOR EXCLUSIVELY
8 PUBLIC PURPOSES, OR TO OR FOR THE USE OF ANY COR-
9 PORATION ORGANIZED AND OPERATED EXCLUSIVELY FOR
10 RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY, OR EDU-
11 CATIONAL PURPOSES, INCLUDING THE ENCOURAGEMENT OF
12 ART AND THE PREVENTION OF CRUELTY TO CHILDREN OR
13 ANIMALS, NO PART OF THE NET EARNINGS OF WHICH INURES
14 TO THE BENEFIT OF ANY PRIVATE STOCKHOLDER OR INDIV-
15 IDUAL, OR TO A TRUSTEE OR TRUSTEES EXCLUSIVELY FOR
16 SUCH RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY, OR
17 EDUCATIONAL PURPOSES. THIS DEDUCTION SHALL BE MADE
18 IN CASE OF THE ESTATES OF ALL DECEDENTS WHO HAVE
19 DIED SINCE DECEMBER 31, 1917; AND

20 (4) AN EXEMPTION OF \$50,000;

21 (B) IN THE CASE OF A NONRESIDENT, BY DEDUCTING
22 FROM THE VALUE OF THAT PART OF HIS GROSS ESTATE
23 WHICH AT THE TIME OF HIS DEATH IS SITUATED IN THE
24 UNITED STATES—

1 (1) THAT PROPORTION OF THE DEDUCTIONS SPECIFIED
2 IN PARAGRAPH (1) OF SUBDIVISION (A) OF THIS SECTION
3 WHICH THE VALUE OF SUCH PART BEARS TO THE VALUE
4 OF HIS ENTIRE GROSS ESTATE, WHEREVER SITUATED, BUT
5 IN NO CASE SHALL THE AMOUNT SO DEDUCTED EXCEED 10
6 PER CENTUM OF THE VALUE OF THAT PART OF HIS GROSS
7 ESTATE WHICH AT THE TIME OF HIS DEATH IS SITUATED
8 IN THE UNITED STATES.

9 ~~Sec. 403. Paragraphs (2) and (3) of subdivision (b) of~~
10 ~~section 403 of the Revenue Act of 1918 are amended to read~~
11 ~~as follows:~~

12 ~~“(2) (2)~~ An amount equal to the value of any property
13 forming a part of the gross estate *situated in the United*
14 *States* of any person who died within five years prior to the
15 death of the decedent where such property can be identified
16 as having been received by the decedent from such prior
17 decedent by gift, bequest, devise, or inheritance, or which
18 can be identified as having been acquired in exchange for
19 property so received: *Provided*, That this deduction shall
20 be allowed only where an estate tax under the ~~Revenue~~
21 ~~Act of 1917 or this Act~~ *this or any prior Act of Congress* was
22 paid by or on behalf of the estate of such prior decedent, and
23 only in the amount of the value placed by the Commissioner
24 on such property in determining the value of the gross estate
25 of such prior decedent, and only to the extent that the value

1 of such property is included in that part of the decedent's
2 gross estate which at the time of his death is situated in the
3 United States and not deducted under paragraphs (1) or (3)
4 of subdivision (b) of this section. *This deduction shall be*
5 *made in case of the estates of all decedents who have died*
6 *since September 8, 1916; and*

7 ~~“(2)~~ (3) The amount of all bequests, legacies, devises,
8 or gifts, transfers, except bona fide sales for a fair considera-
9 tion, in money or money's worth, in contemplation of or
10 intended to take effect in possession or enjoyment at or after
11 the decedent's death, to or for the use of the United States,
12 any State, Territory, any political subdivision thereof, or the
13 District of Columbia, for exclusively public purposes,
14 or for the use of any domestic corporation organized and oper-
15 ated exclusively for religious, charitable, scientific, literary,
16 or educational purposes, including the encouragement of art
17 and the prevention of cruelty to children or animals, no part
18 of the net earnings of which inures to the benefit of any
19 private stockholder or individual, or to a trustee or trustees
20 exclusively for such religious, charitable, scientific, literary,
21 or educational purposes within the United States. This
22 deduction shall be made in case of the estates of all decedents
23 who have died since December 31, 1917.

24 ~~“(2)~~ No deduction shall be allowed in the case of a
25 nonresident unless the executor includes in the return re-

1 required to be filed under section 404 the value at the time of
2 his death of that part of the gross estate of the nonresident
3 not situated in the United States.

4 ~~For~~ *For* the purpose of this title stock in a domestic
5 corporation owned and held by a nonresident decedent shall
6 be deemed property within the United States, and any
7 property of which the decedent has made a transfer or with
8 respect to which he has created a trust, within the meaning
9 of subdivision (c) of section 402, shall be deemed to be situ-
10 ated in the United States, if so situated either at the time
11 of the transfer or the creation of the trust, or at the time of
12 the decedent's death.

13 ~~The~~ *The* amount receivable as insurance upon the life
14 of a nonresident decedent, and any moneys deposited in any
15 bank, banking institution or trust company in the United
16 States with any person carrying on the banking business, by
17 or for a nonresident decedent who was not engaged in busi-
18 ness in the United States at the time of his death, shall not,
19 for the purpose of this title, be deemed property within the
20 United States.

21 ~~Missionaries~~ *Missionaries* duly commissioned and serv-
22 ing under boards of foreign missions of the various religious
23 denominations in the United States, dying while in the
24 foreign missionary service of such boards, shall not, by reason
25 merely of their intention to permanently remain in such

1 foreign service, be deemed nonresidents of the United States,
2 but shall be presumed to be residents of the State, the District
3 of Columbia, or the Territories of Alaska or Hawaii wherein
4 they respectively resided at the time of their commission and
5 their departure for such foreign service.

6 *“In the case of any estate in respect to which the tax*
7 *under existing law has been paid, if necessary to allow the*
8 *benefit of the deduction under paragraph paragraphs (2) and*
9 *(3) of subdivision (a) or (b) the tax shall be redetermined*
10 *and any excess of tax paid shall be refunded to the executor.”*
11 *executor.*

12 *SEC. 404. THAT THE EXECUTOR, WITHIN two months*
13 *after the decedent's death, or within a like period AFTER*
14 *QUALIFYING AS SUCH, SHALL GIVE WRITTEN NOTICE THERE-*
15 *OF TO THE COLLECTOR. THE EXECUTOR SHALL ALSO, AT*
16 *SUCH TIMES AND IN SUCH MANNER AS MAY BE REQUIRED BY*
17 *REGULATIONS MADE PURSUANT TO LAW, FILE WITH THE*
18 *COLLECTOR A RETURN UNDER OATH IN DUPLICATE, SETTING*
19 *FORTH (A) THE VALUE OF THE GROSS ESTATE OF THE*
20 *DECEDENT AT THE TIME OF HIS DEATH, OR, IN CASE OF A*
21 *NONRESIDENT, OF THAT PART OF HIS GROSS ESTATE SITUATED*
22 *IN THE UNITED STATES; (B) THE DEDUCTIONS ALLOWED*
23 *UNDER SECTION 403; (C) THE VALUE OF THE NET ESTATE*
24 *OF THE DECEDENT AS DEFINED IN SECTION 403; AND (D) THE*
25 *TAX PAID OR PAYABLE THEREON, OR SUCH PART OF SUCH*

1 INFORMATION AS MAY AT THE TIME BE ASCERTAINABLE AND
2 SUCH SUPPLEMENTAL DATA AS MAY BE NECESSARY TO ESTAB-
3 LISH THE CORRECT TAX.

4 RETURN SHALL BE MADE IN ALL CASES WHERE THE
5 GROSS ESTATE AT THE DEATH OF THE DECEDENT EXCEEDS
6 \$50,000, AND IN THE CASE OF THE ESTATE OF EVERY NON-
7 RESIDENT ANY PART OF WHOSE GROSS ESTATE IS SITUATED
8 IN THE UNITED STATES. IF THE EXECUTOR IS UNABLE
9 TO MAKE A COMPLETE RETURN AS TO ANY PART OF THE
10 GROSS ESTATE OF THE DECEDENT, HE SHALL INCLUDE IN
11 HIS RETURN A DESCRIPTION OF SUCH PART AND THE NAME
12 OF EVERY PERSON HOLDING A LEGAL OR BENEFICIAL INTER-
13 EST THEREIN, AND UPON NOTICE FROM THE COLLECTOR
14 SUCH PERSON SHALL IN LIKE MANNER MAKE A RETURN AS
15 TO SUCH PART OF THE GROSS ESTATE. THE COMMISSIONER
16 SHALL MAKE ALL ASSESSMENTS OF THE TAX UNDER THE
17 AUTHORITY OF EXISTING ADMINISTRATIVE SPECIAL AND
18 GENERAL PROVISIONS OF LAW RELATING TO THE ASSESS-
19 MENT AND COLLECTION OF TAXES.

20 SEC. 405. THAT IF NO ADMINISTRATION IS GRANTED
21 UPON THE ESTATE OF A DECEDENT, OR IF NO RETURN IS
22 FILED AS PROVIDED IN SECTION 404, OR IF A RETURN CON-
23 TAINS A FALSE OR INCORRECT STATEMENT OF A MATERIAL
24 FACT, THE COLLECTOR OR DEPUTY COLLECTOR SHALL MAKE

1 A RETURN AND THE COMMISSIONER SHALL ASSESS THE TAX
2 THEREON.

3 *SEC. 406. THAT THE TAX SHALL BE DUE AND PAYABLE*
4 *ONE YEAR AFTER THE DECEDENT'S DEATH; BUT IN ANY CASE*
5 *WHERE THE COMMISSIONER FINDS THAT PAYMENT OF THE*
6 *TAX WITHIN SUCH PERIOD WOULD IMPOSE UNDUE HARDSHIP*
7 *UPON THE ESTATE, HE MAY GRANT AN EXTENSION OF EXTEN-*
8 *SIONS OF TIME FOR PAYMENT NOT TO EXCEED THREE YEARS*
9 *FROM THE DUE DATE.*

10 *The executor shall pay the tax to the collector or deputy*
11 *collector, and to such portion of the tax, not paid within one*
12 *year and six months after the decedent's death, interest at the*
13 *rate of 6 per centum per annum from the expiration of one*
14 *year after such death shall be added as part of the tax irre-*
15 *spective of any extension or extensions of time that may have*
16 *been granted for the payment of the tax, or any portion thereof.*

17 *SEC. 407. That where the amount of tax shown upon a re-*
18 *turn made in good faith has been fully paid, or time for pay-*
19 *ment has been extended, as provided in section 406, beyond one*
20 *year and six months after decedent's death, and an additional*
21 *amount of tax is, after the expiration of such period of one*
22 *year and six months, found to be due, then such additional*
23 *amount shall be paid upon notice and demand by the collector,*
24 *and if it remains unpaid for one month after such notice and*
25 *demand there shall be added as part of the tax interest on*

1 such additional amount at the rate of 10 per centum per
2 annum from the expiration of such period until paid, and
3 such additional tax and interest shall, until paid, be and
4 remain a lien upon the entire gross estate.

5 THE COLLECTOR SHALL GRANT TO THE PERSON PAYING
6 THE TAX DUPLICATE RECEIPTS, EITHER OF WHICH SHALL
7 BE SUFFICIENT EVIDENCE OF SUCH PAYMENT, AND SHALL
8 ENTITLE THE EXECUTOR TO BE CREDITED AND ALLOWED
9 THE AMOUNT THEREOF BY ANY COURT HAVING JURISDICTION
10 TO AUDIT OR SETTLE HIS ACCOUNTS.

11 ~~Sec. 404. Section 407 of the Revenue Act of 1918 is~~
12 ~~amended by adding at the end thereof the following para-~~
13 ~~graph:~~

14 "If If the executor files a complete return and makes
15 written application to the Commissioner for determination
16 of the amount of the tax and discharge from personal lia-
17 bility therefor, the Commissioner, as soon as possible and
18 in any event within one year after receipt of such applica-
19 tion, shall notify the executor of the amount of the tax, and
20 upon payment thereof the executor shall be discharged
21 from personal liability for any additional tax thereafter
22 found to be due, and shall be entitled to receive a receipt or
23 writing showing such discharge: *Provided, however,* That
24 such discharge shall not operate to release the gross estate
25 from the lien of any additional tax that may thereafter be

1 found to be due while the title to such gross estate remains
2 in the heirs, devisees, or distributees thereof; but no part of
3 such gross estate shall be subject to such lien or to any claim
4 or demand for any such tax if the title thereto has passed to
5 a bona fide purchaser for ~~value.~~ value.

6 *SEC. 408. THAT IF THE TAX HEREIN IMPOSED IS NOT*
7 *PAID on or before the due date thereof THE COLLECTOR SHALL,*
8 *upon instruction from the Commissioner, PROCEED TO COL-*
9 *LECT THE TAX UNDER THE PROVISIIONS OF GENERAL LAW,*
10 *OR COMMENCE APPROPRIATE PROCEEDINGS IN ANY COURT*
11 *OF THE UNITED STATES, IN THE NAME OF THE UNITED*
12 *STATES, TO SUBJECT THE PROPERTY OF THE DECEDENT TO*
13 *BE SOLD UNDER THE JUDGMENT OR DECREE OF THE COURT.*
14 *FROM THE PROCEEDS OF SUCH SALE THE AMOUNT OF THE*
15 *TAX, TOGETHER WITH THE COSTS AND EXPENSES OF EVERY*
16 *DESCRIPTION TO BE ALLOWED BY THE COURT, SHALL BE*
17 *FIRST PAID, AND THE BALANCE SHALL BE DEPOSITED ACCORD-*
18 *ING TO THE ORDER OF THE COURT, TO BE PAID UNDER ITS*
19 *DIRECTION TO THE PERSON ENTITLED THERETO.*

20 *IF THE TAX OR ANY PART THEREOF IS PAID BY, OR*
21 *COLLECTED OUT OF THAT PART OF THE ESTATE PASSING TO*
22 *OR IN THE POSSESSION OF, ANY PERSON OTHER THAN THE*
23 *EXECUTOR IN HIS CAPACITY AS SUCH, SUCH PERSON SHALL*
24 *BE ENTITLED TO REIMBURSEMENT OUT OF ANY PART OF*
25 *THE ESTATE STILL UNDISTRIBUTED OR BY A JUST AND*

1 EQUITABLE CONTRIBUTION BY THE PERSONS WHOSE IN-
2 TEREST IN THE ESTATE OF THE DECEDENT WOULD HAVE
3 been reduced if the tax had been paid before the
4 DISTRIBUTION OF THE ESTATE OR WHOSE INTEREST IS
5 SUBJECT TO EQUAL OR PRIOR LIABILITY FOR THE PAYMENT
6 OF TAXES, DEBTS, OR OTHER CHARGES AGAINST THE ESTATE,
7 IT BEING THE PURPOSE AND INTENT OF THIS TITLE THAT
8 SO FAR AS IS PRACTICABLE AND UNLESS OTHERWISE DI-
9 RECTED BY THE WILL OF THE DECEDENT THE TAX SHALL
10 BE PAID OUT OF THE ESTATE BEFORE ITS DISTRIBUTION.
11 IF ANY PART OF THE GROSS ESTATE CONSISTS OF PROCEEDS
12 OF POLICIES OF INSURANCE UPON THE LIFE OF THE DECE-
13 DENT RECEIVABLE BY A BENEFICIARY OTHER THAN THE
14 EXECUTOR, THE EXECUTOR SHALL BE ENTITLED TO RECOVER
15 FROM SUCH BENEFICIARY SUCH PORTION OF THE TOTAL
16 TAX PAID AS THE PROCEEDS, IN EXCESS OF \$40,000, OF
17 SUCH POLICIES BEAR TO THE NET ESTATE. IF THERE IS
18 MORE THAN ONE SUCH BENEFICIARY THE EXECUTOR SHALL
19 BE ENTITLED TO RECOVER FROM SUCH BENEFICIARIES IN
20 THE SAME RATIO.

21 SEC. 409. THAT UNLESS THE TAX IS SOONER PAID IN
22 FULL, IT SHALL BE A LIEN FOR TEN YEARS UPON THE GROSS
23 ESTATE OF THE DECEDENT, EXCEPT THAT SUCH PART OF
24 THE GROSS ESTATE AS IS USED FOR THE PAYMENT OF
25 CHARGES AGAINST THE ESTATE AND EXPENSES OF ITS

1 ADMINISTRATION, ALLOWED BY ANY COURT HAVING JURIS-
2 DICTION THEREOF, SHALL BE DIVESTED OF SUCH LIEN.
3 IF THE COMMISSIONER IS SATISFIED THAT THE TAX LIA-
4 BILITY OF AN ESTATE HAS BEEN FULLY DISCHARGED OR
5 PROVIDED FOR, HE MAY, UNDER REGULATIONS PRESCRIBED
6 BY HIM WITH THE APPROVAL OF THE SECRETARY, ISSUE
7 HIS CERTIFICATE RELEASING ANY OR ALL PROPERTY OF
8 SUCH ESTATE FROM THE LIEN HEREIN IMPOSED.

9 IF (A) THE DECEDENT MAKES A TRANSFER OF, OR
10 CREATES A TRUST WITH RESPECT TO, ANY PROPERTY IN
11 CONTEMPLATION OF OR INTENDED TO TAKE EFFECT IN POS-
12 SESSION OR ENJOYMENT AT OR AFTER HIS DEATH (EXCEPT
13 IN THE CASE OF A BONA FIDE SALE FOR A FAIR CONSIDERA-
14 TION IN MONEY OR MONEY'S WORTH) OR (B) IF INSURANCE
15 PASSES UNDER A CONTRACT EXECUTED BY THE DECEDENT
16 IN FAVOR OF A SPECIFIC BENEFICIARY, AND IF IN EITHER
17 CASE THE TAX IN RESPECT THERETO IS NOT PAID WHEN
18 DUE, THEN THE TRANSFEREE, TRUSTEE, OR BENEFICIARY
19 SHALL BE PERSONALLY LIABLE FOR SUCH TAX, AND SUCH
20 PROPERTY, TO THE EXTENT OF THE DECEDENT'S INTEREST
21 THEREIN AT THE TIME OF SUCH TRANSFER, OR TO THE
22 EXTENT OF SUCH BENEFICIARY'S INTEREST UNDER SUCH
23 CONTRACT OF INSURANCE, SHALL BE SUBJECT TO A LIKE
24 LIEN EQUAL TO THE AMOUNT OF SUCH TAX. ANY PART
25 OF SUCH PROPERTY SOLD BY SUCH TRANSFEREE OR TRUS-

1 THE TO A BONA FIDE PURCHASER FOR A FAIR CONSIDERA-
2 TION IN MONEY OR MONEY'S WORTH SHALL BE DIVESTED
3 OF THE LIEN AND A LIKE LIEN SHALL THEN ATTACH TO ALL
4 THE PROPERTY OF SUCH TRANSFEREE OR TRUSTEE EXCEPT
5 ANY PART SOLD TO A BONA FIDE PURCHASER FOR A FAIR
6 CONSIDERATION IN MONEY OR MONEY'S WORTH.

7 SEC. 410. THAT WHOEVER KNOWINGLY MAKES ANY
8 FALSE STATEMENT IN ANY NOTICE OR RETURN REQUIRED
9 TO BE FILED UNDER THIS TITLE SHALL BE LIABLE TO A
10 PENALTY OF NOT EXCEEDING \$5,000, OR IMPRISONMENT
11 NOT EXCEEDING ONE YEAR, OR BOTH.

12 WHOEVER FAILS TO COMPLY WITH ANY DUTY IM-
13 POSED UPON HIM BY SECTION 404 OR, HAVING IN HIS POS-
14 SESSION, OR CONTROL ANY RECORD, FILE, OR PAPER, CON-
15 TAINING OR SUPPOSED TO CONTAIN ANY INFORMATION CON-
16 CERNING THE ESTATE OF THE DECEDENT, OR, HAVING IN
17 HIS POSSESSION OR CONTROL ANY PROPERTY COMPRISED
18 IN THE GROSS ESTATE OF THE DECEDENT, FAILS TO EXHIBIT
19 THE SAME UPON REQUEST TO THE COMMISSIONER OR ANY
20 COLLECTOR OR LAW OFFICER OF THE UNITED STATES, OR
21 HIS DULY AUTHORIZED DEPUTY OR AGENT, WHO DESIRES
22 TO EXAMINE THE SAME IN THE PERFORMANCE OF HIS DUTIES
23 UNDER THIS TITLE, SHALL BE LIABLE TO A PENALTY OF
24 NOT EXCEEDING \$500, TO BE RECOVERED, WITH COSTS OF

1 SUIT, IN A CIVIL ACTION IN THE NAME OF THE UNITED
2 STATES.

3 SEC. 411. That if it appears upon the examination of
4 any return made pursuant to this title or to Title IV of the
5 Revenue Act of 1918 that an amount of tax has been paid in
6 excess of that properly due, the Commissioner is authorized
7 to refund such excess amount notwithstanding the provisions
8 of section 3228 of the Revised Statutes: Provided, That no
9 such refund shall be made after three years from the pay-
10 ment of such excess amount unless before the expiration of
11 such three years a claim for refund thereof is filed by the
12 executor, or by such other person or persons as may be legally
13 entitled to receive payment thereof.

14 SEC. 412. (a) That the term "resident" as used in this
15 title includes a citizen of the United States with respect to
16 whose property any probate or administration proceedings
17 are had in the United States Court for China. Where no
18 part of the gross estate of such decedent is situated in the
19 United States at the time of his death, the total amount of
20 tax due under this title shall be paid to or collected by the
21 clerk of such court, but where any part of the gross estate of
22 such decedent is situated in the United States at the time of
23 his death, the tax due under this title shall be paid to or col-
24 lected by the collector of the district in which is situated the
25 part of the gross estate in the United States, or, if such part

1 is situated in more than one district, then the collector of
2 such district as may be designated by the Commissioner.

3 (b) For the purpose of this section the clerk of the United
4 States Court for China shall be a collector for the territorial
5 jurisdiction of such court, and taxes shall be collected by and
6 paid to him in the same manner and subject to the same pro-
7 visions of law, including penalties, as the taxes collected by
8 and paid to a collector in the United States.

9 (c) The proviso in the Act entitled "An Act making
10 appropriation for the Diplomatic and Consular Service
11 for the fiscal year ending June 30, 1921," approved June 4,
12 1920, which reads as follows: "Provided, That in probate
13 and administration proceedings there shall be collected by
14 said clerk, before entering the order of final distribution, to be
15 paid into the Treasury of the United States, the same in-
16 heritance taxes from time to time collected under the laws en-
17 acted by the Congress of the United States from the estates of
18 decedents residing within the territorial jurisdiction of the
19 United States," is hereby repealed.

20 ~~TITLE V. TRANSPORTATION AND INSURANCE TAX REPEALS.~~

21 ~~TITLE V.—TAX ON TRANSPORTATION AND~~
22 ~~OTHER FACILITIES.~~

23 ~~SEC. 501. (a) Subdivisions (a), (b), (c), (d), and (e)~~
24 ~~of section 500 and subdivisions (b), (c), and (d) of section~~

1 ~~501, and sections 503 and 504 of the Revenue Act of 1918~~
2 ~~are repealed, to take effect January 1, 1922.~~

3 ~~(b) Under regulations prescribed by the Commissioner~~
4 ~~with the approval of the Secretary, refund shall be made of~~
5 ~~the proportionate part of tax collected on tickets or mileage~~
6 ~~books purchased and only partially used before January 1,~~
7 ~~1922.~~

8 *SEC. 500. THAT FROM AND AFTER January 1, 1922,*
9 *THERE SHALL BE LEVIED, ASSESSED, COLLECTED, AND PAID,*
10 *IN LIEU OF THE TAXES IMPOSED by section 500 of the*
11 *Revenue Act of 1918—*

12 (A) A TAX EQUIVALENT TO 1¹/₂ PER CENTUM OF THE
13 AMOUNT PAID FOR THE TRANSPORTATION ON OR AFTER
14 SUCH DATE, BY RAIL OR WATER OR BY ANY FORM OF ME-
15 CHANICAL MOTOR POWER WHEN IN COMPETITION WITH
16 CARRIERS BY RAIL OR WATER, OF PROPERTY BY FREIGHT
17 TRANSPORTED FROM ONE POINT IN THE UNITED STATES
18 TO ANOTHER; AND A LIKE TAX ON THE AMOUNT PAID FOR
19 SUCH TRANSPORTATION WITHIN THE UNITED STATES OF
20 PROPERTY TRANSPORTED FROM A POINT WITHOUT THE
21 UNITED STATES TO A POINT WITHIN THE UNITED STATES;

22 (B) A TAX OF 1 CENT FOR EACH 20 CENTS OR FRACTION
23 THEREOF OF THE AMOUNT PAID TO ANY PERSON FOR THE
24 TRANSPORTATION ON OR AFTER SUCH DATE, BY RAIL OR
25 WATER OR BY ANY FORM OF MECHANICAL MOTOR POWER

1 WHEN IN COMPETITION WITH EXPRESS BY RAIL OR WATER,
2 OF ANY PACKAGE, PARCEL, OR SHIPMENT, BY EXPRESS,
3 TRANSPORTED FROM ONE POINT IN THE UNITED STATES TO
4 ANOTHER; AND A LIKE TAX ON THE AMOUNT PAID FOR SUCH
5 TRANSPORTATION WITHIN THE UNITED STATES OF PROP-
6 erty TRANSPORTED FROM A POINT WITHOUT THE UNITED
7 STATES TO A POINT WITHIN THE UNITED STATES;

8 (c) A TAX EQUIVALENT TO $\frac{1}{4}$ PER CENTUM OF THE
9 AMOUNT PAID FOR THE TRANSPORTATION ON OR AFTER SUCH
10 DATE OF PERSONS BY RAIL OR WATER, OR BY ANY FORM OF
11 MECHANICAL MOTOR POWER ON A REGULAR ESTABLISHED
12 LINE WHEN IN COMPETITION WITH CARRIERS BY RAIL OR
13 WATER, FROM ONE POINT IN THE UNITED STATES TO AN-
14 OTHER OR TO ANY POINT IN CANADA OR MEXICO, WHERE THE
15 TICKET OR ORDER THEREFOR IS SOLD OR ISSUED IN THE
16 UNITED STATES, NOT INCLUDING THE AMOUNT PAID FOR
17 COMMUTATION OR SEASON TICKETS FOR TRIPS LESS THAN
18 THIRTY MILES, OR FOR TRANSPORTATION THE FARE FOR
19 WHICH DOES NOT EXCEED $\frac{1}{2}$ CENTS: PROVIDED, THAT
20 WHERE SUCH WATER TRANSPORTATION LINES ARE IN COM-
21 PETITION BETWEEN AMERICAN PORTS WITH FOREIGN
22 WATER TRANSPORTATION LINES FROM ADJACENT FOREIGN
23 PORTS, THE TAX IMPOSED UNDER THIS SUBDIVISION ON
24 AMOUNTS PAID FOR WATER TRANSPORTATION BETWEEN
25 AMERICAN PORTS SHALL NOT EXCEED THE AMOUNT OF THE

1 TRANSPORTATION TAX TO WHICH SUCH FOREIGN WATER
2 TRANSPORTATION LINES ARE SUBJECTED BY THEIR GOV-
3 ERNMENT CORRESPONDING TO THIS TAX;

4 (D) A TAX EQUIVALENT TO $\frac{1}{4}$ PER CENTUM OF THE
5 AMOUNT PAID FOR SEATS, BERTHS, AND STATEROOMS IN
6 PARLOR CARS, SLEEPING CARS, OR ON VESSELS, USED ON OR
7 AFTER SUCH DATE IN CONNECTION WITH TRANSPORTATION
8 UPON WHICH TAX IS IMPOSED BY SUBDIVISION (C);

9 (E) A TAX EQUIVALENT TO 8 PER CENTUM OF THE
10 AMOUNT PAID FOR THE TRANSPORTATION ON OR AFTER
11 SUCH DATE OF OIL BY PIPE LINE;

12 (F) IN THE CASE OF EACH TELEGRAPH, TELEPHONE,
13 CABLE, OR RADIO DISPATCH, MESSAGE, OR CONVERSATION,
14 WHICH ORIGINATES ON OR AFTER SUCH DATE WITHIN THE
15 UNITED STATES, AND FOR THE TRANSMISSION OF WHICH
16 THE CHARGE IS MORE THAN $1\frac{1}{4}$ CENTS AND NOT MORE THAN
17 50 CENTS, A TAX OF 5 CENTS; AND IF THE CHARGE IS MORE
18 THAN 50 CENTS, A TAX OF 10 CENTS: PROVIDED, THAT
19 ONLY ONE PAYMENT OF SUCH TAX SHALL BE REQUIRED,
20 NOTWITHSTANDING THE LINES OR STATIONS OF ONE OR
21 MORE PERSONS ARE USED FOR THE TRANSMISSION OF SUCH
22 DISPATCH MESSAGE, OR CONVERSATION; AND

23 (G) A TAX EQUIVALENT TO 10 PER CENTUM OF THE
24 AMOUNT PAID AFTER SUCH DATE TO ANY TELEGRAPH OR
25 TELEPHONE COMPANY FOR ANY LEASED WIRE OR TALKING

1 CIRCUIT SPECIAL SERVICE FURNISHED AFTER SUCH DATE.
2 THIS SUBDIVISION SHALL NOT APPLY TO THE AMOUNT PAID
3 FOR SO MUCH OF SUCH SERVICE AS IS UTILIZED (1) IN THE
4 COLLECTION AND DISSEMINATION OF NEWS THROUGH THE
5 PUBLIC PRESS, OR (2) IN THE CONDUCT, BY A COMMON
6 CARRIER OR TELEGRAPH, OR TELEPHONE COMPANY, OF ITS
7 BUSINESS AS SUCH;

8 (H) NO TAX SHALL BE IMPOSED UNDER THIS SECTION
9 UPON ANY PAYMENT RECEIVED FOR SERVICES RENDERED TO
10 THE UNITED STATES OR TO ANY STATE OR TERRITORY OR
11 THE DISTRICT OF COLUMBIA. THE RIGHT TO EXEMPTION
12 UNDER THIS SUBDIVISION SHALL BE EVIDENCED IN SUCH
13 MANNER AS THE COMMISSIONER, WITH THE APPROVAL OF
14 THE SECRETARY, MAY BY REGULATION PRESCRIBE.

15 (i) Subdivisions (a), (c), and (d) shall not be in effect
16 after December 31, 1922. Under regulations prescribed by
17 the Commissioner with the approval of the Secretary, refund
18 shall be made (1) of the proportionate part of the difference
19 between the tax collected under subdivisions (c) or (d) of the
20 Revenue Act of 1918 on tickets or mileage books purchased
21 and only partially used before January 1, 1922, and the tax
22 imposed on and after such date by subdivisions (c) or (d) of
23 this Act; and (2) of the proportionate part of tax collected on
24 tickets or mileage books purchased and only partially used
25 before January 1, 1923.

