

REVENUE BILL OF 1921.

NOVEMBER 19, 1921.—Ordered to be printed.

Mr. FORDNEY, from the committee of conference, submitted the following

CONFERENCE REPORT.

[To accompany H. R. 8245.]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 15, 41, 114, 132, 456, 622, and 703.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 65, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 116, 117, 118, 119, 120, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 151, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321,

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 820, 821, 822, 823, 824, 827, 828, 829, 830, 831, 832, and 833, and
 agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be stricken out by said amendment insert the following:

(c) Any distribution (whether in cash or other property) made by a corporation to its shareholders or members otherwise than out of (1) earnings or profits accumulated since February 28, 1913, or (2) earnings or profits accumulated or increase in value of property accrued prior to March 1, 1913, shall be applied against and reduce the basis provided in section 202 for the purpose of ascertaining the gain derived or the loss sustained from the sale or other disposition of the stock or shares by the distributee and a period; and the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows:

On page 6 of the Senate engrossed amendments, line 12, strike out "(c)" and insert (d); and the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert (e); and on page 15 of the House bill, line 1, strike out "(d)" and insert (e); and the Senate agree to the same.

Amendment numbered 24:

That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows:

On page 7 of the Senate engrossed amendments, line 2, strike out "(e)" and insert (f); and the Senate agree to the same.

Amendment numbered 64:

That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows:

On page 11 of the Senate engrossed amendments, line 19, strike out "receiveds" and insert *received*; and the Senate agree to the same.

Amendment numbered 66:

That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows:

On page 12 of the Senate engrossed amendments, line 13, strike out "a" and insert *as*; and the Senate agree to the same.

Amendment numbered 115:

That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert the following:

(b) In the case of any taxpayer (other than a corporation) who for any taxable year derives a capital net gain, there shall (at the election of the taxpayer) be levied, collected and paid, in lieu of the taxes imposed by sections 210 and 211 of this title, a tax determined as follows:

A partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner provided in sections 210 and 211, and the total tax shall be this amount plus 12½ per centum of the capital net gain; but if the taxpayer elects to be taxed under this section the total tax shall in no such case be less than 12½ per centum of the total net income. The total tax thus determined shall be computed, collected and paid in the same manner, at the same time and subject to the same provisions of law, including penalties, as other taxes under this title and a period; and the Senate agree to the same.

Amendment numbered 121:

That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows:

On page 18 of the Senate engrossed amendments, line 4, strike out "(a)"; and on page 18 of the Senate engrossed amendments strike out lines 12 to 17, both inclusive; and on page 23 of the House bill, line 7, after the word "them" and before the semicolon insert a period and the following: *In no case shall the reduction of the personal exemption from \$2,500 to \$2,000 operate to increase the tax, which would be payable if the exemption were \$2,500, by more than the amount of the net income in excess of \$5,000*; and the Senate agree to the same.

Amendment numbered 149:

That the House recede from its disagreement to the amendment of the Senate numbered 149, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by said amendment and on page 16 of the House bill, line 4, strike out the quotation marks; and the Senate agree to the same.

Amendment numbered 150:

That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert the following: (9); and the Senate agree to the same.

Amendment numbered 152:

That the House recede from its disagreement to the amendment of the Senate numbered 152, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be stricken out by said amendment insert the following:

(10) *So much of the amount received by an individual after December 31, 1921, and before January 1, 1927, as dividends or interest from domestic building and loan associations, operated exclusively for the purpose of making loans to members, as does not exceed \$300 and a semicolon*; and the Senate agree to the same.

Amendment numbered 153:

That the House recede from its disagreement to the amendment of the Senate numbered 153, and agree to the same with an amendment as follows:

On page 32 of the Senate engrossed amendments, line 7, strike out "(9)" and insert (11); and the Senate agree to the same.

Amendment numbered 154:

That the House recede from its disagreement to the amendment of the Senate numbered 154, and agree to the same with an amendment as follows:

On page 32 of the Senate engrossed amendments, line 11, strike out "(10)" and insert (12); and the Senate agree to the same.

Amendment numbered 177:

That the House recede from its disagreement to the amendment of the Senate numbered 177, and agree to the same with an amendment as follows:

On page 35 of the Senate engrossed amendments, line 7, after "property" insert a comma and the following: *and the property*

so acquired is held by the taxpayer for any period after such sale or other disposition; and the Senate agree to the same.

Amendment numbered 188:

That the House recede from its disagreement to the amendment of the Senate numbered 188, and agree to the same with an amendment as follows:

On page 36 of the Senate engrossed amendments, line 22, strike out "1918 or 1919" and insert *1918, 1919, 1920, or 1921*; and the Senate agree to the same.

Amendment numbered 278:

That the House recede from its disagreement to the amendment of the Senate numbered 278, and agree to the same with an amendment as follows:

On page 51 of the Senate engrossed amendments, lines 3 and 4, strike out "under Title II of the Revenue Act of 1918"; and on page 51 of the Senate engrossed amendments, line 5, strike out "under such title"; and the Senate agree to the same.

Amendment numbered 354:

That the House recede from its disagreement to the amendment of the Senate numbered 354, and agree to the same with an amendment as follows:

On page 63 of the Senate engrossed amendments, before line 20, insert the following heading in small capitals: *Incorporation of individual or partnership business* and a period; and on page 63 of the Senate engrossed amendments, line 21, strike out "from" and insert *after*; and on page 64 of the Senate engrossed amendments, lines 14 and 15 and again in line 18, strike out "paragraph" and insert *section*; and the Senate agree to the same.

Amendment numbered 355:

That the House recede from its disagreement to the amendment of the Senate numbered 355, and agree to the same with an amendment as follows:

On page 65 of the Senate engrossed amendments, line 6, strike out "15" and insert *12½*; and the Senate agree to the same.

Amendment numbered 365:

That the House recede from its disagreement to the amendment of the Senate numbered 365, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert the following:

(5) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private stockholder or individual and a semicolon; and the Senate agree to the same.

Amendment numbered 376:

That the House recede from its disagreement to the amendment of the Senate numbered 376, and agree to the same with an amendment as follows:

On page 69 of the Senate engrossed amendments, line 2, after "corporation" insert *or of a corporation entitled to the benefits of section 262*; and the Senate agree to the same.

Amendment numbered 401:

That the House recede from its disagreement to the amendment of the Senate numbered 401, and agree to the same with an amendment as follows:

On page 72 of the Senate engrossed amendments, line 11, after "property," insert *and the property so acquired is held by the taxpayer for any period after such sale or other disposition* and a comma; and the Senate agree to the same.

Amendment numbered 406:

That the House recede from its disagreement to the amendment of the Senate numbered 406, and agree to the same with an amendment as follows:

On page 74 of the Senate engrossed amendments, line 7, strike out "1918 or 1919" and insert *1918, 1919, 1920, or 1921*; and the Senate agree to the same.

Amendment numbered 422:

That the House recede from its disagreement to the amendment of the Senate numbered 422, and agree to the same with an amendment as follows:

On page 79 of the Senate engrossed amendments, line 10, after "\$2,000" insert a semicolon and the following: *but if the net income is more than \$25,000 the tax imposed by section 230 shall not exceed the tax which would be payable if the \$2,000 credit were allowed, plus the amount of the net income in excess of \$25,000*; and the Senate agree to the same.

Amendment numbered 423:

That the House recede from its disagreement to the amendment of the Senate numbered 423, and agree to the same with an amendment as follows:

On page 80 of the Senate engrossed amendments, line 17, strike out "15" and insert *12½*; and the Senate agree to the same.

Amendment numbered 440:

That the House recede from its disagreement to the amendment of the Senate numbered 440, and agree to the same with an amendment as follows:

On page 85 of the Senate engrossed amendments strike out lines 12 to 17, both inclusive, and insert the following:

(c) There shall be included in the return or appended thereto a statement of such facts as will enable the Commissioner to determine the portion of the earnings or profits of the corporation (including gains, profits and income not taxed) accumulated during the taxable year for which the return is made, which have been distributed or ordered to be distributed, respectively, to its stockholders or members during such year and a period; and the Senate agree to the same.

Amendment numbered 445:

That the House recede from its disagreement to the amendment of the Senate numbered 445, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *computed as provided in subdivision (b) of section 236* and a period; and the Senate agree to the same.

Amendment numbered 489:

That the House recede from its disagreement to the amendment of the Senate numbered 489, and agree to the same with an amendment as follows:

On page 91 of the Senate engrossed amendments, line 8, after "\$2,000" insert a semicolon and the following: *but if the net income is more than \$25,000 the tax imposed by section 243 shall not exceed the tax which would be payable if the \$2,000 credit were allowed, plus the amount of the net income in excess of \$25,000*; and the Senate agree to the same.

Amendment numbered 495:

That the House recede from its disagreement to the amendment of the Senate numbered 495, and agree to the same with an amendment as follows:

On page 92 of the Senate engrossed amendments, line 22, after "the" insert *taxable*; and on page 92 of the Senate engrossed amendments, line 25, after "preceding" insert *taxable*; and on page 93 of the Senate engrossed amendments, line 22, strike out the period and insert a semicolon; and on page 95 of the Senate engrossed amendments, line 8, after "\$2,000" insert a semicolon and the following: *but if the net income is more than \$25,000 the tax imposed by section 246 shall not exceed the tax which would be payable if the \$2,000 credit were allowed, plus the amount of the net income in excess of \$25,000*; and the Senate agree to the same.

Amendment numbered 521:

That the House recede from its disagreement to the amendment of the Senate numbered 521, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert the following: *made under the Revenue Act of 1916, the Revenue Act of 1917, the Revenue Act of 1918, or this Act*; and the Senate agree to the same.

Amendment numbered 523:

That the House recede from its disagreement to the amendment of the Senate numbered 523, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert the following: *after such notice is sent by registered mail*; and the Senate agree to the same.

Amendment numbered 556:

That the House recede from its disagreement to the amendment of the Senate numbered 556, and agree to the same with an amendment as follows:

On page 110 of the Senate engrossed amendments strike out all after "President" in line 11 down to and including "Congress" in line 12; and the Senate agree to the same.

Amendment numbered 557:

That the House recede from its disagreement to the amendment of the Senate numbered 557, and agree to the same with an amendment as follows:

On page 111 of the Senate engrossed amendments, line 14, strike out "(a)"; and on page III of the Senate engrossed amendments strike out lines 21 to 25, both inclusive, and lines 1 to 17, both inclusive, on page 112; and the Senate agree to the same.

Amendment numbered 559:

That the House recede from its disagreement to the amendment of the Senate numbered 559, and agree to the same with an amendment as follows:

On page 113 of the Senate engrossed amendments, line 24, strike out all after "States" down to and including line 3 on page 114 and insert in lieu thereof a period; and the Senate agree to the same.

Amendment numbered 561:

That the House recede from its disagreement to the amendment of the Senate numbered 561, and agree to the same with an amendment as follows:

On page 115 of the Senate engrossed amendments, line 6, before "business" insert *trade or*; and on page 115 of the Senate engrossed amendments strike out all after "income" in line 15 down to and including "1918," in line 16; and on page 115 of the Senate engrossed amendments, after line 18, insert the following new subdivision:

(c) *As used in this section the term "possession of the United States" does not include the Virgin Islands of the United States and a period; and the Senate agree to the same.*

Amendment numbered 566:

That the House recede from its disagreement to the amendment of the Senate numbered 566, and agree to the same with an amendment as follows:

On page 117 of the Senate engrossed amendments, line 3, after "such" strike out "a"; and on page 119 of the Senate engrossed amendments strike out all after "1917" in line 25 down to and including "unpaid" in line 1 on page 120; and on page 126 of the Senate engrossed amendments, line 13, strike out "war-profits or excess-profits" and insert *war profits or excess profits*; and the Senate agree to the same.

Amendment numbered 582:

That the House recede from its disagreement to the amendment of the Senate numbered 582, and agree to the same with an amendment as follows:

On page 132 of the Senate engrossed amendments, line 2, after the semicolon insert *and*; and on page 132 of the Senate engrossed amendments, line 4, strike out all after "\$10,000,000" down to and including "\$100,000,000" in line 12; and the Senate agree to the same.

Amendment numbered 614:

That the House recede from its disagreement to the amendment of the Senate numbered 614, and agree to the same with an amendment as follows:

On page 141 of the Senate engrossed amendments, line 5, after "after" insert *the*; and the Senate agree to the same.

Amendment numbered 625:

That the House recede from its disagreement to the amendment of the Senate numbered 625, and agree to the same with an amendment as follows:

On page 150 of the Senate engrossed amendments, line 24, strike out "the passage of this Act" and insert *January 1, 1922*; and the Senate agree to the same.

Amendment numbered 627:

That the House recede from its disagreement to the amendment of the Senate numbered 627, and agree to the same with an amendment as follows:

Omit the matter proposed to be inserted by said amendment and restore the matter proposed to be stricken out by said amendment except lines 18 and 19 on page 66 of the House bill; and on page 65 of the House bill, line 23, strike out "601. Subdivision" and insert *600. That subdivision*; and on page 66 of the House bill, line 9, strike out "602. Section" and insert *601. That section*; and the Senate agree to the same.

Amendment numbered 628:

That the House recede from its disagreement to the amendment of the Senate numbered 628, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *Sec. 602* and a period; and the Senate agree to the same.

Amendment numbered 637:

That the House recede from its disagreement to the amendment of the Senate numbered 637, and agree to the same with an amendment as follows:

On page 158 of the Senate engrossed amendments, line 19, strike out "10" and insert *12½*; and the Senate agree to the same.

Amendment numbered 639:

That the House recede from its disagreement to the amendment of the Senate numbered 639, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *of 9*; and the Senate agree to the same.

Amendment numbered 640:

That the House recede from its disagreement to the amendment of the Senate numbered 640, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *of 9*; and the Senate agree to the same.

