
REVENUE BILL OF 1932

JUNE 3, 1932.—Ordered to be printed

Mr. CRISP, from the committee on conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 10236]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10236) to provide revenue, equalize taxation, 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 7, 8, 15, 16, 35, 40, 41, 42, 45, 60, 61, 62, 63, 64, 65, 71, 72, 76, 113, 114, 115, 146, 174, 193, 207, 212, 214, 254, 257, 262, and 267.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 36, 37, 38, 39, 43, 44, 46, 47, 48, 49, 50, 51, 52, 53, 55, 56, 57, 58, 66, 67, 68, 69, 70, 73, 74, 77, 79, 80, 81, 83, 85, 86, 87, 88, 89, 90, 91, 94, 95, 96, 97, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 116, 117, 118, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 138, 139, 141, 142, 145, 147, 148, 149, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 169, 170, 171, 172, 173, 175, 176, 177, 178, 179, 181, 182, 183, 185, 188, 189, 190, 191, 192, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 208, 209, 210, 211, 213, 215, 216, 217, 218, 219, 221, 222, 223, 224, 226, 227, 228, 229, 230, 231, 232, 234, 237, 238, 239, 240, 241, 242, 243, 244, 245, 247, 248, 249, 250, 251, 252, 253, 255, 256, 258, 259, 260, and 261 and agree to the same.

Amendment Numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

On page 2 of the Senate engrossed amendments, under the heading "Title V—Miscellaneous Taxes" and the subheading "Part II—Admissions Tax", strike out "Sec. 712. Admission to Olympic Games."; and on page 3 of the Senate engrossed amendments, under the heading "Title VIII—Postal Rates", strike out "Sec. 1002. Adjustment of postal rates."; and on page 3 of the Senate engrossed

amendments, under the heading "Title IX—Administrative and General Provisions", strike out all after "Sec. 1106. Refunds of miscellaneous taxes.", the remaining portion of the matter inserted by the Senate amendment, and in lieu thereof insert the following:

Sec. 1107. Adjustments of carriers' liabilities to conform to recapture payments.

Sec. 1108. Limitation on prosecutions for internal revenue offenses.

Sec. 1109. Special disbursing agents of Treasury.

Sec. 1110. Refund of taxes for taxable year 1918.

Sec. 1111. Definitions.

Sec. 1112. Separability clause.

Sec. 1113. Effective date of Act.

And the Senate agree to the same.

Amendment Numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *13¾ per centum*; and the Senate agree to the same.

Amendment Numbered 29:

That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows:

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

(r) *Limitation on Stock Losses.*—

(1) *Losses from sales or exchanges of stocks and bonds (as defined in subsection (t) of this section) which are not capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges (including gains which may be derived by a taxpayer from the retirement of his own obligations).*

(2) *Losses disallowed as a deduction by paragraph (1), computed without regard to any losses sustained during the preceding taxable year, shall, to an amount not in excess of the taxpayer's net income for the taxable year, be considered for the purposes of this title as losses sustained in the succeeding taxable year from sales or exchanges of stocks or bonds which are not capital assets.*

(3) *This subsection shall not apply to a dealer in securities (as to stocks and bonds acquired for resale to customers) in respect of transactions in the ordinary course of his business, nor to a bank or trust company incorporated under the laws of the United States or of any State or Territory, nor to persons carrying on the banking business (where the receipt of deposits constitutes a major part of such business) in respect of transactions in the ordinary course of such banking business.*

And the Senate agree to the same.

Amendment Numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows:

On the last line of page 19 of the Senate engrossed amendments, after the word "coal", insert *mines*; and the Senate agree to the same.

Amendment Numbered 59:

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows:

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

(a) *Earned Income from Sources Without United States.*—In the case of an individual citizen of the United States, a bona fide nonresident of the United States for more than six months during the taxable year, amounts received from sources without the United States (except amounts paid by the United States or any agency thereof) if such amounts constitute earned income; but such individual shall not be allowed as a deduction from his gross income any deductions properly allocable to or chargeable against amounts excluded from gross income under this subsection. As used in this subsection the term "earned income" means wages, salaries, professional fees, and other amounts received as compensation for personal services actually rendered, but does not include that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income producing factors, a reasonable allowance as compensation for the personal services actually rendered by the taxpayer, not in excess of 20 per centum of his share of the net profits of such trade or business, shall be considered as earned income.