1 **SEC. 501 (A) THAT THE TAXES IMPOSED BY SECTION**
2 **500 SHALL BE PAID BY THE PERSON PAYING FOR THE SERV-**
3 **ICES OR FACILITIES RENDERED.**

4 **(B) IF A MILEAGE BOOK USED FOR TRANSPORTATION OR**
5 **ACCOMMODATION WAS PURCHASED BEFORE NOVEMBER 1,**
6 **1917, OR IF CASH FARE IS PAID, THE TAX IMPOSED BY SEC-**
7 **TION 500 SHALL BE COLLECTED FROM THE PERSON PRESENT-**
8 **ING THE MILEAGE BOOK, OR PAYING THE CASH FARE, BY THE**
9 **CONDUCTOR OR OTHER AGENT, WHEN PRESENTED FOR SUCH**
10 **TRANSPORTATION OR ACCOMMODATION AND THE AMOUNT**
11 **SO COLLECTED SHALL BE PAID TO THE UNITED STATES IN**
12 **SUCH MANNER AND AT SUCH TIMES AS THE COMMISSIONER,**
13 **WITH THE APPROVAL OF THE SECRETARY, MAY PRESCRIBE;**
14 **IF A TICKET (OTHER THAN A MILEAGE BOOK) WAS BOUGHT**
15 **AND PARTIALLY USED BEFORE NOVEMBER 1, 1917, IT SHALL**
16 **NOT BE TAXED, BUT IF BOUGHT BUT NOT SO USED before**
17 **April 1, 1919, IT SHALL NOT BE VALID FOR PASSAGE UNTIL**
18 **THE TAX HAS BEEN PAID AND SUCH PAYMENT EVIDENCED ON**
19 **THE TICKET IN SUCH MANNER AS THE COMMISSIONER, WITH**
20 **THE APPROVAL OF THE SECRETARY, MAY BY REGULATION**
21 **PRESCRIBE.**

22 **(C) THE TAXES IMPOSED BY SECTION 500 SHALL APPLY**
23 **TO ALL SERVICES OR FACILITIES SPECIFIED IN SUCH SECTION**
24 **WHEN RENDERED FOR HIRE, WHETHER OR NOT THE AGENCY**
25 **RENDERING THEM IS A COMMON CARRIER. IN CASE A CAR-**

1 CARRIER (OTHER THAN A PIPE LINE) PRINCIPALLY ENGAGED IN
2 RENDERING TRANSPORTATION SERVICES OR FACILITIES FOR
3 HIRE DOES NOT, BECAUSE OF ITS OWNERSHIP OF THE GOODS
4 TRANSPORTED, OR FOR ANY OTHER REASON, RECEIVE THE
5 AMOUNT WHICH AS A CARRIER IT WOULD OTHERWISE
6 CHARGE, SUCH CARRIER SHALL PAY A TAX EQUIVALENT TO
7 THE TAX WHICH WOULD BE IMPOSED UPON THE TRANSPOR-
8 TATION OF SUCH GOODS IF THE CARRIER RECEIVED PAY-
9 MENT FOR SUCH TRANSPORTATION, SUCH TAX, IF IT CAN
10 NOT BE COMPUTED FROM ACTUAL RATES OR TARIFFS OF THE
11 CARRIER, TO BE COMPUTED ON THE BASIS OF THE RATES OR
12 TARIFFS OF OTHER CARRIERS FOR LIKE SERVICES AS DETER-
13 MINED BY THE COMMISSIONER. IN THE CASE OF ANY
14 CARRIER (OTHER THAN A PIPE LINE) THE PRINCIPAL BUSI-
15 NESS OF WHICH IS TO TRANSPORT GOODS BELONGING TO IT
16 ON ITS OWN ACCOUNT AND WHICH ONLY INCIDENTALLY REN-
17 DERS SERVICES FOR HIRE, THE TAX SHALL APPLY TO SUCH
18 SERVICES OR FACILITIES ONLY AS ARE ACTUALLY REN-
19 DERED BY IT FOR HIRE. NOTHING IN THIS OR THE PRECED-
20 ING SECTION SHALL BE CONSTRUED AS IMPOSING A TAX (1)
21 UPON THE TRANSPORTATION OF ANY COMMODITY WHICH IS
22 NECESSARY FOR THE USE OF THE CARRIER IN THE CONDUCT
23 OF ITS BUSINESS AS SUCH AND IS INTENDED TO BE SO USED OR
24 HAS BEEN SO USED; OR (2) UPON THE TRANSPORTATION OF
25 COMPANY MATERIAL TRANSPORTED BY ONE CARRIER, WHICH

1 CONSTITUTES A PART OF A RAILROAD SYSTEM, FOR ANOTHER
2 CARRIER WHICH IS ALSO A PART OF THE SAME SYSTEM.

3 (D) THE TAX IMPOSED BY SUBDIVISION (E) OF SEC
4 TION 500 SHALL APPLY TO ALL TRANSPORTATION OF OIL BY
5 PIPE LINE. IN CASE NO CHARGE FOR TRANSPORTATION IS
6 MADE, BY REASON OF OWNERSHIP OF THE COMMODITY
7 TRANSPORTED, OR FOR ANY OTHER REASON, THE PERSON
8 TRANSPORTING BY PIPE LINE SHALL PAY A TAX EQUIVALENT
9 TO THE TAX WHICH WOULD BE IMPOSED IF SUCH PERSON
10 RECEIVED PAYMENT FOR SUCH TRANSPORTATION, AND IF
11 THE TAX CAN NOT BE COMPUTED FROM ACTUAL BONA FIDE
12 RATES OR TARIFFS, IT SHALL BE COMPUTED (1) ON THE
13 BASIS OF THE RATES OR TARIFFS OF OTHER PIPE LINES FOR
14 LIKE SERVICES, AS DETERMINED BY THE COMMISSIONER, OR
15 (2) IF NO SUCH RATES OR TARIFFS EXIST, ON THE BASIS OF
16 A REASONABLE CHARGE FOR SUCH TRANSPORTATION, AS
17 DETERMINED BY THE COMMISSIONER.

18 SEC. 502. (a) THAT EACH PERSON RECEIVING ANY
19 PAYMENTS REFERRED TO IN SECTION 500 SHALL COLLECT
20 THE AMOUNT OF THE TAX, IF ANY, IMPOSED BY SUCH SEC
21 TION FROM THE PERSON MAKING SUCH PAYMENTS, AND
22 SHALL MAKE MONTHLY RETURNS UNDER OATH, IN DUPLICATE,
23 AND PAY THE TAXES SO COLLECTED AND THE TAXES IMPOSED
24 UPON IT UNDER SUBDIVISION (C) OR (D) OF SECTION 501 TO
25 THE COLLECTOR OF THE DISTRICT IN WHICH THE PRINCIPAL
26 OFFICE OR PLACE OF BUSINESS IS LOCATED.

1 (b) No CARRIER COLLECTING THE TAXES IMPOSED BY
2 SUBDIVISION (A) OR (B) OF SECTION 500 SHALL BE REQUIRED
3 TO LIST THE AMOUNT OF SUCH TAX SEPARATELY IN ANY
4 BILL OF LADING, FREIGHT OR EXPRESS RECEIPT, OR OTHER
5 SIMILAR DOCUMENT, IF THE TOTAL AMOUNT OF THE TRANS-
6 PORTATION CHARGE AND THE TAX IS STATED THEREIN.

7 (c) ANY PERSON MAKING A REFUND OF ANY PAYMENT
8 UPON WHICH TAX IS COLLECTED UNDER THIS SECTION MAY
9 REPAY THEREWITH THE AMOUNT OF THE TAX COLLECTED
10 ON SUCH PAYMENT; AND THE AMOUNT SO REPAID MAY BE
11 CREDITED AGAINST AMOUNTS INCLUDED IN ANY SUBSEQUENT
12 MONTHLY RETURN.

13 (d) THE RETURNS REQUIRED UNDER THIS SECTION
14 SHALL CONTAIN SUCH INFORMATION, AND BE MADE AT SUCH
15 TIMES AND IN SUCH MANNER, AS THE COMMISSIONER, WITH
16 THE APPROVAL OF THE SECRETARY, MAY BY REGULATION
17 PRESCRIBE.

18 (e) THE TAX SHALL, WITHOUT ASSESSMENT BY THE
19 COMMISSIONER OR NOTICE FROM THE COLLECTOR, BE DUE
20 AND PAYABLE TO THE COLLECTOR AT THE TIME SO FIXED
21 FOR FILING THE RETURN. IF THE TAX IS NOT PAID WHEN
22 DUE, THERE SHALL BE ADDED AS PART OF THE TAX A
23 PENALTY OF 5 PER CENTUM TOGETHER WITH INTEREST
24 AT THE RATE OF 1 PER CENTUM FOR EACH FULL MONTH
25 FROM THE TIME WHEN THE TAX BECAME DUE.

1 ~~TITLE VI.—BEVERAGE TAX AMENDMENTS.~~

2 **TITLE VI.—TAX ON SOFT DRINKS AND**
3 **CONSTITUENT PARTS THEREOF.**

4 ~~Sac. 601. Subdivision (a) of section 600 of the Revenue~~
5 ~~Act of 1918 is amended by striking out the period at the end~~
6 ~~thereof and inserting a colon and the following: "Provided,~~
7 ~~That on all distilled spirits on which tax is paid at the non-~~
8 ~~beverage rate of \$2.20 per proof gallon and which are diverted~~
9 ~~to beverage purposes or for use in the manufacture or produc-~~
10 ~~tion of any article used or intended for use as a beverage,~~
11 ~~there shall be levied and collected an additional tax of \$1.20~~
12 ~~on each proof gallon, and a proportionate tax at a like rate on~~
13 ~~all fractional parts of such proof gallon, to be paid by the~~
14 ~~person responsible for such diversion."~~

15 ~~Sac. 602. Section 605 of the Revenue Act of 1918 is~~
16 ~~amended by adding at the end thereof the following: "The~~
17 ~~process of extraction of water from high proof spirits for the~~
18 ~~production of absolute alcohol shall not be deemed to be~~
19 ~~rectification within the meaning of section 3244 of the Re-~~
20 ~~vised Statutes, and absolute alcohol shall not be subject to the~~
21 ~~tax imposed by this section, but the production of such abso-~~
22 ~~lute alcohol shall be under such regulations as the Commis-~~
23 ~~sioner, with the approval of the Secretary, may prescribe."~~

24 ~~Sac. 603. Sections 628 and 629 of the Revenue Act of~~
25 ~~1918 are amended to read as follows:~~

1 "~~Sec. 628.~~ *Sec. 600.* That from and after January
2 1, 1920, there shall be levied, assessed, collected, and paid,
3 in lieu of the taxes imposed by sections 628 and 630' of the
4 Revenue Act of 1918—

5 "(a) (a) Upon all beverages derived wholly or in part
6 from cereals or substitutes therefor, containing less than
7 one-half of 1 per centum of alcohol by volume, sold by the
8 manufacturer, producer, or importer, a tax of 4 of 2 cents
9 per gallon.

10 "(b) (b) Upon all unfermented fruit juices, in natural or
11 slightly concentrated form, or such fruit juices to which sugar
12 has been added (as distinguished from finished or fountain
13 sirups), intended for consumption as beverages with the
14 addition of water or water and sugar, and upon all imitations
15 of any such fruit juices, and upon all carbonated beverages,
16 commonly known as soft drinks (except those described in
17 subdivision (a)), manufactured, compounded, or mixed by
18 the use of concentrate, essence, or extract, instead of a fin-
19 ished or fountain sirup, sold by the manufacturer, producer, or
20 importer, a tax of 2 cents per gallon.

21 "(c) (c) Upon all still drinks, containing less than one-
22 half of 1 per centum of alcohol by volume, intended for con-
23 sumption as beverages in the form in which sold (except
24 natural or artificial mineral and table waters and imitations

1 thereof, and pure apple cider), sold by the manufacturer,
2 producer, or importer, a tax ~~of 3~~ of 2 cents per gallon.

3 (d) Upon all natural or artificial mineral waters or table
4 waters, whether carbonated or not; and all imitations thereof,
5 sold by the producer, bottler, or importer thereof, in bottles or
6 other closed containers, at over 10 cents per gallon, a tax of
7 2 cents per gallon.

8 ~~“(d)~~ (e) Upon all finished or fountain sirups of the kinds
9 used in manufacturing, compounding, or mixing drinks com-
10 monly known as soft drinks, sold by the manufacturer, pro-
11 ducer, or importer, a tax ~~of 10~~ of $7\frac{1}{2}$ cents per gallon; except
12 that where any person manufacturing carbonated beverages or
13 conducting a soda fountain, ice cream parlor, or other similar
14 place of business manufactures any sirups of the kinds
15 described in this subdivision, there shall be levied, assessed,
16 collected, and paid on each gallon manufactured and used in
17 the preparation of soft drinks a tax ~~of 10~~ of $7\frac{1}{2}$ cents per gal-
18 lon; and except that the taxes imposed by this subdivision
19 shall not apply to finished or fountain sirups sold for use in
20 the manufacture of a beverage subject to tax under subdivi-
21 sion (a) or (c).

22 ~~“(e)~~ (f) Upon all carbonic acid gas sold by the manu-
23 facturer, producer, or importer to a manufacturer of any car-
24 bonated beverages, or to any person conducting a soda foun-
25 tain, ice cream parlor, or other similar place of business, and

1 upon all carbonic acid gas used by the manufacturer, producer,
2 or importer thereof in the preparation of soft drinks, a tax of 5
3 cents per pound.

4 ~~“Sec. 628~~ *SEC. 601.* (a) That each manufacturer, pro-
5 ducer, or importer of any of the articles enumerated in section
6 628 600 and each person who sells carbonic acid gas to a
7 manufacturer of carbonated beverages or to a person conduct-
8 ing a soda fountain, ice cream parlor, or other similar place
9 of business, shall make monthly returns under oath in dupli-
10 cate and pay the tax imposed in respect to the articles enu-
11 merated in section 628 600 to the collector for the district
12 in which is located the principal place of business. Such
13 returns shall contain such information and be made at
14 such times and in such manner as the Commissioner,
15 with the approval of the Secretary, may by regulations
16 prescribe. The tax shall, without assessment by the
17 Commissioner or notice from the collector, be due and
18 payable to the collector at the time so fixed for filing the
19 return. If the tax is not paid when due, there shall be added
20 as part of the tax a penalty of 5 per centum, together with in-
21 terest at the rate of 1 per centum for each full month from
22 the time when the tax became due.

23 ~~“(b)~~ (b) Each person required to pay any tax imposed by
24 section 628 600 shall procure and keep posted a certificate of
25 registry in accordance with regulations to be prescribed by

1 the Commissioner, with the approval of the Secretary. Any
 2 person who fails to register or keep posted any certificate of
 3 registry in accordance with such regulations, shall be subject
 4 to a penalty of not more than \$1,000 for each such offense.¹¹
 5 offense.

6 ~~Sec. 604. Section 620 of the Revenue Act of 1918 is~~
 7 ~~repealed.~~

8 **TITLE VII. TAX ON CIGARS, TOBACCO, AND**
 9 **MANUFACTURES THEREOF.**

10 **SEC. 700. (A) THAT UPON CIGARS AND CIGARETTES**
 11 **MANUFACTURED IN OR IMPORTED INTO THE UNITED STATES,**
 12 **AND HEREAFTER SOLD BY THE MANUFACTURER OR IM-**
 13 **PORTER, OR REMOVED FOR CONSUMPTION OR SALE, THERE**
 14 **SHALL BE LEVIED, COLLECTED, AND PAID UNDER THE PRO-**
 15 **VISIONS OF EXISTING LAW, IN LIEU OF THE INTERNAL-**
 16 **REVENUE TAXES NOW IMPOSED THEREON by section 700 of**
 17 **the Revenue Act of 1918, THE FOLLOWING TAXES, TO BE**
 18 **PAID BY THE MANUFACTURER OR IMPORTER THEREOF—**
 19 **ON CIGARS OF ALL DESCRIPTIONS MADE OF TOBACCO,**
 20 **OR ANY SUBSTITUTE THEREFOR, AND WEIGHING NOT MORE**
 21 **THAN THREE POUNDS PER THOUSAND, \$1.50 PER THOUSAND;**
 22 **ON CIGARS MADE OF TOBACCO, OR ANY SUBSTITUTE**
 23 **THEREFOR, AND WEIGHING MORE THAN THREE POUNDS**
 24 **PER THOUSAND, IF MANUFACTURED OR IMPORTED TO RE-**
 25 **TAIL AT NOT MORE THAN 5 CENTS EACH, \$4 PER THOUSAND;**

1 IF MANUFACTURED OR IMPORTED TO RETAIL AT MORE
 2 THAN 5 CENTS EACH AND NOT MORE THAN 8 CENTS EACH,
 3 \$6 PER THOUSAND;

4 IF MANUFACTURED OR IMPORTED TO RETAIL AT MORE
 5 THAN 8 CENTS EACH AND NOT MORE THAN 15 CENTS EACH,
 6 \$9 PER THOUSAND;

7 IF MANUFACTURED OR IMPORTED TO RETAIL AT MORE
 8 THAN 15 CENTS EACH AND NOT MORE THAN 20 CENTS EACH,
 9 \$12 PER THOUSAND;

10 IF MANUFACTURED OR IMPORTED TO RETAIL AT MORE
 11 THAN 20 CENTS EACH, \$15 PER THOUSAND;

12 ON CIGARETTES MADE OF TOBACCO, OR ANY SUBSTI-
 13 TUTE THEREFOR, AND WEIGHING NOT MORE THAN THREE
 14 POUNDS PER THOUSAND, \$3 PER THOUSAND;

15 WEIGHING MORE THAN THREE POUNDS PER THOUSAND,
 16 \$7.20 PER THOUSAND.

17 (b) WHENEVER IN THIS SECTION REFERENCE IS MADE
 18 TO CIGARS MANUFACTURED OR IMPORTED TO RETAIL AT
 19 NOT OVER A CERTAIN PRICE EACH, THEN IN DETERMINING
 20 THE TAX TO BE PAID REGARD SHALL BE HAD TO THE ORDI-
 21 NARY RETAIL PRICE OF A SINGLE CIGAR.

22 (c) THE COMMISSIONER MAY, BY REGULATION, RE-
 23 QUIRE THE MANUFACTURER OR IMPORTER TO AFFIX TO
 24 EACH BOX, PACKAGE, OR CONTAINER A CONSPICUOUS LABEL
 25 INDICATING THE CLAUSE OF THIS SECTION UNDER WHICH

1 THE CIGARS THEREIN CONTAINED HAVE BEEN TAX-PAID,
2 WHICH MUST CORRESPOND WITH THE TAX-PAID STAMP ON
3 SUCH BOX OR CONTAINER.

4 (D) EVERY MANUFACTURER OF CIGARETTES (INCLUD-
5 ING SMALL CIGARS WEIGHING NOT MORE THAN THREE
6 POUNDS PER THOUSAND) SHALL PUT UP ALL THE CIGARETTES
7 AND SUCH SMALL CIGARS THAT HE MANUFACTURES OR HAS
8 MANUFACTURED FOR HIM, AND SELLS OR REMOVES FOR CON-
9 SUMPTION OR SALE, IN PACKAGES OR PARCELS CONTAINING
10 FIVE, EIGHT, TEN, TWELVE, FIFTEEN, SIXTEEN, TWENTY,
11 TWENTY-FOUR, FORTY, FIFTY, EIGHTY, OR ONE HUNDRED
12 CIGARETTES EACH, AND SHALL SECURELY AFFIX TO EACH
13 OF SUCH PACKAGES OR PARCELS A SUITABLE STAMP DENOT-
14 ING THE TAX THEREON AND SHALL PROPERLY CANCEL THE
15 SAME PRIOR TO SUCH SALE OR REMOVAL FOR CONSUMPTION
16 OR SALE UNDER SUCH REGULATIONS AS THE COMMISSIONER,
17 WITH THE APPROVAL OF THE SECRETARY, SHALL PRE-
18 SCRIBE; AND ALL CIGARETTES IMPORTED FROM A FOREIGN
19 COUNTRY SHALL BE PACKED, STAMPED, AND THE STAMPS
20 CANCELED IN A LIKE MANNER, IN ADDITION TO THE IMPORT
21 STAMP INDICATING INSPECTION OF THE CUSTOMHOUSE BE-
22 FORE THEY ARE WITHDRAWN THEREFROM.

23 SEC. 701. (A) THAT UPON ALL TOBACCO AND SNUFF
24 MANUFACTURED IN OR IMPORTED INTO THE UNITED STATES,
25 AND HEREAFTER SOLD BY THE MANUFACTURER OR IMPORTER,

1 OR REMOVED FOR CONSUMPTION OR SALE, THERE SHALL BE
2 LEVIED, COLLECTED, AND PAID IN LIEU OF THE INTERNAL-
3 REVENUE TAXES NOW IMPOSED THEREON by section 701 of
4 the Revenue Act of 1918, A TAX OF 18 CENTS PER POUND,
5 TO BE PAID BY THE MANUFACTURER OR IMPORTER THEREOF.

6 (B) SECTION 3362 OF THE REVISED STATUTES, AS
7 AMENDED by section 701 of the Revenue Act of 1918, IS
8 re-enacted without change, AS FOLLOWS:

9 "SEC. 3362. ALL MANUFACTURED TOBACCO SHALL BE
10 PUT UP AND PREPARED BY THE MANUFACTURER FOR SALE,
11 OR REMOVAL FOR SALE OR CONSUMPTION, IN PACKAGES OF
12 THE FOLLOWING DESCRIPTION AND IN NO OTHER MANNER:

13 "ALL SMOKING TOBACCO, SNUFF, FINE-CUT CHEWING
14 TOBACCO, ALL CUT AND GRANULATED TOBACCO, ALL SHORTS,
15 THE REFUSE OF FINE-CUT CHEWING, WHICH HAS PASSED
16 THROUGH A RIDDLE OF THIRTY-SIX MESHES TO THE SQUARE
17 INCH, AND ALL REFUSE SCRAPS, CLIPPINGS, CUTTINGS, AND
18 SWEEPINGS OF TOBACCO, AND ALL OTHER KINDS OF TOBACCO
19 NOT OTHERWISE PROVIDED FOR, IN PACKAGES CONTAINING
20 ONE-EIGHTH OF AN OUNCE, THREE-EIGHTHS OF AN OUNCE,
21 AND FURTHER PACKAGES WITH A DIFFERENCE BETWEEN
22 EACH PACKAGE AND THE ONE NEXT SMALLER OF ONE-EIGHTH
23 OF AN OUNCE UP TO AND INCLUDING TWO OUNCES, AND
24 FURTHER PACKAGES WITH A DIFFERENCE BETWEEN EACH
25 PACKAGE AND THE ONE NEXT SMALLER OF ONE-FOURTH OF

1 AN OUNCE UP TO AND INCLUDING FOUR OUNCES, AND PACK-
2 AGES OF FIVE OUNCES, SIX OUNCES, SEVEN OUNCES, EIGHT
3 OUNCES, TEN OUNCES, TWELVE OUNCES, FOURTEEN OUNCES,
4 AND SIXTEEN OUNCES: PROVIDED, THAT SNUFF MAY, AT
5 THE OPTION OF THE MANUFACTURER, BE PUT UP IN BLAD-
6 DERS AND IN JARS CONTAINING NOT EXCEEDING TWENTY
7 POUNDS.

8 "ALL CAVENDISH, PLUG, AND TWIST TOBACCO, IN
9 WOODEN PACKAGES NOT EXCEEDING TWO HUNDRED POUNDS
10 NET WEIGHT.

11 "AND EVERY SUCH WOODEN PACKAGE SHALL HAVE
12 PRINTED OR MARKED THEREON THE MANUFACTURER'S NAME
13 AND PLACE OF MANUFACTURE, THE REGISTERED NUMBER
14 OF THE MANUFACTORY, AND THE GROSS WEIGHT, THE TARE,
15 AND THE NET WEIGHT OF THE TOBACCO IN EACH PACKAGE:
16 PROVIDED, THAT THESE LIMITATIONS AND DESCRIPTIONS
17 OF PACKAGES SHALL NOT APPLY TO TOBACCO AND SNUFF
18 TRANSPORTED IN BOND FOR EXPORTATION AND ACTUALLY
19 EXPORTED: AND PROVIDED FURTHER, THAT PERIQUE TO-
20 BACCO, SNUFF FLOUR, FINE-CUT SHORTS, THE REFUSE OF
21 FINE-CUT CHEWING TOBACCO, REFUSE SCRAP, CLIPPINGS,
22 CUTTINGS, AND SWEEPINGS OF TOBACCO, MAY BE SOLD IN
23 BULK AS MATERIAL, AND WITHOUT THE PAYMENT OF TAX,
24 BY ONE MANUFACTURER DIRECTLY TO ANOTHER MANU-
25 FACTURER, OR FOR EXPORT, UNDER SUCH RESTRICTIONS,

1 RULES, AND REGULATIONS AS THE COMMISSIONER OF IN-
 2 TERNAL REVENUE MAY PRESCRIBE: AND PROVIDED FUR-
 3 THER, THAT WOOD, METAL, PAPER, OR OTHER MATERIALS
 4 MAY BE USED SEPARATELY OR IN COMBINATION FOR PACK-
 5 ING TOBACCO, SNUFF, AND CIGARS, UNDER SUCH REGULA-
 6 TIONS AS THE COMMISSIONER OF INTERNAL REVENUE MAY
 7 ESTABLISH."

8 *Sec. 702.* THAT THERE SHALL BE LEVIED, COLLECTED,
 9 AND PAID, IN LIEU OF THE TAXES IMPOSED BY SECTION 708
 10 OF THE REVENUE ACT OF 1918, UPON CIGARETTE PAPER
 11 MADE UP INTO PACKAGES, BOOKS, SETS, OR TUBES, MADE
 12 UP IN OR IMPORTED INTO THE UNITED STATES AND HERE-
 13 AFTER SOLD BY THE MANUFACTURER OR IMPORTER TO ANY
 14 PERSON (OTHER THAN TO A MANUFACTURER OF CIGARETTES)
 15 FOR USE BY HIM IN THE MANUFACTURE OF CIGARETTES)
 16 THE FOLLOWING TAXES, TO BE PAID BY THE MANUFACTURER
 17 OR IMPORTER: ON EACH PACKAGE, BOOK, OR SET, CONTAIN-
 18 ING MORE THAN TWENTY-FIVE BUT NOT MORE THAN FIFTY
 19 PAPERS, $\frac{1}{2}$ CENT; CONTAINING MORE THAN FIFTY BUT NOT
 20 MORE THAN ONE HUNDRED PAPERS, 1 CENT; CONTAINING
 21 MORE THAN ONE HUNDRED PAPERS, $\frac{1}{2}$ CENT FOR EACH
 22 FIFTY PAPERS OR FRACTIONAL PART THEREOF; AND UPON
 23 TUBES, 1 CENT FOR EACH FIFTY TUBES OR FRACTIONAL PART
 24 THEREOF.

1 EVERY MANUFACTURER OF CIGARETTES PURCHASING
2 ANY CIGARETTE PAPER MADE UP INTO TUBES (A) SHALL GIVE
3 BOND IN AN AMOUNT AND WITH SURETIES SATISFACTORY
4 TO THE COMMISSIONER THAT HE WILL USE SUCH TUBES
5 IN THE MANUFACTURE OF CIGARETTES OR PAY THEREON A
6 TAX EQUIVALENT TO THE TAX IMPOSED BY THIS SECTION
7 AND (B) SHALL KEEP SUCH RECORDS AND RENDER UNDER
8 OATH SUCH RETURNS AS THE COMMISSIONER FINDS NEC-
9 ESSARY TO SHOW THE DISPOSITION OF ALL TUBES PUR-
10 CHASED OR IMPORTED BY SUCH MANUFACTURER OF CIGAR-
11 ETTES.

12 SEC. 703. THAT SECTION 3360 OF THE REVISED
13 STATUTES, AS AMENDED BY SECTION 704 OF THE REVENUE ACT
14 OF 1918, IS RE-ENACTED WITHOUT CHANGE, AS FOLLOWS:

15 "SEC. 3360. (A) EVERY DEALER IN LEAF TOBACCO
16 SHALL FILE WITH THE COLLECTOR OF THE DISTRICT IN
17 WHICH HIS BUSINESS IS CARRIED ON A STATEMENT IN DU-
18 PPLICATE, SUBSCRIBED UNDER OATH, SETTING FORTH THE
19 PLACE, AND, IF IN A CITY, THE STREET AND NUMBER OF THE
20 STREET, WHERE HIS BUSINESS IS TO BE CARRIED ON, AND
21 THE EXACT LOCATION OF EACH PLACE WHERE LEAF TOBACCO
22 IS HELD BY HIM ON STORAGE, AND, WHENEVER HE ADDS TO
23 OR DISCONTINUES ANY OF HIS LEAF TOBACCO STORAGE
24 PLACES, HE SHALL GIVE IMMEDIATE NOTICE TO THE COL-
25 LECTOR OF THE DISTRICT IN WHICH HE IS REGISTERED.

1 "EVERY SUCH DEALER SHALL GIVE A BOND WITH
2 SURETY, SATISFACTORY TO, AND TO BE APPROVED BY, THE
3 COLLECTOR OF THE DISTRICT, IN SUCH PENAL SUM AS THE
4 COLLECTOR MAY REQUIRE, NOT LESS THAN \$500; AND A
5 NEW BOND MAY BE REQUIRED IN THE DISCRETION OF THE
6 COLLECTOR OR UNDER INSTRUCTIONS OF THE COMMISSIONER.

7 "EVERY SUCH DEALER SHALL BE ASSIGNED A NUMBER
8 BY THE COLLECTOR OF THE DISTRICT, WHICH NUMBER
9 SHALL APPEAR IN EVERY INVENTORY, INVOICE AND REPORT
10 RENDERED BY THE DEALER, WHO SHALL ALSO OBTAIN
11 CERTIFICATES FROM THE COLLECTOR OF THE DISTRICT
12 SETTING FORTH THE PLACE WHERE HIS BUSINESS IS CARRIED
13 ON AND THE PLACES DESIGNATED BY THE DEALER AS THE
14 PLACES OF STORAGE OF HIS TOBACCO, WHICH CERTIFI-
15 CATES SHALL BE POSTED CONSPICUOUSLY WITHIN THE
16 DEALER'S REGISTERED PLACE OF BUSINESS, AND WITHIN
17 EACH DESIGNATED PLACE OF STORAGE.

18 "(B) EVERY DEALER IN LEAF TOBACCO SHALL MAKE
19 AND DELIVER TO THE COLLECTOR OF THE DISTRICT A TRUE
20 INVENTORY OF THE QUANTITY OF THE DIFFERENT KINDS
21 OF TOBACCO HELD OR OWNED, AND WHERE STORED BY HIM,
22 ON THE 1ST DAY OF JANUARY OF EACH YEAR, OR AT THE
23 TIME OF COMMENCING AND AT THE TIME OF CONCLUDING
24 BUSINESS, IF BEFORE OR AFTER THE 1ST DAY OF JANUARY,
25 SUCH INVENTORY TO BE MADE UNDER OATH AND RENDERED

1 IN SUCH FORM AS MAY BE PRESCRIBED BY THE COMMIS-
2 SIONER.

3 "EVERY DEALER IN LEAF TOBACCO SHALL RENDER
4 SUCH INVOICES AND KEEP SUCH RECORDS AS SHALL BE PRE-
5 SCRIBED BY THE COMMISSIONER, AND SHALL ENTER THERE-
6 IN, DAY BY DAY, AND UPON THE SAME DAY ON WHICH THE
7 CIRCUMSTANCE, THING OR ACT TO BE RECORDED IS DONE OR
8 OCCURS, AN ACCURATE ACCOUNT OF THE NUMBER OF HOGS-
9 HEADS, TIERCES, CASES, AND BALES, AND QUANTITY OF LEAF
10 TOBACCO CONTAINED THEREIN, PURCHASED OR RECEIVED
11 BY HIM, ON ASSIGNMENT, CONSIGNMENT, FOR STORAGE, BY
12 TRANSFER OR OTHERWISE, AND OF WHOM PURCHASED OR
13 RECEIVED, AND THE NUMBER OF HOGSHEADS, TIERCES, CASES
14 AND BALES, AND THE QUANTITY OF LEAF TOBACCO CON-
15 TAINED THEREIN, SOLD BY HIM, WITH THE NAME AND RESI-
16 DENCE IN EACH INSTANCE OF THE PERSON TO WHOM SOLD,
17 AND IF SHIPPED, TO WHOM SHIPPED, AND TO WHAT DISTRICT
18 SUCH RECORDS SHALL BE KEPT AT HIS PLACE OF BUSINESS
19 AT ALL TIMES AND PRESERVED FOR A PERIOD OF TWO YEARS,
20 AND THE SAME SHALL BE OPEN AT ALL TIMES FOR THE
21 INSPECTION OF ANY INTERNAL REVENUE OFFICER OR AGENT.

22 "EVERY DEALER IN LEAF TOBACCO ON OR BEFORE THE
23 TENTH DAY OF EACH MONTH, SHALL FORWARD TO THE COL-
24 LECTOR OF THE DISTRICT A TRUE AND COMPLETE REPORT
25 OF ALL PURCHASES, RECEIPTS, SALES AND SHIPMENTS OF

1 LEAF TOBACCO MADE BY HIM DURING THE MONTH NEXT
2 PRECEDING, WHICH REPORT SHALL BE VERIFIED AND REN-
3 DERED ON SUCH FORM AS THE COMMISSIONER, WITH THE
4 APPROVAL OF THE SECRETARY, SHALL PRESCRIBE.

5 "(c) SALES OR SHIPMENTS OF LEAF TOBACCO BY A
6 DEALER IN LEAF TOBACCO SHALL BE IN QUANTITIES OF
7 NOT LESS THAN A HOGSHEAD, TIERCE, CASE, OR BALE,
8 EXCEPT LOOSE LEAF TOBACCO COMPRISING THE BREAKS
9 ON WAREHOUSE FLOORS, AND EXCEPT TO A DULY REGIS-
10 TERED MANUFACTURER OF CIGARS FOR USE IN HIS OWN
11 MANUFACTORY EXCLUSIVELY.

12 "DEALERS IN LEAF TOBACCO SHALL MAKE SHIPMENTS
13 OF LEAF TOBACCO ONLY TO OTHER DEALERS IN LEAF
14 TOBACCO, TO REGISTERED MANUFACTURERS OF TOBACCO
15 SNUFF, CIGARS OR CIGARETTES, OR FOR EXPORT.

16 "(d) UPON ALL LEAF TOBACCO SOLD, REMOVED OR
17 SHIPPED BY ANY DEALER IN LEAF TOBACCO IN VIOLATION
18 OF THE PROVISIONS OF SUBDIVISION (c), OR IN RESPECT TO
19 WHICH NO REPORT HAS BEEN MADE BY SUCH DEALER IN
20 ACCORDANCE WITH THE PROVISIONS OF SUBDIVISION (b),
21 THERE SHALL BE LEVIED, ASSESSED, COLLECTED AND PAID
22 A TAX EQUAL TO THE TAX THEN IN FORCE UPON MANUFAC-
23 TURED TOBACCO, SUCH TAX TO BE ASSESSED AND COL-
24 LECTED IN THE SAME MANNER AS THE TAX ON MANUFAC-
25 TURED TOBACCO.