Amendment numbered 641:

That the House recede from its disagreement to the amendment of the Senate numbered 641, and agree to the same with an amendment, as follows:

Omit the matter proposed to be inserted by said amendment and strike out on page 67 of the House bill, line 22, "where" and insert *in the case of any such sirups intended to be used in the manufacture of carbonated beverages sold in bottles or other closed containers the rate shall be 5 cents per gallon and a period*; and on page 67 of the House bill, line 22, before the word "any" insert *Where*; and on page 67 of the House bill, line 22, strike out "manufacturing carbonated beverages or"; and on page 68 of the House bill, line 2, strike out "and except that the" and insert *and where any person manufacturing carbonated beverages manufactures and uses any such sirups in the manufacture of carbonated beverages sold in bottles or other closed containers there shall be levied, assessed, collected, and paid on each gallon of such sirups a tax of 5 cents per gallon. The*; and the Senate agree to the same.

Amendment numbered 643:

That the House recede from its disagreement to the amendment of the Senate numbered 643, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert 4; and the Senate agree to the same.

Amendment numbered 644:

That the House recede from its disagreement to the amendment of the Senate numbered 644, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *Sec. 603* and a period; and the Senate agree to the same.

Amendment numbered 645:

That the House recede from its disagreement to the amendment of the Senate numbered 645, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *602*; and the Senate agree to the same.

Amendment numbered 646:

That the House recede from its disagreement to the amendment of the Senate numbered 646, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *602*; and the Senate agree to the same.

Amendment numbered 648:

That the House recede from its disagreement to the amendment of the Senate numbered 648, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *602*; and the Senate agree to the same.

Amendment numbered 651 :

That the House recede from its disagreement to the amendment of the Senate numbered 651, and agree to the same with an amendment as follows:

On page 164 of the Senate engrossed amendments, line 10, strike out "702" and insert 703; and on page 165 of the Senate engrossed amendments, line 8, strike out "703" and insert 704; and the Senate agree to the same.

Amendment numbered 662 :

That the House recede from its disagreement to the amendment of the Senate numbered 662, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by said amendment insert the following: *any post of the American Legion or the women's auxiliary units thereof* and a comma; and the Senate agree to the same.

Amendment numbered 701 :

That the House recede from its disagreement to the amendment of the Senate numbered 701, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by said amendment insert *10 per centum* and a period; and the Senate agree to the same.

Amendment numbered 745 :

That the House recede from its disagreement to the amendment of the Senate numbered 745, and agree to the same with an amendment as follows:

On page 183 of the Senate engrossed amendments, after line 9, insert the following heading in small capitals: *Capital stock tax* and a period; and the Senate agree to the same.

Amendment numbered 746 :

That the House recede from its disagreement to the amendment of the Senate numbered 746, and agree to the same with an amendment as follows:

On page 184 of the Senate engrossed amendments, before line 13, insert the following heading in small capitals: *Miscellaneous occupational taxes* and a period; and the Senate agree to the same.

Amendment numbered 747 :

That the House recede from its disagreement to the amendment of the Senate numbered 747, and agree to the same with an amendment as follows:

On page 189 of the Senate engrossed amendments, before line 15, insert the following heading in small capitals: *Special tobacco manufacturers' tax* and a period; and the Senate agree to the same.

Amendment numbered 748 :

That the House recede from its disagreement to the amendment of the Senate numbered 748, and agree to the same with an amendment as follows:

On page 191 of the Senate engrossed amendments, before line 12, insert the following heading in small capitals: *Special tax on use of*

boats and a period; and on page 192 of the Senate engrossed amendments, line 13, strike out "The taxes herein imposed" and insert *This section*; and the Senate agree to the same.

Amendment numbered 749:

That the House recede from its disagreement to the amendment of the Senate numbered 749, and agree to the same with an amendment as follows:

On page 192 of the Senate engrossed amendments, before line 18, insert the following heading in small capitals: *Penalty for nonpayment of special taxes* and a period; and the Senate agree to the same.

Amendment numbered 750:

That the House recede from its disagreement to the amendment of the Senate numbered 750, and agree to the same with an amendment as follows:

On page 193 of the Senate engrossed amendments, before line 2, insert the following heading in small capitals: *Tax on narcotics* and a period; and the Senate agree to the same.

Amendment numbered 765:

That the House recede from its disagreement to the amendment of the Senate numbered 765, and agree to the same with an amendment as follows:

On page 208 of the Senate engrossed amendments, line 10, after "share" insert a comma; and the Senate agree to the same.

Amendment numbered 783:

That the House recede from its disagreement to the amendment of the Senate numbered 783, and agree to the same with an amendment as follows:

On page 224 of the Senate engrossed amendments, line 24, strike out "603" and insert *602*; and the Senate agree to the same.

Amendment numbered 789:

That the House recede from its disagreement to the amendment of the Senate numbered 789, and agree to the same with an amendment as follows:

On page 228 of the Senate engrossed amendments, line 4, strike out "20" and insert "*Twentieth*"; and the Senate agree to the same.

Amendment numbered 793:

That the House recede from its disagreement to the amendment of the Senate numbered 793, and agree to the same with an amendment as follows:

On page 235 of the Senate engrossed amendments, line 10, after "any" insert *other*; and the Senate agree to the same.

Amendment numbered 799:

That the House recede from its disagreement to the amendment of the Senate numbered 799, and agree to the same with an amendment as follows:

On page 237 of the Senate engrossed amendments, line 5, strike out "1917" and insert *1916, the Revenue Act of 1917* and a comma; and the Senate agree to the same.

Amendment numbered 807:

That the House recede from its disagreement to the amendment of the Senate numbered 807, and agree to the same with an amendment as follows:

On page 242 of the Senate engrossed amendments, line 5, before "No" insert *Sec. 177* and a period; and on page 242 of the Senate engrossed amendments, line 14, at the end of the line insert quotation marks; and the Senate agree to the same.

Amendment numbered 825:

That the House recede from its disagreement to the amendment of the Senate numbered 825, and agree to the same with an amendment as follows:

On page 248 of the Senate engrossed amendments, line 17, strike out all after "capital." down to and including "1917" in line 20, and insert the following: *For the purposes of this section, public service corporations which (1) were operated independently, (2) were not physically connected or merged and (3) did not receive special permission to make a consolidated return, shall not be construed to have been affiliated; but a railroad or other public utility which was owned by an industrial corporation and was operated as a plant facility or as an integral part of a group organization of affiliated corporations which were required to file a consolidated return, shall be construed to have been affiliated;* and the Senate agree to the same.

Amendment numbered 826:

That the House recede from its disagreement to the amendment of the Senate numbered 826, and agree to the same with an amendment as follows:

On page 250 of the Senate engrossed amendments, line 23, strike out "herein" and insert *by this section*; and on page 251 of the Senate engrossed amendments, lines 15 and 16, strike out "the period herein limited" and insert *such period of six months*; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

J. W. FORDNEY,

W. R. GREEN,

NICHOLAS LONGWORTH,

Managers on the part of the House.

BOIES PENROSE,

P. J. McCUMBER,

KEED SMOOT,

Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: This is a clerical change in the heading to the first title of the bill; and the House recedes.

Amendment No. 2: This is a clerical change; and the House recedes.

Amendment No. 3: The House bill consisted of specified amendments to the revenue act of 1918 and continued that act in force without repeal. The Senate amendments propose an entirely different method—namely, to repeal the revenue act of 1918 (with certain exceptions) and to reenact it with certain changes. The conferees having agreed upon the general plan of the Senate amendments as to the form of the bill, it is necessary for the House to recede on a large number of formal amendments required by the change in the form of the bill. Amendment No. 3 strikes out of the House bill a section providing that terms defined in the revenue act of 1918 shall have the same meaning when used in this bill as in the revenue act of 1918. This section having become unnecessary on account of the repeal and reenactment of the revenue act of 1918 in the manner above explained, the House recedes.

Amendment No. 4: This amendment inserts a number of definitions found in the revenue act of 1918 with only minor clerical changes; and the House recedes.

Amendment No. 5: This is a clerical change in the form of the headings to a title of the bill; and the House recedes.

Amendment No. 6: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 7: This amendment inserts a number of definitions found in the revenue act of 1918, with only minor clerical changes; and the House recedes.

Amendments Nos. 8, 9, 157, 385, and 561: The House bill provided that in the case of a "foreign trader" or a "foreign trade corporation" gross income, for the purposes of income tax, means only gross income from sources within the United States, and defines "foreign trader" to mean any citizen or resident of the United States or domestic partnership 80 per cent or more of whose gross income is

derived from sources without the United States and 50 per cent or more of whose gross income is derived from the active conduct of a business without the United States; and similarly defines "foreign trade corporation," including within the definition only domestic corporations. Senate amendments Nos. 8 and 9 strike out these definitions and amendments Nos. 157 and 385 strike out the provision limiting the gross income of foreign traders and foreign trade corporations to gross income from sources within the United States; but Senate amendment No. 561 inserts a new section (sec. 262) containing similar provisions applicable only to citizens of the United States or domestic corporations 80 per cent or more of whose gross income is derived from sources within a possession of the United States and 50 per cent or more of whose gross income is derived from the active conduct of a trade or business within a possession of the United States, with the additional qualification that there shall be included in the gross income of such persons all amounts received within the United States, whether derived from sources within or without the United States. The House recedes from its disagreement to amendments Nos. 8, 9, 157, and 385, and recedes from its disagreement to amendment No. 561 with an amendment making clerical changes, and providing that the term "possession" shall not include the Virgin Islands.

Amendment No. 10: This amendment inserts a number of definitions found in the revenue act of 1918, with only minor clerical changes; and the House recedes.

Amendment No. 11: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 12: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 13 and 14: These amendments are clerical changes; and the House recedes.

Amendment No. 15: This amendment is a clerical change; and the Senate recedes.

Amendments Nos. 16 and 17: These amendments are clerical changes; and the House recedes.

Amendment No. 18: This amendment removes a doubt in the existing law as to the right of a corporation to distribute tax free the increase in value of property accrued prior to March 1, 1913, by providing that such increase may be distributed to the stockholders free from tax after the earnings and profits accumulated since February 28, 1913, have been distributed; and the House recedes.

Amendment No. 19: This amendment provides that if a stockholder in a corporation receives dividends paid out of earnings or profits accumulated or increase in value of property accrued prior to March 1, 1913, he shall not be allowed as a deduction from gross income any loss sustained in the sale or other disposition of his stock unless, and then only to the extent that, the cost (or if the stock has been acquired prior to March 1, 1913, the fair market value as of March 1, 1913) exceeds the sum of (1) the amount realized from the sale or other disposition of the stock, plus (2) the aggregate amount of such tax-free dividends; and the House recedes.

Amendment No. 20: The House bill provided that amounts distributed in the liquidation of a corporation shall be treated as in part or in full payment in exchange for stock or shares, and any gain or profit realized thereby shall be taxed to the distributee as other gains or profits. The Senate amendment strikes out this provision. The House recedes with an amendment providing that any distribution (whether in cash or other property) made by a corporation to its shareholders or members otherwise than out of (1) earnings or profits accumulated since February 28, 1913, or (2) earnings or profits accumulated or increase in value of property accrued prior to March 1, 1913, shall be applied against and reduce the basis provided in section 202 for the purpose of ascertaining the gain derived or the loss sustained from the sale or other disposition of the stock or shares by the distributee.

Amendment No. 21: This amendment provides that a stock dividend shall not be subject to tax, but that if after the distribution of a stock dividend the corporation cancels or redeems its stock at such time and in such manner as to make the distribution and cancellation or redemption essentially equivalent to the distribution of a taxable dividend, the amount received in redemption or cancellation of the stock shall be treated as a taxable dividend to the extent of the earnings or profits accumulated by the corporation after February 28, 1913; and the House recedes.

Amendments Nos. 22 and 23: These are clerical amendments; and the House recedes.

Amendment No. 24: The House bill repeals subdivision (e) of section 201 of the revenue act of 1918, a paragraph of the law relating only to the computation of invested capital for the purpose of the excess-profits tax, such repeal to take effect at the same time as the repeal of the excess-profits tax. The Senate amendment, in accordance with the general plan referred to in connection with amendment No. 3, strikes out the provision of the House bill and inserts subdivision (e) of section 201 of the revenue act of 1918 with an additional clause providing that it shall not be in effect after the excess-profits tax ceases to be in effect; and the House recedes.

Amendment No. 25: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 26: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 27, 28, and 29: These are clerical amendments; and the House recedes.

Amendment No. 30: The House bill provided that in case of property acquired by gift on or before December 31, 1920, the basis of ascertaining gain or loss from a sale or other disposition should be the same as existing law. The Senate amendment specifies the rule of existing law, which is the fair market price or value of the property at the time of acquisition; and the House recedes.

Amendments Nos. 31, 32, 33, 34, and 35: These amendments are clerical changes; and the House recedes.

Amendment No. 36: The House bill enacted into law the existing practice of the Treasury Department that in ascertaining the gain

derived or loss sustained from a sale or other disposition of property, proper adjustment shall be made for any expenditures chargeable to capital account, and for any item of loss or depreciation or similar expense properly chargeable with respect to the property. The Senate amendment strikes out this provision of the House bill as surplusage and as merely declaratory of a rule which would be followed in the absence of an express statutory declaration; and the House recedes.

Amendment No. 37: This amendment is a clerical change; and the House recedes.

Amendment No. 38: The House bill provided that on an exchange of property for other property no gain or loss shall be recognized unless the property received in exchange has a "definite and readily realizable market value." The Senate amendment strikes out the words "definite and"; and the House recedes.

Amendment No. 39: The House bill provided that if the property received in exchange for other property has a "definite and readily realizable market value" no gain or loss shall be recognized in certain cases. The Senate amendment strikes out the words "definite and"; and the House recedes.

Amendment No. 40: This amendment is a clerical change; and the House recedes.

Amendment No. 41: The House bill provided that when property held for investment is exchanged for property of a like kind or use no gain or loss shall be recognized even if the property received in exchange has a readily realizable market value. The Senate amendment strikes out this provision; and the Senate recedes.

Amendment No. 42: This amendment is a clerical change; and the House recedes.

Amendments Nos. 43, 44, and 46: The House bill provided that when in the organization or reorganization of one or more corporations a person receives in place of property owned by him new stock or securities no gain or loss shall be recognized. By amendment No. 43 this rule is limited to reorganizations (organizations being covered by a later paragraph of the bill). Amendment No. 44 provides that the property exchanged shall consist only of stock or securities, and amendment No. 46 limits the securities received in exchange to stock or securities in a corporation a party to or resulting from such reorganization; and the House recedes on all these amendments.

Amendment No. 45: This amendment makes a clerical change; and the House recedes.

Amendment No. 46: The effect of this amendment and the action of the conferees thereon has been explained in connection with amendment No. 43.

Amendment No. 47: The House bill defined the term "reorganization," as used in the paragraph relating to gain or loss resulting from the exchange of property in connection with the reorganization of a corporation, to include a merger or consolidation (however effected). The Senate amendment adds to this definition the case where one corporation acquires at least a majority of the voting stock and at least a majority of the total number of shares of all

other classes of stock of another corporation, or substantially all the property of another corporation; and the House recedes.

Amendments Nos. 48 to 59, inclusive: These amendments are clerical changes; and the House recedes.

Amendments Nos. 60 and 61: The House bill provided, in connection with the provisions relating to the determination of gain or loss in the transfer of property to a corporation, that a group of persons is "in control" of a corporation when owning at least 80 per cent of the voting stock and 80 per cent of all other classes of stock of the corporation. The Senate amendments define control to exist when at least 80 per cent of the voting stock and at least 80 per cent of the total number of shares of all other classes of stock are owned; and the House recedes on both amendments.

Amendments Nos. 62 and 63: These amendments are clerical changes; and the House recedes.

Amendment No. 64: The House bill provided that where property is exchanged for other property and no gain or loss is recognized the property received shall for the purpose of determining gain or loss be treated as taking the place of the property exchanged. The Senate amendment also brings under the rule cases where property is compulsorily or involuntarily converted into cash or its equivalent by reason of fire, shipwreck, theft, or other casualties, and the taxpayer proceeds in good faith to expend the proceeds of the conversion in the acquisition of similar property. The amendment also provides that where under other provisions of the bill no deduction is allowed where stock is sold and repurchased for the purpose of realizing a loss the property acquired in pursuance of such a wash sale shall for the purpose of determining gain or loss on a subsequent sale be treated as taking the place of the property sold. The amendment also excepts from the general rule stated in the House bill, and makes proper provision for, cases where the property received in exchange consists partly of property having no readily realizable market value and partly of money or property which has a readily realizable market value, in such manner that the taxpayer must account for any real gain or loss resulting therefrom. The amendment also provides that nothing in the section relating to the basis for determining gain or loss shall be construed to prevent (in the case of property sold under contract providing for payment in installments) the taxation of that portion of any installment payment representing profit in the year in which the payment is received. The House recedes with an amendment making a clerical change.

Amendment No. 65: The House bill provides that, except in the case of the depletion allowance, the basis for ascertaining allowable deductions for loss, exhaustion, wear and tear, obsolescence, amortization, and other like deductions shall be the same as that provided in the subdivision of the law relating to the basis for determining gain or loss in the case of sale or other disposition of property. Senate amendments Nos. 181, 186, 401, and 404 (agreed to by the conferees), added to the law provisions that in case of the depreciation allowance and in case of the deduction for loss arising from destruction of or damage to property, the deduction shall be computed on the basis of the fair market value of the property as of March 1, 1913, if acquired before that date. Amendment No. 65 strikes out the provision of the House bill, above referred to, as being (subject to the

exceptions noted above) surplusage and merely declaratory of a rule already followed by the Treasury Department in the absence of an express statutory declaration; and the House recedes.

Amendment No. 66: This amendment inserts the section of the existing law relating to inventories, for the reason explained in connection with amendment No. 3; and the House recedes with an amendment making a clerical change.

Amendment No. 67: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 68: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 69 and 70: These amendments are clerical changes; and the House recedes.

Amendments Nos. 71 and 72: The House bill provided that where a taxpayer sustains a net loss in any taxable year the amount thereof shall be deducted from his net income for the two succeeding taxable years, and defined "net loss" to include only net losses resulting from the operation of a "business." The Senate amendment changes the definition to include net losses resulting from the operation of a "trade or business"; and the House recedes.

Amendments Nos. 73 and 74: These amendments are clerical changes; and the House recedes.

Amendment No. 75: The House bill in effect required that in computing a net loss the taxpayer must include in his gross income the amount of interest received free from income tax, which under the other provisions of the bill is not included in his gross income, but at the same time did not permit him to claim as a deduction the amount of interest paid on indebtedness incurred or continued to purchase or carry tax-exempt securities. The Senate amendment requires the taxpayer to include in his gross income for the purpose of computing the net loss only the amount by which the tax-free interest exceeds the interest paid on indebtedness incurred or continued to purchase or carry such tax-exempt securities; and the House recedes.

Amendment No. 76: The House bill provided that in the computation of net losses the taxpayer can not take as a deduction losses not sustained in his business, but required him to include in his gross income the profits not derived from his business. The Senate amendment allows him a deduction of such losses, not exceeding, however, the profits derived outside of his trade or business; and the House recedes.

Amendments Nos. 77 to 82, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 83: This amendment provides that the benefit of the section relating to net losses shall be allowed to insurance companies under regulations prescribed by the commissioner with the approval of the Secretary; and the House recedes.

Amendments Nos. 84 and 85: These amendments are clerical changes; and the House recedes.

Amendment No. 86: The House bill in providing for the deduction of net losses sustained in any year from the net income of the two succeeding years failed to make provision in the case of a tax-

payer having a fiscal year beginning in 1920 and ending in 1921. The Senate amendment provides that if such a taxpayer sustains a net loss during such fiscal year he shall be entitled to the benefits of the deduction for net losses in respect to the same proportion of the net loss which the portion of the fiscal year falling within the calendar year 1921 is of the entire year; and the House recedes.

Amendment No. 87: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 88: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 89 to 100, inclusive: These amendments are clerical changes made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 101 to 112, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 113: The House bill defined the term "capital assets" for the purpose of the section relating to the limitation of the tax on capital gains to mean only property acquired and held by the taxpayer for profit or investment. The Senate amendment added an additional limitation that such property must have been held for more than two years before its sale; and the House recedes.

Amendment No. 114: The House bill provided that only a portion of the gain derived from the sale of stock or shares in a corporation should be taxable. The Senate amendment in effect strikes out this provision; and the Senate recedes.

Amendment No. 115: The House bill limited the tax to 12½ per cent upon capital net gain and similarly limited the deduction allowance for capital net loss in the case of any taxpayer (other than a corporation) whose ordinary net income and capital net gain together exceed \$29,000. Senate amendment 115 changes the House method of limiting the tax upon capital net gain, eliminates all reference to capital net loss, and makes this provision applicable to all taxpayers (including corporations) who for any taxable year derive a capital net gain. The House recedes with an amendment providing that in the case of any taxpayer (other than a corporation) who for any year derives a capital net gain there shall (at the election of the taxpayer) be collected, in lieu of the taxes imposed by sections 210 and 211, a tax consisting of the sum of (1) a partial tax computed upon the basis of the ordinary net income at the rates and in the manner provided in sections 210 and 211, and (2) 12½ per cent of the capital net gain; but if the taxpayer elects to be taxed under this section, the total tax shall in no such case be less than 12½ per cent of the total net income.

Amendments Nos. 116 to 120, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 121: This amendment inserts in the bill, for the reason explained in connection with amendment No. 3, the section of the existing law relating to the normal tax on individuals; and also adds a subdivision, made necessary by the provision, concurred in by both Houses, granting married persons whose income is not

over \$5,000 an additional \$500 personal exemption. The reduction of the exemption from \$2,500 to \$2,000 would result, in the case of a taxpayer having an income in excess of \$5,000 and not in excess of \$5,020.83, in increasing the tax by more than the amount of the income in excess of \$5,000. The Senate amendment provides that the normal tax shall not exceed the amount of the tax payable if the net income were \$5,000 (which tax is \$100) plus the excess of the net income over \$5,000. The House recedes with an amendment transferring the new subdivision added by the Senate to section 216 of the bill, dealing with the personal exemption, and making certain changes in the interest of simplicity.

Amendment No. 122: The House bill limited the maximum surtax rate to 32 per cent. The Senate amendment raises the maximum surtax rate to 50 per cent and makes adjustments in the lower surtax brackets; and the House recedes.

Amendment No. 123: This amendment inserts the section of the existing law defining net income, for the reason explained in connection with amendment No. 3; and the House recedes.

Amendment No. 124: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 125: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 126: This amendment inserts the first paragraph of the section of the existing law relating to the definition of gross income, for the reason explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 127 and 128: These amendments are clerical changes; and the House recedes.

Amendment No. 129: The House bill exempted the salaries of the President of the United States and the judges of the Supreme and inferior courts of the United States. The Senate amendment restores the language of the existing law placing a tax on the income of these officers; and the House recedes.

Amendments Nos. 130 and 131: These amendments are clerical changes; and the House recedes.

Amendment No. 132: This amendment exempted from income tax the compensation of officers and employes of the United States, Alaska, Hawaii, or any political subdivision thereof or the District of Columbia, where the compensation is not paid by the United States; and the Senate recedes.

Amendment No. 133: This amendment is a clerical change; and the House recedes.

Amendment No. 134: The House bill provided that income received by any marital community shall be included in the gross income of the spouse having the management and control of the community property. The Senate amendment strikes out this provision; and the House recedes.

Amendment No. 135: This amendment is a clerical change; and the House recedes.

Amendment No. 136: This amendment inserts the introductory clause of subdivision (b) of section 213 of the existing law, for the

reason explained in connection with amendment No. 3; and the House recedes.

Amendment No. 137: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 138 and 139: These amendments are clerical changes; and the House recedes.

Amendments Nos. 140 and 141: These amendments insert, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the exemption of returned premiums on insurance contracts, and of the value of property acquired by gift or bequest; and the House recedes.

Amendment No. 142. This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 143: This amendment is a clerical change; and the House recedes.

Amendment No. 144: This amendment provides for the entire exemption from income tax of postal savings certificates of deposit; and the House recedes.

Amendment No. 145: This amendment is a clerical change; and the House recedes.

Amendments Nos. 146 and 147: These amendments insert, for the reason explained in connection with amendment No. 3, the provisions of existing law exempting from income tax the income of foreign Governments received from certain investments in the United States, the amounts received as compensation or damages for personal injuries or sickness, and income derived from any public utility or the exercise of essentially governmental functions if such income accrues to any State or political subdivision; and the House recedes.

Amendment No. 148: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 149: The House bill exempted from income tax the income of a nonresident alien or foreign corporation which consists exclusively of earnings derived from the operation of ships documented under the laws of a country which grants equivalent exemption to United States citizens and corporations; and the House recedes with an amendment making a clerical change.

Amendment No. 150: This amendment is a clerical change; and the House recedes with an amendment making a further clerical change.

Amendment No. 151: This amendment strikes out of the House bill a provision exempting from income tax the salary of the President and United States judges; and the House recedes.

Amendment No. 152: The House bill provided that individuals should not be required to include in their gross income so much of the amount received by them as dividends or interest from domestic building and loan associations operated exclusively for the purpose of making loans to members, as does not exceed \$500. The Senate amendment strikes out the provision of the House bill. The House

recedes with an amendment permitting the exclusion from gross income of an amount of such dividends or interest not in excess of \$300 and providing that this exclusion from gross income shall only be in effect from January 1, 1922, until January 1, 1927.

Amendment No. 153: This amendment excludes from gross income the rental value of a dwelling house furnished to a minister of the gospel as part of his compensation; and the House recedes with an amendment making a clerical change.

Amendment No. 154: This amendment excludes from gross income receipts of shipowners' mutual protection and indemnity associations, not organized for profit and no part of the net earnings of which inures to the benefit of any private stockholder or member, but the amendment provides that such corporations shall be taxable upon their net income from interest, dividends, and rents. The House recedes with an amendment making a clerical change.

Amendment No. 155: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 156: This amendment is a clerical change; and the House recedes.

Amendment No. 157: The effect of this amendment and the action of the conferees thereon has been explained in connection with amendment No. 8.

Amendment No. 158: This amendment is a clerical change; and the House recedes.

Amendment No. 159: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 160: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 161: This amendment inserts, for the reason explained in connection with amendment No. 3, the introductory clause of existing law relating to the deductions of individuals; and the House recedes.

Amendments Nos. 162 and 163: These amendments are clerical changes; and the House recedes.

Amendment No. 164: The existing law allows as a deduction from gross income the interest paid on indebtedness incurred or continued to purchase or carry Victory 3½ notes. The House bill struck out this deduction and the Senate amendment restores this provision of existing law, but limits the privilege to cases where such notes were originally subscribed for by the taxpayer; and the House recedes.

Amendment No. 165: This amendment is a clerical change; and the House recedes.

Amendment No. 166: This amendment is a clerical change correcting a possible misconstruction of the provision of the House bill relating to the deduction of taxes; and the House recedes.

Amendment No. 167: This amendment is a clerical change; and the House recedes.

Amendment No. 168: This amendment prohibits an individual from deducting from his gross income taxes imposed upon him upon his interest as shareholder or member of a corporation which are

paid by the corporation without reimbursement from the taxpayer. The amendment also provides that, for the purposes of the paragraph relating to the deduction of taxes, estate, inheritance, legacy, and succession taxes accrued on the due date thereof unless otherwise provided by the law of the jurisdiction imposing such taxes. The House recedes.

Amendment No. 169: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to losses sustained in trade or business; and the House recedes.

Amendment No. 170: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 171: This amendment is a clerical change; and the House recedes.

Amendment No. 172: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157 and 385, as explained in connection with amendment No. 8; and the House recedes.

Amendment No. 173: This amendment limits to transactions occurring outside of a trade or business the provisions of the House bill prohibiting a deduction for loss claimed to have been sustained in the sale of stock where the same stock is repurchased; and the House recedes.

Amendment No. 174: This amendment is a clerical change; and the House recedes.