1 (E) EVERY DEALER IN LEAF TOBACCO—
 2 "(1) WHO NEGLECTS OR REFUSES TO FURNISH THE
 3 STATEMENT, TO GIVE BOND, TO KEEP BOOKS, TO FILE INVEN-
 4 TORY OR TO RENDER THE INVOICES, RETURNS, OR REPORTS
 5 REQUIRED BY THE COMMISSIONER, OR TO NOTIFY THE COL-
 6 LECTOR OF THE DISTRICT OF ADDITIONS TO HIS PLACES
 7 OF STORAGE; OR

8 "(2) WHO SHIPS OR DELIVERS LEAF TOBACCO, EX-
 9 CEPT AS HEREIN PROVIDED; OR

10 "(3) WHO FRAUDULENTLY OMITTS TO ACCOUNT FOR
 11 TOBACCO PURCHASED, RECEIVED, SOLD, OR SHIPPED:

12 SHALL BE FINED NOT LESS THAN \$100 OR MORE THAN
 13 \$500, OR IMPRISONED NOT MORE THAN ONE YEAR, OR BOTH.

14 "(F) FOR THE PURPOSES OF THIS SECTION A FARMER
 15 OR GROWER OF TOBACCO SHALL NOT BE REGARDED AS A
 16 DEALER IN LEAF TOBACCO IN RESPECT TO THE LEAF TOBACCO
 17 PRODUCED BY HIM."

18 ~~TITLE VII. AMENDMENTS TO TAXES ON ADMISSIONS~~
 19 ~~AND DUES.~~

20 TITLE VIII.—TAX ON ADMISSIONS AND
 21 DUES.

22 ~~Sec. 701. Paragraph (2) of subdivision (a) of section 800~~
 23 ~~of the Revenue Act of 1918 is repealed.~~

24 ~~Sec. 702. Paragraphs (3) and (4) of subdivision (a) of~~
 25 ~~section 800 of the Revenue Act of 1918 are amended to read~~
 26 ~~as follows:~~

1 *SEC. 800. (A) THAT FROM AND AFTER January 1, 1922,*
2 *THERE SHALL BE LEVIED, ASSESSED, COLLECTED, AND PAID,*
3 *IN LIEU OF THE TAXES IMPOSED by section 800 of the Rev-*
4 *enue Act of 1918—*

5 *(1) A TAX OF 1 CENT FOR EACH 10 CENTS OR FRACTION*
6 *THEREOF OF THE AMOUNT PAID FOR ADMISSION TO ANY*
7 *PLACE ON OR AFTER SUCH DATE, INCLUDING ADMISSION BY*
8 *SEASON TICKET OR SUBSCRIPTION, TO BE PAID BY THE*
9 *PERSON PAYING FOR SUCH ADMISSION; but where the amount*
10 *paid for admission is 10 cents or less, no tax shall be imposed;*

11 *~~(1)~~ (2) Upon tickets or cards of admission to theaters,*
12 *operas, and other places of amusement, sold at news stands,*
13 *hotels, and places other than the ticket offices of such theaters,*
14 *operas, or other places of amusement, at not to exceed 50 cents*
15 *in excess of the sum of the established price therefor at such*
16 *ticket offices plus the amount of any tax imposed under para-*
17 *graph (1), a tax equivalent to 5 per centum of the amount*
18 *of such excess; and if sold for more than 50 cents in excess of*
19 *the sum of such established price plus the amount of any*
20 *tax imposed under paragraph (1), a tax equivalent to 50 per*
21 *centum of the whole amount of such excess, such taxes to be*
22 *returned and paid, in the manner and subject to the penalties*
23 *and interest provided in section 903, by the person selling*
24 *such tickets;*

1 ~~“(4)~~ (5) A tax equivalent to 50 per centum of the amount
 2 for which the proprietors, managers, or employees of any
 3 opera house, theater, or other place of amusement sell or
 4 dispose of tickets or cards of admission in excess of the regular
 5 or established price or charge therefor, such tax to be returned
 6 and paid, in the manner and subject to the penalties and
 7 interest provided in section 903, by the person selling such
 8 tickets; ~~”~~ tickets;

9 (4) IN THE CASE OF PERSONS HAVING THE PERMANENT
 10 USE OF BOXES OR SEATS IN AN OPERA HOUSE OR ANY PLACE
 11 OF AMUSEMENT OR A LEASE FOR THE USE OF SUCH BOX OR
 12 SEAT IN SUCH OPERA HOUSE OR PLACE OF AMUSEMENT (IN
 13 LIEU OF THE TAX IMPOSED BY PARAGRAPH (1)), A TAX EQUIV-
 14 ALENT TO 10 PER CENTUM OF THE AMOUNT FOR WHICH A
 15 SIMILAR BOX OR SEAT IS SOLD FOR EACH PERFORMANCE OR
 16 EXHIBITION AT WHICH THE BOX OR SEAT IS USED OR RE-
 17 SERVED BY OR FOR THE LESSEE OR HOLDER, SUCH TAX TO
 18 BE PAID BY THE LESSEE OR HOLDER; AND

19 (5) A TAX OF 1½ CENTS FOR EACH 10 CENTS OR FRACTION
 20 THEREOF OF THE AMOUNT PAID FOR ADMISSION TO ANY
 21 PUBLIC PERFORMANCE FOR PROFIT AT ANY ROOF GARDEN,
 22 CABARET, OR OTHER SIMILAR ENTERTAINMENT, TO WHICH
 23 THE CHARGE FOR ADMISSION IS WHOLLY OR IN PART IN-
 24 CLUDED IN THE PRICE PAID FOR REFRESHMENT, SERVICE,
 25 OR MERCHANDISE; THE AMOUNT PAID FOR SUCH ADMISSION

1 TO BE DEEMED TO BE 20 PER CENTUM OF THE AMOUNT PAID
 2 FOR REFRESHMENT, SERVICE, AND MERCHANDISE; SUCH TAX
 3 TO BE PAID BY THE PERSON PAYING FOR SUCH REFRESH-
 4 MENT, SERVICE, OR MERCHANDISE.

5 ~~SEC. 702. Subdivision (b) of section 800 of the Revenue~~
 6 ~~Act of 1918 is amended to read as follows:~~

7 ~~“(b) (b) No tax shall be levied under this title in respect~~
 8 ~~to (1) any admissions all the proceeds of which inure (A)~~
 9 ~~exclusively to the benefit of religious, educational, or chari-~~
 10 ~~table institutions, societies, or organizations, societies for~~
 11 ~~the prevention of cruelty to children or animals, or societies~~
 12 ~~or organizations conducted for the sole purpose of maintain-~~
 13 ~~ing symphony orchestras and receiving substantial support~~
 14 ~~from voluntary contributions, or of improving any city, town,~~
 15 ~~village, or other municipality,—if no part of the net earnings~~
 16 ~~thereof inures to the benefit of any private stockholder or~~
 17 ~~individual; or (B) exclusively to the benefit of persons in the~~
 18 ~~military or naval forces of the United States; or (C) exclu-~~
 19 ~~sively to the benefit of persons who have served in such~~
 20 ~~forces and are in need; or (2) any admissions to agricultural~~
 21 ~~fairs none of the profits of which are distributed to if no~~
 22 ~~part of the net earnings thereof inures to the benefit of any~~
 23 ~~stockholders or members of the association conducting the~~
 24 ~~same, or admissions to any exhibit, entertainment, or other~~
 25 ~~pay feature conducted by such association as part of any such~~

1 fair,—if the proceeds therefrom are used exclusively for the
2 maintenance and operation of such agricultural fairs. ^{“fairs.”}

3 (c) THE TERM “ADMISSION” AS USED IN THIS TITLE
4 INCLUDES SEATS AND TABLES, RESERVED OR OTHERWISE,
5 AND OTHER SIMILAR ACCOMMODATIONS, AND THE CHARGES
6 MADE THEREFOR.

7 ~~Sec. 704. Subdivision (d) of section 800 of the Reve-~~
8 ~~nue Act of 1918 is amended to read as follows:~~

9 ^{“(d) (d)} The price (exclusive of the tax to be paid by the
10 person paying for admission) at which every admission ticket
11 or card is sold shall be conspicuously and indelibly printed,
12 stamped, or written on the face or back of that part of the
13 ticket which is to be taken up by the management of the
14 theater, opera, or other place of amusement, together with
15 the name of the vendor if sold other than at the ticket office
16 of the theater, opera, or other place of amusement. Who-
17 ever sells an admission ticket or card on which the name of
18 the vendor and price is not so printed, stamped, or written,
19 or at a price in excess of the price so printed, stamped, or
20 written thereon, is guilty of a misdemeanor, and upon con-
21 viction thereof shall be fined not more than \$100. ^{“\$100.”}

22 SEC. 801. THAT FROM AND AFTER January 1, 1922,
23 THERE SHALL BE LEVIED, ASSESSED, COLLECTED, AND PAID,
24 IN LIEU OF THE TAXES IMPOSED by section 801 of the
25 Revenue Act of 1918, A TAX EQUIVALENT TO 10 PER

1 CENTUM OF ANY AMOUNT PAID ON OR AFTER SUCH DATE,
 2 FOR ANY PERIOD AFTER SUCH DATE, (A) AS DUES OR MEM-
 3 BERSHIP FEES (WHERE THE DUES OR FEES OF AN ACTIVE
 4 RESIDENT ANNUAL MEMBER ARE IN EXCESS OF \$10 PER
 5 YEAR) TO ANY SOCIAL, ATHLETIC, OR SPORTING CLUB OR
 6 ORGANIZATION; OR (B) AS INITIATION FEES TO SUCH A CLUB
 7 OR ORGANIZATION, IF SUCH FEES AMOUNT TO MORE THAN
 8 \$10, OR IF THE DUES OR MEMBERSHIP FEES (NOT INCLUDING
 9 INITIATION FEES) OF AN ACTIVE RESIDENT ANNUAL MEMBER
 10 ARE IN EXCESS OF \$10 PER YEAR; SUCH TAXES TO BE PAID
 11 BY THE PERSON PAYING SUCH DUES OR FEES: PROVIDED,
 12 THAT THERE SHALL BE EXEMPTED FROM THE PROVISIONS
 13 OF THIS SECTION ALL AMOUNTS PAID AS DUES OR FEES TO
 14 A FRATERNAL SOCIETY, ORDER, OR ASSOCIATION OPERATING
 15 UNDER THE LODGE SYSTEM. IN THE CASE OF LIFE MEMBER-
 16 SHIPS A LIFE MEMBER SHALL PAY ANNUALLY, AT THE TIME
 17 FOR THE PAYMENT OF DUES BY ACTIVE RESIDENT ANNUAL
 18 MEMBERS; A TAX EQUIVALENT TO THE TAX UPON THE
 19 AMOUNT PAID BY SUCH A MEMBER, BUT SHALL PAY NO TAX
 20 UPON THE AMOUNT PAID FOR LIFE MEMBERSHIP.

21 ~~Sec. 705. Section 802 of the Revenue Act of 1918 is~~
 22 ~~amended to read as follows:~~

23 ~~Sec. Sec. 802.~~ That every person receiving any pay-
 24 ments for such admission, dues, or fees shall collect the
 25 amount of the tax imposed by section 800 or 801 from the

1 person making such payments. Every club or organiza-
 2 tion having life members shall collect from such members
 3 the amount of the tax imposed by section 801. In all the
 4 above cases returns and payments of the amount so collected
 5 shall be made at the same time and in the same manner and
 6 subject to the same penalties and interest as provided in sec-
 7 tion 502.²² 502.

8 ~~TITLE VIII. EXCISE TAX AMENDMENTS.~~

9 ~~TITLE IX.—EXCISE TAXES.~~

10 ~~Sec. 900. That from and after January 1, 1922,~~

11 ~~THERE SHALL BE LEVIED, ASSESSED, COLLECTED, AND~~
 12 ~~PAID UPON THE FOLLOWING ARTICLES SOLD OR LEASED BY~~
 13 ~~THE MANUFACTURER, PRODUCER, OR IMPORTER, A TAX~~
 14 ~~EQUIVALENT TO THE FOLLOWING PERCENTAGES OF THE~~
 15 ~~PRICE FOR WHICH SO SOLD OR LEASED—~~

16 (1) ~~AUTOMOBILE TRUCKS AND AUTOMOBILE WAGONS~~
 17 ~~(INCLUDING TIRES, INNER TUBES, PARTS, AND ACCESSORIES~~
 18 ~~THEREFOR, SOLD ON OR IN CONNECTION THEREWITH OR~~
 19 ~~WITH THE SALE THEREOF, 3 PER CENTUM;~~

20 (2) ~~OTHER AUTOMOBILES AND MOTOR CYCLES (INCLUD-~~
 21 ~~ING TIRES, INNER TUBES, PARTS, AND ACCESSORIES THERE-~~
 22 ~~FOR, SOLD ON OR IN CONNECTION THEREWITH OR WITH THE~~
 23 ~~SALE THEREOF, EXCEPT TRACTORS, 5 PER CENTUM;~~

24 ~~Sec. 801. Subdivisions (3) and (4) of section 900 of the~~
 25 ~~Revenue Act of 1918 are amended to read as follows:~~

1 ~~"(2) (3)~~ Tires, inner tubes, parts, or accessories for auto-
 2 ~~mobile trucks, automobile wagons, other automobiles, or~~
 3 ~~motor cycles FOR ANY OF THE ARTICLES ENUMERATED IN~~
 4 ~~SUBDIVISION (1) OR (2),~~ sold to any person other than a
 5 manufacturer or producer of any of the articles enumerated
 6 in subdivision (1) or (2) ~~or in this subdivision,~~ 5 per centum;

7 ~~"(4) (4)~~ Pianos, organs (other than pipe organs), piano
 8 players, player pianos, graphophones, phonographs, talking
 9 machines, music boxes, and records used in connection with
 10 any musical instrument, piano player, player piano, grapho-
 11 phone, phonograph, or talking machine, 5 per centum;¹¹
 12 centum;

13 ~~Sec. 802, Subdivision (5) of section 900 of the Revenue~~
 14 ~~Act of 1918 is amended to read as follows:~~

15 (5) Tennis rackets, nets, racket covers and presses,
 16 ~~SKATES, SNOWSHOES, BEIS, TOBOGGANS,~~ canoe paddles and
 17 cushions, polo mallets, ~~BASEBALL BATS, GLOVES, MASKS,~~
 18 ~~PROTECTORS, SHOES AND UNIFORMS, FOOTBALL HELMETS,~~
 19 ~~HARNESS AND GOALS, BASKET-BALL GOALS AND UNIFORMS,~~
 20 golf bags and clubs, lacrosse sticks, balls of all kinds, including
 21 ~~baseballs, footballs,~~ tennis, golf, lacrosse, billard and pool
 22 balls, fishing rods and reels, billard and pool tables, chess
 23 and checker boards and pieces, dice, games and parts of
 24 games (except playing cards and children's toys and games),
 25 and all similar articles commonly or commercially known as

1 sporting goods except skates, snowshoes, skis, toboggans,
 2 baseball bats, gloves, masks, protectors, shoes and uniforms,
 3 football helmets, harness, uniforms and goals, basketball goals
 4 and uniforms, baseballs, basketballs and footballs, 5 per
 5 centum;

6 (6) CHEWING GUM OR SUBSTITUTES THEREFOR, 2 PER
 7 CENTUM;

8 ~~Sec. 803. Subdivision (7) of section 900 of the Revenue~~
 9 ~~Act of 1918 is amended to read as follows:~~

10 ~~“(7) (7) Cameras, weighing not more than 100 pounds,~~
 11 ~~and lenses for such cameras, 10 per centum;”~~ centum;

12 (8) PHOTOGRAPHIC FILMS AND PLATES (OTHER THAN
 13 MOVING-PICTURE FILMS) and other photographic apparatus
 14 and accessories, 5 PER CENTUM;

15 ~~Sec. 804. Subdivision (9) of section 900 of the Revenue~~
 16 ~~Act of 1918 is amended by striking out the figure “5” and~~
 17 ~~inserting in lieu thereof the figure “3”.~~

18 (9) CANDY, 3 PER CENTUM, but if sold for more than 40
 19 cents a pound, 10 per centum;

20 (10) FIREARMS, SHELLS, AND CARTRIDGES, EXCEPT
 21 THOSE SOLD FOR THE USE OF THE UNITED STATES, ANY
 22 STATE, TERRITORY, OR POSSESSION OF THE UNITED
 23 STATES, ANY POLITICAL SUBDIVISION THEREOF, OR THE
 24 DISTRICT OF COLUMBIA, 10 PER CENTUM;

1 ~~(11) HUNTING AND BOWIE KNIVES, 10 PER CENTUM~~

2 ~~(12) DIRK KNIVES, DAGGERS, SWORD CANES, STILETTOS,~~
 3 ~~AND BRASS OR METALLIC KNUCKLES, 100 PER CENTUM~~

4 ~~Sec. 805. Subdivision (12) of section 900 of the Revenue~~
 5 ~~Act of 1918 is repealed.~~

6 (13) PORTABLE ELECTRIC FANS, 5 PER CENTUM

7 ~~Sec. 806. Subdivisions (14), (15), (16), (17), and (18)~~
 8 ~~of section 900 of the Revenue Act of 1918 are amended by~~
 9 ~~striking out the subdivision numbers at the beginning thereof~~
 10 ~~and substituting in lieu thereof "(13)", "(14)", "(15)",~~
 11 ~~"(16)", and "(17)", respectively.~~

12 (14) THERMOS AND THERMOSTATIC BOTTLES, CARAFES,
 13 JUGS, OR OTHER THERMOSTATIC CONTAINERS, 5 PER CENTUM

14 (15) CIGAR OR CIGARETTE HOLDERS AND PIPES, COM-
 15 POSED WHOLLY OR IN PART OF MEERSCHAUM OR AMBER,
 16 HUMIDORS, AND SMOKING STANDS, 10 PER CENTUM

17 (16) AUTOMATIC SLOT-DEVICE VENDING MACHINES, 5
 18 PER CENTUM, AND AUTOMATIC SLOT-DEVICE WEIGHING
 19 MACHINES, 10 PER CENTUM; IF THE MANUFACTURER, PRO-
 20 DUCER, OR IMPORTER OF ANY SUCH MACHINE OPERATES
 21 IT FOR PROFIT, HE SHALL PAY A TAX IN RESPECT TO EACH
 22 SUCH MACHINE PUT INTO OPERATION EQUIVALENT TO 5
 23 PER CENTUM OF ITS FAIR MARKET VALUE IN THE CASE OF
 24 A VENDING MACHINE, AND 10 PER CENTUM OF ITS FAIR
 25 MARKET VALUE IN THE CASE OF A WEIGHING MACHINE;

1 (17) ~~LEATHERS AND LEATHER BOOTS AND HATS, 10 PER~~
2 ~~CENTUM;~~

3 (18) ~~HUNTING AND SHOOTING GARMENTS AND RIDING~~
4 ~~WEARS, 10 PER CENTUM;~~

5 ~~SEC. 807. Subdivision (10) of section 900 of the Revenue~~
6 ~~Act of 1918 is amended to read as follows:~~

7 ~~“(18) (19) Articles made of fur on the hide or pelt, or~~
8 ~~of which any such fur is the component material of chief~~
9 ~~value (except those sold to a manufacturer for use in the~~
10 ~~manufacture of fur articles), 5 per centum. 10 per centum.~~

11 This paragraph shall apply to all such articles which are
12 commonly or commercially known as fur, except raw, dressed
13 or dyed skins of sheep, goats, calves, cattle or horses, and
14 except coats sold at less than \$30, of which such skins
15 are the component materials of chief value; ¹¹ value;

16 ~~Section 808, subdivisions (20) and (21) of section 900~~
17 ~~of the Revenue Act of 1918, and the paragraph immediately~~
18 ~~following such subdivisions, are amended to read as follows:~~

19 ~~“(19) (20) Yachts and motor boats not designed for~~
20 ~~trade, fishing, or national defense; and pleasure boats and~~
21 ~~pleasure canoes if sold for more than \$15, 5 per centum. 10~~
22 ~~per centum;~~

23 ~~“(20) Carpets and rugs, including fiber, if sold for~~
24 ~~more than \$2.00 a square yard, 5 per centum;~~

25 ~~“(21) Trunks, if sold for more than \$20, 5 per centum;~~

1 ~~“(20) Valises, traveling bags, suitcases, hat boxes used~~
 2 ~~by travelers, and fitted toilet cases, if sold for more than \$15,~~
 3 ~~5 per centum;~~

4 ~~“(23) Purses, pocketbooks, shopping and hand bags, if~~
 5 ~~sold for more than \$4, 5 per centum;~~

6 ~~“(24) Portable light fixtures, including lamps of all~~
 7 ~~kinds and lamp shades, if sold for more than \$10, 5 per centum;~~

8 ~~“(25) Umbrellas, parasols, sunshades, if sold for more~~
 9 ~~than \$2.50, 5 per centum;~~

10 ~~“(26) Fans, if sold for more than \$1, 5 per centum;~~

11 ~~“(27) House or smoking coats or jackets, and bath or~~
 12 ~~lounging robes, if sold for more than \$3, 5 per centum.”~~

13 (21) TOILET SOAPS AND TOILET SOAP POWDERS, 3 PER
 14 CENTUM;

15 (22) *Perfumes, essences, extracts, toilet waters, cos-*
 16 *metics, petroleum jellies, hair oils, pomades, hair dressings,*
 17 *hair restoratives, hair dyes, tooth and mouth washes, denti-*
 18 *frices, tooth pastes, aromatic cachous, toilet powders (other*
 19 *than soap powders), or any similar substance, article, or*
 20 *preparation by whatsoever name known or distinguished, any*
 21 *of the above which are used or applied or intended to be used*
 22 *or applied for toilet purposes, 4 per centum; and*

23 (23) *Office furniture and fittings, made of rosewood,*
 24 *any imported cabinet woods (except oak), or solid mahogany,*
 25 *or of which such rosewood, imported cabinet wood (except*

1 oak), or solid mahogany is the component material of chief
2 value, 5 per centum:

3 IF ANY MANUFACTURER, PRODUCER OR IMPORTER OF
4 ANY OF THE ARTICLES ENUMERATED IN THIS SECTION USU-
5 TOMARILY SELLS SUCH ARTICLES BOTH AT WHOLESALE AND
6 AT RETAIL, THE TAX IN THE CASE OF ANY ARTICLE SOLD
7 BY HIM AT RETAIL SHALL BE COMPUTED ON THE PRICE FOR
8 WHICH LIKE ARTICLES ARE SOLD BY HIM AT WHOLESALE.

9 THE TAXES IMPOSED BY THIS SECTION SHALL, IN THE
10 CASE OF ANY ARTICLE IN RESPECT TO WHICH A CORRE-
11 SPONDING TAX IS IMPOSED BY SECTION 900 OF THE REVENUE
12 ACT OF 1918, BE IN LIEU OF SUCH TAX.

13 ~~SEC. 800. Section 901 of the Revenue Act of 1918 is~~
14 ~~amended to read as follows:~~

15 ~~“SEC. 901.~~ That if any person who manufactures,
16 produces or imports any article enumerated in section 900; or
17 leases or licenses for exhibition any positive motion-picture
18 film containing a picture ready for projection, (a) sells,
19 leases, or licenses such article to a corporation affiliated with
20 such person within the meaning of section 240 of this Act,
21 at less than the fair market price obtainable there-
22 for, the tax thereon shall be computed on the basis of the
23 price at which such article is sold, leased or licensed by such
24 affiliated corporation; and (b) if any such person sells, leases,
25 or licenses such article whether through any agreement,

1 arrangement, or understanding, or otherwise, at less than the
 2 fair market price obtainable therefor, either (1) in such
 3 manner as directly or indirectly to benefit such person or any
 4 person directly or indirectly interested in the business of such
 5 person, or (2) with intent to cause such benefit, the amount for
 6 which such article is sold, leased or licensed shall be taken to
 7 be the amount which would have been received from the sale,
 8 lease or license of such article if sold, leased or licensed at
 9 the fair market price." price.

10 ~~Sec. 810. Section 902 of the Revenue Act of 1918 is~~
 11 ~~amended by striking out the figure "10" and inserting in lieu~~
 12 ~~thereof the figure "5".~~

13 *SEC. 902. THAT THERE SHALL BE LEVIED, ASSESSED,*
 14 *COLLECTED, AND PAID UPON SCULPTURE, PAINTINGS, STATU-*
 15 *ARY, ART PORCELAINS, AND BRONZES, SOLD BY ANY PERSON*
 16 *OTHER THAN THE ARTIST, A TAX EQUIVALENT TO 10 PER*
 17 *CENTUM OF THE PRICE FOR WHICH SO SOLD. THIS SEC-*
 18 *TION SHALL NOT APPLY TO THE SALE OF ANY SUCH ARTICLE*
 19 *(1) TO AN EDUCATIONAL INSTITUTION OR PUBLIC ART*
 20 *MUSEUM, or (2) by any dealer in such articles to another*
 21 *dealer in such articles for resale.*

22 *SEC. 903. THAT EVERY PERSON LIABLE FOR ANY TAX*
 23 *IMPOSED by section 900, 902, 904, 906, or 907, SHALL*
 24 *MAKE MONTHLY RETURNS UNDER OATH IN DUPLICATE AND*
 25 *PAY THE TAXES IMPOSED BY SUCH SECTIONS TO THE COL-*

1 COLLECTOR FOR THE DISTRICT IN WHICH IS LOCATED THE
 2 PRINCIPAL PLACE OF BUSINESS. SUCH RETURNS SHALL
 3 CONTAIN SUCH INFORMATION AND BE MADE AT SUCH TIMES
 4 AND IN SUCH MANNER AS THE COMMISSIONER, WITH THE
 5 APPROVAL OF THE SECRETARY, MAY BY REGULATIONS
 6 PRESCRIBE.

7 THE TAX SHALL, WITHOUT ASSESSMENT BY THE
 8 COMMISSIONER OR NOTICE FROM THE COLLECTOR, BE DUE
 9 AND PAYABLE TO THE COLLECTOR AT THE TIME SO FIXED
 10 FOR FILING THE RETURN. IF THE TAX IS NOT PAID WHEN
 11 DUE, THERE SHALL BE ADDED AS PART OF THE TAX A PEN-
 12 ALTY OF 5 PER CENTUM, TOGETHER WITH INTEREST AT
 13 THE RATE OF 1 PER CENTUM FOR EACH FULL MONTH, FROM
 14 THE TIME WHEN THE TAX BECAME DUE.

15 ~~SEC. 811. Section 904 of the Revenue Act of 1918 is~~
 16 ~~repeated.~~

17 *Sec. 904. That from and after January 1, 1922, there*
 18 *shall be levied, assessed, collected, and paid, in lieu of the*
 19 *taxes imposed by section 904 of the Revenue Act of 1918,*
 20 *upon the following articles sold or leased by the manufacturer,*
 21 *producer, or importer, a tax equivalent to 5 per centum of so*
 22 *much of the price for which so sold or leased as is in excess of*
 23 *the price hereinafter specified as to each such article—*

24 (1) *Carpets and rugs, including fiber, on the amount in*
 25 *excess of \$4 per square yard in the case of carpets and \$6*
 26 *per square yard in the case of rugs;*

- 1 (2) Trunks, on the amount in excess of \$35 each;
- 2 (3) Valises, traveling bags, suit cases, hat boxes used
3 by travelers, and fitted toilet cases, on the amount in excess
4 of \$25 each;
- 5 (4) Purses, pocketbooks, shopping and hand bags, on
6 the amount in excess of \$5 each;
- 7 (5) Portable lighting fixtures, including lamps of all
8 kinds and lamp shades, on the amount in excess of \$10 each;
- 9 (6) Fans, on the amount in excess of \$1 each.

10 ~~Sec. 812. The first paragraph of section 905 of the~~
11 ~~Revenue Act of 1918 is amended to read as follows:~~

12 ~~“Sec. 905. (a) That on and after April 1, 1919~~
13 ~~January 1, 1922, there shall be levied, assessed, collected, and~~
14 ~~paid (in lieu of the tax imposed by subdivision (c) of section 600~~
15 ~~905 of the Revenue Act of 1917 1918) upon all articles com-~~
16 ~~monly or commercially known as jewelry, whether real or~~
17 ~~imitation; pearls, precious and semiprecious stones, and imita-~~
18 ~~tions thereof; articles made of, or ornamented, mounted or fitted~~
19 ~~with, precious metals or imitations thereof or ivory (not~~
20 ~~including surgical instruments, eyeglasses, and spectacles);~~
21 ~~watches; clocks; opera glasses; lorgnettes; marine glasses;~~
22 ~~field glasses; and binoculars; upon any of the above when~~
23 ~~sold by or for a dealer or his estate for consumption or use, a~~
24 ~~tax equivalent to 5 per centum of the price for which so~~
25 ~~sold.”~~ sold.

1 (b) EVERY PERSON SELLING ANY OF THE ARTICLES ENU-
2 MERATED IN THIS SECTION SHALL MAKE RETURNS UNDER
3 OATH IN DUPLICATE (MONTHLY OR QUARTERLY AS THE COM-
4 MISSIONER, WITH THE APPROVAL OF THE SECRETARY, MAY
5 PRESCRIBE) AND PAY THE TAXES IMPOSED IN RESPECT TO
6 SUCH ARTICLES BY THIS SECTION TO THE COLLECTOR FOR
7 THE DISTRICT IN WHICH IS LOCATED THE PRINCIPAL PLACE
8 OF BUSINESS. SUCH RETURNS SHALL CONTAIN SUCH IN-
9 FORMATION AND BE MADE AT SUCH TIMES AND IN SUCH
10 MANNER AS THE COMMISSIONER, WITH THE APPROVAL OF
11 THE SECRETARY, MAY BY REGULATIONS PRESCRIBE.

12 (c) THE TAX SHALL, WITHOUT ASSESSMENT BY THE COM-
13 MISSIONER OR NOTICE FROM THE COLLECTOR, BE DUE AND
14 PAYABLE TO THE COLLECTOR AT THE TIME SO FIXED FOR
15 FILING THE RETURN. IF THE TAX IS NOT PAID WHEN DUE,
16 THERE SHALL BE ADDED AS PART OF THE TAX A PENALTY OF
17 5 PER CENTUM, TOGETHER WITH INTEREST AT THE RATE
18 OF 1 PER CENTUM FOR EACH FULL MONTH, FROM THE TIME
19 WHEN THE TAX BECAME DUE.

20 SEC. 906. THAT FROM and after January 1, 1922, ANY
21 PERSON ENGAGED IN THE BUSINESS OF LEASING OR LICENSING
22 FOR EXHIBITION POSITIVE MOTION-PICTURE FILMS CONTAIN-
23 ING PICTURES READY FOR PROJECTION SHALL PAY MONTHLY
24 AN EXCISE TAX IN RESPECT TO CARRYING ON SUCH BUSINESS
25 EQUAL TO 5 PER CENTUM OF THE TOTAL RENTALS EARNED

1 FROM EACH SUCH LEASE OR LICENSE DURING THE PRECED-
2 ING MONTH. IF A PERSON OWNING SUCH A FILM EXHIBITS
3 IT FOR PROFIT HE SHALL PAY A TAX EQUIVALENT TO 5 PER
4 CENTUM OF THE FAIR RENTAL OR LICENSE VALUE OF SUCH
5 FILM AT THE TIME AND PLACE WHERE AND FOR THE PERIOD
6 DURING WHICH EXHIBITED. THE TAX IMPOSED BY THIS
7 SECTION SHALL BE IN LIEU OF THE TAX IMPOSED BY SECTION
8 906 OF THE REVENUE ACT OF 1918.

9 ~~SEC. 813. SECTION 907 OF THE REVENUE ACT OF 1918 IS~~
10 ~~REPEALED.~~

11 SEC. 907. (a) That on and after January 1, 1922,
12 there shall be levied, assessed, collected, and paid the follow-
13 ing taxes:

14 (1) A tax of 10 per centum of the amount paid by any
15 transient to the proprietor of any hotel (1) for a room, or room
16 and bath or bathing facilities, if the charges for such room,
17 or room and bath or bathing facilities, are more than \$5 per
18 day for one person or more than \$8 per day for more than
19 one person, and (2) for two or more rooms if the average
20 charge per room is more than \$5 per day for one person or
21 more than \$8 per day for more than one person; and

22 (2) A tax of 10 per centum of the customary charges for
23 a room or rooms, or room or rooms and bath or bathing fa-
24 cilities, where accommodations are furnished a transient on the
25 American plan and the customary charges for such room,

1 or rooms, and bath or bathing facilities, or substantially
 2 similar rooms, when furnished on the European plan, are
 3 more than \$5 per day for one person or more than \$8 per
 4 day for more than one person.

5 (b) As used in this section: (1) The term "hotel"
 6 includes any building which is held out to the public as a place
 7 where sleeping accommodations are furnished by the day.
 8 (2) The term "transient" includes any guest at a hotel
 9 except one who is furnished accommodations for a continuous
 10 period of one month or more.

11 (c) The taxes imposed by this section shall be paid by
 12 the person making such charges. No separate billing or
 13 statement of the amount of such taxes shall be presented to the
 14 person paying for such accommodations. Whoever, in con-
 15 nection with the hiring, furnishing, or payment for any hotel
 16 room or rooms, makes any statement, written or oral, ascribing
 17 a particular part of the charge therefor to the taxes imposed
 18 by this section, knowing that such statement is false or that
 19 the tax is not so great as the portion of such charge so ascribed
 20 to such tax shall be subject to a penalty of not more than
 21 \$1,000.

22 ~~Sec. 814 (a) - If 900.~~ (a) That if (1) any person has, prior
 23 to August 15, 1921, made a bona fide contract with a dealer
 24 for the sale or lease, after the tax takes effect, of any article
 25 in respect to which a tax is imposed by section 900 of the

1 ~~Revenue Act of 1918 (as amended by this Act) or 904, or~~
2 ~~by this subdivision, and in respect to which no corresponding~~
3 ~~tax was imposed by such section 900 as in force prior to its~~
4 ~~amendment by this Act of the Revenue Act of 1918, and~~
5 (2) such contract does not permit the adding, to the amount
6 to be paid thereunder, of the whole of the tax imposed by
7 such section 900 ~~(as amended by this Act) or 904 of this Act~~
8 ~~or by this subdivision; then the vendee or lessee shall, in~~
9 lieu of the vendor or lessor, pay so much of the tax imposed
10 by such section 900 ~~(as amended by this Act) or 904 of this~~
11 ~~Act or by this subdivision as is not so permitted to be added~~
12 ~~to the contract price. If a contract of the character above~~
13 ~~described was made with any person other than a dealer, no~~
14 ~~tax shall be collected under this act.~~

15 (b) If (1) any person has, prior to August 15, 1921,
16 made a bona fide contract with any other person for the sale
17 or lease, after the tax takes effect, of any article in respect to
18 which a tax is imposed by section 900 of the Revenue Act of
19 1918 ~~(as amended by this Act) this Act, or by this subdivi-~~
20 ~~sion, and in respect to which a corresponding but greater~~
21 ~~tax was imposed by such section 900 as in force prior to its~~
22 ~~amendment by this Act of the Revenue Act of 1918, and~~
23 (2) such contract does not permit the deduction, from the
24 amount to be paid thereunder, of the whole of the difference
25 between the corresponding tax imposed by such section 900

1 ~~prior to its amendment by this Act of the Revenue Act of~~
2 ~~1918 and the tax imposed by such section as amended by~~
3 ~~900 of this Act or by this subdivision; then the vendor or~~
4 ~~lessor shall refund to the vendee or lessee so much of the~~
5 ~~amount of such difference as is not so permitted to be deduc-~~
6 ~~ted from the contract price.~~

7 ~~(c) If (1) any person has, prior to August 15, 1921,~~
8 ~~made a bona fide contract with any other person for the sale~~
9 ~~or lease, after the tax takes effect, of any article in respect to~~
10 ~~which a tax was imposed by section 900 of the Revenue Act~~
11 ~~of 1918 as in force prior to its amendment by this Act and in~~
12 ~~respect to which no corresponding tax is imposed by such~~
13 ~~section as amended by this Act, and (2) such contract does~~
14 ~~not permit deduction, from the amount to be paid there-~~
15 ~~under, of the tax imposed by such section 900 prior to its~~
16 ~~amendment by this Act, then the vendor or lessor shall~~
17 ~~refund to the vendee or lessee so much of the amount of~~
18 ~~such tax as is not so permitted to be deducted from the con-~~
19 ~~tract price.~~

20 ~~(d) (c) The taxes payable by the vendee or lessee under~~
21 ~~subdivision (a), shall be paid to the vendor or lessor at the~~
22 ~~time the sale or lease is consummated, and collected, returned,~~
23 ~~and paid to the United States by such vendor or lessor in the~~
24 ~~same manner and subject to the same penalties and interest~~
25 ~~as provided by section 592 of the Revenue Act of 1918 903.~~

1 ~~(e) (d)~~ Any refund by the vendor or lessor under sub-
 2 division ~~(b) or (c)~~ shall be made at the time the sale or lease
 3 is consummated. Upon the failure of the vendor or lessor so
 4 to refund, he shall be liable to the vendee or lessee for
 5 damages in the amount of three times the amount of such
 6 refund, and the court shall include in any judgment in favor
 7 of the vendee or lessee in any suit for the recovery of such
 8 damages, costs of the suit and a reasonable attorney's fee to
 9 be fixed by the court.

10 ~~(f) As used in this section, the term "dealer" includes~~
 11 ~~a (e) A vendee who purchases any article with intent to use it~~
 12 ~~in the manufacture or production of another article intended~~
 13 ~~for sale shall be included in the term "dealer," as used in this~~
 14 ~~section.~~

15 ~~TITLE IX. AMENDMENTS TO SPECIAL AND STAMP TAXES.~~

16 ~~Sec. 001. Section 1000 of the Revenue Act of 1918 is~~
 17 ~~amended by adding to the end thereof a new subdivision to~~
 18 ~~read as follows:~~

19 ~~"(e) Taxes imposed by this section shall be assessed~~
 20 ~~within fifteen months from the due date of the return or date~~
 21 ~~when the return is filed, except in the case of a false or fraudu-~~
 22 ~~lent return, in which case an additional assessment shall be~~
 23 ~~made within three years from the due date of the return. If,~~
 24 ~~upon examination of any capital stock tax return made pur-~~
 25 ~~suant to this Act, the Revenue Act of 1916, or the Revenue~~

~~1 Act of 1916 as amended by the Revenue Act of 1917, it~~
~~2 appears that an amount of capital stock tax has been paid~~
~~3 in excess of that properly due, that, notwithstanding the~~
~~4 provisions of section 2228 of the Revised Statutes, the amount~~
~~5 of the excess shall be credited against any capital stock tax~~
~~6 then due from the taxpayer under any other return and any~~
~~7 balance of such excess shall be immediately refunded to the~~
~~8 taxpayer: Provided, That no such credit or refund shall be~~
~~9 allowed or made after three years from the date when the~~
~~10 return was due unless before the expiration of such three~~
~~11 years a claim therefor is filed by the taxpayer."~~

12 **TITLE X.—SPECIAL TAXES.**

13 **Sec. 1000.** **THAT ON AND AFTER July, 1, 1908, THERE**
 14 **SHALL BE LEVIED, COLLECTED, AND PAID ANNUALLY THE**
 15 **FOLLOWING SPECIAL TAXES—**

16 (1) **BROKERS SHALL PAY \$50. EVERY PERSON WHOSE**
 17 **BUSINESS IT IS TO NEGOTIATE PURCHASES OR SALES OF**
 18 **STOCKS, BONDS, EXCHANGE, BULLION, COINED MONEY, BANK**
 19 **NOTES, PROMISSORY NOTES, OTHER SECURITIES, PRODUCE**
 20 **OR MERCHANDISE, FOR OTHERS, SHALL BE REGARDED AS**
 21 **A BROKER. IF A BROKER IS A MEMBER OF A STOCK EX-**
 22 **CHANGE, OR IF HE IS A MEMBER OF ANY PRODUCE EXCHANGE,**
 23 **BOARD OF TRADE, OR SIMILAR ORGANIZATION, WHERE**
 24 **PRODUCE OR MERCHANDISE IS SOLD, HE SHALL PAY AN**
 25 **ADDITIONAL AMOUNT AS FOLLOWS: IF THE AVERAGE VALUE**

1 DURING THE PRECEDING YEAR ENDING JUNE 30, OF A SEAT
 2 OR MEMBERSHIP IN SUCH EXCHANGE OR ORGANIZATION
 3 WAS \$2,000 OR MORE BUT NOT MORE THAN \$5,000, \$100;
 4 IF SUCH VALUE WAS MORE THAN \$5,000, \$150.

5 (2) PAWNBROKERS SHALL PAY \$100. EVERY PER-
 6 SON WHOSE BUSINESS OR OCCUPATION IT IS TO TAKE OR
 7 RECEIVE, BY WAY OF PLEDGE, PAWN, OR EXCHANGE, ANY
 8 GOODS, WARES, OR MERCHANDISE, OR ANY KIND OF PER-
 9 SONAL PROPERTY WHATEVER, AS SECURITY FOR THE RE-
 10 PAYMENT OF MONEY LOANED THEREON, SHALL BE REGARDED
 11 AS A PAWNBROKER.

12 (3) SHIP BROKERS SHALL PAY \$50. EVERY PERSON
 13 WHOSE BUSINESS IS AS A BROKER TO NEGOTIATE
 14 FREIGHTS AND OTHER BUSINESS FOR THE OWNERS OF VES-
 15 SELS OR FOR THE SHIPPERS OR CONSIGNORS OR CONSIGNEES
 16 OF FREIGHT CARRIED BY VESSELS, SHALL BE REGARDED AS
 17 A SHIP BROKER.

18 (4) CUSTOMHOUSE BROKERS SHALL PAY \$50. EVERY
 19 PERSON WHOSE OCCUPATION IT IS, AS THE AGENT OF OTHERS,
 20 TO ARRANGE ENTRIES AND OTHER CUSTOMHOUSE PAPERS,
 21 OR TRANSACT BUSINESS AT ANY PORT OF ENTRY RELATING
 22 TO THE IMPORTATION OR EXPORTATION OF GOODS, WARES,
 23 OR MERCHANDISE, SHALL BE REGARDED AS A CUSTOMHOUSE
 24 BROKER.

1 (5) PROPRIETORS OF THEATERS, MUSEUMS, AND CON-
2 CERT HALLS, WHERE A CHARGE FOR ADMISSION IS MADE,
3 HAVING A SEATING CAPACITY OF NOT MORE THAN TWO HUN-
4 DRED AND FIFTY, SHALL PAY \$50; HAVING A SEATING
5 CAPACITY OF MORE THAN TWO HUNDRED AND FIFTY AND NOT
6 EXCEEDING FIVE HUNDRED, SHALL PAY \$100; HAVING A
7 SEATING CAPACITY EXCEEDING FIVE HUNDRED AND NOT
8 EXCEEDING EIGHT HUNDRED, SHALL PAY \$150; HAVING A
9 SEATING CAPACITY OF MORE THAN EIGHT HUNDRED, SHALL
10 PAY \$200. EVERY EDIFICE USED FOR THE PURPOSE OF
11 DRAMATIC OR OPERATIC OR OTHER REPRESENTATIONS,
12 PLAYS, OR PERFORMANCES, FOR ADMISSION TO WHICH
13 ENTRANCE MONEY IS RECEIVED, NOT INCLUDING HALLS OR
14 ARMORIES RENTED OR USED OCCASIONALLY FOR CONCERTS
15 OR THEATRICAL REPRESENTATIONS, AND NOT INCLUDING
16 EDIFICES OWNED BY RELIGIOUS, EDUCATIONAL OR CHAR-
17 TABLE INSTITUTIONS, SOCIETIES OR ORGANIZATIONS WHERE
18 ALL THE PROCEEDS FROM ADMISSIONS INURE EXCLUSIVELY
19 TO THE BENEFIT OF SUCH INSTITUTIONS, SOCIETIES OR
20 ORGANIZATIONS OR EXCLUSIVELY TO THE BENEFIT OF PER-
21 SONS IN THE MILITARY OR NAVAL FORCES OF THE UNITED
22 STATES, SHALL BE REGARDED AS A THEATER. PROVIDED,
23 THAT IN CITIES, TOWNS, OR VILLAGES OF FIVE THOUSAND
24 INHABITANTS OR LESS THE AMOUNT OF SUCH PAYMENT SHALL
25 BE ONE-HALF OF THAT ABOVE STATED. PROVIDED FUR-

1 **THAT**, **THAT** **WHENEVER** **ANY** **SUCH** **EDIFICE** **IS** **UNDER**
2 **LEASE** **AT** **THE** **TIME** **THE** **TAX** **IS** **DUE**, **THE** **TAX** **SHALL** **BE**
3 **PAID** **BY** **THE** **LESSEE**, **UNLESS** **OTHERWISE** **STIPULATED**
4 **BETWEEN** **THE** **PARTIES** **TO** **THE** **LEASE**.

5 (5) **THE** **PROPRIETOR** **OR** **PROPRIETORS** **OF** **CIRCUSES**
6 **SHALL** **PAY** **\$100**. **EVERY** **BUILDING**, **SPACE**, **TENT**, **OR** **AREA**,
7 **WHERE** **FEATS** **OF** **HORSEMANSHIP** **OR** **ACROBATIC** **SPORTS** **OR**
8 **THEATRICAL** **PERFORMANCES** **NOT** **OTHERWISE** **PROVIDED**
9 **FOR** **IN** **THIS** **SECTION** **ARE** **EXHIBITED** **SHALL** **BE** **REGARDED**
10 **AS** **A** **CIRCUS**. **PROVIDED**, **THAT** **NO** **SPECIAL** **TAX** **PAID**
11 **IN** **ONE** **STATE**, **TERRITORY**, **OR** **THE** **DISTRICT** **OF** **COLUM-**
12 **BIA** **SHALL** **EXEMPT** **EXHIBITIONS** **FROM** **THE** **TAX** **IN** **AN-**
13 **OTHER** **STATE**, **TERRITORY**, **OR** **THE** **DISTRICT** **OF** **COLUM-**
14 **BIA**, **AND** **BUT** **ONE** **SPECIAL** **TAX** **SHALL** **BE** **IMPOSED** **FOR**
15 **EXHIBITIONS** **WITHIN** **ANY** **ONE** **STATE**, **TERRITORY**, **OR**
16 **DISTRICT**.

17 (7) **PROPRIETORS** **OR** **AGENTS** **OF** **ALL** **OTHER** **PUBLIC**
18 **EXHIBITIONS** **OR** **SHOWS** **FOR** **MONEY** **NOT** **ENUMERATED** **IN**
19 **THIS** **SECTION** **SHALL** **PAY** **\$15**. **PROVIDED**, **THAT** **A** **SPECIAL**
20 **TAX** **PAID** **IN** **ONE** **STATE**, **TERRITORY**, **OR** **THE** **DISTRICT** **OF**
21 **COLUMBIA** **SHALL** **NOT** **EXEMPT** **EXHIBITIONS** **FROM** **THE** **TAX**
22 **IN** **ANOTHER** **STATE**, **TERRITORY**, **OR** **THE** **DISTRICT** **OF**
23 **COLUMBIA**, **AND** **BUT** **ONE** **SPECIAL** **TAX** **SHALL** **BE** **REQUIRED**
24 **FOR** **EXHIBITIONS** **WITHIN** **ANY** **ONE** **STATE**, **TERRITORY**,
25 **OR** **THE** **DISTRICT** **OF** **COLUMBIA**. **PROVIDED** **FURTHER**,

1 THAT THIS PARAGRAPH SHALL NOT APPLY TO CHAUCES,
 2 LECTURE COURSES, AGRICULTURAL OR INDUSTRIAL FAIRS,
 3 OR EXHIBITIONS HELD UNDER THE AUSPICES OF RELIGIOUS
 4 OR CHARITABLE ASSOCIATIONS. PROVIDED FURTHER, THAT
 5 AN AGGREGATION OF ENTERTAINMENTS, KNOWN AS A STREET
 6 FAIR, SHALL NOT PAY A DAGER TAX THAN \$100 IN ANY
 7 STATE, TERRITORY, OR IN THE DISTRICT OF COLUMBIA.

8 (8) PROPRIETORS OF BOWLING ALLEYS AND BILLIARD
 9 ROOMS SHALL PAY \$10 FOR EACH ALLEY OR TABLE. EVERY
 10 BUILDING OR PLACE WHERE BOWLS ARE THROWN OR WHERE
 11 GAMES OF BILLIARDS OR POOL ARE PLAYED, EXCEPT IN
 12 PRIVATE HOMES, SHALL BE REGARDED AS A BOWLING ALLEY
 13 OR A BILLIARD ROOM, RESPECTIVELY.

14 (9) PROPRIETORS OF SHOOTING GALLERIES SHALL PAY
 15 \$20. EVERY BUILDING, SPACE, TENT, OR AREA, WHERE A
 16 CHARGE IS MADE FOR THE DISCHARGE OF FIREARMS AT ANY
 17 FORM OF TARGET SHOTS BE REGARDED AS A SHOOTING
 18 GALLERY.

19 (10) PROPRIETORS OF RIDING ACADEMIES SHALL PAY
 20 \$100. EVERY BUILDING, SPACE, TENT, OR AREA, WHERE
 21 A CHARGE IS MADE FOR INSTRUCTION IN HORSEMANSHIP OR
 22 FOR FACILITIES FOR THE PRACTICE OF HORSEMANSHIP
 23 SHALL BE REGARDED AS A RIDING ACADEMY.

24 (11) PERSONS CARRYING ON THE BUSINESS OF OPER-
 25 ATING OR RENTING PASSENGER AUTOMOBILES FOR HIRE

1 SHALL PAY \$10 FOR EACH SUCH AUTOMOBILE HAVING A
 2 SEATING CAPACITY OF MORE THAN TWO AND NOT MORE
 3 THAN SEVEN, AND \$20 FOR EACH SUCH AUTOMOBILE HAV-
 4 ING A SEATING CAPACITY OF MORE THAN SEVEN.

5 (12) EVERY PERSON CARRYING ON THE BUSINESS OF
 6 A BREWER, DISTILLER, WHOLESALE LIQUOR DEALER, RETAIL
 7 LIQUOR DEALER, WHOLESALE DEALER IN MALT LIQUOR,
 8 RETAIL DEALER IN MALT LIQUOR, OR MANUFACTURER OF
 9 STILLS, AS DEFINED IN SECTION 3244, AS AMENDED AND
 10 SECTION 3247 OF THE REVISED STATUTES, IN ANY STATE,
 11 TERRITORY, OR DISTRICT OF THE UNITED STATES CON-
 12 TRARY TO THE LAWS OF SUCH STATE, TERRITORY, OR
 13 DISTRICT, OR IN ANY PLACE THEREIN IN WHICH CARRYING
 14 ON SUCH BUSINESS IS PROHIBITED BY LOCAL OR MUNICIPAL
 15 LAW, SHALL PAY, IN ADDITION TO ALL OTHER TAXES, SPECIAL
 16 OR OTHERWISE, IMPOSED BY EXISTING LAW OR BY THIS
 17 ACT, \$1,000.

18 THE PAYMENT OF THE TAX IMPOSED BY THIS SUB-
 19 DIVISION SHALL NOT BE HELD TO EXEMPT ANY PERSON
 20 FROM ANY PENALTY OR PUNISHMENT PROVIDED FOR BY THE
 21 LAWS OF ANY STATE, TERRITORY, OR DISTRICT FOR CARRY-
 22 ING ON SUCH BUSINESS IN SUCH STATE, TERRITORY, OR
 23 DISTRICT, OR IN ANY MANNER TO AUTHORIZE THE COM-
 24 MENCEMENT OR CONTINUANCE OF SUCH BUSINESS CONTRARY

1 TO THE LAWS OF SUCH STATE, TERRITORY, OR DISTRICT,
 2 OR IN PLACES PROHIBITED BY LOCAL OR MUNICIPAL LAW.
 3 THE TAXES IMPOSED BY THIS SECTION SHALL, IN THE
 4 CASE OF PERSONS UPON WHOM A CORRESPONDING TAX IS
 5 imposed by section 1001 of the Revenue Act of 1918, BE
 6 IN LIEU OF SUCH TAX.

7 SEC. 1001. THAT ON AND AFTER July 1, 1922, THERE
 8 SHALL BE LEVIED, COLLECTED, AND PAID ANNUALLY, IN
 9 LIEU OF THE TAXES IMPOSED BY section 1002 of the
 10 Revenue Act of 1918, THE FOLLOWING SPECIAL TAXES,
 11 THE AMOUNT OF SUCH TAXES TO BE COMPUTED ON THE
 12 BASIS OF THE SALES FOR THE PRECEDING YEAR ENDING
 13 JUNE 30—

14 MANUFACTURERS OF TOBACCO WHOSE ANNUAL SALES
 15 DO NOT EXCEED FIFTY THOUSAND POUNDS SHALL EACH
 16 PAY \$6;

17 MANUFACTURERS OF TOBACCO WHOSE ANNUAL SALES
 18 EXCEED FIFTY THOUSAND AND DO NOT EXCEED ONE HUN-
 19 DRED THOUSAND POUNDS SHALL EACH PAY \$12;

20 MANUFACTURERS OF TOBACCO WHOSE ANNUAL SALES
 21 EXCEED ONE HUNDRED THOUSAND AND DO NOT EXCEED
 22 TWO HUNDRED THOUSAND POUNDS SHALL EACH PAY \$24;

23 MANUFACTURERS OF TOBACCO WHOSE ANNUAL SALES
 24 EXCEED TWO HUNDRED THOUSAND POUNDS SHALL EACH
 25 PAY \$24, AND AT THE RATE OF 16 CENTS PER THOUSAND

1 POUNDS, OR FRACTION THEREOF, IN RESPECT TO THE EX-
2 CESS OVER TWO HUNDRED THOUSAND POUNDS;

3 MANUFACTURERS OF CIGARS WHOSE ANNUAL SALES
4 DO NOT EXCEED FIFTY THOUSAND CIGARS SHALL EACH PAY
5 \$4;

6 MANUFACTURERS OF CIGARS WHOSE ANNUAL SALES
7 EXCEED FIFTY THOUSAND AND DO NOT EXCEED ONE HUN-
8 DRED THOUSAND CIGARS SHALL EACH PAY \$6;

9 MANUFACTURERS OF CIGARS WHOSE ANNUAL SALES
10 EXCEED ONE HUNDRED THOUSAND AND DO NOT EXCEED
11 TWO HUNDRED THOUSAND CIGARS SHALL EACH PAY \$12;

12 MANUFACTURERS OF CIGARS WHOSE ANNUAL SALES
13 EXCEED TWO HUNDRED THOUSAND AND DO NOT EXCEED
14 FOUR HUNDRED THOUSAND CIGARS SHALL EACH PAY \$24;

15 MANUFACTURERS OF CIGARS WHOSE ANNUAL SALES
16 EXCEED FOUR HUNDRED THOUSAND CIGARS SHALL EACH
17 PAY \$24, AND AT THE RATE OF 10 CENTS PER THOUSAND
18 CIGARS, OR FRACTION THEREOF, IN RESPECT TO THE
19 EXCESS OVER FOUR HUNDRED THOUSAND CIGARS:

20 MANUFACTURERS OF CIGARETTES, INCLUDING SMALL
21 CIGARS WEIGHING NOT MORE THAN THREE POUNDS PER
22 THOUSAND, SHALL EACH PAY AT THE RATE OF 6 CENTS FOR
23 EVERY TEN THOUSAND CIGARETTES, OR FRACTION THEREOF.

24 IN ARRIVING AT THE AMOUNT OF SPECIAL TAX TO BE
25 PAID UNDER THIS SECTION, AND IN THE LEVY AND COL-

1 SECTION OF SUCH TAX, EACH PERSON ENGAGED IN THE
2 MANUFACTURE OF MORE THAN ONE OF THE CLASSES OF
3 ARTICLES SPECIFIED IN THIS SECTION SHALL BE CONSIDERED
4 AND DEEMED A MANUFACTURER OF EACH CLASS SEPARATELY.

5 In computing under this section the amount of annual
6 sales no account shall be taken of tobacco, cigars, or cigarettes,
7 sold for export and in due course so exported.

8 ~~SEC. 992. Section 1002 of the Revenue Act of 1918 is~~
9 ~~amended by adding at the end thereof a new paragraph to~~
10 ~~read as follows:~~

11 ~~“On and after January 1, 1922, the tax imposed by this~~
12 ~~section shall apply only in the case of yachts or boats~~
13 ~~over 5 net tons and over 32 feet in length.”~~

14 SEC. 1002. THAT on and after July 1, 1932, AND
15 THEREAFTER ON JULY 1 IN EACH YEAR, AND ALSO AT THE
16 TIME OF THE ORIGINAL PURCHASE OF A NEW BOAT BY A
17 USER, IF ON ANY OTHER DATE THAN JULY 1, THERE SHALL
18 BE LEVIED, ASSESSED, COLLECTED, AND PAID, IN LIEU OF
19 THE TAX IMPOSED BY section 1003 of the Revenue Act
20 of 1918, UPON THE USE OF YACHTS, PLEASURE BOATS,
21 POWER BOATS, SAILING BOATS, AND MOTOR BOATS WITH
22 FIXED ENGINES, of over five net tons and over thirty-two
23 feet in length, NOT USED EXCLUSIVELY FOR TRADE, FISHING,
24 OR NATIONAL DEFENSE, OR NOT BUILT ACCORDING TO PLANS
25 AND SPECIFICATIONS APPROVED BY THE NAVY DEPARTMENT,

1 A SPECIAL EXCISE TAX TO BE BASED ON EACH YACHT OR BOAT,
 2 AT RATES AS FOLLOWS: YACHTS, PLEASURE BOATS, POWER
 3 BOATS, MOTOR BOATS WITH FIXED ENGINES, AND SAILING
 4 BOATS, OR OVER FIVE NET TONS, LENGTH OVER thirty-two feet
 5 and NOT OVER FIFTY FEET, \$1 FOR EACH FOOT; LENGTH
 6 OVER FIFTY FEET AND NOT OVER ONE HUNDRED FEET, \$2
 7 FOR EACH FOOT; LENGTH OVER ONE HUNDRED FEET, \$4 FOR
 8 EACH FOOT.

9 IN DETERMINING THE LENGTH OF SUCH YACHTS, PLEAS-
 10 URE BOATS, POWER BOATS, MOTOR BOATS WITH FIXED
 11 ENGINES AND SAILING BOATS, THE MEASUREMENT OF OVER-
 12 ALL LENGTH SHALL GOVERN.

13 IN THE CASE OF A TAX IMPOSED AT THE TIME OF THE
 14 ORIGINAL PURCHASE OF A NEW BOAT ON ANY OTHER DATE
 15 THAN JULY 1, THE AMOUNT TO BE PAID SHALL BE THE
 16 SAME NUMBER OF TWELFTHS OF THE AMOUNT OF THE TAX
 17 AS THE NUMBER OF CALENDAR MONTHS (INCLUDING THE
 18 MONTH OF SALE) REMAINING PRIOR TO THE FOLLOWING
 19 JULY 1.

20 SEC. 1003. THAT ANY PERSON WHO CARRIES ON ANY
 21 BUSINESS OR OCCUPATION FOR WHICH A SPECIAL TAX IS
 22 IMPOSED BY SECTIONS 1000 OR 1001, WITHOUT HAVING
 23 PAID THE SPECIAL TAX THEREIN PROVIDED, SHALL, BE-
 24 SIDES BEING LIABLE FOR THE PAYMENT OF SUCH SPECIAL
 25 TAX, BE SUBJECT TO A PENALTY OF NOT MORE THAN \$1,000

1 OR TO IMPRISONMENT FOR NOT MORE THAN ONE YEAR
2 OR BOTH.

3 SEC. 1004. THAT SECTION 1 OF THE ACT entitled "An
4 Act to provide for the registration of, with collectors of internal
5 revenue, and to impose a special tax upon all persons who
6 produce, import, manufacture, compound, deal in, dispense,
7 sell, distribute, or give away opium or coca leaves, their salts,
8 derivatives, or preparations, and for other purposes," ap-
9 proved December 17, 1914, as amended by section 1006 of the
10 Revenue Act of 1918, is re-enacted without change, AN
11 FOLLOWS:

12 "SECTION 1. THAT ON OR BEFORE JULY 1 OF EACH
13 YEAR EVERY PERSON WHO IMPORTS, MANUFACTURES, PRO-
14 DUCES, COMPOUNDS, SELLS, DEALS IN, DISPENSES, OR GIVES
15 AWAY OPIUM OR COCA LEAVES, OR ANY COMPOUNDS, MANU-
16 FACTURE, SALT, DERIVATIVE, OR PREPARATION THEREOF,
17 SHALL REGISTER WITH THE COLLECTOR OF INTERNAL REVE-
18 NUE OF THE DISTRICT HIS NAME OR STYLE, PLACE OF BUSI-
19 NESS AND PLACE OR PLACES WHERE SUCH BUSINESS IS TO
20 BE CARRIED ON, AND PAY THE SPECIAL TAXES HERINAFTER
21 PROVIDED;

22 "EVERY PERSON WHO ON JANUARY 1, 1919, IS EN-
23 GAGED IN ANY OF THE ACTIVITIES ABOVE ENUMERATED,
24 OR WHO BETWEEN SUCH DATE AND THE PASSAGE OF THIS
25 ACT FIRST ENGAGED IN ANY OF SUCH ACTIVITIES, SHALL

1 WITHIN THIRTY DAYS AFTER THE PASSAGE OF THIS ACT
2 MAKE LIKE REGISTRATION, AND SHALL PAY THE PROPOR-
3 TIONATE PART OF THE TAX FOR THE PEROD ENDING JUNE
4 30, 1919; AND

5 EVERY PERSON WHO FIRST ENGAGES IN ANY OF SUCH
6 ACTIVITIES AFTER THE PASSAGE OF THIS ACT SHALL IM-
7 MEDIATELY MAKE LIKE REGISTRATION AND PAY THE PRO-
8 PORTIONATE PART OF THE TAX FOR THE PERIOD ENDING
9 ON THE FOLLOWING JUNE 30TH;

10 "IMPORTERS, MANUFACTURERS, PRODUCERS OR COM-
11 POUNDERS, \$24 PER ANNUM; WHOLESALE DEALERS, \$12
12 PER ANNUM; RETAIL DEALERS, \$6 PER ANNUM; PHYSICIANS,
13 DENTISTS, VETERINARY SURGEONS, AND OTHER PRACTI-
14 TIONERS LAWFULLY ENTITLED TO DISTRIBUTE, DISPENSE,
15 GIVE AWAY, OR ADMINISTER ANY OF THE AFORESAID DRUGS
16 TO PATIENTS UPON WHOM THEY IN THE COURSE OF THEIR
17 PROFESSIONAL PRACTICE ARE IN ATTENDANCE, SHALL PAY
18 \$3 PER ANNUM.

19 "EVERY PERSON WHO IMPORTS, MANUFACTURES, COM-
20 POUNDS, OR OTHERWISE PRODUCES FOR SALE OR DISTRIBU-
21 TION ANY OF THE AFORESAID DRUGS SHALL BE DEEMED TO
22 BE AN IMPORTER, MANUFACTURER, OR PRODUCER.

23 "EVERY PERSON WHO SELLS OR OFFERS FOR SALE
24 ANY OF SAID DRUGS IN THE ORIGINAL STAMPED PACKAGES,

1 AS HEREINAFTER PROVIDED, SHALL BE DEEMED A WHOLE-
2 SALE DEALER.

3 "EVERY PERSON WHO SELLS OR DISPENSES FROM
4 ORIGINAL STAMPED PACKAGES, AS HEREINAFTER PROVIDED,
5 SHALL BE DEEMED A RETAIL DEALER: PROVIDED, THAT
6 THE OFFICE, OR IF NONE, THE RESIDENCE, OF ANY PERSON
7 SHALL BE CONSIDERED FOR THE PURPOSE OF THIS ACT
8 HIS PLACE OF BUSINESS; BUT NO EMPLOYEE OF ANY PERSON
9 WHO HAS REGISTERED AND PAID SPECIAL TAX AS HEREIN
10 REQUIRED, ACTING WITHIN THE SCOPE OF HIS EMPLOY-
11 MENT, SHALL BE REQUIRED TO REGISTER AND PAY SPECIAL
12 TAX PROVIDED BY THIS SECTION: PROVIDED FURTHER,
13 THAT OFFICIALS OF THE UNITED STATES, TERRITORIAL,
14 DISTRICT OF COLUMBIA, OR INSULAR POSSESSIONS, STATE
15 OR MUNICIPAL GOVERNMENTS, WHO IN THE EXERCISE OF
16 THEIR OFFICIAL DUTIES ENGAGE IN ANY OF THE BUSINESS
17 HEREIN DESCRIBED, SHALL NOT BE REQUIRED TO REGISTER,
18 NOR PAY SPECIAL TAX, NOR STAMP THE AFORESAID DRUGS
19 AS HEREINAFTER PRESCRIBED, BUT THEIR RIGHT TO THIS
20 EXEMPTION SHALL BE EVIDENCED IN SUCH MANNER AS THE
21 COMMISSIONER OF INTERNAL REVENUE, WITH THE AP-
22 PROVAL OF THE SECRETARY OF THE TREASURY, MAY BY
23 REGULATIONS PRESCRIBE.

24 "IT SHALL BE UNLAWFUL FOR ANY PERSON REQUIRED
25 TO REGISTER UNDER THE PROVISIONS OF THIS ACT TO

1 IMPORT, MANUFACTURE, PRODUCE, COMPOUND, SELL, DEAL
2 IN, DISPENSE, DISTRIBUTE, ADMINISTER, OR GIVE AWAY
3 ANY OF THE AFORESAID DRUGS WITHOUT HAVING REGIS-
4 TERED AND PAID THE SPECIAL TAX AS IMPOSED BY THIS
5 SECTION.