Amendments Nos. 175, 176, and 177: The House bill provided that the taxpayer shall not be allowed any loss sustained in any sale of shares of stock where it appears that at or about the date of such sale the taxpayer has acquired identical property in substantially the same amount as the property sold, and that if such new acquisition is to the extent of part only of the identical property, then the amount of loss deductible shall be in proportion as the total amount of the property sold or disposed of bears to the property acquired. The Senate amendment extends the operation of the rule to cases where the acquisition of new property is within 30 days before or after the date of sale, but excepts from the operation of the rule of the House bill cases where the new property is acquired by bequest or inheritance, and brings within the operation of the rule cases where the new property is substantially identical with the property sold, and provides, in case the new acquisition is to the extent of part only of substantially identical property, in lieu of the proportion provided by the House bill, that only a proportionate part of the loss shall be disallowed. The House recedes from amendments Nos. 175 and 176 and recedes from amendment No. 177 with an amendment providing that the loss shall be disallowed only in cases where the property acquired is held by the taxpayer for any period after the sale of the old property, a provision made necessary by the extension of the rule, made by the Senate amendment No. 175, to cases where the new property was acquired within 30 days before the date of the sale.

Amendment No. 178: This amendment is a clerical change; and the House recedes.

Amendment No. 179: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157 and 385, as explained in connection with amendment No. 8; and the House recedes.

Amendment No. 180: This amendment is a clerical change; and the House recedes.

Amendment No. 181: The purpose of this amendment and of the similar language in amendment 401 is to remove a doubt in existing law as to whether the basis of such a loss should be the value of the property on March 1, 1913, or the cost thereof, and provides that in case of losses arising from destruction of or damage to property, where the property was acquired before March 1, 1913, the loss deduction shall be computed on the basis of the fair market price or value of the property as of March 1, 1913; and the House recedes.

Amendments Nos. 182, 183, 184, and 185: These amendments are clerical changes; and the House recedes.

Amendment No. 186: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of the existing law relating to the allowance for depreciation, and adds a clause providing that in the case of property acquired before March 1, 1913, the depreciation deduction shall be computed upon the basis of the fair market price or value of the property as of March 1, 1913; and the House recedes.

Amendment No. 187: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 188: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to the deduction for amortization of war facilities and vessels but limits such deduction to any taxable year ended before March 3, 1924, and allows it for such years only if claim was made at the time of filing return for the taxable year 1918 or 1919. The House recedes with an amendment permitting the deduction also in the case of claims filed at the time of filing returns for the taxable years 1920 and 1921.

Amendment No. 189: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of the existing law relating to depletion allowance in the case of mines, oil and gas wells and timber, adding a proviso that the depletion allowance based on discovery value shall not exceed the net income from property upon which the discovery is made except where such net income is less than the depletion allowance based on cost or fair market value as of March 1, 1913; and the House recedes.

Amendment No. 190: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 191 and 192: These amendments are clerical changes; and the House recedes.

Amendment No. 193: The House bill provided for the deduction from gross income of contributions made to certain charitable and other institutions, and the Senate amendment adds to this list posts

of the American Legion or the women's auxiliary units thereof; and the House recedes.

Amendment No. 194: This amendment is a clerical change; and the House recedes.

Amendment No. 195: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157 and 385, as explained in connection with amendment No. 8; and the House recedes.

Amendments Nos. 196 and 197: These amendments are clerical changes; and the House recedes.

Amendment No. 198: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 199 and 200: These amendments are clerical changes; and the House recedes.

Amendments Nos. 201 and 202: The House bill added an additional paragraph to the existing deductions from gross income, providing that when property is involuntarily converted into cash as a result of fire, shipwreck, condemnation, or related causes, the taxpayer may deduct the gains involuntarily realized (or a proper part thereof) when he proceeds forthwith in good faith to invest the proceeds (or a part thereof) of such conversion "directly or through the purchase of stock" in the acquisition of similar property or in the establishment of a replacement fund therefor. Amendment No. 201 strikes out the words above quoted and amendment No. 202 extends the benefits of the paragraph to cases where the taxpayer expends the proceeds of the conversion in the acquisition of 80 per cent or more of the stock of a corporation owning similar property; and the House recedes.

Amendment No. 203: This amendment is a clerical change; and the House recedes.

Amendment No. 204: This is a clerical amendment striking out a portion of the House bill rendered unnecessary by Senate amendment No. 64 agreed to by the conferees; and the House recedes.

Amendment No. 205: This amendment provides that the provisions of the paragraph in the House bill prescribing the conditions under which a deduction may be taken in respect of the proceeds or gains derived from the compulsory or involuntary conversion of property into cash shall apply to the exemption or exclusion of such proceeds or gains from gross income under prior income, war-profits and excess-profits tax acts; and the House recedes.

Amendment No. 206: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 207: This amendment is a clerical change; and the House recedes.

Amendment No. 208: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157 and 385, as explained in connection with amendment No. 8; and the House recedes.

Amendments Nos. 209, 210, and 211: These amendments are clerical changes; and the House recedes.

Amendment No. 212: The House bill provided that in the case of a nonresident alien individual the deductions from gross income shall be apportioned and allocated with respect to sources of income within and without the United States under rules and regulations prescribed by the commissioner with the approval of the Secretary, such determination to be final. The Senate amendment strikes out of the House bill the clause making such determinations final; and the House recedes.

Amendment No. 213: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157, 385, and 561, as explained in connection with amendment No. 8; and the House recedes.

Amendment No. 214: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 215: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of the present law specifying the items not deductible from gross income; and the House recedes.

Amendments Nos. 216, 217, and 218: These amendments are clerical changes; and the House recedes.

Amendment No. 219: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 220: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 221: This amendment inserts, for the reason explained in connection with amendment No. 3, the introductory clause of section 216 of existing law relating to the credits of individuals in computing the normal tax; and the House recedes.

Amendment No. 222: The House bill provided that for the purposes of normal tax there should be allowed as a credit in computing net income the amount of dividends received from corporations. The Senate amendment strikes out this provision and provides that the credit shall be the amount received as dividends (1) from a domestic corporation other than a corporation entitled to the benefits of section 262 (see discussion in connection with amendment No. 8) or (2) from a foreign corporation when it is shown to the satisfaction of the commissioner that more than 50 per cent of its gross income has been derived from sources within the United States. The House recedes.

Amendment No. 223: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to the credit in computing net income for purposes of the normal tax of the amount received as interest on United States bonds; and the House recedes.

Amendment No. 224: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 225: This amendment is a clerical change; and the House recedes.

Amendment No. 226: This amendment clarifies the language of the House bill relating to the personal exemption of husband and wife living together; and the House recedes.

Amendments Nos. 227 and 228: These amendments are clerical changes; and the House recedes.

Amendment No. 229: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157, 385, and 561, as explained in connection with amendment No. 8; and the House recedes.

Amendment No. 230: This amendment is a clerical change; and the House recedes.

Amendment No. 231: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 232 and 233: These amendments are clerical changes; and the House recedes.

Amendment No. 234: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 235 to 238, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 239: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157, 385, and 561, as explained in connection with amendment No. 8; and the House recedes.

Amendments Nos. 240 and 241: These amendments are clerical changes; and the House recedes.

Amendment No. 242: The House bill provided that in computing the gross income of a nonresident alien individual there should be treated as income from sources within the United States interest on bonds of residents, corporate or otherwise, but excepted interest received from foreign traders or foreign-trade corporations and interest on deposits in banks, banking associations, and trust companies paid to persons not engaged in business within the United States and not having an office or place of business therein. The Senate amendment strikes from this exception the interest received from foreign traders or foreign-trade corporations, since the action of the conferees in respect to foreign traders (explained in connection with amendment No. 8) makes this exception meaningless, and extends the exception of bank deposits to include deposits made with private bankers, and adds to the exception interest received from a resident alien individual or resident foreign corporation when it is shown to the satisfaction of the commissioner that less than 20 per cent of the gross income of such resident payor has been derived from sources within the United States. The House recedes.

Amendment No. 243: The House bill provided that in computing gross income of a nonresident alien there shall be treated as income from sources within the United States all dividends received from domestic corporations other than foreign-trade corporations. The Senate amendment strikes out this provision and provides that there shall be included in gross income the amount received as dividends (1)

from a domestic corporation other than a corporation entitled to the benefits of section 262 (see discussion in connection with amendment No. 8) or (2) from a foreign corporation unless it is shown to the satisfaction of the commissioner that less than 50 per cent of its gross income has been derived from sources within the United States. The House recedes.

Amendments Nos. 244 to 273, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 274: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157, 385, and 561, as explained in connection with amendment No. 8; and the House recedes.

Amendments Nos. 275, 276, and 277: These amendments are clerical changes; and the House recedes.

Amendment No. 278: This amendment strikes out, for the reason explained in connection with amendment No. 3, a portion of the House bill relating to the treatment of personal-service corporations and inserts for the same reason the provisions of existing law relating to the taxation of members of partnerships and personal-service corporations, providing, as did the House bill, that after December 31, 1921, such taxation of members of personal-service corporations shall be discontinued. The House bill also struck out of existing law the provision denying partnerships the deduction allowed to individuals of contributions to charity. The Senate amendment restores the existing law. The House recedes with an amendment making clerical changes.

Amendment No. 279: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 280: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 281 to 296, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 297: This amendment provides for the exemption from income tax of the income of a trust created by an employer as a part of a stock bonus or profit-sharing plan for the exclusive benefit of his employees, to which contributions are made by the employer or employees, or both, for the purpose of distributing to such employees the earnings and principal accumulated by the trust. The amendment, however, also provides that the amount actually distributed or made available to any distributee shall be taxable to him in the year in which distributed or made available, to the extent that it exceeds the amount paid in by him. The House recedes.

Amendment No. 298: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 299: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 300 to 305, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 306: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918

instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 307: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 308: This amendment is a clerical change; and the House recedes.

Amendment No. 309: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157 and 385, as explained in connection with amendment No. 8; and the House recedes.

Amendment No. 310: The House bill provided for withholding at the source of certain incomes of nonresident aliens but excepted from withholding interest on deposits "in banks, banking associations, and trust companies" paid to persons not engaged in business in the United States and not having an office or place of business therein. The Senate amendment extends the exception to such interest on deposits with private bankers; and the House recedes.

Amendments Nos. 311 to 317, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 318: The existing law provides that in the case of so-called "tax-free covenant bonds" the obligor shall withhold at the source a tax equal to 2 per cent of the interest paid if such interest is payable to an individual or a partnership. The House bill provided for a similar withholding in the case of interest paid to a corporation. The Senate amendment strikes out this extension of the present law; and the House recedes.

Amendment No. 319: This amendment is a clerical change; and the House recedes.

Amendment No. 320: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of the existing law relating to the administrative provisions governing withholding the tax at the source; and the House recedes.

Amendment No. 321: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 322: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 323 to 328, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 329: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157, 385, and 561, as explained in connection with amendment No. 8; and the House recedes.

Amendments Nos. 330 and 331. These amendments are clerical changes; and the House recedes.

Amendment No. 332: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to the treatment of accrued taxes in connection with the credit for foreign taxes; and the House recedes.

Amendment No. 333: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 334, 335, and 336: These amendments are clerical changes; and the House recedes.

Amendment No. 337: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 338, 339, and 340: These amendments are clerical changes; and the House recedes.

Amendment No. 341: The House bill made certain clarifying amendments in the section of the present law relating to the income-tax returns of individuals and married persons. The Senate amendment rewrites the section with further clarifying amendments and also provides that every individual, or a husband and wife living together, having a gross income, or an aggregate gross income, of \$5,000 or over, shall make a return regardless of the amount of net income. The House recedes.

Amendment No. 342: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to partnership returns; and the House recedes.

Amendment No. 343: This amendment inserts in clarified form, for the reason explained in connection with amendment No. 3, the section of existing law relating to returns by fiduciaries of the income of the persons for whom they act, adding a provision that such return must be made if such individual has a gross income of \$5,000 or over, regardless of the amount of net income. The House recedes.

Amendment No. 344: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to returns for a period of less than 12 months; and the House recedes.

Amendment No. 345: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 346: This amendment is a clerical change; and the House recedes.

Amendment No. 347: The House bill provided that in the case of returns for part of the taxable year the personal exemption and the credit for dependents shall be reduced to amounts bearing the same ratio to the full credits which the number of months in the period for which the return is made bears to a year. The Senate amendment strikes out this provision, which becomes unnecessary because of the action of the conferees in regard to amendments Nos. 349 and 350; and the House recedes.

Amendment No. 348: This amendment is a clerical change; and the House recedes.

Amendments Nos. 349 and 350: The House bill provided that in the case of a return for a period of less than a year the income shall be placed on an annual basis and that the surtax shall be such part of a surtax computed on such annual basis as the number of months in the period for which the return is made is of a year. The Senate amendments make the rule thus established applicable to both normal tax and surtax; and the House recedes.

Amendment No. 351: This amendment is a clerical change; and the House recedes.

Amendment No. 352: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of the present law relating to the time and place for filing individual returns for income tax, adding a provision that in the case of non-resident aliens returns shall be made within six months after the close of the taxable year, instead of within three months, as in the case of citizens and residents; and the House recedes.

Amendment No. 353: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of the existing law relating to understatements in returns; and the House recedes.

Amendment No. 354: This amendment grants to individuals and partnerships the privilege, if exercised within four months after the passage of this act, of organizing their trade or business as a corporation and paying taxes as if the corporation had been in existence from January 1, 1921, to the date of organization. The privilege is granted only if the income of the business was 20 per cent or more of its invested capital, and the amendment further provides that any taxpayer taking advantage of the section shall pay a capital-stock tax as if the corporation had been in existence from January 1, 1921. The House recedes with an amendment making clerical changes.

Amendment No. 355: The House bill amended existing law so as to make the income tax on corporations 12½ per cent, beginning January 1, 1922. The Senate amendment, for the reason explained in connection with amendment No. 3, strikes out the provision of the House bill and inserts with clerical changes the provisions of existing law imposing an income tax on corporations at the rate of 10 per cent for 1921 and 15 per cent for each year thereafter. The House recedes with an amendment restoring the House rate of 12½ per cent for the year 1922 and thereafter.

Amendment No. 356: This amendment inserts, for the reason explained in connection with amendment No. 3, the first two classes of organizations which under existing law are exempt from income tax; and the House recedes.

Amendment No. 357: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 358: This amendment is a clerical change; and the House recedes.

Amendments Nos. 359, 360, and 361: The House bill provided that fraternal beneficiary societies operating under the lodge system or for the exclusive benefit of the members or beneficiaries of members of fraternal societies operating under the lodge system should be exempt from income tax. The Senate amendment restores the language of existing law omitted from the House bill, granting exemption of such societies under this subdivision only if they provide for the payment of benefits to the members of such societies or their dependents; and the House recedes.

Amendment No. 362: This amendment is a clerical change; and the House recedes.

Amendment No. 363: The House bill provided for exemption from income tax of domestic building and loan associations operated exclusively for the purpose of making loans to members. The Senate amendment exempts all building and loan associations substantially all the business of which is confined to making loans to members, in lieu of the exemption provision of the House bill; and the House recedes.

Amendment No. 364: This amendment is a clerical change; and the House recedes.

Amendment No. 365: This amendment adds to the list of organizations exempt from income tax not only cemetery companies owned and operated exclusively for the benefit of their members (as under existing law), but also such companies which are not operated for profits, and any corporation chartered solely for burial purposes and not permitted to engage in any other business, if no part of its net earnings inures to the benefit of any private stockholder or individual. The House recedes with an amendment making clerical changes.

Amendment No. 366: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 367 and 368: These amendments are clerical changes; and the House recedes.

Amendment No. 369: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law granting exemption from income tax to business leagues, chambers of commerce, civic leagues and clubs for recreation purposes, certain farmers' or other mutual insurance companies, mutual ditch irrigation companies, and other organizations of like character; and the House recedes.

Amendment No. 370: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 371: This amendment is a clerical change; and the House recedes.

Amendment No. 372: The House bill provided for the exemption from income tax of farmers' associations organized and operated as purchasing agents for the purpose of purchasing supplies and equipment for the use of members and turning over such supplies and equipment to members at actual cost plus "necessary purchasing expenses." The Senate amendment strikes out the word "purchasing" in the language above quoted; and the House recedes.

Amendment No. 373: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law exempting from income tax corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount, less expenses, to an organization which itself is exempt from income tax; and the House recedes.

Amendment No. 374: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of ex-

isting law exempting from income tax Federal land banks and national farm loan associations; and the House recedes.

Amendment No. 375: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 376: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the definition of net income of corporations, and adds a provision that in the case of a foreign corporation the computation shall also be made in the manner provided in the section dealing with the allocation of income to sources within and without the United States. The House recedes with an amendment making a clerical change.

Amendment No. 377: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 378: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 379 to 384, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 385: The effect of this amendment and the action of the conferees thereon is explained in connection with amendment No. 8.

Amendment No. 386: This amendment is a clerical change; and the House recedes.

Amendment No. 387: This amendment inserts, for the reason explained in connection with amendment No. 3, the first portion of section 234 of the present law relating to deductions allowed corporations; and the House recedes.

Amendment No. 388: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 389: The existing law allows as a deduction from gross income the interest paid on indebtedness incurred or continued to purchase or carry Victory 3½ per cent notes. The House bill struck out this deduction and the Senate amendment restores this provision of existing law, but limits the privilege to cases where such notes were originally subscribed for by the taxpayer; and the House recedes.

Amendment No. 390: This amendment is a clerical change; and the House recedes.

Amendment No. 391: This amendment is a clerical change correcting a possible misconstruction of the provision of the House bill relating to the deduction of taxes; and the House recedes.

Amendments Nos. 392, 393, and 394: These amendments are clerical changes; and the House recedes.

Amendment No. 395: This amendment provides that a tax of the kind generally allowed as a deduction may be taken as a deduction by a corporation if it is a tax imposed upon a shareholder or member upon his interest as such and paid by the corporation without reimbursement from the shareholder, further providing that in such case

no deduction shall be allowed the shareholder. The amendment also provides that, for the purposes of the paragraph relating to the deduction of taxes, estate, inheritance, legacy, and succession taxes accrue on the due date thereof unless otherwise provided by the law of the jurisdiction imposing such taxes. The House recedes.

Amendment No. 396: This amendment is a clerical change; and the House recedes.

Amendment No. 397: The House bill, in connection with deductions of individuals for losses, prohibited this deduction in the case of wash sales of shares of stock but in the paragraph relating to deductions of corporations prohibited such losses in case of wash sales of property. The Senate amendment confines this to wash sales of shares of stock in conformity with the provision as to individuals; and the House recedes.

Amendment No. 398: This amendment is a clerical change; and the House recedes.

Amendments Nos. 399, 400, and 401: The House bill provided that the taxpayer shall not be allowed any loss sustained in any sale of shares of stock where it appears that at or about the date of such sale the taxpayer has acquired identical property in substantially the same amount as the property sold, and that, if such new acquisition is to the extent of part only of identical property, then the amount of loss deductible shall be in proportion as the total amount of the property sold or disposed of bears to the property acquired. The Senate amendment extends the operation of the rule to cases where the acquisition of new property is within 30 days before or after the date of sale, but excepts from the operation of the rule of the House bill cases where the new property is acquired by bequest or inheritance and brings within the operation of the rule cases where the new property is substantially identical with the property sold; and provides, in case the new acquisition is to the extent of part only of substantially identical property, in lieu of the proportion provided by the House bill, that only a proportionate part of the loss shall be disallowed. Amendment No. 401 also excepts from the operation of the rule cases where the loss is sustained by a dealer in stock or securities with respect to a transaction in the ordinary course of its business. Amendment No. 401 also provides that in case of losses arising from destruction of or damage to property where the property was acquired before March 1, 1913, the deduction for loss shall be computed upon the basis of the fair market price or value of the property as of March 1, 1913. The House recedes from amendments Nos. 399 and 400 and recedes from amendment No. 401 with an amendment providing that the loss in case of "wash sales" shall be disallowed only in cases where the property acquired is held by the taxpayer for any period after the sale of the old property, a provision made necessary by the extension of the rule, made by Senate amendment No. 399, to cases where the new property was acquired within 30 days before the date of the sale.

Amendment No. 402: This amendment is a clerical change; and the House recedes.

Amendment No. 403: The House bill allows as a deduction in computing the net income of corporations for the purpose of income tax the amount of dividends received from other corporations. The Senate amendment strikes out this provision and provides that the deduction shall be the amount received as dividends (1) from a do-

mestic corporation other than a corporation entitled to the benefits of section 262 (see discussion in connection with amendment No. 8) or (2) from a foreign corporation when it is shown to the satisfaction of the commissioner that more than 50 per cent of its gross income has been derived from sources within the United States; and the House recedes.

Amendment No. 404: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to the allowance for depreciation, and adds a clause providing that in the case of property acquired before March 1, 1913, the depreciation deduction shall be computed upon the basis of the fair market price or value of the property as of March 1, 1913; and the House recedes.

Amendment No. 405: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 406: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to deductions for amortization of war facilities and vessels, but limits such deduction to any taxable year ended before March 3, 1924, and allows it for such years only if claim was made at the time of filing return for the taxable year 1918 or 1919. The House recedes with an amendment also permitting the deduction in the case of claims filed at the time of filing returns for the taxable years 1920 and 1921.

Amendment No. 407: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of the existing law relating to depletion allowance in the case of mines, oil and gas wells, and timber, adding a proviso that the depletion allowance based on discovery value shall not exceed the net income from property upon which the discovery is made, except where such net income is less than the depletion allowance based on cost or fair market value as of March 1, 1913; and the House recedes.

Amendment No. 408: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 409: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to special deductions of insurance companies, but limits the application of these provisions (except in the case of mutual companies other than life) to the calendar year 1921; and the House recedes.

Amendment No. 410: The House bill extended to corporations the provisions of existing law allowing individuals to deduct contributions made for charitable purposes, limiting the amount of such deduction to 5 per cent of the net income. The Senate amendment strikes out the provision; and the House recedes.

Amendment No. 411: This amendment is a clerical change; and the House recedes.

Amendments Nos. 412 and 413: The House bill added a paragraph to the existing deductions from gross income, providing that when property is involuntarily converted into cash as a result

of fire, shipwreck, condemnation, or related causes the taxpayer may deduct the gains involuntarily realized (or a proper part thereof) when he proceeds forthwith in good faith to invest the proceeds (or a part thereof) of such conversion "directly or through the purchase of stock" in the acquisition of similar property or in the establishment of a replacement fund therefor. Amendment No. 412 strikes out the words above quoted, and amendment No. 413 extends the benefits of the paragraph to cases where the taxpayer expends the proceeds of the conversion in the acquisition of 80 per cent or more of the stock of a corporation owning similar property; and the House recedes.

Amendment No. 414: This amendment is a clerical change; and the House recedes.

Amendment No. 415: This is a clerical amendment striking out a portion of the House bill rendered unnecessary by Senate amendment No. 64 agreed to by the conferees; and the House recedes.

Amendment No. 416: This amendment provides that the provisions of the paragraph in the House bill prescribing the conditions under which a deduction may be taken in respect of the proceeds or gains derived from the compulsory or involuntary conversion of property into cash shall apply to the exemption or exclusion of such proceeds or gains from gross income under prior income, war-profits and excess-profits tax acts; and the House recedes.

Amendment No. 417: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 418: This amendment is a clerical change; and the House recedes.

Amendment No. 419: This amendment is a clerical change made necessary by the action of the conferees on Senate amendment No. 561, as explained in connection with amendment No. 8; and the House recedes.

Amendment No. 420: The House bill provided that in the case of a foreign corporation the deductions from gross income shall be apportioned and allocated with respect to sources of income within and without the United States under rules and regulations prescribed by the commissioner with the approval of the Secretary, such determination to be final. The Senate amendment strikes out of the House bill the clause making such determinations final; and the House recedes.

Amendment No. 421: This amendment inserts, for the reason explained in connection with amendment No. 3, section 235 of the present law relating to the items not deductible by corporations in computing net income; and the House recedes.

Amendment No. 422: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the credits allowed corporations in computing income tax, but changes existing law so as to allow a domestic corporation a specific credit of \$2,000 only in case its net income is \$25,000 or less, whereas existing law allows a \$2,000 credit to all domestic corporations. The House recedes with an amendment providing that if the net income is over \$25,000 the denial of the \$2,000 credit shall not operate to increase the tax, which would be payable if such credit were allowed, by more than the net income in excess of

\$25,000. The effect of this limitation agreed upon by the conferees is to prevent an increase of \$1 in net income resulting in an increase of \$250 in tax.

Amendment No. 423: The House bill amended the section of existing law relating to the withholding of corporation income tax at the source in case of foreign corporations, by providing that the withholding should be at the rate of 12½ per cent per year. The Senate amendment, for the reason explained in connection with amendment No. 3, strikes out the House provision and inserts the provisions of existing law, but provides that the rate of withholding after the calendar year 1921 shall be at the rate of 15 per cent. The House recedes with an amendment making the rate of withholding after the calendar year 1921 to be 12½ per cent.

Amendment No. 424: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 425: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 426, 427, 428, and 429: These amendments are clerical changes; and the House recedes.

Amendment No. 430: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to the treatment of accrued taxes in connection with the credit for foreign taxes; and the House recedes.

Amendment No. 431: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 432, 433, 434, and 435: These amendments are clerical changes; and the House recedes.

Amendment No. 436: The House bill provided for the exclusion from income of all dividends received from a corporation. Senate amendments agreed to by the conferees having provided for the inclusion in gross income of certain dividends received from a foreign corporation, Senate amendment No. 436 provides, under proper safeguards, for the credit by a domestic corporation of taxes paid by its subsidiary foreign corporation with respect to the income or profits of the foreign corporation paid as taxable dividends to the domestic corporation; and the House recedes.

Amendment No. 437: This amendment is a clerical change; and the House recedes.

Amendment No. 438: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157, 385, and 561, as explained in connection with amendment No. 8; and the House recedes.

Amendment No. 439: This amendment is a clerical change; and the House recedes.

Amendment No. 440: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the making of returns by corporations for the purposes of the income tax and adds a provision that there shall be included in the return a statement of the amount of the dividends paid, and of the amount of dividends paid out of the earnings or

profits accumulated during the taxable year. The House recedes with an amendment making clarifying changes.

Amendment No. 441: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 442: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 443 and 444: These amendments are clerical changes; and the House recedes.

Amendment No. 445: This amendment makes a clerical change; and the House recedes with an amendment making further clerical changes.

Amendment No. 446: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law relating to the definition of affiliated corporations for the purposes of the section dealing with consolidated returns; and the House recedes.

Amendment No. 447: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 448: This amendment is a clerical change; and the House recedes.

Amendment No. 449: This amendment is a clerical change made necessary by the action of the conferees on Senate amendments Nos. 157, 385, and 561, as explained in connection with amendment No. 8; and the House recedes.

Amendments Nos. 450, 451, and 452: These amendments are clerical changes; and the House recedes.

Amendment No. 453: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to the time and place for filing corporate returns, adding a provision that in the case of a corporation not having an office or place of business within the United States the return is to be made within six months after the close of the taxable year, instead of within three months, as in the case of other corporations; and the House recedes.

Amendment No. 454: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 455: This amendment is a clerical change; and the House recedes.

Amendment No. 456: This amendment is a clerical change; and the Senate recedes.

Amendments Nos. 457 to 462, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 463: The House inserted in the bill a section providing for a new system of taxing life insurance companies, beginning with the calendar year 1922. The Senate amendment made the new system of taxing life insurance companies begin with the year 1921; and the House recedes.

Amendment No. 464: The House bill made the new system of taxing life insurance companies also applicable to other kinds of insurance companies. The Senate, by this amendment, made the scheme applicable only to life insurance companies and by amendment No. 495 provided a still different method of taxing certain other insurance companies; and the House recedes.

Amendments Nos. 465 to 480, inclusive: These amendments are clerical amendments; and the House recedes.