6 "THAT THE WORD 'PERSON' AS USED IN THIS ACT
7 SHALL BE CONSTRUED TO MEAN AND INCLUDE A PARTNER-
8 SHIP, ASSOCIATION, COMPANY, OR CORPORATION, AS WELL
9 AS A NATURAL PERSON; AND ALL PROVISIONS OF EXISTING
10 LAW RELATING TO SPECIAL TAXES, AS FAR AS NECESSARY,
11 ARE HEREBY EXTENDED AND MADE APPLICABLE TO THIS
12 SECTION.

13 "THAT THERE SHALL BE LEVIED, ASSESSED, COL-
14 LECTED, AND PAID UPON OPIUM, COCA LEAVES, ANY COM-
15 POUND, SALT, DERIVATIVE, OR PREPARATION THEREOF,
16 PRODUCED IN OR IMPORTED INTO THE UNITED STATES,
17 AND SOLD, OR REMOVED FOR CONSUMPTION OR SALE, AN
18 INTERNAL-REVENUE TAX AT THE RATE OF 1 CENT PER OUNCE,
19 AND ANY FRACTION OF AN OUNCE IN A PACKAGE SHALL BE
20 TAXED AS AN OUNCE, SUCH TAX TO BE PAID BY THE IM-
21 PORTER, MANUFACTURER, PRODUCER, OR COMPOUNDER
22 THEREOF, AND TO BE REPRESENTED BY APPROPRIATE STAMPS,
23 TO BE PROVIDED BY THE COMMISSIONER OF INTERNAL
24 REVENUE, WITH THE APPROVAL OF THE SECRETARY OF
25 THE TREASURY; AND THE STAMPS HEREIN PROVIDED SHALL

1 BE SO AFFIXED TO THE BOTTLE OR OTHER CONTAINER AS TO
2 SECURELY SEAL THE STOPPER, COVERING, OR WRAPPER
3 THEREOF.

4 "THE TAX IMPOSED BY THIS SECTION SHALL BE IN
5 ADDITION TO ANY IMPORT DUTY IMPOSED ON THE AFORESAID
6 DRUGS.

7 "IT SHALL BE UNLAWFUL FOR ANY PERSON TO PUR-
8 CHASE, SELL, DISPENSE, OR DISTRIBUTE ANY OF THE
9 AFORESAID DRUGS EXCEPT IN THE ORIGINAL STAMPED
10 PACKAGE OR FROM THE ORIGINAL STAMPED PACKAGE; AND
11 THE ABSENCE OF APPROPRIATE TAX-PAID STAMPS FROM ANY
12 OF THE AFORESAID DRUGS SHALL BE PRIMA FACIE EVI-
13 DENCE OF A VIOLATION OF THIS SECTION BY THE PERSON
14 IN WHOSE POSSESSION SAME MAY BE FOUND; AND THE
15 POSSESSION OF ANY ORIGINAL STAMPED PACKAGE CON-
16 TAINING ANY OF THE AFORESAID DRUGS BY ANY PERSON
17 WHO HAS NOT REGISTERED AND PAID SPECIAL TAXES AS
18 REQUIRED BY THIS SECTION SHALL BE PRIMA FACIE EVI-
19 DENCE OF LIABILITY TO SUCH SPECIAL TAX: PROVIDED, THAT
20 THE PROVISIONS OF THIS PARAGRAPH SHALL NOT APPLY TO
21 ANY PERSON HAVING IN HIS OR HER POSSESSION ANY OF
22 THE AFORESAID DRUGS WHICH HAVE BEEN OBTAINED FROM
23 A REGISTERED DEALER IN PURSUANCE OF A PRESCRIPTION,
24 WRITTEN FOR LEGITIMATE MEDICAL USES, ISSUED BY A
25 PHYSICIAN, DENTIST, VETERINARY SURGEON, OR OTHER

1 PRACTITIONER REGISTERED UNDER THIS ACT, AND WHERE
2 THE BOTTLE OR OTHER CONTAINER IN WHICH SUCH DRUG
3 MAY BE PUT UP BY THE DEALER UPON SAID PRESCRIPTION
4 BEARS THE NAME AND REGISTRY NUMBER OF THE DRUG-
5 GIST, SERIAL NUMBER OF PRESCRIPTION, NAME AND AD-
6 DRESS OF THE PATIENT, AND NAME, ADDRESS, AND REGIS-
7 TRY NUMBER OF THE PERSON WRITING SAID PRESCRIPTION;
8 OR TO THE DISPENSING, OR ADMINISTRATION, OR GIVING
9 AWAY OF ANY OF THE AFORESAID DRUGS TO A PATIENT
10 BY A REGISTERED PHYSICIAN, DENTIST, VETERINARY SUR-
11 GEON, OR OTHER PRACTITIONER IN THE COURSE OF HIS
12 PROFESSIONAL PRACTICE, AND WHERE SAID DRUGS ARE
13 DISPENSED OR ADMINISTERED TO THE PATIENT FOR LEGITI-
14 MATE MEDICAL PURPOSES, AND THE RECORD KEPT AS RE-
15 QUIRED BY THIS ACT OF THE DRUGS SO DISPENSED, AD-
16 MINISTERED, DISTRIBUTED, OR GIVEN AWAY.

17 "AND ALL THE PROVISIONS OF EXISTING LAWS RE-
18 LATING TO THE ENGRAVING, ISSUANCE, SALE, ACCOUNTA-
19 BILITY, CANCELLATION, AND DESTRUCTION OF TAX-PAID
20 STAMPS PROVIDED FOR IN THE INTERNAL-REVENUE LAWS
21 ARE, IN SO FAR AS NECESSARY, HEREBY EXTENDED AND
22 MADE TO APPLY TO STAMPS PROVIDED BY THIS SECTION.

23 "THAT ALL UNSTAMPED PACKAGES OF THE AFORESAID
24 DRUGS FOUND IN THE POSSESSION OF ANY PERSON, EXCEPT
25 AS HEREIN PROVIDED, SHALL BE SUBJECT TO SEIZURE AND

1 FORFEITURE, AND ALL THE PROVISIONS OF EXISTING IN-
2 TERNAL-REVENUE LAWS RELATING TO SEARCHES, SEIZURES,
3 AND FORFEITURES OF UNSTAMPED ARTICLES ARE HEREBY
4 EXTENDED TO AND MADE TO APPLY TO THE ARTICLES TAXED
5 UNDER THIS ACT AND THE PERSONS UPON WHOM THESE
6 TAXES ARE IMPOSED.

7 "IMPORTERS, MANUFACTURERS, AND WHOLESALE
8 DEALERS SHALL KEEP SUCH BOOKS AND RECORDS AND RENDER
9 SUCH MONTHLY RETURNS IN RELATION TO THE TRANSACTIONS
10 IN THE AFORESAID DRUGS AS THE COMMISSIONER OF INTER-
11 NAL REVENUE, WITH THE APPROVAL OF THE SECRETARY
12 OF THE TREASURY, MAY BY REGULATIONS REQUIRE.

13 "THE COMMISSIONER OF INTERNAL REVENUE, WITH
14 THE APPROVAL OF THE SECRETARY OF THE TREASURY,
15 SHALL MAKE ALL NEEDFUL RULES AND REGULATIONS FOR
16 CARRYING THE PROVISIONS OF THIS ACT INTO EFFECT."

17 *SEC. 1005. THAT SECTION 6 OF SUCH ACT OF DE-*
18 *CEMBER 17, 1914, as amended by section 1007 of the Revenue*
19 *Act of 1918, is re-enacted without change, AS FOLLOWS:*

20 "SEC 6. THAT THE PROVISIONS OF THIS ACT SHALL
21 NOT BE CONSTRUED TO APPLY TO THE MANUFACTURE, SALE,
22 DISTRIBUTION, GIVING AWAY, DISPENSING, OR POSSESSION
23 OF PREPARATIONS AND REMEDIES WHICH DO NOT CONTAIN
24 MORE THAN TWO GRAINS OF OPIUM, OR MORE THAN ONE-
25 FOURTH OF A GRAIN OF MORPHINE, OR MORE THAN ONE-

1 EIGHTH OF A GRAIN OF HEROIN, OR MORE THAN ONE GRAIN
2 OF CODEINE, OR ANY SALT OR DERIVATIVE OF ANY OF THEM
3 IN ONE FLUID OUNCE, OR, IF A SOLID OR SEMISOLID PREP-
4 ARATION, IN ONE AVOIRDUPOIS OUNCE; OR TO LINIMENTS,
5 OINTMENTS, OR OTHER PREPARATIONS WHICH ARE PRE-
6 PARED FOR EXTERNAL USE, ONLY, EXCEPT LINIMENTS,
7 OINTMENTS, AND OTHER PREPARATIONS WHICH CONTAIN
8 COCAINE OR ANY OF ITS SALTS OR ALPHA OR BETA EUCAINE
9 OR ANY OF THEIR SALTS OR ANY SYNTHETIC SUBSTITUTE
10 FOR THEM: PROVIDED, THAT SUCH REMEDIES AND PREP-
11 ARATIONS ARE MANUFACTURED, SOLD, DISTRIBUTED, GIVEN
12 AWAY, DISPENSED, OR POSSESSED AS MEDICINES AND NOT
13 FOR THE PURPOSE OF EVADING THE INTENTIONS AND PRO-
14 VISIONS OF THIS ACT: PROVIDED FURTHER, THAT ANY
15 MANUFACTURER, PRODUCER, COMPOUNDER, OR VENDOR (IN-
16 CLUDING DISPENSING PHYSICIANS) OF THE PREPARATIONS
17 AND REMEDIES MENTIONED IN THIS SECTION SHALL KEEP
18 A RECORD OF ALL SALES, EXCHANGES, OR GIFTS OF SUCH
19 PREPARATIONS AND REMEDIES IN SUCH MANNER AS THE
20 COMMISSIONER OF INTERNAL REVENUE, WITH THE AP-
21 PROVAL OF THE SECRETARY OF THE TREASURY, SHALL
22 DIRECT. SUCH RECORD SHALL BE PRESERVED FOR A PERIOD
23 OF TWO YEARS IN SUCH A WAY AS TO BE READILY ACCES-
24 SIBLE TO INSPECTION BY ANY OFFICER, AGENT OR EM-
25 PLOYEE OF THE TREASURY DEPARTMENT DULY AUTHOR-

1 IZED FOR THAT PURPOSE, AND THE STATE, TERRITORIAL,
2 DISTRICT, MUNICIPAL, AND INSULAR OFFICERS NAMED IN
3 SECTION 5 OF THIS ACT, AND EVERY SUCH PERSON SO
4 POSSESSING OR DISPOSING OF SUCH PREPARATIONS AND
5 REMEDIES SHALL REGISTER AS REQUIRED IN SECTION 1
6 OF THIS ACT AND, IF HE IS NOT PAYING A TAX UNDER THIS
7 ACT, HE SHALL PAY A SPECIAL TAX OF \$1 FOR EACH YEAR,
8 OR FRACTIONAL PART THEREOF, IN WHICH HE IS ENGAGED
9 IN SUCH OCCUPATION, TO THE COLLECTOR OF INTERNAL
10 REVENUE OF THE DISTRICT IN WHICH HE CARRIES ON
11 SUCH OCCUPATION AS PROVIDED IN THIS ACT. THE PRO-
12 VISIONS OF THIS ACT AS AMENDED SHALL NOT APPLY TO
13 DECOCAINIZED COCA LEAVES OR PREPARATIONS MADE THERE-
14 FROM, OR TO OTHER PREPARATIONS OF COCA LEAVES WHICH
15 DO NOT CONTAIN COCAINE."

16 SEC. 1006. THAT ALL OPIUM, ITS SALTS, DERIVATIVES,
17 AND COMPOUNDS, AND COCA LEAVES, SALTS, DERIVATIVES,
18 AND COMPOUNDS THEREOF, WHICH MAY NOW BE UNDER
19 SEIZURE OR WHICH MAY HEREAFTER BE SEIZED BY THE
20 UNITED STATES GOVERNMENT FROM ANY PERSON OR
21 PERSONS CHARGED WITH ANY VIOLATION OF THE ACT OF
22 OCTOBER 1, 1890, AS AMENDED BY THE ACTS OF MARCH
23 3, 1897, FEBRUARY 9, 1909, AND JANUARY 17, 1914, OR
24 THE ACT OF DECEMBER 17, 1914, AS AMENDED, SHALL
25 UPON CONVICTION OF THE PERSON OR PERSONS FROM WHOM

1 SEIZED BE CONFISCATED BY AND FORFEITED TO THE UNITED
2 STATES; AND THE SECRETARY IS HEREBY AUTHORIZED
3 TO DELIVER FOR MEDICAL OR SCIENTIFIC PURPOSES TO
4 ANY DEPARTMENT, BUREAU, OR OTHER AGENCY OF THE
5 UNITED STATES GOVERNMENT, UPON PROPER APPLICATION
6 THEREFOR UNDER SUCH REGULATION AS MAY BE PRE-
7 SCRIBED BY THE COMMISSIONER, WITH THE APPROVAL OF
8 THE SECRETARY, ANY OF THE DRUGS SO SEIZED, CONFIS-
9 CATED, AND FORFEITED TO THE UNITED STATES.

10 THE PROVISIONS OF THIS SECTION SHALL ALSO APPLY
11 TO ANY OF THE AFORESAID DRUGS SEIZED OR COMING INTO
12 THE POSSESSION OF THE UNITED STATES IN THE ENFORCE-
13 MENT OF ANY OF THE ABOVE-MENTIONED ACTS WHERE THE
14 OWNER OR OWNERS THEREOF ARE UNKNOWN. NONE OF
15 THE AFORESAID DRUGS COMING INTO POSSESSION OF THE
16 UNITED STATES UNDER THE OPERATION OF SAID ACTS,
17 OR THE PROVISIONS OF THIS SECTION, SHALL BE DESTROYED
18 WITHOUT CERTIFICATION BY A COMMITTEE APPOINTED BY
19 THE COMMISSIONER, WITH THE APPROVAL OF THE SEC-
20 RETARY, THAT THEY ARE OF NO VALUE FOR MEDICAL OR
21 SCIENTIFIC PURPOSES.

22 TITLE XI.—STAMP TAXES.

23 SEC. 1100. THAT ON AND AFTER January 1, 1922,
24 THERE SHALL BE LEVIED, COLLECTED, AND PAID, FOR AND
25 IN RESPECT OF THE SEVERAL BONDS, DEBENTURES, OR

1 CERTIFICATES OF STOCK AND OF INDEBTEDNESS, AND OTHER
2 DOCUMENTS, INSTRUMENTS, MATTERS, AND THINGS MEN-
3 TIONED AND DESCRIBED IN SCHEDULE A OF THIS TITLE,
4 OR FOR OR IN RESPECT OF THE VELLUM, PARCHMENT, OR
5 PAPER UPON WHICH SUCH INSTRUMENTS, MATTERS, OR
6 THINGS, OR ANY OF THEM, ARE WRITTEN OR PRINTED, BY
7 ANY PERSON WHO MAKES, SIGNS, ISSUES, SELLS, REMOVES,
8 CONSIGNS, OR SHIPS THE SAME, OR FOR WHOSE USE OR
9 BENEFIT THE SAME ARE MADE, SIGNED, ISSUED, SOLD,
10 REMOVED, CONSIGNED, OR SHIPPED, THE SEVERAL TAXES
11 SPECIFIED IN SUCH SCHEDULE. THE TAXES IMPOSED BY
12 THIS SECTION SHALL, IN THE CASE OF ANY ARTICLE UPON
13 WHICH A CORRESPONDING STAMP TAX IS NOW IMPOSED BY
14 LAW, BE IN LIEU OF SUCH TAX.

15 *SEC. 1101. THAT THERE SHALL NOT BE TAXED UNDER*
16 *THIS TITLE ANY BOND, NOTE, OR OTHER INSTRUMENT, IS-*
17 *SUED BY THE UNITED STATES; OR BY ANY FOREIGN GOV-*
18 *ERNMENT, OR BY ANY STATE, TERRITORY, OR THE DIS-*
19 *TRICT OF COLUMBIA, OR LOCAL SUBDIVISION THEREOF, OR*
20 *MUNICIPAL OR OTHER CORPORATION EXERCISING THE TAX-*
21 *ING POWER; OR ANY BOND OF INDEMNITY REQUIRED TO BE*
22 *FILED BY ANY PERSON TO SECURE PAYMENT OF ANY PEN*
23 *SION, ALLOWANCE, ALLOTMENT, RELIEF, OR INSURANCE, BY*
24 *THE UNITED STATES, or to secure a duplicate for, or the*
25 *payment of, any bond, note, certificate of indebtedness, war-*

1 *savings certificate, warrant or check, issued by the United*
 2 *States; OR STOCKS AND BONDS ISSUED BY COOPERATIVE*
 3 *BUILDING AND LOAN ASSOCIATIONS WHICH ARE ORGANIZED*
 4 *AND OPERATED EXCLUSIVELY FOR THE BENEFIT OF THEIR*
 5 *MEMBERS AND MAKE LOANS ONLY TO THEIR SHAREHOLDERS,*
 6 *OR BY MUTUAL DITCH OR irrigation COMPANIES.*

7 *SEC. 1102. THAT WHOEVER—*

8 (A) *MAKES, SIGNS, ISSUES, OR ACCEPTS, OR CAUSES*
 9 *TO BE MADE, SIGNED, ISSUED, OR ACCEPTED, ANY INSTRU-*
 10 *MENT, DOCUMENT, OR PAPER OF ANY KIND OR DESCRIPTION*
 11 *WHATSOEVER WITHOUT THE FULL AMOUNT OF TAX*
 12 *THEREON BEING DULY PAID;*

13 (B) *CONSIGNS OR SHIPS, OR CAUSES TO BE CONSIGNED*
 14 *OR SHIPPED, BY PARCEL POST ANY PARCEL, PACKAGE, OR*
 15 *ARTICLE WITHOUT THE FULL AMOUNT OF TAX BEING DULY*
 16 *PAID;*

17 (C) *MANUFACTURES OR IMPORTS AND SELLS, OR OFFERS*
 18 *FOR SALE, OR CAUSES TO BE MANUFACTURED OR IMPORTED*
 19 *AND SOLD, OR OFFERED FOR SALE, ANY PLAYING CARDS,*
 20 *PACKAGE, OR OTHER ARTICLE WITHOUT THE FULL AMOUNT*
 21 *OF TAX BEING DULY PAID;*

22 (D) *MAKES USE OF ANY ADHESIVE STAMP TO DENOTE*
 23 *ANY TAX IMPOSED BY THIS TITLE WITHOUT CANCELING OR*
 24 *OBLITERATING SUCH STAMP AS PRESCRIBED IN SECTION 1104;*

1 *IS GUILTY OF A MISDEMEANOR AND UPON CONVICTION*
2 *THEREOF SHALL PAY A FINE OF NOT MORE THAN \$100 FOR*
3 *EACH OFFENSE.*

4 *SEC. 1103. THAT WHOEVER—*

5 (A) *FRAUDULENTLY CUTS, TEARS, OR REMOVES FROM*
6 *ANY VELLUM, PARCHMENT, PAPER, INSTRUMENT, WRITING,*
7 *PACKAGE, OR ARTICLE, UPON WHICH ANY TAX IS IMPOSED*
8 *BY THIS TITLE, ANY ADHESIVE STAMP OR THE IMPRESSION*
9 *OF ANY STAMP, DIE, PLATE, OR OTHER ARTICLE PROVIDED,*
10 *MADE, OR USED IN PURSUANCE OF THIS TITLE;*

11 (B) *FRAUDULENTLY USES, JOINS, FIXES, OR PLACES*
12 *TO, WITH, OR UPON ANY VELLUM, PARCHMENT, PAPER,*
13 *INSTRUMENT, WRITING, PACKAGE, OR ARTICLE, UPON WHICH*
14 *ANY TAX IS IMPOSED BY THIS TITLE, (1) ANY ADHESIVE*
15 *STAMP, OR THE IMPRESSION OF ANY STAMP, DIE, PLATE, OR*
16 *OTHER ARTICLE, WHICH HAS BEEN CUT, TORN, OR REMOVED*
17 *FROM ANY OTHER VELLUM, PARCHMENT, PAPER, INSTRU-*
18 *MENT, WRITING, PACKAGE, OR ARTICLE, UPON WHICH ANY*
19 *TAX IS IMPOSED BY THIS TITLE; OR (2) ANY ADHESIVE*
20 *STAMP OR THE IMPRESSION OF ANY STAMP, DIE, PLATE, OR*
21 *OTHER ARTICLE OF INSUFFICIENT VALUE; OR (3) ANY*
22 *FORGED OR counterfeited STAMP, OR THE IMPRESSION OF ANY*
23 *FORGED OR counterfeited STAMP, DIE, PLATE, OR OTHER*
24 *ARTICLE;*

1 (c) WILLFULLY REMOVES, OR ALTERS THE CANCELLA-
2 TION, OR DEFACING MARKS OF, OR OTHERWISE PREPARES,
3 ANY ADHESIVE STAMP, WITH INTENT TO USE, OR CAUSE THE
4 SAME TO BE USED, AFTER IT HAS BEEN ALREADY USED, OR
5 KNOWINGLY OR WILLFULLY BUYS, SELLS, OFFERS FOR SALE,
6 OR GIVES AWAY, ANY SUCH WASHED OR RESTORED STAMP TO
7 ANY PERSON FOR USE, OR KNOWINGLY USES THE SAME;

8 (d) KNOWINGLY AND WITHOUT LAWFUL EXCUSE (THE
9 BURDEN OF PROOF OF SUCH EXCUSE BEING ON THE ACCUSED)
10 HAS IN POSSESSION ANY WASHED, RESTORED, OR ALTERED
11 STAMP, WHICH HAS BEEN REMOVED FROM ANY VELLUM,
12 PARCHMENT, PAPER, INSTRUMENT, WRITING, PACKAGE, OR
13 ARTICLE;

14 IS GUILTY OF A MISDEMEANOR, AND UPON CONVIC-
15 TION SHALL BE PUNISHED BY A FINE OF NOT MORE THAN
16 \$1,000, OR BY IMPRISONMENT FOR NOT MORE THAN FIVE
17 YEARS, OR BOTH, AND ANY SUCH REUSED, CANCELED, OR
18 COUNTERFEIT STAMP AND THE VELLUM, PARCHMENT, DOCU-
19 MENT, PAPER, PACKAGE, OR ARTICLE UPON WHICH IT IS
20 PLACED OR IMPRESSED SHALL BE FORFEITED TO THE UNITED
21 STATES.

22 SEC. 1104. THAT WHENEVER AN ADHESIVE STAMP IS
23 USED FOR DENOTING ANY TAX IMPOSED BY THIS TITLE,
24 EXCEPT AS HEREINAFTER PROVIDED, THE PERSON USING
25 OR AFFIXING THE SAME SHALL WRITE OR STAMP OR CAUSE

1 TO BE WRITTEN OR STAMPED THEREUPON THE INITIALS OF
2 HIS OR ITS NAME AND THE DATE UPON WHICH THE SAME
3 IS ATTACHED OR USED, SO THAT THE SAME MAY NOT AGAIN
4 BE USED: PROVIDED, THAT THE COMMISSIONER MAY PRE-
5 SCRIBE SUCH OTHER METHOD FOR THE CANCELLATION OF
6 SUCH STAMPS AS HE MAY DEEM EXPEDIENT.

7 SEC. 1150. (A) THAT THE COMMISSIONER SHALL
8 CAUSE TO BE PREPARED AND DISTRIBUTED FOR THE PAY-
9 MENT OF THE TAXES PRESCRIBED IN THIS TITLE SUITABLE
10 STAMPS DENOTING THE TAX ON THE DOCUMENT, ARTICLES,
11 OR THING TO WHICH THE SAME MAY BE AFFIXED, AND
12 SHALL PRESCRIBE SUCH METHOD FOR THE AFFIXING OF
13 SAID STAMPS IN SUBSTITUTION FOR OR IN ADDITION TO THE
14 METHOD PROVIDED IN THIS TITLE, AS HE MAY DEEM EX-
15 PEDIENT.

16 (b) ALL INTERNAL-REVENUE LAWS RELATING TO THE
17 ASSESSMENT AND COLLECTION OF TAXES ARE HEREBY
18 EXTENDED TO AND MADE A PART OF THIS TITLE, SO FAR AS
19 APPLICABLE, FOR THE PURPOSE OF COLLECTING STAMP
20 TAXES OMITTED THROUGH MISTAKE OR FRAUD FROM ANY
21 INSTRUMENT, DOCUMENT, PAPER, WRITING, PARCEL, PACK-
22 AGE, OR ARTICLE NAMED HEREIN.

23 SEC. 1106. THAT THE COMMISSIONER SHALL FURNISH
24 TO THE POSTMASTER GENERAL WITHOUT PREPAYMENT A
25 SUITABLE QUANTITY OF ADHESIVE STAMPS TO BE DISTRIB-

1 USED TO AND KEPT ON SALE BY THE VARIOUS POSTMASTERS
2 IN THE UNITED STATES. THE POSTMASTER GENERAL MAY
3 REQUIRE EACH SUCH POSTMASTER TO GIVE ADDITIONAL OR
4 INCREASED BOND AS POSTMASTER FOR THE VALUE OF THE
5 STAMPS SO FURNISHED, AND EACH SUCH POSTMASTER SHALL
6 DEPOSIT THE RECEIPTS FROM THE SALE OF SUCH STAMPS TO
7 THE CREDIT OF AND RENDER ACCOUNTS TO THE POSTMASTER
8 GENERAL AT SUCH TIMES AND IN SUCH FORM AS HE MAY
9 BY REGULATIONS PRESCRIBE. THE POSTMASTER GENERAL
10 SHALL AT LEAST ONCE MONTHLY TRANSFER ALL COLLECTIONS
11 FROM THIS SOURCE TO THE TREASURY AS INTERNAL-REV-
12 ENUE COLLECTIONS.

13 SEC. 1107. (a) That each collector shall furnish, with-
14 out prepayment, to any assistant treasurer or designated de-
15 positary of the United States, located in the district of such
16 collector, a suitable quantity of adhesive stamps to be kept
17 on sale by such assistant treasurer or designated depository.

18 (b) Each collector shall furnish, without prepayment,
19 to any person who is (1) located in the district of such col-
20 lector, (2) duly appointed and acting as agent of any State
21 for the sale of stock transfer stamps of such State, and (3)
22 designated by the Commissioner for the purpose, a suitable
23 quantity of such adhesive stamps as are required by sub-
24 divisions 3, 4, and 5 of Schedule A of this title, to be kept
25 on sale by such person.

1 (c) In such cases the collector may require a bond, with
 2 sufficient sureties, to an amount equal to the value of the
 3 adhesive stamps so furnished, conditioned for the faithful
 4 return, whenever so required, of all quantities or amounts
 5 undisposed of, and for the payment monthly of all quantities
 6 or amounts sold or not remaining on hand. The Secretary
 7 may from time to time make such regulations as he may find
 8 necessary to insure the safekeeping or prevent the illegal use
 9 of all such adhesive stamps.

10 SCHEDULE A.—STAMP TAXES.

11 1. BONDS OF INDEBTEDNESS: ON ALL BONDS, DEBEN-
 12 TURES, OR CERTIFICATES OF INDEBTEDNESS ISSUED BY ANY
 13 PERSON, AND ALL INSTRUMENTS, HOWEVER TERMED, ISSUED
 14 BY ANY CORPORATION WITH INTEREST COUPONS OR IN REG-
 15 ISTERED FORM, KNOWN GENERALLY AS CORPORATE SECURI-
 16 TIES, ON EACH \$100 OF FACE VALUE OR FRACTION THEREOF,
 17 5 CENTS: PROVIDED, THAT EVERY RENEWAL OF THE FORE-
 18 GOING SHALL BE TAXED AS A NEW ISSUE: PROVIDED, FUR-
 19 THER, THAT WHEN A BOND CONDITIONED FOR THE REPA-
 20 YMENT OR PAYMENT OF MONEY IS GIVEN IN A PENAL SUM
 21 GREATER THAN THE DEBT SECURED, THE TAX SHALL BE
 22 BASED UPON THE AMOUNT SECURED.

23 ~~SEC. 903. Subdivision (2) of Schedule A of Title XI~~
 24 ~~of the Revenue Act of 1918 is amended, to take effect Janu-~~
 25 ~~ary 1, 1922, to read as follows:~~

1 "2. 2. Bonds, indemnity and surety: On all bonds exe-
 2 cuted for indemnifying any person who shall have
 3 become bound or engaged as surety, and on all bonds
 4 executed for the due execution or performance of any
 5 contract, obligation, or requirement, or the duties of
 6 any office or position, and to account for money re-
 7 ceived by virtue thereof, and on all policies of guaranty
 8 and fidelity insurance, including policies guaranteeing titles
 9 to real estate and mortgage guarantee policies, and on
 10 all other bonds of any description, made, issued, or
 11 executed, not otherwise provided for in this schedule, except
 12 such as may be required in legal proceedings, 50 cents: *Pro-*
 13 *vided, THAT WHERE A PREMIUM IS CHARGED FOR THE*
 14 *ISSUANCE, EXECUTION, RENEWAL OR CONTINUANCE OF*
 15 *SUCH BOND THE TAX SHALL BE 1 CENT ON EACH DOLLAR OR*
 16 *FRACTIONAL PART THEREOF OF THE PREMIUM CHARGED:*
 17 *PROVIDED FURTHER, That policies of reinsurance shall be*
 18 *exempt from the tax imposed by this subdivision.*
 19 *sub-*

20 3. CAPITAL STOCK, ISSUED: ON EACH ORIGINAL ISSUE,
 21 WHETHER ON ORGANIZATION OR REORGANIZATION, OF CER-
 22 TIFICATES OF STOCK, OR OF PROFITS, OR OF INTEREST IN
 23 PROPERTY OR ACCUMULATIONS, BY ANY CORPORATION, ON
 24 EACH \$100 OF FACE VALUE OR FRACTION THEREOF, 5 CENTS:
 25 *PROVIDED, THAT WHERE A CERTIFICATE IS ISSUED WITH-*
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1 OUT FACE VALUE, THE TAX SHALL BE 5 CENTS PER SHARE,
2 UNLESS THE ACTUAL VALUE IS IN EXCESS OF \$100 PER
3 SHARE, IN WHICH CASE THE TAX SHALL BE 5 CENTS ON EACH
4 \$100 OF ACTUAL VALUE OR FRACTION THEREOF.

5 THE STAMPS REPRESENTING THE TAX IMPOSED BY
6 THIS SUBDIVISION SHALL BE ATTACHED TO THE STOCK
7 BOOKS AND NOT TO THE CERTIFICATES ISSUED.