Amendment No. 481: The House bill provided as a deduction in computing net income of life insurance companies, for purposes of income tax, the amount of dividends received from other corporations. The Senate amendment strikes out this provision and provides that the credit shall be the amount received as dividends (1) from a domestic corporation other than a corporation entitled to the benefits of section 262 (see discussion in connection with amendment No. 8) or (2) from a foreign corporation when it is shown to the satisfaction of the commissioner that more than 50 per cent of its gross income has been derived from sources within the United States. The House recedes.

Amendments Nos. 482, 483, and 484: These amendments are clerical changes; and the House recedes.

Amendment No. 485: This amendment provides that a tax of the kind generally allowed as a deduction may be taken as a deduction by a life insurance company if it is a tax imposed upon a shareholder or member upon his interest as such and paid by the life insurance company without reimbursement from the shareholder, further providing that in such case no deduction shall be allowed the shareholder. The House recedes.

Amendment No. 486: This amendment is a clerical change; and the House recedes.

Amendment No. 487: The House bill provided, in the case of life insurance companies, for a reasonable allowance for depreciation. The Senate amendment adds a provision that in the case of property acquired before March 1, 1913, the deduction shall be computed upon the basis of its fair market price or value as of March 1, 1913; and the House recedes.

Amendment No. 488: The existing law allows as a deduction from gross income the interest paid on indebtedness incurred or continued to purchase or carry Victory 3½ per cent notes. The House bill, in providing for the interest deduction in the case of life insurance companies, struck out this deduction, and the Senate amendment makes applicable to life insurance companies the provision of existing law but limits the privilege to cases where such notes were originally subscribed for by the taxpayer; and the House recedes.

Amendment No. 489: This amendment adds to the House bill provisions allowing domestic life insurance companies a specific credit of \$2,000 in computing their net income if their net income is \$25,000 or less. The House recedes with an amendment providing that if the net income is over \$25,000 the denial of the \$2,000 credit shall not operate to increase the tax, which would be payable if such credit were allowed, by more than the net income in excess of \$25,000. The effect of this limitation agreed upon by the conferees is to pre-

vent an increase of \$1 in net income resulting in an increase of \$250 in tax.

Amendments Nos. 490 to 494, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 495: The House bill provided specifically that every insurance company not exempt under the provisions of section 231 shall make a return for the purposes of this act. As section 239 provides that corporations (including insurance companies) subject to taxation under Title II shall make returns, Senate amendment No. 495 strikes out the above provision of the House bill as surplusage and provides a new system of taxing insurance companies (other than life or mutual insurance companies). The Senate amendment defines the term "gross income" of such companies to mean the combined gross amount earned during the taxable year from investment income and from underwriting income computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners. "Expenses incurred" are defined to mean all expenses shown on the aforementioned annual statement approved by the National Convention of Insurance Commissioners; but for the purpose of computing taxable net income only those expenses specifically allowed may be deducted. The House recedes with an amendment making clerical changes.

Amendment No. 496: This amendment inserts, for the reason explained in connection with amendment No. 3, subdivisions (a) and (b) of section 250 of the existing law, which are administrative provisions relating to the payment of income tax; and the House recedes.

Amendment No. 497: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 498, 499, 500, 501, 502, and 503: These amendments are clerical changes; and the House recedes.

Amendment No. 504: This amendment inserts, for the reason explained in connection with amendment No. 3, subdivision (c) of section 250 of the present law relating to the payment of income tax; and the House recedes.

Amendment No. 505: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 506, 507, and 508: These amendments are clerical changes; and the House recedes.

Amendment No. 509: The House bill provided that income, excess-profits, or war-profits taxes due under any return for 1921 and succeeding taxable years should be determined and assessed within three years after the return was filed. The Senate amendment extends this period to four years; and the House recedes.

Amendments Nos. 510 to 517, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 518: The House bill provided that in the case of a false or fraudulent return with intent to evade the income tax, or of a failure to file an income tax return, the amount of the tax

due might be determined at any time after it becomes due. The Senate amendment provides that in such cases the amount of the tax due may also be assessed and collected and a suit for its collection begun at any time after the tax becomes due; and the House recedes.

Amendments Nos. 519 and 520: These amendments are clerical changes; and the House recedes.

Amendment No. 521: The House bill provided that if, upon examination of any income, war-profits, or excess-profits tax return, a deficiency in tax is discovered the taxpayer shall be notified and given 30 days within which to file an appeal. The Senate amendment confines this provision to cases where the return was made under the revenue act of 1917 or the revenue act of 1918 or this act. The House recedes with an amendment making the provision also applicable to returns made under the revenue act of 1916.

Amendment No. 522: This amendment is a clerical change; and the House recedes.

Amendment No. 523: The House bill provided that if, upon examination of any income, war-profits, or excess-profits tax return a deficiency in tax is discovered the taxpayer shall be notified and given a period of not less than 30 days in which to file an appeal. The Senate amendment made the 30 days begin to run after the notice is mailed; and the House recedes with an amendment making the period begin to run after notice is sent by registered mail.

Amendment No. 524: This amendment is a clerical change; and the House recedes.

Amendments Nos. 525 to 534, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 535: This amendment authorizes collectors of internal revenue to mail notices to taxpayers of installments of income tax not earlier than 30 days and not later than 10 days before the installment becomes due, and provides that such notice shall be sufficient notice and demand; and the House recedes.

Amendment No. 536: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 537: This amendment authorizes the commissioner, with the approval of the Secretary, in case of deficiencies in tax not due to negligence or fraud with intent to evade the income tax, where it is shown to his satisfaction that the payment of the deficiency would result in undue hardship, to extend the time for its payment not to exceed 18 months after the passage of this act. The amendment also provides that in such cases sufficient bonds must be furnished and that interest at the rate of two-thirds of 1 per cent per month from the time of such extension shall be paid in lieu of other interest provided by law, unless such other interest is in excess of two-thirds of 1 per cent per month. The House recedes.

Amendment No. 538: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 539: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of the

present law relating to the collection of the income taxes from a taxpayer intending to depart from the United States or to remove his property therefrom; and the House recedes.

Amendments Nos. 540 to 543, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 544: This amendment makes the three preceding subdivisions of section 250 apply to the assessment and collection of taxes under the revenue act of 1917 and the revenue act of 1918; and the House recedes.

Amendment No. 545: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of section 251 of the existing law relating to receipts for income tax; and the House recedes.

Amendment No. 546: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 547: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to refunds for income, war-profits, and excess-profits taxes; and the House recedes.

Amendments Nos. 548, 549, and 550: These amendments are clerical changes; and the House recedes.

Amendment No. 551: This amendment provides that nothing in the section relating to refunds of income, war-profits, and excess-profits taxes shall be construed to bar from allowance claims for refund filed prior to the passage of the revenue act of 1918 under subdivision (a) of section 14 of the revenue act of 1916, or filed prior to the passage of this act under section 252 of the revenue act of 1918; and the House recedes.

Amendment No. 552: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to penalties in connection with income taxes; and the House recedes.

Amendment No. 553: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to returns of payments of dividends by corporations; and the House recedes.

Amendment No. 554: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to returns of brokers of names of customers and of transactions with them; and the House recedes.

Amendment No. 555: The House bill amended the existing law relating to information at the source so as to require all persons making payments to any individual, corporation, or partnership at the rate of \$1,000 or over, in any taxable year, to make returns to the Treasury Department of the amounts of such payments. The Senate amendment, which inserted, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to information at the source, strikes out the House amendment and retains the provisions of the existing law which require information returns only in case the payments amount to \$1,000 or more in the taxable year; and the House recedes.

Amendment No. 556: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the inspection of income-tax returns by the public, but provides that such returns shall be open to inspection at the request of either House of Congress. The House recedes with an amendment retaining the provisions of existing law, but omitting the provision of the Senate amendment permitting the inspection at the request of either House of Congress.

Amendment No. 557: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law requiring the commissioner to publish statistics relating to the operation of the income tax, war-profits and excess-profits tax laws, and adds a provision requiring a statement in the income-tax return of the amount of tax-exempt securities, State, municipal, or Federal, held by the taxpayer. The amendment also requires the information so obtained to be reported by the commissioner to Congress and imposes a penalty for failure of the taxpayer to comply. The House recedes with an amendment striking out the additions to existing law.

Amendment No. 558: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to licenses for persons undertaking for profit the collection of foreign payments of interest or dividends by means of coupons, checks, or bills of exchange; and the House recedes.

Amendment No. 559: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the income tax of certain citizens of possessions of the United States and adds a provision that nothing in the section shall be construed to alter or amend the provisions of the act of July 12, 1921, providing that all income taxes imposed in the United States shall also apply to the Virgin Islands. The amendment also provides that the provisions of the act relating to foreign traders or foreign trade corporations shall not apply to residents of the Virgin Islands. The House recedes with an amendment striking out the clause relating to the foreign trade provisions of the House bill, which were rejected.

Amendment No. 560: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the income tax in Porto Rico and the Philippine Islands; and the House recedes.

Amendment No. 561: The effect of this amendment and the action of the conferees thereon is explained in connection with amendment No. 8.

Amendments Nos. 562 to 565, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 566: The House bill repealed Title III of the revenue act of 1918, which is the war-profits and excess-profits tax, to take effect January 1, 1922. The Senate amendment strikes out this provision and inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to such tax, with slight modifications, keeping it in force only for the calendar year 1921, and by amendment No. 828 repeals Title III of the revenue act of 1918, effective as of January 1, 1921. Senate amendment No.

566 in section 304(c) adds to existing law a provision giving retroactive exemption to corporations engaged in the mining of gold the excess-profits tax imposed by the revenue act of 1917 in cases where such tax has been assessed but is unpaid. The House recedes with an amendment making clerical changes and making the retroactive exemption in the cases of corporations engaged in gold mining apply to such corporations whether or not the tax has been paid.

Amendments Nos. 567 to 575, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 576: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of the existing law relating to the returns of corporations for the purposes of the excess-profits tax; and the House recedes.

Amendment No. 577: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the limitation of excess-profits taxes in the case of bona fide sales of mines, oil or gas wells, or any interest therein, where the principal value of the property has been demonstrated by prospecting or exploration and discovery work; and the House recedes.

Amendments Nos. 578, 579, and 580: These amendments are clerical changes; and the House recedes.

Amendment No. 581: This amendment inserts, for the reason explained in connection with amendment No. 3, with certain clarifying changes, the provisions of existing law relating to definitions for purposes of the estate tax; and the House recedes.

Amendment No. 582: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the estate tax, with four additional brackets on net estates over \$10,000,000, the maximum being 50 per cent of the amount by which the net estate exceeds \$100,000,000. The House recedes with an amendment striking out these additional brackets and retaining the rates under existing law.

Amendment No. 583: This amendment inserts, for the reason explained in connection with amendment No. 3, the first few paragraphs of the section of the existing law relating to the computation of gross estate for the purposes of the estate tax; and the House recedes.

Amendment No. 584: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 585 and 586: These amendments are clerical changes; and the House recedes.

Amendment No. 587: This amendment inserts, for the reason explained in connection with amendment No. 3, certain provisions of existing law relating to the computation of gross estate for the purposes of the estate tax; and the House recedes.

Amendment No. 588: This amendment inserts, for the reason explained in connection with amendment No. 3, with clarifying changes, certain provisions of the present law relating to the determination of the value of the net estate for the purposes of the estate tax; and the House recedes.

Amendment No. 589: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 590 and 591: These amendments are clerical changes; and the House recedes.

Amendment No. 592: The House bill, continuing existing law, provided for the deduction in computing estate tax of the value of property forming part of the gross estate of any person who died within five years prior to the death of the decedent whose estate tax is being computed, if such prior estate tax was paid under the revenue act of 1917 or this act. The Senate amendment grants this privilege if the first estate tax was paid under this act or any prior act of Congress; and the House recedes.

Amendment No. 593: This amendment is a clerical change; and the House recedes.

Amendment No. 594: This amendment inserts, for the reason explained in connection with amendment No. 3, with clarifying changes, certain deductions allowed by the present law in computing estate tax; and the House recedes.

Amendment No. 595: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 596 and 597: These amendments are clerical changes; and the House recedes.

Amendment No. 598: This amendment makes the same change in regard to the estates of nonresident decedents as has been explained in connection with amendment No. 592; and the House recedes.

Amendments Nos. 606 to 610, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 605: The House bill provided that moneys deposited in any bank, banking institution, or trust company in the United States, by or for a nonresident decedent not engaged in business in the United States at the time of his death, shall not be deemed property within the United States for the purposes of the estate tax. The Senate amendment made the provision also apply in the case of moneys deposited with a private banker; and the House recedes.

Amendments Nos. 606, 607, 608, 609, and 610: These amendments are clerical changes; and the House recedes.

Amendment No. 611: This amendment inserts, for the reason explained in connection with amendment No. 3, with clerical changes, the provisions of existing law relating to returns of executors for the purposes of the estate tax; and the House recedes.

Amendment No. 612: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to making a return by the collector if no return is filed by the executor; and the House recedes.

Amendment No. 613: This amendment inserts, for the reason explained in connection with amendment No. 3, section 406 of the existing law with clarifying changes; and provides in addition that no extension of time for payment of the tax shall postpone the accrual of interest subsequent to the expiration of one year and six months after the decedent's death; and the House recedes.

Amendment No. 614: This amendment simplifies the procedure of collecting the estate tax by authorizing payment of the tax shown upon a return made in good faith, and provides (as in existing law) that any further tax found to be due subsequent to the expiration of one year and six months after the decedent's death shall be paid upon notice and demand. The amendment provides that if the tax is not paid within one month thereafter, interest is to be added at the rate of 10 per cent. This amendment also makes it plain that interest on the additional tax at the rate of 10 per cent per annum attaches only where the interest-free period of six months has expired; and the House recedes with an amendment making a clerical change.

Amendments Nos. 615, 616, and 617: These amendments are clerical changes; and the House recedes.

Amendment No. 618: This amendment inserts, for the reason explained in connection with amendment No. 3, section 408 of the existing law with the following change: The existing law provides that if the estate tax is not paid within 180 days after it is due, the collector shall proceed to collect the tax or commence appropriate court proceedings to recover the tax out of the property of the decedent. This amendment eliminates the 180-day period, and provides that the collector shall upon instructions from the commissioner proceed to collect the tax; and the House recedes.

Amendment No. 619: This amendment inserts, for the reason explained in connection with amendment No. 3, section 409 of the existing law without change; and the House recedes.

Amendment No. 620: This amendment inserts, for the reason explained in connection with amendment No. 3, section 410 of the existing law without change; and the House recedes.

Amendment No. 621: This amendment inserts a section providing for the assessment and collection of estate tax in the case of citizens of the United States having property within the probate jurisdiction of the United States Court for China, and repeals the existing law dealing with the collection of estate tax in such case; and the House recedes.

Amendment No. 622: This amendment inserts a new section providing for the levying of a tax at graduated rates on gifts of property amounting to \$20,000 or more in any year; and the Senate recedes.

Amendment No. 323. This amendment is a clerical change; and the House recedes.

Amendments Nos. 624 and 625: The House bill repealed, effective as of January 1, 1922, the transportation taxes on freight, express, passengers, Pullman accommodations, and oil by pipe line. The Senate amendment accomplishes the same result as the House bill by striking out the provisions of the House bill, for the reason explained in connection with amendment No. 3, and inserting only the provisions of the existing law relating to the tax on telegraph and telephone messages, and inserts a provision also found in the House bill giving the commissioner authority to make refund of the proportionate part of the tax collected under the revenue act of 1918 on tickets or mileage books only partially used before the repeal of the tax on passenger transportation. The House recedes from amendment No. 624 and recedes from amendment No. 625 with an amendment making a clerical change.

Amendment No. 626: This amendment is a change in heading to a title; and the House recedes.

Amendment No. 627: The House bill amended the revenue act of 1918 by providing that on all distilled spirits on which tax is paid at the nonbeverage rate of \$2.20 per gallon and which are diverted to beverage purposes there shall be levied an additional tax of \$4.20, to be paid by the person responsible for the diversion. The House bill also amended the existing law by providing that the process of extraction of water from high-proof spirits for the production of absolute alcohol shall not be deemed to be rectification within the meaning of the Revised Statutes, and that absolute alcohol shall not be subject to the rectification tax imposed by existing law. The Senate amendment strikes out these provisions of the House bill and inserts three new sections, the first of which imposes a tax of 60 cents per wine gallon on intoxicating malt liquors, the second of which imposes a tax of \$1.20 per wine gallon upon all vinous liquors, and the third of which imposes a tax of \$6.40 per proof gallon upon all distilled spirits except alcohol, the result thereof being to impose this tax upon whisky withdrawn for medicinal purposes. The amendment also inserted various modifications of administrative features of the law relating to the storage and bottling of distilled spirits. The House recedes with an amendment omitting the new matter proposed by the Senate and restoring the language of the House bill with clerical changes.

Amendment No. 628: This amendment is a clerical change; and the House recedes with an amendment making a further clerical change.

Amendments Nos. 629, 630, and 631: These amendments are clerical changes; and the House recedes.

Amendment No. 632: The House bill imposed a tax of 4 cents a gallon on cereal beverages. The Senate amendment reduces this to 2 cents a gallon; and the House recedes.

Amendments Nos. 633 and 634: These amendments are clerical changes; and the House recedes.

Amendment No. 635: The House bill excepted from the tax on still drinks natural or artificial mineral and table waters. The Senate amendment also excepts imitations thereof; and the House recedes.

Amendment No. 636: The House bill imposed a tax of 3 cents a gallon on all still drinks intended for consumption as beverages in the form in which sold, with certain exceptions. The Senate amendment reduces this tax to 2 cents a gallon; and the House recedes.

Amendment No. 637: This amendment inserts a tax of 2 cents a gallon upon all natural or artificial mineral and table waters whether carbonated or not, and all imitations thereof, sold by the producer, bottler, or importer thereof, in bottles or other closed containers, at over 10 cents per gallon. The House recedes with an amendment confining the tax to cases where such waters are sold at over 12½ cents per gallon.

Amendment No. 638: This amendment is a clerical change; and the House recedes.

Amendments Nos. 639, 640, and 641: The House bill imposed a tax of 10 cents per gallon on all finished or fountain sirups of the kind used in the manufacture of soft drinks, sold by the manufacturer,

producer, or importer, and a tax of 10 cents per gallon upon any manufacturer of carbonated beverages, or soda fountain proprietor, who manufactures any such sirups for use by him in the preparation of soft drinks. Senate amendments 639 and 640 reduce these taxes to 7½ cents per gallon and amendment No. 641 provides that in the case of such sirups sold to a bottler of carbonated beverages or manufactured by a bottler of carbonated beverages for use in the preparation of his beverages, the tax shall be 5 cents a gallon. The House recedes from amendments Nos. 639 and 640 with amendments making the rate 9 cents per gallon, and recedes from its disagreement to amendment No. 641 with an amendment making clerical changes.

Amendment No. 642: This amendment is a clerical change; and the House recedes.

Amendment No. 643: The House bill imposed a tax of 5 cents per pound upon all carbonic acid gas sold to a manufacturer of carbonated beverages or to a soda fountain proprietor and a tax at a like rate upon all carbonic acid gas used by the manufacturer, producer, or importer thereof in the preparation of soft drinks. The Senate amendment reduced this tax to 3 cents per pound; and the House recedes with an amendment making the rate 4 cents per pound.

Amendments Nos. 644, 645, and 646: These amendments are clerical changes; and the House recedes with amendments making further clerical changes.

Amendment No. 647: This amendment is a clerical change; and the House recedes.

Amendment No. 648: This amendment is a clerical change; and the House recedes with an amendment making a further clerical change.

Amendment No. 649: This amendment is a clerical change; and the House recedes.

Amendment No. 650: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 651: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law imposing taxes on cigars, tobacco, and manufactures thereof; and the House recedes with an amendment changing two section numbers.

Amendment No. 652: This amendment is a clerical change; and the House recedes.

Amendment No. 653: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 654: This amendment inserts, for the reason explained in connection with amendment No. 3, the introductory clause of the section of the existing law imposing the tax on admissions; and the House recedes.

Amendment No. 655: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of ex-

isting law imposing a tax of 1 cent for each 10 cents or fraction thereof of the amount paid for admission to any place, but adds a clause exempting from tax cases where the amount paid for admission is 10 cents or less. The House recedes.

Amendments Nos. 656, 657, and 658: These amendments are clerical changes; and the House recedes.

Amendment No. 659: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the tax on boxes or seats in opera houses, and on admission to cabarets; and the House recedes.

Amendment No. 660: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 661: This amendment is a clerical change; and the House recedes.

Amendment No. 662: This amendment adds to the list of organizations in the case of which no admission tax is to be collected posts of the American Legion or the women's auxiliary units thereof; and the House recedes with an amendment making a clerical change.

Amendment No. 663: This amendment adds to the list of organizations in the case of which no admission tax is to be collected organizations conducted for the sole purpose of maintaining a cooperative or community center moving-picture theater; and the House recedes.

Amendment No. 664: The House bill provided for exemption from admissions tax in the case of admissions to agricultural fairs none of the profits of which are distributed to stockholders or members of the association conducting the fair. The Senate amendment changed the exemption so as to exempt admissions to agricultural fairs if no part of the net earnings thereof inures to the benefit of any stockholders or members of the association conducting the fair; and the House recedes.

Amendment No. 665: The House bill confined the exemption from admissions tax in the case of admissions to agricultural fairs to cases where the proceeds from such admissions are used exclusively for the maintenance and operation of the fair. The Senate amendment inserts the word "improvement" before the words "maintenance and operation"; and the House recedes.

Amendment No. 666: This amendment is a clerical change; and the House recedes.

Amendment No. 667: This amendment inserts, for the reason explained in connection with amendment No. 3, a definition found in the existing law of the term "admission," for the purposes of the admissions tax; and the House recedes.

Amendment No. 668: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 669 and 670: These amendments are clerical changes; and the House recedes.

Amendment No. 671: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to the tax on club dues and fees; and the House recedes.

Amendment No. 672: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 673, 674, and 675: These amendments are clerical changes; and the House recedes.

Amendment No. 676: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law imposing a tax on automobile trucks and other automobiles; and the House recedes.

Amendment No. 677: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 678, 679, and 680: These amendments are clerical changes; and the House recedes.

Amendment No. 681: This amendment strikes out the excise tax of 5 per cent on musical instruments; and the House recedes.

Amendment No. 682: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 683: This amendment strikes out the excise tax of 5 per cent on sporting goods; and the House recedes.

Amendment No. 684: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 685 and 686: These amendments are clerical changes; and the House recedes.

Amendment No. 687: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law imposing an excise tax of 5 per cent on photographic films and plates (other than moving-picture films); and the House recedes.

Amendment No. 688: The House bill amended existing law so as to reduce the existing excise tax on candy from 5 per cent to 3 per cent. The Senate amendment, for the reason explained in connection with amendment No. 3, strikes out the House provision and inserts a paragraph taxing candy at the same rate as in the House bill; and the House recedes.

Amendment No. 689: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of the existing law imposing a tax of 10 per cent on firearms, shells, and cartridges; and the House recedes.

Amendment No. 690: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law imposing an excise tax of 10 per cent on hunting and bowie knives; and the House recedes.

Amendment No. 691: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law imposing a tax of 100 per cent on dirk knives, daggers, sword canes, stilettos, and brass or metallic knuckles; and the House recedes.

Amendment No. 692: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 693: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law imposing an excise tax of 10 per cent upon certain smokers' articles; and the House recedes.

Amendment No. 694: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law imposing an excise tax on automatic slot-device vending and weighing machines; and the House recedes.

Amendments Nos. 695 and 696: These amendments insert, for the reason explained in connection with amendment No. 3, the paragraphs of existing law imposing a tax of 10 per cent on liveries and livery boots and hats and hunting and shooting garments and riding habits; and the House recedes.

Amendment No. 697: The House bill amended the existing law so as to reduce the excise tax on articles made of fur from 10 per cent to 5 per cent. The Senate amendment strikes out the tax entirely; and the House recedes.

Amendment No. 698: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 699. This amendment is a clerical change; and the House recedes.

Amendment No. 700: The existing law, continued in the House bill, imposed a tax on pleasure boats and pleasure canoes if sold for more than \$15. The Senate amendment taxes these boats only if sold for more than \$100; and the House recedes.

Amendment No. 701: The House bill amended existing law so as to reduce from 10 per cent to 5 per cent the excise tax on yachts and motor boats not designed for trade, fishing, or national defense, and pleasure boats and pleasure canoes. The Senate amendment restores the rate of 10 per cent found in existing law; and the House recedes with an amendment making a clerical change.

Amendments Nos. 702 and 712: The House bill imposed a tax of 5 per cent upon certain articles if sold for more than certain specified prices. Senate amendment No. 702 strikes out this tax, but amendment No. 712 inserts a new section imposing a tax of 5 per cent upon the same articles, with two exceptions, but places the tax upon so much of the price for which the article is sold as is in excess of certain specified prices which are slightly higher than the prices fixed in the House bill. The House recedes from its disagreement to both amendments.

Amendment No. 703: This amendment imposes a tax of 4 per cent upon certain toilet articles such as perfumes, hair oils, etc. The Senate recedes.

Amendment No. 704: The House bill repealed the provisions of existing law providing for the computation of the excise tax in the case of a manufacturer selling articles both at wholesale and retail. The Senate amendment restores the provisions of existing law; and the House recedes.

Amendment No. 705: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 706: This amendment is a clerical change; and the House recedes.

Amendment No. 707: The House bill provided that if any person manufacturing any article subject to excise tax sells it to an affiliated corporation the tax shall be computed on the basis of the price for which the article is sold by the affiliated corporation. The Senate amendment confines this provision to cases where the article is sold to the affiliated corporation at less than the fair market price obtainable therefor; and the House recedes.

Amendment No. 708: This amendment is a clerical change; and the House recedes.

Amendments Nos. 709 and 710: The House bill amended existing law by reducing from 10 per cent to 5 per cent the excise tax on sculpture, paintings, statuary, porcelains, and bronzes. For the reason explained in connection with amendment No. 3, Senate amendment No. 709 strikes out the provision of the House bill and amendment No. 710 inserts the provision of the existing law at the 5 per cent rate as provided in the House bill, and adds a provision exempting from tax sales by a dealer in such articles to another dealer in such articles for resale; and the House recedes from its disagreement to both amendments.

Amendment No. 711: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to returns for purposes of the excise tax; and the House recedes.

Amendment No. 712: The effect of this amendment and the action of the conferees thereon has already been explained in connection with amendment No. 702.

Amendment No. 713: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 714 to 720, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 721: This amendment inserts, for the reason explained in connection with amendment No. 3, the administrative provisions of the present law dealing with the tax on jewelry, articles made of, or ornamented, mounted, or fitted with, precious metals or imitations thereof, etc.; and the House recedes.

Amendment No. 722: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendments Nos. 723 to 744, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 745: The House bill amended the existing law relating to the capital stock tax by providing that such tax shall be assessed within 15 months from the due date of the return, except in the case of a false return, in which case an additional assessment

might be made within three years from the due date. The House bill also provided that in case of overpayment of the capital stock tax under the revenue act of 1916, such act as amended by the revenue act of 1917, or under this act, the amount of the excess should be refunded to the taxpayer if within three years from the date when the return was due a claim therefor is filed by the taxpayer. The Senate amendment strikes out this provision and inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to the tax on capital stock of corporations, but excepting insurance companies from the tax; and the House recedes with an amendment making a clerical change.

Amendment No. 746: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to miscellaneous occupational taxes on brokers, theater proprietors, and others; and the House recedes with an amendment making a clerical change.

Amendment No. 747: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to special taxes on manufacturers of tobacco, cigars, and cigarettes, with a provision exempting from the amount of annual sales upon which the tax is computed all tobacco, cigars, and cigarettes sold for export and in due course so exported; and the House recedes with an amendment making a clerical change.