8 4. CAPITAL STOCK, SALES OR TRANSFERS; ON ALL
9 SALES, OR AGREEMENTS TO SELL, OR MEMORANDA OF SALES
10 OR DELIVERIES OF, OR TRANSFERS OF LEGAL TITLE TO
11 SHARES OR CERTIFICATES OF STOCK OR OF PROFITS OR OF
12 INTEREST IN PROPERTY OR ACCUMULATIONS IN ANY CORPOR-
13 ATION, OR TO RIGHTS TO SUBSCRIBE FOR OR TO RECEIVE
14 SUCH SHARES OR CERTIFICATES, WHETHER MADE UPON OR
15 SHOWN BY THE BOOKS OF THE CORPORATION, OR BY ANY
16 ASSIGNMENT IN BLANK, OR BY ANY DELIVERY, OR BY ANY
17 PAPER OR AGREEMENT OR MEMORANDUM OR OTHER EVI-
18 DENCE OF TRANSFER OR SALE, WHETHER ENTITLING THE
19 HOLDER IN ANY MANNER TO THE BENEFIT OF SUCH STOCK,
20 INTEREST, OR RIGHTS, OR NOT, ON EACH \$100 OF FACE
21 VALUE OR FRACTION THEREOF, 2 CENTS, AND WHERE SUCH
22 SHARES ARE WITHOUT PAR OR FACE VALUE, THE TAX SHALL
23 BE 2 CENTS ON THE TRANSFER OR SALE OR AGREEMENT TO
24 SELL ON EACH SHARE. PROVIDED, THAT IT IS NOT INTENDED
25 BY THIS TITLE TO IMPOSE A TAX UPON AN AGREEMENT

1 EVIDENCES A DEPOSIT OF CERTIFICATES AS COLLATERAL
2 SECURITY FOR MONEY LOANED THEREON, WHICH CERTIFI-
3 CATES ARE NOT ACTUALLY SOLD, NOR UPON THE DELIVERY
4 OR TRANSFER FOR SUCH PURPOSE OF CERTIFICATES SO
5 DEPOSITED, NOR UPON MERE LOANS OF STOCK NOR UPON THE RETURN
6 OF STOCK SO LOANED: PROVIDED FURTHER, THAT THE TAX
7 SHALL NOT BE IMPOSED UPON DELIVERIES OR TRANSFERS TO
8 A BROKER FOR SALE, NOR UPON DELIVERIES OR TRANSFERS
9 BY A BROKER TO A CUSTOMER FOR WHOM AND UPON WHOSE
10 ORDER HE HAS PURCHASED SAME, BUT SUCH DELIVERIES OR
11 TRANSFERS SHALL BE ACCOMPANIED BY A CERTIFICATE
12 SETTING FORTH THE FACTS: PROVIDED FURTHER, THAT
13 IN CASE OF SALE WHERE THE EVIDENCE OF TRANSFER IS
14 SHOWN ONLY BY THE BOOKS OF THE CORPORATION THE
15 STAMP SHALL BE PLACED UPON SUCH BOOKS; AND WHERE THE
16 CHANGE OF OWNERSHIP IS BY TRANSFER OF THE CERTIFICATE
17 THE STAMP SHALL BE PLACED UPON THE CERTIFICATE;
18 AND IN CASES OF AN AGREEMENT TO SELL OR WHERE THE
19 TRANSFER IS BY DELIVERY OF THE CERTIFICATE ASSIGNED
20 IN BLANK THERE SHALL BE MADE AND DELIVERED BY THE
21 SELLER TO THE BUYER A BILL OR MEMORANDUM OF SUCH SALE,
22 TO WHICH THE STAMP SHALL BE AFFIXED; AND EVERY BILL
23 OR MEMORANDUM OF SALE OR AGREEMENT TO SELL BEFORE
24 MENTIONED SHALL SHOW THE DATE THEREOF, THE NAME
25 OF THE SELLER, THE AMOUNT OF THE SALE, AND THE MATTER

1 OR THING TO WHICH IT REFERS. ANY PERSON LIABLE TO
2 PAY THE TAX AS HEREIN PROVIDED, OR ANYONE WHO ACTS
3 IN THE MATTER AS AGENT OR BROKER FOR SUCH PERSON,
4 WHO MAKES ANY SUCH SALE, OR WHO IN PURSUANCE OF
5 ANY SUCH SALE DELIVERS ANY CERTIFICATE OR EVIDENCE
6 OF THE SALE OF ANY STOCK, INTEREST OR RIGHT, OR BILL
7 OR MEMORANDUM THEREOF, AS HEREIN REQUIRED, WITHOUT
8 HAVING THE PROPER STAMPS AFFIXED THERETO WITH
9 INTENT TO EVADE THE FOREGOING PROVISIONS, SHALL BE
10 DEEMED GUILTY OF A MISDEMEANOR, AND UPON CONVICTION
11 THEREOF SHALL PAY A FINE OF NOT EXCEEDING \$1,000, OR
12 BE IMPRISONED NOT MORE THAN SIX MONTHS OR BOTH.

13 5. PRODUCE, SALES OF, ON EXCHANGE: UPON EACH
14 SALE, AGREEMENT OF SALE, OR AGREEMENT TO SELL (NOT
15 INCLUDING SO-CALLED TRANSFERRED OR SCRATCH SALES),
16 ANY PRODUCTS OR MERCHANDISE AT, OR UNDER THE RULES
17 OR USAGES OF, ANY EXCHANGE, OR BOARD OF TRADE, OR
18 OTHER SIMILAR PLACE, FOR FUTURE DELIVERY, FOR EACH
19 \$100 IN VALUE OF THE MERCHANDISE COVERED BY SAID
20 SALE OR AGREEMENT OF SALE OR AGREEMENT TO SELL, 2
21 CENTS, AND FOR EACH ADDITIONAL \$100 OR FRACTIONAL
22 PART THEREOF IN EXCESS OF \$100, 2 CENTS: PROVIDED,
23 THAT ON EVERY SALE OR AGREEMENT OF SALE OR AGREE-
24 MENT TO SELL AS AFORESAID THERE SHALL BE MADE AND
25 DELIVERED BY THE SELLER TO THE BUYER A BILL, MEMO-

1 RANDUM, AGREEMENT, OR OTHER EVIDENCE OF SUCH SALE,
2 AGREEMENT OF SALE, OR AGREEMENT TO SELL, TO WHICH
3 THERE SHALL BE AFFIXED A LAWFUL STAMP OR STAMPS IN
4 VALUE EQUAL TO THE AMOUNT OF THE TAX ON SUCH SALE:
5 PROVIDED FURTHER, THAT SELLERS OF COMMODITIES DE-
6 SCRIBED HEREIN, HAVING PAID THE TAX PROVIDED BY THIS
7 SUBDIVISION, MAY TRANSFER SUCH CONTRACTS TO A CLEAR-
8 ING-HOUSE CORPORATION OR ASSOCIATION, AND SUCH
9 TRANSFER SHALL NOT BE DEEMED TO BE A SALE, OR
10 AGREEMENT OF SALE, OR AN AGREEMENT TO
11 SELL WITHIN THE PROVISIONS OF THIS ACT, PROVIDED
12 THAT SUCH TRANSFER SHALL NOT VEST ANY BENEFICIAL
13 INTEREST IN SUCH CLEARING-HOUSE ASSOCIATION BUT SHALL
14 BE MADE FOR THE SOLE PURPOSE OF ENABLING SUCH CLEAR-
15 ING-HOUSE ASSOCIATION TO ADJUST AND BALANCE THE
16 ACCOUNTS OF THE MEMBERS OF SUCH CLEARING-HOUSE
17 ASSOCIATION ON THEIR SEVERAL CONTRACTS. EVERY SUCH
18 BILL, MEMORANDUM, OR OTHER EVIDENCE OF SALE OR
19 AGREEMENT TO SELL SHALL SHOW THE DATE THEREOF, THE
20 NAME OF THE SELLER, THE AMOUNT OF THE SALE, AND THE
21 MATTER OR THING TO WHICH IT REFERS; AND ANY PERSON
22 LIABLE TO PAY THE TAX AS HEREIN PROVIDED, OR ANYONE
23 WHO ACTS IN THE MATTER AS AGENT OR BROKER FOR SUCH
24 PERSON, WHO MAKES ANY SUCH SALE OR AGREEMENT OF
25 SALE, OR AGREEMENT TO SELL, OR WHO, IN PURSUANCE OF

1 ANY SUCH SALE, AGREEMENT OF SALE, OR AGREEMENT TO
2 SELL, DELIVERS ANY SUCH PRODUCTS OR MERCHANDISE
3 WITHOUT A BILL, MEMORANDUM, OR OTHER EVIDENCE
4 THEREOF AS HEREIN REQUIRED, OR WHO DELIVERS SUCH
5 BILL, MEMORANDUM, OR OTHER EVIDENCE OF SALE, OR
6 AGREEMENT TO SELL, WITHOUT HAVING THE PROPER STAMPS
7 AFFIXED THERETO, WITH INTENT TO EVADE THE FOREGOING
8 PROVISIONS, SHALL BE DEEMED GUILTY OF A MISDEMEANOR,
9 AND UPON CONVICTION THEREOF SHALL PAY A FINE OF NOT
10 EXCEEDING \$1,000 OR BE IMPRISONED NOT MORE THAN SIX
11 MONTHS, OR BOTH.

12 No BILL, MEMORANDUM, AGREEMENT, OR OTHER EVI-
13 DENCE OF SUCH SALE, OR AGREEMENT OF SALE, OR AGREE-
14 MENT TO SELL, IN CASE OF CASH SALES OF PRODUCTS
15 OR MERCHANDISE FOR IMMEDIATE OR PROMPT DELIVERY
16 WHICH IN GOOD FAITH ARE ACTUALLY INTENDED TO BE
17 DELIVERED SHALL BE SUBJECT TO THIS TAX.

18 6. DRAFTS OR CHECKS (PAYABLE OTHERWISE THAN AT
19 SIGHT OR ON DEMAND) UPON THEIR ACCEPTANCE OR DELIV-
20 ERY WITHIN THE UNITED STATES WHICHEVER IS PRIOR,
21 PROMISSORY NOTES, EXCEPT BANK NOTES ISSUED FOR CIR-
22 CULATION, AND FOR EACH RENEWAL OF THE SAME, FOR A
23 SUM NOT EXCEEDING \$100, 2 CENTS; AND FOR EACH ADDI-
24 TIONAL \$100, OR FRACTIONAL PART THEREOF, 2 CENTS.

1 THIS SUBDIVISION SHALL NOT APPLY TO A PROMISSORY
2 NOTE SECURED BY THE PLEDGE OF BONDS OR OBLIGATIONS OF
3 THE UNITED STATES ISSUED AFTER APRIL 24, 1917, OR
4 SECURED BY THE PLEDGE OF A PROMISSORY NOTE WHICH
5 ITSELF IS SECURED BY THE PLEDGE OF SUCH BONDS OR
6 OBLIGATIONS: PROVIDED, THAT IN EITHER CASE THE PAR
7 VALUE OF SUCH BONDS OR OBLIGATIONS SHALL BE NOT LESS
8 THAN THE AMOUNT OF SUCH NOTE.

9 7. CONVEYANCES: DEED, INSTRUMENT, OR WRITING,
10 WHEREBY ANY LANDS, TENEMENTS, OR OTHER REALTY SOLD
11 SHALL BE GRANTED, ASSIGNED, TRANSFERRED, OR OTHER-
12 WISE CONVEYED TO, OR VESTED IN, THE PURCHASER OR PUR-
13 CHASERS, OR ANY OTHER PERSON OR PERSONS, BY HIS, HER,
14 OR THEIR DIRECTION, WHEN THE CONSIDERATION OR VALUE
15 OF THE INTEREST OR PROPERTY CONVEYED, EXCLUSIVE OF
16 THE VALUE OF ANY LIEN OR ENCUMBRANCE REMAINING
17 THEREON AT THE TIME OF SALE, EXCEEDS \$100 AND DOES
18 NOT EXCEED \$500, 50 CENTS; AND FOR EACH ADDITIONAL
19 \$500 OR FRACTIONAL PART THEREOF, 50 CENTS. THIS SUB-
20 DIVISION SHALL NOT APPLY TO ANY INSTRUMENT OR WRITING
21 GIVEN TO SECURE A DEBT.

22 8. ENTRY OF ANY GOODS, WARES, OR MERCHANDISE
23 AT ANY CUSTOMHOUSE, EITHER FOR CONSUMPTION OR
24 WAREHOUSING, NOT EXCEEDING \$100 IN VALUE, 25 CENTS

1 EXCEEDING \$100 AND NOT EXCEEDING \$500 IN VALUE, 50
 2 CENTS; EXCEEDING \$500 IN VALUE, \$1.

3 9. ENTRY FOR THE WITHDRAWAL OF ANY GOODS OR
 4 MERCHANDISE FROM CUSTOMS BONDED WAREHOUSE, 50
 5 CENTS.

6 10. PASSAGE TICKET, ONE WAY OR ROUND TRIP, FOR
 7 EACH PASSENGER, SOLD OR ISSUED IN THE UNITED STATES
 8 FOR PASSAGE BY ANY VESSEL TO A PORT OR PLACE NOT IN
 9 THE UNITED STATES, CANADA, OR MEXICO, IF COSTING
 10 NOT EXCEEDING \$30, \$1; COSTING MORE THAN \$30 AND NOT
 11 EXCEEDING \$60, \$3 COSTING MORE THAN \$60, \$5. THIS
 12 SUBDIVISION SHALL NOT APPLY TO PASSAGE TICKETS COSTING
 13 \$10 OR LESS.

14 11. PROXY FOR VOTING AT ANY ELECTION FOR OFFICERS,
 15 OR MEETING FOR THE TRANSACTION OF BUSINESS, OF ANY
 16 CORPORATION, EXCEPT RELIGIOUS, EDUCATIONAL, CHARI-
 17 TABLE, FRATERNAL, OR LITERARY SOCIETIES, OR PUBLIC
 18 CEMETERIES, 10 CENTS.

19 12. POWER OF ATTORNEY GRANTING AUTHORITY TO
 20 DO OR PERFORM SOME ACT FOR OR IN BEHALF OF THE
 21 GRANTOR, WHICH AUTHORITY IS NOT OTHERWISE VESTED
 22 IN THE GRANTEE, 25 CENTS. THIS SUBDIVISION SHALL
 23 NOT APPLY TO ANY PAPERS NECESSARY TO BE USED FOR
 24 THE COLLECTION OF CLAIMS FROM THE UNITED STATES
 25 OR FROM ANY STATE FOR PENSIONS, BACK PAY, BOUNTY,

1 OR FOR PROPERTY LOST IN THE MILITARY OR NAVAL SERV-
 2 ICE, NOT TO POWERS OF ATTORNEY REQUIRED IN BANK-
 3 RUPTCY CASES nor to powers of attorney contained in the
 4 application of those who become members of or policy holders
 5 in mutual insurance companies doing business on the inter-
 6 insurance or reciprocal indemnity plan through an attorney
 7 in fact.

8 13. PLAYING CARDS: UPON EVERY PACK OF PLAYING
 9 CARDS CONTAINING NOT MORE THAN FIFTY-FOUR CARDS,
 10 MANUFACTURED OR IMPORTED, AND SOLD, OR REMOVED FOR
 11 CONSUMPTION OR SALE, A TAX OF 8 CENTS PER PACK.

12 14. PARCEL-POST PACKAGES: UPON EVERY PARCEL OR
 13 PACKAGE TRANSPORTED FROM ONE POINT IN THE UNITED
 14 STATES TO ANOTHER BY PARCEL POST ON WHICH THE POST-
 15 AGE AMOUNTS TO 25 CENTS OR MORE, A TAX OF 1 CENT FOR
 16 EACH 25 CENTS OR FRACTIONAL PART THEREOF CHARGED
 17 FOR SUCH TRANSPORTATION, TO BE PAID BY THE CONSIGNOR.

18 NO SUCH PARCEL OR PACKAGE SHALL BE TRANSPORTED
 19 UNTIL A STAMP OR STAMPS REPRESENTING THE TAX DUE
 20 SHALL HAVE BEEN AFFIXED THERETO.

21 15. ON EACH POLICY OF INSURANCE, OR CERTIFICATE,
 22 BINDER, COVERING NOTE, MEMORANDUM, CABLEGRAM, LET-
 23 TER, OR OTHER INSTRUMENT BY WHATEVER NAME CALLED
 24 WHEREBY INSURANCE IS MADE OR RENEWED UPON PROP-
 25 erty WITHIN THE UNITED STATES (INCLUDING RENTS AND

1 PROFITS) AGAINST PERIL BY SEA OR ON INLAND WATERS OR
2 IN TRANSIT ON LAND (INCLUDING TRANSHIPMENTS AND
3 STORAGE AT TERMINI OR WAY POINTS) OR BY FIRE, LIGHT-
4 NING, TORNADO, WIND-STORM, BOMBARDMENT, INVASION,
5 INSURRECTION OR RIOT, ISSUED TO OR FOR OR IN THE NAME
6 OF A DOMESTIC CORPORATION OR PARTNERSHIP OR AN
7 INDIVIDUAL RESIDENT OF THE UNITED STATES BY ANY
8 FOREIGN CORPORATION OR PARTNERSHIP OR ANY INDI-
9 VIDUAL NOT A RESIDENT OF THE UNITED STATES, WHEN
10 SUCH POLICY OR OTHER INSTRUMENT IS NOT SIGNED OR
11 COUNTERSIGNED BY AN OFFICER OR AGENT OF THE INSURER
12 IN A STATE, TERRITORY, OR DISTRICT OF THE UNITED
13 STATES WITHIN WHICH SUCH INSURER IS AUTHORIZED TO
14 DO BUSINESS, A TAX OF 3 CENTS ON EACH DOLLAR, OR FRACTIONAL PART THEREOF OF THE PREMIUM CHARGED: PROVIDED, THAT POLICIES OF REINSURANCE SHALL BE EXEMPT
16 FROM THE TAX IMPOSED BY THIS SUBDIVISION.

18 ANY PERSON TO OR FOR WHOM OR IN WHOSE NAME
19 ANY SUCH POLICY OR OTHER INSTRUMENT IS ISSUED, OR
20 ANY SOLICITOR OR BROKER ACTING FOR OR ON BEHALF OF
21 SUCH PERSON IN THE PROCUREMENT OF ANY SUCH POLICY
22 OR OTHER INSTRUMENT, SHALL AFFIX THE PROPER STAMPS
23 TO SUCH POLICY OR OTHER INSTRUMENT, AND FOR FAILURE
24 TO AFFIX SUCH STAMPS WITH INTENT TO EVADE THE TAX

1 SHALL, IN ADDITION TO OTHER PENALTIES PROVIDED THERE-
2 FOR, PAY A FINE OF DOUBLE THE AMOUNT OF THE TAX.

3 TITLE XII.—TAX ON EMPLOYMENT OF
4 CHILD LABOR.

5 SEC. 1200. THAT EVERY PERSON (OTHER THAN A BONA
6 FIDE BOYS' OR GIRLS' CANNING CLUB RECOGNIZED BY THE AG-
7 RICULTURAL DEPARTMENT OF A STATE AND OF THE UNITED
8 STATES) OPERATING (A) ANY MINE OR QUARRY SITUATED
9 IN THE UNITED STATES IN WHICH CHILDREN UNDER THE
10 AGE OF SIXTEEN YEARS HAVE BEEN EMPLOYED OR PER-
11 MITTED TO WORK DURING ANY PORTION OF THE TAXABLE
12 YEAR; OR (B) ANY MILL, CANNERY, WORKSHOP, FACTORY,
13 OR MANUFACTURING ESTABLISHMENT SITUATED IN THE
14 UNITED STATES IN WHICH CHILDREN UNDER THE AGE OF
15 FOURTEEN YEARS HAVE BEEN EMPLOYED OR PERMITTED
16 TO WORK, OR CHILDREN BETWEEN THE AGES OF FOURTEEN
17 AND SIXTEEN HAVE BEEN EMPLOYED OR PERMITTED TO
18 WORK MORE THAN EIGHT HOURS IN ANY DAY OR MORE THAN
19 SIX DAYS IN ANY WEEK, OR AFTER THE HOURS OF SEVEN
20 O'CLOCK POST MERIDIAN, OR BEFORE THE HOUR OF SIX
21 O'CLOCK ANTE MERIDIAN, DURING ANY PORTION OF THE
22 TAXABLE YEAR, SHALL PAY FOR EACH TAXABLE YEAR, IN
23 ADDITION TO ALL OTHER TAXES IMPOSED BY LAW (but in
24 lieu of the tax imposed by section 1200 of the Revenue Act
25 of 1918), AN EXCISE TAX EQUIVALENT TO 10 PER CENTUM

1 OF THE ENTIRE NET PROFITS RECEIVED OR ACCRUED FOR
2 SUCH YEAR FROM THE SALE OR DISPOSITION OF THE PROD-
3 UCT OF SUCH MINE, QUARRY, MILL, CANNERY, WORKSHOP,
4 FACTORY, OR MANUFACTURING ESTABLISHMENT.

5 SEC. 1201. THAT IN COMPUTING NET PROFITS UNDER
6 THE PROVISIONS OF THIS TITLE, FOR THE PURPOSE OF THE
7 TAX THERE SHALL BE ALLOWED AS DEDUCTIONS FROM THE
8 GROSS AMOUNT RECEIVED OR ACCRUED FOR THE TAXABLE
9 YEAR FROM THE SALE OR DISPOSITION OF SUCH PRODUCTS
10 MANUFACTURED WITHIN THE UNITED STATES THE FOL-
11 LOWING ITEMS:

12 (A) THE COST OF RAW MATERIALS ENTERING INTO THE
13 PRODUCTION;

14 (B) RUNNING EXPENSES, INCLUDING RENTALS, COST
15 OF REPAIRS, AND MAINTENANCE, HEAT, POWER, INSURANCE,
16 MANAGEMENT, AND A REASONABLE ALLOWANCE FOR SALA-
17 RIES OR OTHER COMPENSATIONS FOR PERSONAL SERVICES
18 ACTUALLY RENDERED, AND FOR DEPRECIATION;

19 (C) INTEREST PAID WITHIN THE TAXABLE YEAR ON
20 DEBTS OR LOANS CONTRACTED TO MEET THE NEEDS OF THE
21 BUSINESS, AND THE PROCEEDS OF WHICH HAVE BEEN
22 ACTUALLY USED TO MEET SUCH NEEDS;

23 (D) TAXES OF ALL KINDS PAID DURING THE TAXABLE
24 YEAR WITH RESPECT TO THE BUSINESS OR PROPERTY RE-
25 LATING TO THE PRODUCTION; AND

1 (E) LOSSES ACTUALLY SUSTAINED WITHIN THE TAXA-
2 BLE YEAR IN CONNECTION WITH THE BUSINESS OF PRO-
3 DUCING SUCH PRODUCTS, INCLUDING LOSSES FROM FIRE,
4 FLOOD, STORM, OR OTHER CASUALTIES, AND NOT COMPEN-
5 SATED FOR BY INSURANCE OR OTHERWISE.

6 SEC. 1202. THAT IF ANY SUCH PERSON DURING ANY
7 TAXABLE YEAR OR PART THEREOF, WHETHER UNDER ANY
8 AGREEMENT, ARRANGEMENT, OR UNDERSTANDING OR OTHER-
9 WISE, SELLS OR DISPOSES OF ANY PRODUCT OF SUCH MINE,
10 QUARRY, MILL, CANNERY, WORKSHOP, FACTORY, OR MANU-
11 FACTURING ESTABLISHMENT AT LESS THAN THE FAIR MAR-
12 KET PRICE OBTAINABLE THEREFOR EITHER (A) IN SUCH
13 MANNER AS DIRECTLY OR INDIRECTLY TO BENEFIT SUCH
14 PERSON OR ANY PERSON DIRECTLY OR INDIRECTLY INTER-
15 ESTED IN THE BUSINESS OF SUCH PERSON; OR (B) WITH
16 INTENT TO CAUSE SUCH BENEFIT; THE GROSS AMOUNT
17 RECEIVED OR ACCRUED FOR SUCH YEAR OR PART THEREOF
18 FROM THE SALE OR DISPOSITION OF SUCH PRODUCT SHALL
19 BE TAKEN TO BE THE AMOUNT WHICH WOULD HAVE BEEN
20 RECEIVED OR ACCRUED FROM THE SALE OR DISPOSITION OF
21 SUCH PRODUCT IF SOLD AT THE FAIR MARKET PRICE.

22 SEC. 1203. (A) THAT NO PERSON SUBJECT TO THE
23 PROVISIONS OF THIS TITLE SHALL BE LIABLE FOR THE TAX
24 HEREIN IMPOSED IF THE ONLY EMPLOYMENT OR PERMIS-
25 SION TO WORK WHICH BUT FOR THIS SECTION WOULD SUB-

1 JEOT HIM TO THE TAX HAS BEEN OF A CHILD AS TO WHOM
2 SUCH PERSON HAS IN GOOD FAITH PROCURED AT THE TIME
3 OF EMPLOYING SUCH CHILD OR PERMITTING HIM TO WORK,
4 AND HAS SINCE IN GOOD FAITH RELIED UPON AND KEPT
5 ON FILE A CERTIFICATE, ISSUED IN SUCH FORM, UNDER
6 SUCH CONDITIONS AND BY SUCH PERSONS AS MAY BE PRE-
7 SCRIBED BY A BOARD CONSISTING OF THE SECRETARY, THE
8 COMMISSIONER, AND THE SECRETARY OF LABOR, SHOWING
9 THE CHILD TO BE OF SUCH AGE AS NOT TO SUBJECT SUCH
10 PERSON TO THE TAX IMPOSED BY THIS TITLE. ANY PER-
11 SON WHO KNOWINGLY MAKES A FALSE STATEMENT OR PRE-
12 SENTS FALSE EVIDENCE IN OR IN RELATION TO ANY SUCH
13 CERTIFICATE OR APPLICATION THEREFOR SHALL BE PUN-
14 ISHED BY A FINE OF NOT LESS THAN \$100, NOR MORE THAN
15 \$1,000, OR BY IMPRISONMENT FOR NOT MORE THAN THREE
16 MONTHS, OR BY BOTH SUCH FINE AND IMPRISONMENT, IN
17 THE DISCRETION OF THE COURT.

18 IN ANY STATE DESIGNATED BY SUCH BOARD AN EM-
19 PLOYMENT CERTIFICATE OR OTHER SIMILAR PAPER AS TO
20 THE AGE OF THE CHILD, ISSUED UNDER THE LAWS OF THAT
21 STATE, AND NOT INCONSISTENT WITH THE PROVISIONS OF
22 THIS TITLE, SHALL HAVE THE SAME FORCE AND EFFECT AS
23 A CERTIFICATE HEREIN PROVIDED FOR.

24 (B) THE TAX IMPOSED BY THIS TITLE SHALL NOT BE
25 IMPOSED IN THE CASE OF ANY PERSON WHO PROVES TO THE

1 SATISFACTION OF THE SECRETARY THAT THE ONLY EM
2 PLOYMENT OR PERMISSION TO WORK, WHICH BUT FOR THIS
3 SECTION WOULD SUBJECT HIM TO THE TAX, HAS BEEN OF
4 A CHILD EMPLOYED OR PERMITTED TO WORK UNDER A
5 MISTAKE OF FACT AS TO THE AGE OF SUCH CHILD, AND
6 WITHOUT INTENTION TO EVADE THE TAX.

7 Sec. 1204. THAT ON OR BEFORE THE FIRST DAY OF
8 THE THIRD MONTH FOLLOWING THE CLOSE OF EACH TAX-
9 ABLE YEAR, A TRUE AND ACCURATE RETURN UNDER OATH
10 SHALL BE MADE BY EACH PERSON SUBJECT TO THE PRO-
11 VISIONS OF THIS TITLE TO THE COLLECTOR FOR THE DIS-
12 TRICT IN WHICH SUCH PERSON HAS HIS PRINCIPAL OFFICE OR
13 PLACE OF BUSINESS, IN SUCH FORM AS THE COMMISSIONER,
14 WITH THE APPROVAL OF THE SECRETARY, SHALL PRESCRIBE,
15 SETTING FORTH SPECIFICALLY THE GROSS AMOUNT OF INCOME
16 RECEIVED OR ACCRUED DURING SUCH YEAR FROM THE SALE
17 OR DISPOSITION OF THE PRODUCT OF ANY MINE, QUARRY,
18 MILL, CANNERY, WORKSHOP, FACTORY, OR MANUFACTURING
19 ESTABLISHMENT, IN WHICH CHILDREN HAVE BEEN EMPLOYED
20 SUBJECTING HIM TO THE TAX IMPOSED BY THIS TITLE, AND
21 FROM THE TOTAL THEREOF DEDUCTING THE AGGREGATE
22 ITEMS OF ALLOWANCE AUTHORIZED BY THIS TITLE, AND
23 SUCH OTHER PARTICULARS AS TO THE GROSS RECEIPTS
24 AND ITEMS OF ALLOWANCE AS THE COMMISSIONER, WITH
25 THE APPROVAL OF THE SECRETARY, MAY REQUIRE.

1 SEC. 1205. THAT ALL SUCH RETURNS SHALL BE
2 TRANSMITTED FORTHWITH BY THE COLLECTOR TO THE
3 COMMISSIONER, WHO SHALL, AS SOON AS PRACTICABLE,
4 ASSESS THE TAX FOUND DUE AND NOTIFY THE PERSON
5 MAKING SUCH RETURN OF THE AMOUNT OF TAX FOR WHICH
6 SUCH PERSON IS LIABLE, AND SUCH PERSON SHALL PAY
7 THE TAX TO THE COLLECTOR ON OR BEFORE THIRTY DAYS
8 FROM THE DATE OF SUCH NOTICE.

9 SEC. 1206. THAT FOR THE PURPOSES OF THIS ACT
10 THE COMMISSIONER, OR ANY PERSON DULY AUTHORIZED
11 BY HIM, SHALL HAVE AUTHORITY TO ENTER AND INSPECT
12 AT ANY TIME ANY MINE, QUARRY, MILL, CANNERY, WORK-
13 SHOP, FACTORY, OR MANUFACTURING ESTABLISHMENT. THE
14 SECRETARY OF LABOR, OR ANY PERSON DULY AUTHORIZED
15 BY HIM, SHALL, FOR THE PURPOSE OF COMPLYING WITH A
16 REQUEST OF THE COMMISSIONER TO MAKE SUCH AN INSPEC-
17 TION, HAVE LIKE AUTHORITY, AND SHALL MAKE REPORT
18 TO THE COMMISSIONER OF INSPECTIONS MADE UNDER
19 SUCH AUTHORITY IN SUCH FORM AS MAY BE PRESCRIBED BY
20 THE COMMISSIONER WITH THE APPROVAL OF THE SECRE-
21 TARY OF THE TREASURY.

22 ANY PERSON WHO REFUSES OR OBSTRUCTS ENTRY OR
23 INSPECTION AUTHORIZED BY THIS SECTION SHALL BE PUN-
24 IShed BY A FINE OF NOT MORE THAN \$1,000, OR BY IMPRIS-
25 ONMENT FOR NOT MORE THAN ONE YEAR, OR BOTH.

1 *SEC. 1207. THAT AS USED IN THIS TITLE THE TERM*
 2 *"TAXABLE YEAR" SHALL HAVE THE SAME MEANING AS*
 3 *PROVIDED FOR THE PURPOSES OF INCOME TAX IN SEC-*
 4 *TION 200.*

5 ~~TITLE X.—ADMINISTRATIVE PROVISIONS.~~

6 *TITLE XIII.—GENERAL ADMINISTRATIVE*
 7 *PROVISIONS.*

8 *LAWS MADE APPLICABLE:*

9 *SEC. 1300. THAT ALL ADMINISTRATIVE, SPECIAL, OR*
 10 *STAMP PROVISIONS OF LAW, INCLUDING THE LAW RELAT-*
 11 *ING TO THE ASSESSMENT OF TAXES, SO FAR AS APPLICABLE,*
 12 *ARE HEREBY EXTENDED TO AND MADE A PART OF THIS ACT,*
 13 *AND EVERY PERSON LIABLE TO ANY TAX IMPOSED BY THIS*
 14 *ACT, OR FOR THE COLLECTION THEREOF, SHALL KEEP*
 15 *SUCH RECORDS AND RENDER, UNDER OATH, SUCH STATEMENTS*
 16 *AND RETURNS, AND SHALL COMPLY WITH SUCH REGULATIONS*
 17 *AS THE COMMISSIONER, WITH THE APPROVAL OF THE SEC-*
 18 *RETARY, MAY FROM TIME TO TIME PRESCRIBE.*

19 *METHOD OF COLLECTING TAX.*

20 *SEC. 1301. That whether or not the method of col-*
 21 *lecting any tax imposed by Titles V, VI, VII, VIII, IX, or*
 22 *X of this Act is specifically provided therein, any such tax*
 23 *may, under regulations prescribed by the Commissioner with*
 24 *the approval of the Secretary, be collected by stamp, coupon,*
 25 *serial-numbered ticket, or such other reasonable device or*

1 method as may be necessary or helpful in securing a complete
 2 and prompt collection of the tax. All administrative and
 3 penalty provisions of Title XI, in so far as applicable, shall
 4 apply to the collection of any tax which the Commissioner
 5 determines or prescribes shall be collected in such manner.

6 **PENALTIES.**

7 **SEC. 1302. (A) THAT ANY PERSON REQUIRED UNDER**
 8 **TITLES V, VI, VII, VIII, IX, X, OR XII, TO PAY, OR TO**
 9 **COLLECT, ACCOUNT FOR AND PAY OVER ANY TAX, OR RE-**
 10 **QUIRED BY LAW OR REGULATIONS MADE UNDER AUTHORITY**
 11 **THEREOF TO MAKE A RETURN OR SUPPLY ANY INFORMATION**
 12 **FOR THE PURPOSES OF THE COMPUTATION, ASSESSMENT, OR**
 13 **COLLECTION OF ANY SUCH TAX, WHO FAILS TO PAY, COLLECT,**
 14 **OR TRULY ACCOUNT FOR AND PAY OVER ANY SUCH TAX,**
 15 **MAKE ANY SUCH RETURN OR SUPPLY ANY SUCH INFORMA-**
 16 **TION AT THE TIME OR TIMES REQUIRED BY LAW OR REGULA-**
 17 **TION SHALL IN ADDITION TO OTHER PENALTIES PROVIDED**
 18 **BY LAW BE SUBJECT TO A PENALTY OF NOT MORE THAN**
 19 **\$1,000.**

20 **(B) ANY PERSON WHO WILLFULLY REFUSES TO PAY,**
 21 **COLLECT, OR TRULY ACCOUNT FOR AND PAY OVER ANY**
 22 **SUCH TAX, MAKE SUCH RETURN OR SUPPLY SUCH INFORMA-**
 23 **TION AT THE TIME OR TIMES REQUIRED BY LAW OR REGULA-**
 24 **TION, OR WHO WILLFULLY ATTEMPTS IN ANY MANNER TO**
 25 **EVADE SUCH TAX SHALL BE GUILTY OF A MISDEMEANOR**

1 AND IN ADDITION TO OTHER PENALTIES PROVIDED BY LAW
2 SHALL BE FINED NOT MORE THAN \$10,000 OR IMPRISONED
3 FOR NOT MORE THAN ONE YEAR, OR BOTH, TOGETHER WITH
4 THE COSTS OF PROSECUTION.