Amendment No. 748: The House bill amended the existing law relating to the special tax on the use of boats by providing that such tax shall apply only in the case of yachts or boats over 5 net tons and over 32 feet in length. The Senate amendment strikes out the provision of the House bill and inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to this tax, but incorporates the House amendment and adds a provision to the effect that the tax shall not apply to boats used without profit by charitable or religious organizations exclusively for furnishing aid, comfort, or relief to seamen. The House recedes with an amendment making clerical changes.

Amendment No. 749: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law containing a penalty for nonpayment of special taxes; and the House recedes with an amendment making a clerical change.

Amendment No. 750: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law relating to the tax on dealers in narcotics and the tax on narcotics; and the House recedes with an amendment making a clerical change.

Amendment No. 751: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to exemption from the narcotic tax; and the House recedes.

Amendment No. 752: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law relating to the forfeiture and disposition of narcotics seized for violation of the Harrison Narcotic Act; and the House recedes.

Amendment No. 753: This amendment inserts a heading to a title of the bill; and the House recedes.

Amendments Nos. 754 to 760, inclusive: These amendments insert, for the reason explained in connection with amendment No. 3, the provisions of existing law containing the administrative provisions relating to the stamp taxes; and the House recedes.

Amendment No. 761: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the furnishing, without prepayment, of stamps for the payment of stamp taxes, to assistant treasurers or designated depositaries of the United States, and adds a provision for the furnishing of such stamps, without prepayment, to any person duly appointed and acting as agent of any State for the sale of stock transfer stamps of such State, with provision for a bond conditioned for the return of all stamps not disposed of. The House recedes.

Amendment No. 762: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law imposing a stamp tax on bonds of indebtedness; and the House recedes.

Amendment No. 763: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 764: The House bill amended the existing law relating to the stamp tax on policies of guaranty and fidelity insurance by repealing the provision which required that where a premium is charged for the renewal or continuance of a policy the tax shall be 1 cent on each dollar or fraction thereof of the premium charged. The Senate amendment repeals the entire stamp tax on such policies and on indemnity and surety bonds; and the House recedes.

Amendment No. 765: This amendment inserts, for the reason explained in connection with amendment No. 3, the existing law relating to the stamp tax on issues of capital stock, adding a provision that where the actual value of stock without par value is less than \$100 per share the tax shall be 1 cent on each \$20 of actual value or fraction thereof; and the House recedes with an amendment making a clerical change.

Amendment No. 766: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law imposing a stamp tax on the transfer of capital stock, omitting the provision of existing law which provides that in the case of stock without par or face value the actual value of which is more than \$100 the tax shall be 2 cents for each \$100 or fraction thereof, leaving the tax in such cases at 2 cents per share regardless of value. The amendment also exempts from the tax loans of stock and the return of stock so loaned. The House recedes.

Amendment No. 767: This amendment inserts, for the reason explained in connection with amendment No. 3, the paragraph of existing law imposing a stamp tax on sales at produce exchanges and adds a provision making it clear that the United States cotton futures act and the future trading act shall not be affected by the reenactment of this provision. The House recedes.

Amendments Nos. 768 to 773, inclusive: These amendments insert, for the reason explained in connection with amendment No. 3,

the paragraphs of existing law imposing a stamp tax on drafts or checks payable otherwise than at sight or demand, conveyances of real property, entry of goods at customhouse, entry for withdrawal of goods from customs warehouse, passage tickets by water, and proxies for voting at corporate elections. The House recedes on all these amendments.

Amendment No. 774: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the stamp tax on powers of attorney, but excepts from such tax powers of attorney in the application of members or policyholders in mutual insurance companies doing business on the interinsurance or reciprocal indemnity plan through an attorney in fact. The House recedes.

Amendments Nos. 775 and 776: These amendments insert, for the reasons explained in connection with amendment No. 3, the paragraphs of existing law imposing a stamp tax on playing cards and on policies of marine insurance issued by foreign companies having no office or place of business in the United States. The House recedes on both these amendments.

Amendment No. 777: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law imposing a tax on the employment of child labor; and the House recedes.

Amendment No. 778: This amendment is a clerical change; and the House recedes.

Amendment No. 779: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law making all administrative, special, or stamp provisions of law, so far as applicable, apply to the taxes imposed by this act; and the House recedes.

Amendments Nos. 780 and 797: Section 1004 of the House bill provided that whether or not the method of collecting any of the taxes imposed by the revenue act of 1918 (other than income taxes, excess-profits taxes, estate taxes, stamp taxes, and the child-labor tax) is specifically provided, any such tax may, under regulations prescribed by the commissioner with the approval of the Secretary, be collected by stamp, coupon, or serial numbered ticket. This provision of the House bill was stricken out by Senate amendment No. 797, and amendment No. 780 inserts the same provision of the House bill made applicable to this act, with an additional provision that any such tax may be collected by any other reasonable device or method necessary or helpful in securing a complete and prompt collection of the tax. The House recedes on both amendments Nos. 780 and 797.

Amendment No. 781: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law relating to penalties for nonpayment of taxes; and the House recedes.

Amendment No. 782: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law empowering the commissioner to make rules and regulations for the enforcement of this act; and the House recedes.

Amendment No. 783: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of the present law relating to refunds for the overcollections or overpay-

ments of taxes; and the House recedes with an amendment making a clerical change.

Amendment No. 784: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of the existing law relating to exemption from excise taxes of articles sold for export, and in due course so exported; and the House recedes.

Amendment No. 785: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to the payment of taxes amounting to a fractional part of a cent; and the House recedes.

Amendment No. 786: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law permitting the commissioner to require persons to make returns to show whether or not they are liable to tax; and the House recedes.

Amendment No. 787: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law relating to the power of the commissioner to examine books and witnesses; and the House recedes.

Amendments Nos. 788 and 796: Section 1003 of the House bill contained a provision relieving the taxpayer from unnecessary examinations. This provision was stricken out of the bill by Senate amendment No. 796 and reinserted in this part of the bill, without change, by amendment No. 788; and the House recedes on both amendments.

Amendment No. 789: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the powers of district courts to compel attendance of witnesses, and to issue extraordinary writs in aid of collection of taxes, and also adds a provision giving the district courts of the United States jurisdiction concurrently with the Court of Claims of any proceeding begun after the passage of this act for the recovery of internal revenue taxes erroneously assessed or collected, even though the claim exceeds \$10,000, if the collector of internal revenue by whom such tax was collected is dead at the time suit is instituted. The House recedes with an amendment making a clerical change.

Amendment No. 790: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law containing various administrative sections in regard to the collection of internal revenue taxes; and the House recedes.

Amendment No. 791: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 792: This amendment is a clerical change; and the House recedes.

Amendment No. 793: This amendment inserts a section providing that in the absence of fraud or mistake in mathematical calculation the findings of fact in and the decision of the commissioner upon the merits of any claim presented under or authorized by the internal revenue laws shall not be subject to review by any administrative officer; and the House recedes with an amendment making a clerical change.

Amendment No. 794: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 795: This amendment is a clerical change; and the House recedes.

Amendment No. 796: The effect of this amendment and the action of the conferees thereon has been explained in connection with amendment No. 788.

Amendment No. 797: The effect of this amendment and the action of the conferees thereon has been explained in connection with amendment No. 780.

Amendment No. 798: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law relating to the authority of the commissioner to remit or refund taxes erroneously or illegally assessed or collected; and the House recedes.

Amendment No. 799: This amendment inserts a section extending the time in which taxpayers may make claim for refunding or crediting of any internal revenue tax erroneously or illegally assessed or collected from two years to four years and makes this provision retroactive in the case of claims for refund under the revenue act of 1917 and the revenue act of 1918. The House recedes with an amendment making the provision applicable to claims for refund under the revenue act of 1916.

Amendment No. 800: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to repeal of the permanent appropriation for the refunding of internal revenue taxes erroneously or illegally assessed or collected; and the House recedes.

Amendment No. 801: This amendment inserts a section amending existing law so as to give taxpayers five years in all cases for instituting suits for the recovery of internal revenue taxes alleged to have been erroneously or illegally assessed or collected, with a provision that it shall not affect any suit or proceeding instituted prior to the passage of this act; and the House recedes.

Amendment No. 802: This amendment, in order to carry out the purposes of amendment No. 801, repeals the provision of existing law limiting the time for bringing suits by a taxpayer for the recovery of taxes to two years; and the House recedes.

Amendment No. 803: This amendment provides that all suits by the Government to collect internal revenue taxes must be brought within five years from the time the tax was due, except in the case of fraud or willful intent to evade the tax, but it is not applicable to suits or proceedings for the collection of income or excess-profits taxes under section 250 of this act, or to suits begun at the time of the passage of this act; and the House recedes.

Amendment No. 804. This amendment inserts a section amending existing law relating to the statute of limitations in case of offenses against the internal-revenue laws, so as to provide that in such cases the statute of limitations shall be three years after the commission of the offense, with a provision that the section shall not apply to indictments instituted prior to the passage of this act; and the House recedes.

Amendment No. 805: This amendment provides that all internal revenue taxes, except income and excess-profits taxes, shall be as-

essed within four years after they are due, except in case of fraud or intent to evade the tax; and the House recedes.

Amendment No. 806: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to second assessments in case of fraudulent returns; and the House recedes.

Amendment No. 807: This amendment provides for the allowance of interest at the rate of one-half of 1 per cent per month in the case of claims for refunds of or credit for the payment of internal revenue taxes. The amendment also provides for the allowance of interest in judgments rendered after the passage of this act against the United States for internal revenue taxes erroneously or illegally assessed or collected. The House recedes with an amendment making clerical changes.

Amendment No. 808: This amendment inserts, for the reason explained in connection with amendment No. 3, the section of existing law permitting certificates of indebtedness of the United States and uncertified checks to be received in payment of taxes other than stamp taxes and adds a provision allowing United States notes to be similarly received; and the House recedes.

Amendment No. 809: This amendment inserts, for the reason explained in connection with amendment No. 3, the provision of existing law imposing a penalty on a person selling an article and misleading the purchaser by falsely claiming that a part of the purchase price is due to a tax imposed by the United States; and the House recedes.

Amendment No. 810: This amendment inserts a heading to a section; and the House recedes.

Amendments Nos. 811 to 815, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 816: The House bill provided that whenever a petition in bankruptcy is filed the clerk of the district court shall within three days give notice of such fact to the collector of internal revenue. The Senate amendment strikes out this provision; and the House recedes.

Amendments Nos. 817 and 825: Section 1007 of the House bill provided for the validation of the regulations of the Treasury Department made under the revenue act of 1917 in relation to the consolidated returns of corporations. Senate amendment No. 817 strikes out this provision, but amendment No. 825 reinserts it at a later portion of the bill, with clarifying changes. The House recedes on amendment No. 817 and recedes from its disagreement on amendment No. 825 with clarifying changes.

Amendments Nos. 818 and 826: Section 1008 of the House bill provided that if the provisions of existing law imposing the tax on personal-service corporations should be held unconstitutional such corporations shall pay for the years 1918 to 1921, inclusive, a tax equal to the income and war-profits and excess-profits taxes imposed for such years by the revenue act of 1918 unless they elected not to exercise their rights under the decision declaring such tax unconstitutional. Senate amendment No. 818 strikes out this provision, but amendment No. 826 inserts it at a later part of the bill, with clarifying changes, chiefly due to the form of the bill, explained in connec-

tion with amendment No. 3. The House recedes on amendment No. 818 and recedes from its disagreement to amendment No. 826 with an amendment making clerical changes.

Amendments Nos. 819 and 829: Section 1009 of the House bill authorizes the Treasury Department to have outstanding at any one time \$7,500,000,000 of notes (as distinguished from certificates of indebtedness or long time bonds) in place of \$7,000,000,000 of such notes in the aggregate, authorized by existing law. Senate amendment No. 819 strikes out this provision, but amendment No. 829 restores it in identical language in a later part of the bill; and the House recedes on both amendments.

Amendment No. 820: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 821: This amendment is a clerical change; and the House recedes.

Amendment No. 822: This amendment is a clerical change made necessary by the repeal and reenactment of the revenue act of 1918 instead of its amendment in specified particulars, as explained in connection with amendment No. 3; and the House recedes.

Amendment No. 823: This amendment inserts, for the reason explained in connection with amendment No. 3, with clerical changes, the provisions of existing law authorizing the deposit of United States bonds in lieu of sureties in case of surety bonds required to be furnished to the United States, and broadens the provision to extend like privilege to the case of United States notes. The House recedes.

Amendment No. 824: This amendment inserts, for the reason explained in connection with amendment No. 3, the provisions of existing law relating to the issue of stamps in place of lost stamps for distilled spirits, tobacco, cigars, snuff, cigarettes, fermented liquors, and wines; and the House recedes.

Amendment No. 825: The effect of this amendment and the action of the conferees thereon has been explained in connection with amendment No. 817.

Amendment No. 826: The effect of this amendment and the action of the conferees thereon has been explained in connection with amendment No. 818.

Amendment No. 827: This amendment inserts a heading to a title of the bill; and the House recedes.

Amendment No. 828: This amendment, in pursuance of the general policy of the House bill to repeal all the provisions of the Revenue Act of 1918 not incorporated in this act, repeals all of Titles II, III, IV, V, VII, VIII, IX, X, XI, and XII of the Revenue Act of 1918 and also repeals sections 628, 629, and 630 of such act (being the tax on soft drinks, ice cream, and similar articles) and also sections 1314, 1315, 1316, 1317, 1319, and 1320 of such act, which are certain administrative provisions; and the House recedes.

Amendment No. 829: The effect of this amendment and the action of the conferees thereon has been explained in connection with amendment No. 819.

Amendment No. 830: This amendment increases the amount of war-savings certificates which a single individual may hold from \$1,000 to \$5,000; and the House recedes.

Amendment No. 831: This amendment inserts the usual clause providing that if any provision of the act is unconstitutional this shall not affect the remainder of the act; and the House recedes.

Amendment No. 832: This amendment inserts a heading to a section; and the House recedes.

Amendment No. 833: This amendment is a clerical change; and the House recedes.

J. W. FORDNEY,
W. R. GREEN,
NICHOLAS LONGWORTH,
Managers on the part of the House.