5 (c) ANY PERSON WHO WILLFULLY REFUSES TO PAY,
6 COLLECT, OR TRULY ACCOUNT FOR AND PAY OVER ANY SUCH
7 TAX SHALL, IN ADDITION TO OTHER PENALTIES PROVIDED
8 BY LAW BE LIABLE TO A PENALTY OF THE AMOUNT OF THE
9 TAX EVADED, OR NOT PAID, COLLECTED, OR ACCOUNTED FOR
10 AND PAID OVER, TO BE ASSESSED AND COLLECTED IN THE
11 SAME MANNER AS TAXES ARE ASSESSED AND COLLECTED:
12 PROVIDED, HOWEVER, THAT NO PENALTY SHALL BE AS-
13 SSESSED UNDER THIS SUBDIVISION FOR ANY OFFENSE FOR
14 WHICH A PENALTY MAY BE ASSESSED UNDER AUTHORITY
15 OF SECTION 3176 OF THE REVISED STATUTES, AS AMENDED,
16 OR FOR ANY OFFENSE FOR WHICH A PENALTY HAS BEEN
17 RECOVERED UNDER SECTION 3256 OF THE REVISED
18 STATUTES.

19 (d) THE TERM "PERSON" AS USED IN THIS SECTION
20 INCLUDES AN OFFICER OR EMPLOYEE OF A CORPORATION OR
21 A MEMBER OR EMPLOYEE OF A PARTNERSHIP, WHO AS SUCH
22 OFFICER, EMPLOYEE, OR MEMBER IS UNDER A DUTY TO
23 PERFORM THE ACT IN RESPECT OF WHICH THE VIOLATION
24 OCCURS.

1 **RULES AND REGULATIONS.**

2 **SEC. 1303.** **THAT THE COMMISSIONER, WITH THE**
 3 **APPROVAL OF THE SECRETARY, IS HEREBY AUTHORIZED TO**
 4 **MAKE ALL NEEDFUL RULES AND REGULATIONS FOR THE**
 5 **ENFORCEMENT OF THE PROVISIONS OF THIS ACT.**

6 **THE COMMISSIONER, WITH SUCH APPROVAL MAY BY**
 7 **REGULATION PROVIDE THAT ANY RETURN REQUIRED BY**
 8 **TITLES V, VI, VII, VIII, IX, OR X TO BE UNDER OATH**
 9 **MAY, IF THE AMOUNT OF THE TAX COVERED THEREBY IS**
 10 **NOT IN EXCESS OF \$10, BE SIGNED OR ACKNOWLEDGED**
 11 **BEFORE TWO WITNESSES INSTEAD OF UNDER OATH.**

12 **OVERPAYMENTS AND OVERCOLLECTIONS.**

13 **SEC. 1304.** **THAT IN THE CASE OF ANY OVERPAYMENT**
 14 **OR OVERCOLLECTION OF ANY TAX IMPOSED BY SECTION 600**
 15 **OR BY TITLE V, TITLE VIII, OR TITLE IX, THE PERSON**
 16 **MAKING SUCH OVERPAYMENT OR OVERCOLLECTION MAY TAKE**
 17 **CREDIT THEREFOR AGAINST TAXES DUE UPON ANY MONTHLY**
 18 **RETURN, AND SHALL MAKE REFUND OF ANY EXCESSIVE**
 19 **AMOUNT COLLECTED BY HIM UPON PROPER APPLICATION BY**
 20 **THE PERSON ENTITLED THERETO.**

21 **ARTICLES EXPORTED.**

22 **SEC. 1305.** **THAT UNDER SUCH RULES AND REGULA-**
 23 **TIONS AS THE COMMISSIONER WITH THE APPROVAL OF THE**
 24 **SECRETARY MAY PRESCRIBE, THE TAXES IMPOSED UNDER**
 25 **THE PROVISIONS OF TITLES VI, VII, OR IX SHALL NOT**

1 APPLY IN RESPECT TO ARTICLES SOLD OR LEASED FOR EX-
2 PORT AND IN DUE COURSE SO EXPORTED. UNDER SUCH
3 RULES AND REGULATIONS THE AMOUNT OF ANY INTERNAL-
4 REVENUE TAX ERRONEOUSLY OR ILLEGALLY COLLECTED
5 IN RESPECT TO EXPORTED ARTICLES MAY BE REFUNDED
6 TO THE EXPORTER OF THE ARTICLE, INSTEAD OF TO THE
7 MANUFACTURER, IF THE MANUFACTURER WAIVES ANY CLAIM
8 FOR THE AMOUNT SO TO BE REFUNDED.

9 FRACTIONAL PARTS OF A CENT.

10 SEC. 1306. THAT IN THE PAYMENT OF ANY TAX UNDER
11 THIS ACT NOT PAYABLE BY STAMP A FRACTIONAL PART OF
12 A CENT SHALL BE DISREGARDED UNLESS IT AMOUNTS TO
13 ONE-HALF CENT OR MORE, IN WHICH CASE IT SHALL BE
14 INCREASED TO 1 CENT.

15 RETURNS.

16 SEC. 1307. THAT WHENEVER IN THE JUDGMENT OF THE
17 COMMISSIONER NECESSARY HE MAY REQUIRE ANY PERSON,
18 BY NOTICE SERVED UPON HIM, TO MAKE A RETURN OR SUCH
19 STATEMENTS AS HE DEEMS SUFFICIENT TO SHOW WHETHER
20 OR NOT SUCH PERSON IS LIABLE TO TAX.

21 EXAMINATION OF BOOKS AND WITNESSES.

22 SEC. 1308. THAT THE COMMISSIONER, FOR THE PUR-
23 POSE OF ASCERTAINING THE CORRECTNESS OF ANY RETURN
24 OR FOR THE PURPOSE OF MAKING A RETURN WHERE NONE
25 HAS BEEN MADE, IS HEREBY AUTHORIZED, BY ANY REV-

1 HAVE AGENT OR INSPECTOR DESIGNATED BY HIM FOR THAT
2 PURPOSE, TO EXAMINE ANY BOOKS, PAPERS, RECORDS, OR
3 MEMORANDA BEARING UPON THE MATTERS REQUIRED TO BE
4 INCLUDED IN THE RETURN, AND MAY REQUIRE THE ATTEND-
5 ANCE OF THE PERSON RENDERING THE RETURN OR OF ANY
6 OFFICER OR EMPLOYEE OF SUCH PERSON, OR THE ATTEND-
7 ANCE OF ANY OTHER PERSON HAVING KNOWLEDGE IN THE
8 PREMISES, AND MAY TAKE HIS TESTIMONY WITH REFERENCE
9 TO THE MATTER REQUIRED BY LAW TO BE INCLUDED IN SUCH
10 RETURN, WITH POWER TO ADMINISTER OATHS TO SUCH
11 PERSON OR PERSONS.

12 UNNECESSARY EXAMINATIONS.

13 *SEC. 1309. That no taxpayer shall be subjected to*
14 *unnecessary examinations or investigations, and only one*
15 *inspection of a taxpayer's books of account shall be made for*
16 *each taxable year unless the taxpayer requests otherwise or*
17 *unless the Commissioner, after investigation, notifies the*
18 *taxpayer in writing that an additional inspection is necessary.*

19 JURISDICTION OF COURTS.

20 *SEC. 1310. (a) THAT IF ANY PERSON IS SUMMONED*
21 *UNDER THIS ACT TO APPEAR, TO TESTIFY, OR TO PRODUCE*
22 *BOOKS, PAPERS, OR OTHER DATA THE DISTRICT COURT OF*
23 *THE UNITED STATES FOR THE DISTRICT IN WHICH SUCH*
24 *PERSON RESIDES SHALL HAVE JURISDICTION BY APPRO-*

1 PRIVATE PROCESS TO COMPEL SUCH ATTENDANCE, TESTIMONY,
2 OR PRODUCTION OF BOOKS, PAPERS, OR OTHER DATA.

3 (b) THE DISTRICT COURTS OF THE UNITED STATES AT
4 THE INSTANCE OF THE UNITED STATES ARE HEREBY IN-
5 VESTED WITH SUCH JURISDICTION TO MAKE AND ISSUE, BOTH
6 IN ACTIONS AT LAW AND SUITS IN EQUITY, WRITS AND ORDERS
7 OF INJUNCTION, AND OF NE EXEAT REPUBLICA, ORDERS
8 APPOINTING RECEIVERS, AND SUCH OTHER ORDERS AND
9 PROCESS, AND TO RENDER SUCH JUDGMENTS AND DECREES,
10 GRANTING IN PROPER CASES BOTH LEGAL AND EQUITABLE
11 RELIEF TOGETHER, AS MAY BE NECESSARY OR APPROPRIATE
12 FOR THE ENFORCEMENT OF THE PROVISIONS OF THIS ACT.
13 THE REMEDIES HEREBY PROVIDED ARE IN ADDITION TO AND
14 NOT EXCLUSIVE OF ANY AND ALL OTHER REMEDIES OF THE
15 UNITED STATES IN SUCH COURTS OR OTHERWISE TO ENFORCE
16 SUCH PROVISIONS.

17 AMENDMENTS TO REVISED STATUTES.

18 SEC. 1311. THAT SECTIONS 3164, 3165, 3167, 3172,
19 3173, AND 3176 OF THE REVISED STATUTES, AS AMENDED,
20 ARE reenacted, without change, AS FOLLOWS:

21 "SEC. 3164. IT SHALL BE THE DUTY OF EVERY COL-
22 LECTOR OF INTERNAL REVENUE HAVING KNOWLEDGE OF ANY
23 WILLFUL VIOLATION OF ANY LAW OF THE UNITED STATES
24 RELATING TO THE REVENUE, WITHIN THIRTY DAYS AFTER
25 COMING INTO POSSESSION OF SUCH KNOWLEDGE, TO FILE

1 WITH THE DISTRICT ATTORNEY OF THE DISTRICT IN WHICH
2 ANY FINE, PENALTY, OR FORFEITURE MAY BE INCURRED,
3 A STATEMENT OF ALL THE FACTS AND CIRCUMSTANCES OF
4 THE CASE WITHIN HIS KNOWLEDGE, TOGETHER WITH THE
5 NAMES OF THE WITNESSES, SETTING FORTH THE PROVISIONS
6 OF LAW BELIEVED TO BE SO VIOLATED ON WHICH RELIANCE
7 MAY BE HAD FOR CONDEMNATION OR CONVICTION.

8 "SEC. 3165. EVERY COLLECTOR, DEPUTY COLLECTOR,
9 INTERNAL-REVENUE AGENT, AND INTERNAL-REVENUE OFFI-
10 CER ASSIGNED TO DUTY UNDER AN INTERNAL-REVENUE
11 AGENT, IS AUTHORIZED TO ADMINISTER OATHS AND TO TAKE
12 EVIDENCE TOUCHING ANY PART OF THE ADMINISTRATION
13 OF THE INTERNAL-REVENUE LAWS WITH WHICH HE IS
14 CHARGED, OR WHERE SUCH OATHS AND EVIDENCE ARE
15 AUTHORIZED BY LAW OR REGULATION AUTHORIZED BY
16 LAW TO BE TAKEN.

17 "SEC. 3167. IT SHALL BE UNLAWFUL FOR ANY COL-
18 LECTOR, DEPUTY COLLECTOR, AGENT, CLERK, OR OTHER
19 OFFICER OR EMPLOYEE OF THE UNITED STATES TO DI-
20 VULGE OR TO MAKE KNOWN IN ANY MANNER WHATSOEVER
21 NOT PROVIDED BY LAW TO ANY PERSON THE OPERATIONS,
22 STYLE OF WORK, OR APPARATUS OF ANY MANUFACTURER
23 OR PRODUCER VISITED BY HIM IN THE DISCHARGE OF HIS
24 OFFICIAL DUTIES, OR THE AMOUNT OR SOURCE OF INCOME,
25 PROFITS, LOSSES, EXPENDITURES, OR ANY PARTICULAR

1 THEREOF, SET FORTH OR DISCLOSED IN ANY INCOME RE-
2 TURN, OR TO PERMIT ANY INCOME RETURN OR COPY THEREOF
3 OR ANY BOOK CONTAINING ANY ABSTRACT OR PARTICULARS
4 THEREOF TO BE SEEN OR EXAMINED BY ANY PERSON EXCEPT
5 AS PROVIDED BY LAW; AND IT SHALL BE UNLAWFUL FOR
6 ANY PERSON TO PRINT OR PUBLISH IN ANY MANNER WHAT-
7 EVER NOT PROVIDED BY LAW ANY INCOME RETURN, OR ANY
8 PART THEREOF OR SOURCE OF INCOME, PROFITS, LOSSES,
9 OR EXPENDITURES APPEARING IN ANY INCOME RETURN;
10 AND ANY OFFENSE AGAINST THE FOREGOING PROVISION
11 SHALL BE A MISDEMEANOR AND BE PUNISHED BY A FINE
12 NOT EXCEEDING \$1,000 OR BY IMPRISONMENT NOT EX-
13 CEEDING ONE YEAR, OR BOTH, AT THE DISCRETION OF THE
14 COURT; AND IF THE OFFENDER BE AN OFFICER OR EMPLOYEE
15 OF THE UNITED STATES HE SHALL BE DISMISSED FROM
16 OFFICE OR DISCHARGED FROM EMPLOYMENT.

17 "SEC. 3172. EVERY COLLECTOR SHALL, FROM TIME
18 TO TIME, CAUSE HIS DEPUTIES TO PROCEED THROUGH
19 EVERY PART OF HIS DISTRICT AND INQUIRE AFTER AND
20 CONCERNING ALL PERSONS THEREIN WHO ARE LIABLE TO
21 PAY ANY INTERNAL-REVENUE TAX, AND ALL PERSONS OWN-
22 ING OR HAVING THE CARE AND MANAGEMENT OF ANY
23 OBJECTS LIABLE TO PAY ANY TAX, AND TO MAKE A LIST OF
24 SUCH PERSONS AND ENUMERATE SAID OBJECTS.

1 "SEC. 3173. IT SHALL BE THE DUTY OF ANY PERSON,
2 PARTNERSHIP, FIRM, ASSOCIATION, OR CORPORATION, MADE
3 LIABLE TO ANY DUTY, SPECIAL TAX, OR OTHER TAX IM-
4 POSED BY LAW, WHEN NOT OTHERWISE PROVIDED FOR,
5 (1) IN CASE OF A SPECIAL TAX, ON OR BEFORE THE THIRTY-
6 FIRST DAY OF JULY IN EACH YEAR, AND (2) IN OTHER
7 CASES BEFORE THE DAY ON WHICH THE TAXES ACCRUE,
8 TO MAKE A LIST OR RETURN, VERIFIED BY OATH, TO THE
9 COLLECTOR OR A DEPUTY COLLECTOR OF THE DISTRICT
10 WHERE LOCATED, OF THE ARTICLES OR OBJECTS, INCLUD-
11 ING THE QUANTITY OF GOODS, WARES, AND MERCHANDISE,
12 MADE OR SOLD AND CHARGED WITH A TAX, THE SEVERAL
13 RATES AND AGGREGATE AMOUNT, ACCORDING TO THE FORMS
14 AND REGULATIONS TO BE PRESCRIBED BY THE COMMIS-
15 SIONER OF INTERNAL REVENUE, WITH THE APPROVAL OF
16 THE SECRETARY OF THE TREASURY, FOR WHICH SUCH PER-
17 SON, PARTNERSHIP, FIRM, ASSOCIATION, OR CORPORATION IS
18 LIABLE: PROVIDED, THAT IF ANY PERSON LIABLE TO PAY
19 ANY DUTY OR TAX, OR OWNING, POSSESSING, OR HAVING
20 THE CARE OR MANAGEMENT OF PROPERTY, GOODS, WARES,
21 AND MERCHANDISE, ARTICLE OR OBJECTS LIABLE TO
22 PAY ANY DUTY, TAX, OR LICENSE, SHALL FAIL TO
23 MAKE AND EXHIBIT A LIST OR RETURN REQUIRED BY
24 LAW, BUT SHALL CONSENT TO DISCLOSE THE PARTICU-
25 LARS OF ANY AND ALL THE PROPERTY, GOODS, WARES,

1 AND MERCHANDISE, ARTICLES, AND OBJECTS LIABLE TO
2 PAY ANY DUTY OR TAX, OR ANY BUSINESS OR OCCUPA-
3 TION LIABLE TO PAY ANY TAX AS AFORESAID, THEN, AND
4 IN THAT CASE, IT SHALL BE THE DUTY OF THE COLLECTOR
5 OR DEPUTY COLLECTOR TO MAKE SUCH LIST OR RETURN,
6 WHICH, BEING DISTINCTLY READ, CONSENTED TO, AND
7 SIGNED AND VERIFIED BY OATH BY THE PERSON SO OWNING,
8 POSSESSING, OR HAVING THE CARE AND MANAGEMENT AS
9 AFORESAID, MAY BE RECEIVED AS THE LIST OF SUCH PER-
10 SON: PROVIDED FURTHER, THAT IN CASE NO ANNUAL LIST
11 OR RETURN HAS BEEN RENDERED BY SUCH PERSON TO THE
12 COLLECTOR OR DEPUTY COLLECTOR AS REQUIRED BY LAW,
13 AND THE PERSON SHALL BE ABSENT FROM HIS OR HER RESI-
14 DENCE OR PLACE OF BUSINESS AT THE TIME THE COLLECTOR
15 OR A DEPUTY COLLECTOR SHALL CALL FOR THE ANNUAL LIST
16 OR RETURN, IT SHALL BE THE DUTY OF SUCH COLLECTOR OR
17 DEPUTY COLLECTOR TO LEAVE AT SUCH PLACE OF RESIDENCE
18 OR BUSINESS, WITH SOME ONE OF SUITABLE AGE AND DISCRE-
19 TION, IF SUCH BE PRESENT, OTHERWISE TO DEPOSIT IN THE
20 NEAREST POST OFFICE, A NOTE OR MEMORANDUM ADDRESSED
21 TO SUCH PERSON, REQUIRING HIM OR HER TO RENDER TO
22 SUCH COLLECTOR OR DEPUTY COLLECTOR THE LIST OR RE-
23 TURN REQUIRED BY LAW WITHIN TEN DAYS FROM THE DATE
24 OF SUCH NOTE OR MEMORANDUM, VERIFIED BY OATH. AND
25 IF ANY PERSON, ON BEING NOTIFIED OR REQUIRED AS AFORE-

1 SAID, SHALL REFUSE OR NEGLECT TO RENDER SUCH LIST
2 OR RETURN WITHIN THE TIME REQUIRED AS AFORESAID,
3 OR WHENEVER ANY PERSON WHO IS REQUIRED TO DELIVER
4 A MONTHLY OR OTHER RETURN OF OBJECTS SUBJECT
5 TO TAX FAILS TO DO SO AT THE TIME REQUIRED, OR
6 DELIVERS ANY RETURN WHICH, IN THE OPINION OF
7 THE COLLECTOR, IS ERRONEOUS, FALSE, OR FRAUDU-
8 LENT, OR CONTAINS ANY UNDERVALUATION OR UNDERSTATE-
9 MENT, OR REFUSES TO ALLOW ANY REGULARLY AUTHOR-
10 IZED GOVERNMENT OFFICER TO EXAMINE THE BOOKS OF
11 SUCH PERSON, FIRM, OR CORPORATION, IT SHALL BE LAWFUL
12 FOR THE COLLECTOR TO SUMMON SUCH PERSON, OR ANY
13 OTHER PERSON HAVING POSSESSION, CUSTODY, OR CARE
14 OF BOOKS OF ACCOUNT CONTAINING ENTRIES RELATING TO
15 THE BUSINESS OF SUCH PERSON OR ANY OTHER PERSON HE
16 MAY DEEM PROPER, TO APPEAR BEFORE HIM AND PRODUCE
17 SUCH BOOKS AT A TIME AND PLACE NAMED IN THE SUMMONS,
18 AND TO GIVE TESTIMONY OR ANSWER INTERROGATORIES,
19 UNDER OATH, RESPECTING ANY OBJECTS OR INCOME LIABLE
20 TO TAX OR THE RETURNS THEREOF. THE COLLECTOR MAY
21 SUMMON ANY PERSON RESIDING OR FOUND WITHIN THE
22 STATE OR TERRITORY IN WHICH HIS DISTRICT LIES; AND
23 WHEN THE PERSON INTENDED TO BE SUMMONED DOES NOT
24 RESIDE AND CAN NOT BE FOUND WITHIN SUCH STATE OR
25 TERRITORY, HE MAY ENTER ANY COLLECTION DISTRICT

1 WHERE SUCH PERSON MAY BE FOUND AND THERE MAKE THE
2 EXAMINATION HEREIN AUTHORIZED. AND TO THIS END
3 HE MAY THERE EXERCISE ALL THE AUTHORITY WHICH
4 HE MIGHT LAWFULLY EXERCISE IN THE DISTRICT FOR
5 WHICH HE WAS COMMISSIONED: PROVIDED, THAT 'PER-
6 SON,' AS USED IN THIS SECTION, SHALL BE CONSTRUED TO
7 INCLUDE ANY CORPORATION, JOINT-STOCK COMPANY OR
8 ASSOCIATION, OR INSURANCE COMPANY WHEN SUCH CON-
9 STRUCTION IS NECESSARY TO CARRY OUT ITS PROVISIONS.
10 "SEC. 3176. IF ANY PERSON, CORPORATION, COM-
11 PANY, OR ASSOCIATION FAILS TO MAKE AND FILE A RETURN
12 OR LIST AT THE TIME PRESCRIBED BY LAW OR BY REGU-
13 LATION MADE UNDER AUTHORITY OF LAW, OR MAKES,
14 WILLFULLY OR OTHERWISE, A FALSE OR FRAUDULENT
15 RETURN OR LIST, THE COLLECTOR OR DEPUTY COLLECTOR
16 SHALL MAKE THE RETURN OR LIST FROM HIS OWN KNOWL-
17 EDGE AND FROM SUCH INFORMATION AS HE CAN OBTAIN
18 THROUGH TESTIMONY OR OTHERWISE. IN ANY SUCH CASE
19 THE COMMISSIONER MAY, FROM HIS OWN KNOWLEDGE AND
20 FROM SUCH INFORMATION AS HE CAN OBTAIN THROUGH
21 TESTIMONY OR OTHERWISE, MAKE A RETURN OR AMEND
22 ANY RETURN MADE BY A COLLECTOR OR DEPUTY COLLECTOR.
23 ANY RETURN OR LIST SO MADE AND SUBSCRIBED BY THE
24 COMMISSIONER, OR BY A COLLECTOR OR DEPUTY COLLECTOR

1 AND APPROVED BY THE COMMISSIONER, SHALL BE PRIMA
2 FACIE GOOD AND SUFFICIENT FOR ALL LEGAL PURPOSES.

3 "IF THE FAILURE TO FILE A RETURN OR LIST IS DUE
4 TO SICKNESS OR ABSENCE, THE COLLECTOR MAY ALLOW
5 SUCH FURTHER TIME, NOT EXCEEDING THIRTY DAYS, FOR
6 MAKING AND FILING THE RETURN OR LIST AS HE DEEMS
7 PROPER.

8 "THE COMMISSIONER OF INTERNAL REVENUE SHALL
9 DETERMINE AND ASSESS ALL TAXES, OTHER THAN STAMP
10 TAXES, AS TO WHICH RETURNS OR LISTS ARE SO MADE
11 UNDER THE PROVISIONS OF THIS SECTION. IN CASE OF ANY
12 FAILURE TO MAKE AND FILE A RETURN OR LIST WITHIN THE
13 TIME PRESCRIBED BY LAW, OR PRESCRIBED BY THE COM-
14 MISSIONER OF INTERNAL REVENUE OR THE COLLECTOR IN
15 PURSUANCE OF LAW, THE COMMISSIONER OF INTERNAL
16 REVENUE SHALL ADD TO THE TAX 25 PER CENTUM OF ITS
17 AMOUNT, EXCEPT THAT WHEN A RETURN IS FILED AFTER
18 SUCH TIME AND IT IS SHOWN THAT THE FAILURE TO FILE
19 IT WAS DUE TO A REASONABLE CAUSE AND NOT TO WILLFUL
20 NEGLECT, NO SUCH ADDITION SHALL BE MADE TO THE TAX.
21 IN CASE A FALSE OR FRAUDULENT RETURN OR LIST IS WILL-
22 FULLY MADE, THE COMMISSIONER OF INTERNAL REVENUE
23 SHALL ADD TO THE TAX 50 PER CENTUM OF ITS AMOUNT.

24 "THE AMOUNT SO ADDED TO ANY TAX SHALL BE COL-
25 LECTED AT THE SAME TIME AND IN THE SAME MANNER AND

1 AS PART OF THE TAX UNLESS THE TAX HAS BEEN PAID
 2 BEFORE THE DISCOVERY OF THE NEGLIGENCE, FALSITY, OR
 3 FRAUD, IN WHICH CASE THE AMOUNT SO ADDED SHALL BE
 4 COLLECTED IN THE SAME MANNER AS THE TAX."

5 **FINAL DETERMINATIONS AND ASSESSMENTS.**

6 **SEC. 1991.—If 1312:** *That if after a determination and*
 7 *assessment in any case the taxpayer has without protest paid*
 8 *in whole any tax or penalty, or accepted any abatement,*
 9 *credit, or refund based on such determination and assessment,*
 10 *and an agreement is made in writing between the taxpayer*
 11 *and the Commissioner, with the approval of the Secretary,*
 12 *that such determination and assessment shall be final and*
 13 *conclusive, then (except upon a showing of fraud or mal-*
 14 *feasance or misrepresentation of fact materially affecting the*
 15 *determination or assessment thus made) (1) the case shall*
 16 *not be reopened or the determination and assessment modified*
 17 *by any officer, employee, or agent of the United States, and*
 18 *(2) no suit, action, or proceeding to annul, modify, or set*
 19 *aside such determination or assessment shall be entertained*
 20 *by any court of the United States.*

21 **ADMINISTRATIVE REVIEW.**

22 **SEC. 1313.** *That in the absence of fraud or mistake in*
 23 *mathematical calculation, the findings of facts in and the deci-*
 24 *sion of the Commissioner upon (or in case the Secretary is*
 25 *authorized to approve the same, then after such approval) the*

1 *merits of any claim presented under or authorized by the in-*
 2 *ternal-revenue laws shall not be subject to review by any ad-*
 3 *ministrative officer, employee, or agent of the United States.*

4 **RETROACTIVE REGULATIONS.**

5 **SEC. 1002.** ~~In 1914.~~ That in case a regulation or
 6 Treasury decision relating to the internal-revenue laws made
 7 by the Commissioner or the Secretary, or by the Commis-
 8 sioner with the approval of the Secretary, is reversed by a
 9 subsequent regulation or Treasury decision, and such reversal
 10 is not immediately occasioned or required by a decision of a
 11 court of competent jurisdiction, such subsequent regulation or
 12 Treasury decision may, in the discretion of the Commissioner,
 13 with the approval of the Secretary, be applied without retro-
 14 active effect.

15 ~~Sec. 1003. Section 1305 of the Revenue Act of 1918~~
 16 ~~is amended by adding at the end thereof a new paragraph~~
 17 ~~to read as follows:~~

18 ~~"No taxpayer shall be subjected to unnecessary exami-~~
 19 ~~nations or investigations, and only one inspection of a tax-~~
 20 ~~payer's books of account shall be made for each taxable year~~
 21 ~~unless the taxpayer requests otherwise or unless the Com-~~
 22 ~~missioner, after investigation, notifies the taxpayer in writing~~
 23 ~~that an additional inspection is necessary."~~

24 ~~Sec. 1004. Section 1307 of the Revenue Act of 1918 is~~
 25 ~~amended to read as follows:~~

1 ~~“Sec. 1307. That whether or not the method of col-~~
 2 ~~lecting any tax imposed by Titles V, VI, VII, VIII, IX, or~~
 3 ~~X of this Act is specifically provided therein, any such tax~~
 4 ~~may, under regulations prescribed by the Commissioner with~~
 5 ~~the approval of the Secretary, be collected by stamp, coupon,~~
 6 ~~or serial numbered ticket. All administrative and penalty~~
 7 ~~provisions of Title XI, in so far as applicable, shall apply to~~
 8 ~~the collection of any tax which the Commissioner determines~~
 9 ~~or prescribes shall be collected in such manner.”~~

10

REFUNDS.

11 *SEC. 1315. THAT SECTION 3220 OF THE REVISED*
 12 *STATUTES, AS AMENDED, IS REENACTED WITHOUT CHANGE, AS*
 13 *FOLLOWS:*

14 *“SEC. 3220. THE COMMISSIONER OF INTERNAL REV.*
 15 *ENUE, SUBJECT TO REGULATIONS PRESCRIBED BY THE*
 16 *SECRETARY OF THE TREASURY, IS AUTHORIZED TO REMIT,*
 17 *REFUND, AND PAY BACK ALL TAXES ERRONEOUSLY OR ILLE-*
 18 *GALLY ASSESSED OR COLLECTED, ALL PENALTIES COLLECTED*
 19 *WITHOUT AUTHORITY, AND ALL TAXES THAT APPEAR TO BE*
 20 *UNJUSTLY ASSESSED OR EXCESSIVE IN AMOUNT, OR IN ANY*
 21 *MANNER WRONGFULLY COLLECTED; ALSO TO REPAY TO ANY*
 22 *COLLECTOR OR DEPUTY COLLECTOR THE FULL AMOUNT OF*
 23 *SUCH SUMS OF MONEY AS MAY BE RECOVERED AGAINST HIM*
 24 *IN ANY COURT, FOR ANY INTERNAL REVENUE TAXES COL-*
 25 *LECTED BY HIM, WITH THE COST AND EXPENSES OF SUIT,*

1 ALSO ALL DAMAGES AND COSTS RECOVERED AGAINST ANY
2 ASSESSOR, ASSISTANT ASSESSOR, COLLECTOR, DEPUTY COL-
3 LECTOR, AGENT, OR INSPECTOR, IN ANY SUIT BROUGHT
4 AGAINST HIM BY REASON OF ANYTHING DONE IN THE DUE
5 PERFORMANCE OF HIS OFFICIAL DUTY, AND SHALL MAKE
6 REPORT TO CONGRESS AT THE BEGINNING OF EACH REGU-
7 LAR SESSION OF CONGRESS OF ALL TRANSACTIONS UNDER
8 THIS SECTION."

9 *SEC. 1316. That section 3228 of the Revised Statutes*
10 *is amended to read as follows:*

11 "SEC. 3228. ALL CLAIMS FOR THE REFUNDING OF ANY
12 INTERNAL revenue TAX ALLEGED TO HAVE BEEN ERRONEOUSLY
13 OR ILLEGALLY ASSESSED OR COLLECTED, OR OF ANY PENALTY
14 ALLEGED TO HAVE BEEN COLLECTED WITHOUT AUTHORITY,
15 OR OF ANY SUM ALLEGED TO HAVE BEEN EXCESSIVE OR IN
16 ANY MANNER WRONGFULLY COLLECTED, MUST BE PRESENTED
17 TO THE COMMISSIONER OF INTERNAL REVENUE WITHIN
18 *four* YEARS NEXT AFTER *payment* of such tax, penalty, or
19 *sum.*"

20 *SEC. 1317. THAT THE PARAGRAPH OF SECTION 3689*
21 *OF THE REVISED STATUTES, AS AMENDED, READING AS*
22 *FOLLOWS: "REFUNDING TAXES ILLEGALLY COLLECTED*
23 *(INTERNAL REVENUE): To REFUND AND PAY BACK DUTIES*
24 *ERRONEOUSLY OR ILLEGALLY ASSESSED OR COLLECTED UNDER*
25 *THE INTERNAL-REVENUE LAWS," IS REPEALED FROM AND*

1 AFTER JUNE 30, 1920; AND THE SECRETARY OF THE TREAS-
2 URY SHALL SUBMIT FOR THE FISCAL YEAR 1921, AND AN-
3 NNUALLY THEREAFTER, AN ESTIMATE OF APPROPRIATIONS
4 TO REFUND AND PAY BACK DUTIES OR TAXES ERRONEOUSLY
5 OR ILLEGALLY ASSESSED OR COLLECTED UNDER THE INTER-
6 NAL-REVENUE LAWS, AND TO PAY JUDGMENTS, INCLUDING
7 INTEREST AND COSTS, RENDERED FOR TAXES OR PENALTIES
8 ERRONEOUSLY OR ILLEGALLY ASSESSED OR COLLECTED
9 UNDER THE INTERNAL-REVENUE LAWS.

10 LIMITATIONS UPON SUITS AND PROSECUTIONS.

11 SEC. 1318. That section 3226 of the Revised Statutes is
12 amended to read as follows:

13 "SEC. 3226. No SUIT or proceeding SHALL BE MAIN-
14 TAINED IN ANY COURT FOR THE RECOVERY OF ANY INTERNAL-
15 REVENUE TAX ALLEGED TO HAVE BEEN ERRONEOUSLY OR
16 ILLEGALLY ASSESSED OR COLLECTED, OR OF ANY PENALTY
17 CLAIMED TO HAVE BEEN COLLECTED WITHOUT AUTHORITY,
18 OR OF ANY SUM ALLEGED TO HAVE BEEN EXCESSIVE OR IN
19 ANY MANNER WRONGFULLY COLLECTED, UNTIL a claim for
20 refund has been duly filed with THE COMMISSIONER OF
21 INTERNAL REVENUE, ACCORDING TO THE PROVISIONS OF
22 LAW IN THAT REGARD, AND THE REGULATIONS OF THE
23 SECRETARY OF THE TREASURY ESTABLISHED IN PURSUANCE
24 THEREOF. No such suit or proceeding shall be begun before

1 the expiration of six months from the date of filing such
2 claim unless the Commissioner renders a decision thereon
3 within that time, nor after the expiration of five years from
4 the date of the payment of such tax, penalty, or sum."

5 SEC. 1319. That section 3227 of the Revised Statutes
6 is hereby repealed but such repeal shall not affect any suit or
7 proceeding instituted prior to the passage of this Act.

8 SEC. 1320. That no suit or proceeding for the collection
9 of any internal revenue tax shall be begun after the expiration
10 of five years from the time such tax was due, except in the
11 case of fraud with intent to evade tax, or willful attempt in
12 any manner to defeat or evade tax. This section shall not
13 apply to suits or proceedings for the collection of taxes under
14 section 250 of this Act, nor to suits or proceedings begun at
15 the time of the passage of this Act.

16 SEC. 1321. (a) That the Act entitled "An Act to limit
17 the time within which prosecutions may be instituted against
18 persons charged with violating internal-revenue laws," ap-
19 proved July 5, 1884, is amended to read as follows:

20 "That no person shall be prosecuted, tried, or punished
21 for any of the various offenses arising under the internal-
22 revenue laws of the United States unless the indictment is
23 found or the information instituted within three years next
24 after the commission of the offense: Provided, That the time

1 *during which the person committing the offense is absent from*
2 *the district wherein the same is committed shall not be taken*
3 *as any part of the time limited by law for the commencement*
4 *of such proceedings: Provided further, That the provisions of*
5 *this Act shall not apply to offenses committed prior to its*
6 *passage: Provided further, That where a complaint shall be*
7 *instituted before a commissioner of the United States within*
8 *the period above limited, the time shall be extended until the*
9 *discharge of the grand jury at its next session within the*
10 *district: And provided further, That this Act shall not apply*
11 *to offenses committed by officers of the United States."*

12 (b) *Any prosecution or proceeding under an indictment*
13 *found or information instituted prior to the passage of this*
14 *Act shall not be affected in any manner by this amendment,*
15 *but such prosecution or proceeding shall be subject to the*
16 *limitations imposed by law prior to the passage of this Act.*

17 ASSESSMENTS.

18 SEC. 1322. *That all internal revenue taxes, except as*
19 *provided in section 250 of this Act, shall, notwithstanding*
20 *the provisions of section 3182 of the Revised Statutes or*
21 *any other provision of law, be assessed within four years*
22 *after such taxes became due, but in the case of fraud with*
23 *intent to evade tax or willful attempt in any manner to*
24 *defeat or evade tax, such tax may be assessed at any time*

FRAUDULENT RETURNS.

1

2 *SEC. 1323. That SECTION 3225 OF THE REVISED STAT-*
3 *UTES OF THE UNITED STATES, as amended, is reenacted*
4 *without change AS FOLLOWS:*

5 *"SEC. 3225. WHEN A SECOND ASSESSMENT IS MADE*
6 *IN CASE OF ANY LIST, STATEMENT, OR RETURN, WHICH IN*
7 *THE OPINION OF THE COLLECTOR OR DEPUTY COLLECTOR*
8 *WAS FALSE OR FRAUDULENT, OR CONTAINED ANY UNDER-*
9 *STATEMENT OR UNDERVALUATION, SUCH ASSESSMENT SHALL*
10 *NOT BE REMITTED, NOR SHALL TAXES COLLECTED UNDER*
11 *SUCH ASSESSMENT BE REFUNDED, OR PAID BACK, OR RE-*
12 *COVERED BY ANY SUIT, UNLESS IT IS PROVED THAT SUCH*
13 *LIST, STATEMENT, OR RETURN WAS NOT WILLFULLY FALSE*
14 *OR FRAUDULENT AND DID NOT CONTAIN ANY WILLFUL UNDER*
15 *STATEMENT OR UNDERVALUATION."*

16

INTEREST ON REFUNDS.

17 *SEC. 1324. That upon the allowance of a claim for the*
18 *refund of or credit for taxes paid, interest shall be allowed*
19 *and paid upon the total amount of such refund or credit at*
20 *the rate of one-half of 1 per centum per month to the date of*
21 *such allowance, as follows: (1) if such amount was paid*
22 *under a specific protest setting forth in detail the basis of and*
23 *reasons for such protest, from the time when such tax was paid,*
24 *or (2) if such amount was not paid under protest but pur-*
25 *suant to an additional assessment, from the time such addi-*

1 *tional assessment was paid, or (3) if no protest was made*
 2 *and the tax was not paid pursuant to an additional assessment,*
 3 *from six months after the date of filing of such claim for*
 4 *refund or credit. The term "additional assessment" as*
 5 *used in this section means a further assessment for a tax of*
 6 *the same character previously paid in part.*

7 *PAYMENT OF TAXES BY CHECK OR UNITED STATES*
 8 *SECURITIES.*

9 *SEC. 1325. THAT COLLECTORS MAY RECEIVE, AT PAR*
 10 *WITH AN ADJUSTMENT FOR ACCRUED INTEREST, NOTES OR*
 11 *CERTIFICATES OF INDEBTEDNESS ISSUED BY THE UNITED*
 12 *STATES AND UNCERTIFIED CHECKS IN PAYMENT OF INCOME,*
 13 *WAR-PROFITS AND EXCESS-PROFITS TAXES AND ANY OTHER*
 14 *TAXES PAYABLE OTHER THAN BY STAMP, DURING SUCH*
 15 *TIME AND UNDER SUCH REGULATIONS AS THE COMMIS-*
 16 *SIONER, WITH THE APPROVAL OF THE SECRETARY, SHALL*
 17 *PRESCRIBE; BUT IF A CHECK SO RECEIVED IS NOT PAID BY*
 18 *THE BANK ON WHICH IT IS DRAWN THE PERSON BY WHOM*
 19 *SUCH CHECK HAS BEEN TENDERED SHALL REMAIN LIABLE*
 20 *FOR THE PAYMENT OF THE TAX AND FOR ALL LEGAL PENAL-*
 21 *TIES AND ADDITIONS THE SAME AS IF SUCH CHECK HAD NOT*
 22 *BEEN TENDERED.*

23 *FRAUDS ON PURCHASERS.*

24 *SEC. 1326. THAT WHOEVER IN CONNECTION WITH THE*
 25 *SALE OR LEASE, OR OFFER FOR SALE OR LEASE, OF ANY*

1 ARTICLE, OR FOR THE PURPOSE OF MAKING SUCH SALE OR
2 LEASE, MAKES ANY STATEMENT, WRITTEN OR ORAL, (1) IN-
3 TENDED OR CALCULATED TO LEAD ANY PERSON TO BELIEVE
4 THAT ANY PART OF THE PRICE AT WHICH SUCH ARTICLE IS
5 SOLD OR LEASED, OR OFFERED FOR SALE OR LEASE, CONSISTS
6 OF A TAX IMPOSED UNDER THE AUTHORITY OF THE UNITED
7 STATES, OR (2) ASCRIBING A PARTICULAR PART OF SUCH
8 PRICE TO A TAX IMPOSED UNDER THE AUTHORITY OF THE
9 UNITED STATES, KNOWING THAT SUCH STATEMENT IS FALSE
10 OR THAT THE TAX IS NOT SO GREAT AS THE PORTION OF
11 SUCH PRICE ASCRIBED TO SUCH TAX, SHALL BE GUILTY OF
12 A MISDEMEANOR AND UPON CONVICTION THEREOF SHALL BE
13 PUNISHED BY A FINE OF NOT MORE THAN \$1,000 OR BY
14 IMPRISONMENT NOT EXCEEDING ONE YEAR, OR BOTH.

15 TAX SIMPLIFICATION BOARD.

16 ~~SEC. 1005. (a) There~~ 1327. (a) That there is hereby
17 established in the Department of the Treasury a board to
18 be known as the "Tax Simplification Board" (hereinafter
19 in this section called the "Board"), to be composed as follows:

20 (1) Three members who shall represent the public, to
21 be appointed by the President; and

22 (2) Three members who shall represent the Bureau of
23 Internal Revenue and shall be officers or employees of the
24 United States serving in such Bureau, to be appointed by
25 the Secretary of the Treasury.

1 (b) Any vacancy in the Board shall be filled in the
2 same manner as the original appointment. The members
3 representing the public shall serve without compensation
4 except reimbursement for traveling, subsistence, and other
5 necessary expenses incurred in the performance of the duties
6 vested in them by this section. The members representing
7 the Bureau of Internal Revenue shall serve without com-
8 pensation in addition to that received for their service in
9 such Bureau.

10 (c) The Secretary ~~of the Treasury~~ shall furnish the
11 Board with such clerical assistance, quarters and stationery,
12 furniture, office equipment, and other supplies as may be
13 necessary for the performance of the duties vested in them
14 by this section.

15 (d) It shall be the duty of the Board to investigate the
16 procedure of and the forms used by the Bureau in the adminis-
17 tration of the ~~Internal Revenue Laws~~ *internal revenue laws*,
18 and to make recommendations in respect to the simplification
19 thereof. The Board shall make a report to the Congress on
20 or before the first Monday of December in each year.

21 (e) The expenditures of the Board shall be paid upon
22 vouchers approved by the Board and signed by the chairman
23 thereof. For the expenditures of the Board for the fiscal
24 year ending June 30, 1922, there is authorized to be appro-

1 priated, out of any money in the Treasury not otherwise
2 appropriated, the sum of \$10,000.

3 (f) The Board shall cease to exist on December 31, 1924.

4 ~~Sec. 1006. Section 2466 of the Revised Statutes is~~
5 ~~amended to read as follows:~~

6 ~~“Sec. 2466. Whenever any person indebted to the~~
7 ~~United States is insolvent, or whenever the estate of any~~
8 ~~deceased debtor in the hands of the executors or adminis-~~
9 ~~trators is insufficient to pay all debts due from the deceased,~~
10 ~~the debts due the United States shall first be satisfied; and~~
11 ~~the priority hereby established shall extend as well to cases~~
12 ~~in which a debtor, not having sufficient property to pay all~~
13 ~~his debts, makes a voluntary assignment thereof, or in which~~
14 ~~the estate and effects of an absconding, concealed, or absent~~
15 ~~debtor are attached by process of law, as to cases in which~~
16 ~~an act of bankruptcy is committed. Whenever a petition in~~
17 ~~bankruptcy shall have been filed the clerk of the district~~
18 ~~court in which the same is pending shall within three days~~
19 ~~after the entry of such petition of record give notice of such~~
20 ~~fact to the collector of internal revenue for the collection~~
21 ~~district in which the alleged bankrupt resides.”~~

22 ~~Sec. 1007. (a) Title II of the Revenue Act of 1917~~
23 ~~shall be construed to impose the taxes therein mentioned~~
24 ~~upon the basis of consolidated returns of net income and~~
25 ~~invested capital in the case of domestic corporations and~~

1 domestic partnerships that were affiliated during the calendar
2 year 1917.

3 ~~(b) For the purpose of this section a corporation or part-~~
4 ~~nership is affiliated with one or more corporations or partner-~~
5 ~~ships (1) when such corporation or partnership owns directly~~
6 ~~or controls through closely affiliated interests or by a nominee~~
7 ~~or nominees all or substantially all of the stock of the other or~~
8 ~~others, or (2) when substantially all of the stock of two or~~
9 ~~more corporations or the business of two or more partner-~~
10 ~~ships is owned by the same interests: *Provided, That* such~~
11 ~~corporations or partnerships are engaged in the same or a~~
12 ~~closely related business, or one corporation or partnership~~
13 ~~buys from or sells to another corporation or partnership~~
14 ~~products or services at prices above or below the current~~
15 ~~market, thus effecting an artificial distribution of profits,~~
16 ~~or one corporation or partnership in any way so arranges its~~
17 ~~financial relationships with another corporation or partner-~~
18 ~~ship as to assign to it a disproportionate share of net income~~
19 ~~or invested capital.~~

20 ~~(c) The provisions of this section are declaratory of the~~
21 ~~provisions of Title II of the Revenue Act of 1917.~~

22 ~~Sec. 1008. (a) If subdivision (c) of section 218 of the~~
23 ~~Revenue Act of 1918 is by final adjudication declared in-~~
24 ~~valid, there shall, in addition to all other taxes, be levied,~~
25 ~~collected, and paid on the net income received during the~~

1 ~~calendar years 1918, 1919, 1920, and 1921, by every personal~~
2 ~~service corporation included within the provisions of such~~
3 ~~subdivision, a tax equal to the taxes imposed by sections~~
4 ~~230 and 301 of the Revenue Act of 1918, as in force prior~~
5 ~~to the passage of this Act. In such event every such per-~~
6 ~~sonal service corporation shall, on or before the fifteenth day~~
7 ~~of the third month following the date of such final judi-~~
8 ~~cation, make, in the manner provided by the Revenue Act of~~
9 ~~1918, a return for the calendar years 1918, 1919, 1920, and~~
10 ~~1921. Such tax shall be assessed, collected, and paid upon~~
11 ~~the same basis, in the same manner, and subject to the same~~
12 ~~provisions of law, including penalties, as the taxes imposed by~~
13 ~~sections 230 and 301 of the Revenue Act of 1918, as in~~
14 ~~force prior to the passage of this Act, but no interest shall~~
15 ~~be due or payable thereon for any period prior to the date~~
16 ~~upon which the return is herein required to be made and~~
17 ~~the first installment paid. The amount of any tax paid by~~
18 ~~any shareholder or member of a personal service corporation~~
19 ~~pursuant to the provisions of subdivision (c) of section 218~~
20 ~~of the Revenue Act of 1918 shall be credited against the tax~~
21 ~~due from such corporation under this section upon the joint~~
22 ~~written application of such corporation and such shareholder~~
23 ~~or member or his representatives, heirs, or assigns, if such~~
24 ~~application is filed with the Commissioner within ninety days~~
25 ~~from the date of such final adjudication.~~

1. ~~(b) Notwithstanding any other provision of law, no~~
 2 ~~claim for a credit or refund of taxes paid under subdivision~~
 3 ~~(c) of section 218 of the Revenue Act of 1918 may be filed~~
 4 ~~after the expiration of ninety days from the date of such~~
 5 ~~final adjudication of invalidity: *Provided, however,* That a~~
 6 ~~personal service corporation of which no shareholder or~~
 7 ~~member has filed such claim within the period herein limited~~
 8 ~~shall not be subject to the tax imposed by this section.~~

9 ~~SEC. 1009. Subdivision (a) of section 18 of the Second~~
 10 ~~Liberty Bond Act, as amended, is amended by striking out~~
 11 ~~the words and figures "for the purposes of this Act, and to~~
 12 ~~meet public expenditures authorized by law, not exceeding~~
 13 ~~in the aggregate \$7,000,000,000", and inserting in lieu~~
 14 ~~thereof the words and figures "for the purposes of this Act,~~
 15 ~~to provide for the purchase or redemption of any notes issued~~
 16 ~~hereunder, and to meet public expenditures authorized by~~
 17 ~~law, not exceeding in the aggregate \$7,500,000,000 at any~~
 18 ~~one time outstanding".~~

19 *CONSOLIDATION OF LIBERTY BOND TAX EXEMPTIONS.*

20 ~~SEC. 1010. The 1328.~~ *That the various Acts authorizing*
 21 *the issues of Liberty bonds are amended and supplemented*
 22 *as follows:*

23 (a) On and after January 1, 1921, 4 per centum and
 24 4½ per centum Liberty bonds shall be exempt from graduated
 25 additional income taxes, commonly known as surtaxes,

1 and excess-profits and war-profits taxes, now or hereafter im-
2 posed by the United States upon the income or profits of in-
3 dividuals, partnerships, corporations, or associations, in re-
4 spect to the interest on aggregate principal amounts thereof
5 as follows:

6 Until the expiration of two years after the date of the
7 termination of the war between the United States and the
8 German Government, as fixed by proclamation of the
9 President, on \$125,000 aggregate principal amount; and for
10 three years more on \$50,000 aggregate principal amount.

11 (b) The exemptions provided in subdivision (a) shall
12 be in addition to the exemptions provided in section 7 of the
13 Second Liberty Bond Act, and in addition to the exemption
14 provided in subdivision (3) of section 1 of the Supplement
15 to the Second Liberty Bond Act in respect to bonds issued
16 upon conversion of 3½ per centum bonds, but shall be in
17 lieu of the exemptions provided and free from the conditions
18 and limitations imposed in subdivisions (1) and (2) of section
19 1 of the Supplement to Second Liberty Bond Act and in
20 section 2 of the Victory Liberty Loan Act.

21 ~~SEC. 1011. The portions of the Revenue Act of 1918~~
22 ~~repealed or amended by this Act shall remain in force for the~~
23 ~~assessment and collection of all taxes which have accrued~~
24 ~~or may accrue under the Revenue Act of 1918 as in force~~
25 ~~prior to the passage of this Act, and for the imposition and~~

1 ~~collection of all penalties or forfeitures which have accrued~~
2 ~~or may accrue in relation to any such taxes.~~

3 DEPOSIT OF UNITED STATES BONDS OR NOTES IN LIEU OF
4 SURETY.

5 SEC. 1329. THAT WHEREVER BY THE LAWS OF THE
6 UNITED STATES OR REGULATIONS MADE PURSUANT
7 THERETO, ANY PERSON IS REQUIRED TO FURNISH ANY
8 RECOGNIZANCE, STIPULATION, BOND, GUARANTY, OR UNDER-
9 TAKING, HEREINAFTER CALLED "PENAL BOND," WITH
10 SURETY OR SURETIES, SUCH PERSON MAY, IN LIEU OF SUCH
11 SURETY OR SURETIES, DEPOSIT AS SECURITY WITH THE
12 OFFICIAL HAVING AUTHORITY TO APPROVE SUCH PENAL
13 BOND, UNITED STATES LIBERTY BONDS OR OTHER BONDS
14 OR NOTES OF THE UNITED STATES IN A SUM EQUAL AT THEIR
15 PAR VALUE TO THE AMOUNT OF SUCH PENAL BOND REQUIRED
16 TO BE FURNISHED, TOGETHER WITH AN AGREEMENT AUTHOR-
17 IZING SUCH OFFICIAL TO COLLECT OR SELL SUCH BONDS
18 OR NOTES SO DEPOSITED IN CASE OF ANY DEFAULT IN THE
19 PERFORMANCE OF ANY OF THE CONDITIONS OR STIPULATIONS
20 OF SUCH PENAL BOND. THE ACCEPTANCE OF SUCH UNITED
21 STATES BONDS OR NOTES IN LIEU OF SURETY OR SURETIES
22 REQUIRED BY LAW SHALL HAVE THE SAME FORCE AND
23 EFFECT AS INDIVIDUAL OR CORPORATE SURETIES, OR CER-
24 TIFIED CHECKS, BANK DRAFTS, POST-OFFICE MONEY ORDERS,
25 OR CASH, FOR THE PENALTY OR AMOUNT OF SUCH PENAL

1 BOND. THE BONDS OR notes DEPOSITED HEREUNDER, AND
2 SUCH OTHER UNITED STATES BONDS OR notes AS MAY BE
3 SUBSTITUTED THEREFOR FROM TIME TO TIME AS SUCH
4 SECURITY, MAY BE DEPOSITED WITH THE TREASURER, OR
5 AN ASSISTANT TREASURER OF THE UNITED STATES, A
6 GOVERNMENT DEPOSITORY, FEDERAL RESERVE BANK, OR
7 MEMBER BANK, WHICH SHALL ISSUE RECEIPT THEREFOR,
8 DESCRIBING SUCH BONDS OR notes SO DEPOSITED. AS
9 SOON AS SECURITY FOR THE PERFORMANCE OF SUCH PENAL
10 BOND IS NO LONGER NECESSARY, SUCH BONDS OR notes SO
11 DEPOSITED, SHALL BE RETURNED TO THE DEPOSITOR: PRO-
12 VIDED, THAT IN CASE A PERSON OR PERSONS SUPPLYING A
13 CONTRACTOR WITH LABOR OR MATERIAL AS PROVIDED BY THE
14 ACT OF CONGRESS, APPROVED FEBRUARY 24, 1905 (33 STAT.
15 811), ENTITLED "AN ACT TO AMEND AN ACT APPROVED
16 AUGUST THIRTEENTH, EIGHTEEN HUNDRED AND NINETY-
17 FOUR, ENTITLED 'AN ACT FOR THE PROTECTION OF PER-
18 SONS FURNISHING MATERIALS AND LABOR FOR THE CON-
19 STRUCTION OF PUBLIC WORKS,'" SHALL FILE WITH THE
20 OBLIGEE, AT ANY TIME AFTER A DEFAULT IN THE PERFORM-
21 ANCE OF ANY CONTRACT SUBJECT TO SAID ACTS, THE AP-
22 PPLICATION AND AFFIDAVIT THEREIN PROVIDED, THE OBLI-
23 GEE SHALL NOT DELIVER TO THE OBLIGOR THE DEPOSITED
24 BONDS OR notes NOR ANY SURPLUS PROCEEDS THEREOF
25 UNTIL THE EXPIRATION OF THE TIME LIMITED BY SAID

1 ACTS FOR THE INSTITUTION OF SUIT BY SUCH PERSON OR
 2 PERSONS, AND, IN CASE SUIT SHALL BE INSTITUTED WITHIN
 3 SUCH TIME, SHALL HOLD SAID BONDS OR NOTES OR PROCEEDS
 4 SUBJECT TO THE ORDER OF THE COURT HAVING JURISDIC-
 5 TION THEREOF: PROVIDED FURTHER, THAT NOTHING
 6 HEREIN CONTAINED SHALL AFFECT OR IMPAIR THE PRIOR-
 7 ITY OF THE CLAIM OF THE UNITED STATES AGAINST THE
 8 BONDS OR NOTES DEPOSITED OR ANY RIGHT OR REMEDY
 9 GRANTED BY SAID ACTS OR BY THIS SECTION TO THE UNITED
 10 STATES FOR DEFAULT UPON ANY OBLIGATION OF SAID
 11 PENAL BOND: PROVIDED FURTHER, THAT ALL LAWS IN-
 12 CONSISTENT WITH THIS SECTION ARE HEREBY SO MODI-
 13 FIED AS TO CONFORM TO THE PROVISIONS HEREOF: AND
 14 PROVIDED FURTHER, THAT NOTHING CONTAINED HEREIN
 15 SHALL AFFECT THE AUTHORITY OF COURTS OVER THE
 16 SECURITY, WHERE SUCH BONDS ARE TAKEN AS SECURITY
 17 IN JUDICIAL PROCEEDINGS, OR THE AUTHORITY OF ANY
 18 ADMINISTRATIVE OFFICER OF THE UNITED STATES TO
 19 RECEIVE UNITED STATES BONDS FOR SECURITY IN CASES
 20 AUTHORIZED BY EXISTING LAWS. THE SECRETARY MAY
 21 PRESCRIBE RULES AND REGULATIONS NECESSARY AND
 22 PROPER FOR CARRYING THIS SECTION INTO EFFECT.

23 LOST STAMPS FOR TOBACCO, CIGARS, AND SO FORTH.

24 SEC. 1330. THAT SECTION 3315 OF THE REVISED
 25 STATUTES, AS AMENDED, IS RE-ENACTED WITHOUT CHANGE,
 26 AS FOLLOWS:

1 "SEC. 3315. THE COMMISSIONER OF INTERNAL REV.
 2 ENUE MAY, UNDER REGULATIONS PRESCRIBED BY HIM WITH
 3 THE APPROVAL OF THE SECRETARY OF THE TREASURY,
 4 ISSUE STAMPS FOR RESTAMPING PACKAGES OF DISTILLED
 5 SPIRITS, TOBACCO, CIGARS, SNUFF, CIGARETTES, FERMENTED
 6 LIQUORS, AND WINES WHICH HAVE BEEN DULY STAMPED
 7 BUT FROM WHICH THE STAMPS HAVE BEEN LOST OR DE-
 8 STROYED BY UNAVOIDABLE ACCIDENT."

9 CONSOLIDATED RETURNS FOR YEAR 1917.

10 SEC. 1331. (a) *That Title II of the Revenue Act of*
 11 *1917 shall be construed to impose the taxes therein mentioned*
 12 *upon the basis of consolidated returns of net income and in-*
 13 *vested capital in the case of domestic corporations and domestic*
 14 *partnerships that were affiliated during the calendar year*
 15 *1917.*

16 (b) *For the purpose of this section a corporation or part-*
 17 *nership was affiliated with one or more corporations or part-*
 18 *nerships (1) when such corporation or partnership owned*
 19 *directly or controlled through closely affiliated interests or by*
 20 *a nominee or nominees all or substantially all the stock of the*
 21 *other or others, or (2) when substantially all the stock of two-*
 22 *or more corporations or the business of two or more partner-*
 23 *ships was owned by the same interests: Provided, That such*
 24 *corporations or partnerships were engaged in the same or a*
 25 *closely related business, or one corporation or partnership*

1 *bought from or sold to another corporation or partnership*
2 *products or services at prices above or below the current mar-*
3 *ket, thus effecting an artificial distribution of profits, or one*
4 *corporation or partnership in any way so arranged its finan-*
5 *cial relationships with another corporation or partnership as*
6 *to assign to it a disproportionate share of net income or*
7 *invested capital.*

8 (c) *The provisions of this section are declaratory of the*
9 *provisions of Title II of the Revenue Act of 1917.*

10 *ALTERNATIVE TAX ON PERSONAL SERVICE CORPORATIONS.*

11 *SEC. 1332. (a) That if either subdivision (e) of section*
12 *218 of the Revenue Act of 1918 or subdivision (d) of section*
13 *218 of this Act is by final adjudication declared invalid, there*
14 *shall, in addition to all other taxes, be levied, collected, and*
15 *paid on the net income (as defined in section 232) received*
16 *during the calendar years 1918, 1919, 1920, and 1921, by*
17 *every personal service corporation (as defined in section 200)*
18 *included within the provisions of such subdivisions, a tax*
19 *equal to the taxes imposed by sections 230 and 301 of the*
20 *Revenue Act of 1918 and, in the case of income received*
21 *during the calendar year 1921, by sections 230 and 301 of*
22 *this Act.*

23 (b) *In such event every such personal service corporation*
24 *shall, on or before the fifteenth day of the sixth month follow-*

1 *ing the date of entry of decree upon such final adjudication,*
2 *make a return of any income received during each of the*
3 *calendar years 1918, 1919, 1920, and 1921 in the manner*
4 *prescribed by the Revenue Act of 1918 (or in the manner*
5 *prescribed by this Act, in the case of income received during*
6 *the calendar year 1921). Such return shall be made and the*
7 *net income shall be computed on the basis of the taxpayer's*
8 *annual accounting period (fiscal year or calendar year, as*
9 *the case may be) in the manner provided for other corpora-*
10 *tions under the Revenue Act of 1918 and this Act.*

11 (c) *If either subdivision (e) of section 218 of the Revenue*
12 *Act of 1918 or subdivision (d) of section 218 of this Act is so*
13 *declared invalid, claims for credit or refund of taxes paid*
14 *under both such sections shall be allowed, if made within the*
15 *time provided in subdivision (f) of this section.*

16 (d) *In case the claims for credit or refund, filed within*
17 *six months from such date of entry of decree, represent less*
18 *than 30 per centum of the outstanding stock or shares in the*
19 *corporation, the amount of taxes imposed by this section upon*
20 *such corporation shall be reduced to that proportion thereof*
21 *which the number of stock or shares owned by the shareholders*
22 *or members making such claims bears to the total number of*
23 *stock or shares outstanding.*

24 (e) *The tax imposed by this section shall be assessed,*
25 *collected, and paid upon the same basis, in the same manner.*

1 *and subject to the same provisions of law, including penalties,*
2 *as the taxes imposed by sections 230 and 301 of the Revenue*
3 *Act of 1918 (or by sections 230 and 301 of this Act, in the case*
4 *of income received during the calendar year 1921), but no*
5 *interest or penalties shall be due or payable thereon for any*
6 *period prior to the date upon which the return is herein*
7 *required to be made and the first installment paid. The*
8 *amount of tax paid by any shareholder or member of a per-*
9 *sonal service corporation pursuant to the provisions of sub-*
10 *division (e) of section 218 of the Revenue Act of 1918 or*
11 *subdivision (d) of section 218 of this Act shall be credited*
12 *against the tax due from such corporation under this section*
13 *upon the joint written application of such corporation and*
14 *such shareholder or member or his representatives, heirs, or*
15 *assigns, if such application is filed with the Commissioner*
16 *within six months from such date of entry of decree.*

17 (f) *Notwithstanding any other provision of law, no*
18 *claim for a credit or refund of taxes paid under subdivision*
19 *(e) of section 218 of the Revenue Act of 1918 or subdivision*
20 *(d) of section 218 of this Act, may be filed after the expira-*
21 *tion of six months from such date of entry of decree: Pro-*
22 *vided, however, That a personal service corporation of which*
23 *no shareholder or member has filed such claim within the*
24 *period herein limited shall not be subject to the tax imposed*
25 *by this section.*

1 **TITLE XIV.—GENERAL PROVISIONS.**2 **REPEALS.**

3 *Sec. 1400. (a) That the following parts of the Reve-*
4 *nue Act of 1918 are repealed, subject to the limitations pro-*
5 *vided in subdivision (b):*

6 *Title II (called "Income Tax");*

7 *Title III (called "War-Profits and Excess-Profits*
8 *Tax");*

9 *Title IV (called "Estate Tax");*

10 *Sections 500, 501, and 502 of Title V (being the taxes*
11 *on transportation and other facilities);*

12 *Sections 503 and 504 (being the tax on issuance of*
13 *insurance policies), effective January 1, 1922;*

14 *Sections 628, 629, and 630 of Title VI (being the taxes*
15 *on soft drinks, ice cream, and similar articles);*

16 *Title VII (called "Tax on Cigars, Tobacco and Manu-*
17 *factures Thereof");*

18 *Title VIII (called "Tax on Admissions and Dues");*

19 *Title IX called "Excise Taxes");*

20 *Title X (called "Special Taxes");*

21 *Title XI (called "Stamp Taxes");*

22 *Title XII (called "Tax on Employment of Child*
23 *Labor"); and*

24 *Sections 1314, 1315, 1316, 1317, 1319, and 1320 of*
25 *Title XIII (being certain administrative provisions).*

1 (b) *The parts of the Revenue Act of 1918 which are*
2 *repealed by this Act shall remain in force for the assessment*
3 *and collection of all taxes which have accrued under the*
4 *Revenue Act of 1918 at the time such parts cease to be in*
5 *effect, and for the imposition and collection of all penalties*
6 *or forfeitures which have accrued or may accrue in relation*
7 *to any such taxes. In the case of any tax imposed by any*
8 *part of the Revenue Act of 1918 repealed by this Act, if*
9 *there is a tax imposed by this Act in lieu thereof, the pro-*
10 *vision imposing such tax shall remain in force until the*
11 *corresponding tax under this Act takes effect under the pro-*
12 *visions of this Act. The unexpended balance of any appro-*
13 *priation heretofore made and now available for the admin-*
14 *istration of any such part of the Revenue Act of 1918 shall*
15 *be available for the administration of this Act or the corre-*
16 *sponding provision thereof.*

17 INCREASE IN NOTE AUTHORIZATION.

18 SEC. 1401. *That subdivision (a) of section 18 of the*
19 *Second Liberty Bond Act, as amended, is amended by*
20 *striking out the words and figures "for the purposes of this*
21 *Act, and to meet public expenditures authorized by law,*
22 *not exceeding in the aggregate \$7,000,000,000", and in-*
23 *serting in lieu thereof the words and figures "for the pur-*
24 *poses of this Act, to provide for the purchase or redemption*
25 *of any notes issued hereunder, and to meet public expendi-*

1 tures authorized by law, not exceeding in the aggregate
2 \$7,500,000,000 at any one time outstanding."

3 **SAVING CLAUSE IN EVENT OF UNCONSTITUTIONALITY.**

4 **SEC. 1402.** *That if any provision of this Act, or the*
5 *application thereof to any person or circumstances, is held*
6 *invalid, the remainder of the Act, and the application of such*
7 *provision to other persons or circumstances, shall not be*
8 *affected thereby.*

9 **EFFECTIVE DATE OF ACT.**

10 **SEC. 1412.** ~~Except 1403.~~ *That except as otherwise pro-*
11 *vided, this Act shall take effect upon its passage.*

12 Amend the title so as to read: "*An Act to reduce and*
13 *equalize taxation, to provide revenue, and for other purposes.*"

Passed the House of Representatives August 20, 1921.

Attest:

WM. TYLER PAGE,

Clerk.

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