And the Senate agree to the same.

Amendment Numbered 75:

That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert the following: ; except that for the taxable years 1932 and 1933 there shall be added to the rate of tax prescribed by sections 13(a), 201(b), and 204(a), a rate of $\frac{3}{4}$ of 1 per centum; and the Senate agree to the same.

Amendment Numbered 78:

That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert $13\frac{3}{4}$ per centum; and the Senate agree to the same.

Amendment Numbered 82:

That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert $13\frac{3}{4}$ per centum: and the Senate agree to the same.

Amendment Numbered 84:

That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *13% per centum*; and the Senate agree to the same.

Amendment Numbered 92:

That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *13% per centum*; and the Senate agree to the same.

Amendment Numbered 93:

That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *13% per centum*; and the Senate agree to the same.

Amendment Numbered 98:

That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *13% per centum*; and the Senate agree to the same.

Amendment Numbered 99:

That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *13% per centum*; and the Senate agree to the same.

Amendment Numbered 119:

That the House recede from its disagreement to the amendment of the Senate numbered 119, and agree to the same with an amendment, as follows:

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

(c) The tax shall not apply to a transfer of property in trust where the power to re-vest in the donor title to such property is vested in the donor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such property or the income therefrom, but the relinquishment or termination of such power (other than by the donor's death) shall be considered to be a transfer by the donor by gift of the property subject to such power, and any payment of the income therefrom to a beneficiary other than the donor shall be considered to be a transfer by the donor of such income by gift.

And the Senate agree to the same.

Amendment Numbered 137:

That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment, as follows:

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

(4) *Crude petroleum, ½ cent per gallon; fuel oil derived from petroleum, gas oil derived from petroleum, and all liquid derivatives of crude petroleum, except lubricating oil and gasoline or other motor fuel, ½ cent per gallon; gasoline or other motor fuel, 2½ cents per gallon; lubricating oil, 4 cents per gallon; paraffin and other petroleum wax products, 1 cent per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.*

And the Senate agree to the same.

Amendment Numbered 140:

That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with an amendment, as follows:

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

(7) *Copper-bearing ores and concentrates and articles provided for in paragraph 316, 380, 381, 387, 1620, 1634, 1657, 1658, or 1659 of the Tariff Act of 1930, 4 cents per pound on the copper contained therein: Provided, That no tax under this paragraph shall be imposed on copper in any of the foregoing which is lost in metallurgical processes: Provided further, That ores or concentrates usable as a flux or sulphur reagent in copper smelting and/or converting and having a copper content of not more than 15 per centum, when imported for fluxing purposes, shall be admitted free of said tax in an aggregate amount of not to exceed in any one year 15,000 tons of copper content. All articles dutiable under the Tariff Act of 1930, not provided for heretofore in this paragraph, in which copper (including copper in alloys) is the component material of chief value, 3 cents per pound. All articles dutiable under the Tariff Act of 1930, not provided for heretofore in this paragraph, containing 4 per centum or more of copper by weight, 3 per centum ad valorem or ¼ of 1 cent per pound, whichever is the lower. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles. The Secretary is authorized to prescribe all necessary regulations for the enforcement of the provisions of this paragraph.*

And the Senate agree to the same.

Amendment Numbered 143:

That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert *tooth and mouth washes (except that the rate shall be 5 per centum), dentifrices (except that the rate shall be 5 per centum), tooth pastes (except that the rate shall be 5 per centum) and a comma;* and the Senate agree to the same.

Amendment Numbered 144:

That the House recede from its disagreement to the amendment of the Senate numbered 144, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert *toilet soaps (except that the rate shall be 5 per centum) and a comma;* 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 the Senate amendment insert the following: *No tax shall be imposed under this section on any article used for religious purposes, or any article (other than watch parts or clock parts) sold for less than \$3.*

And the Senate agree to the same.

Amendment Numbered 168:

That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment, as follows:

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

(2) Upon unfermented grape juice, in natural or concentrated form (whether or not sugar has been added), containing 35 per centum or less of sugars by weight, sold by the manufacturer, producer, or importer, a tax of 5 cents per gallon.

And the Senate agree to the same.

Amendment Numbered 180:

That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment, as follows:

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

SEC. 616. TAX ON ELECTRICAL ENERGY.—

(a) There is hereby imposed a tax equivalent to 3 per centum of the amount paid on or after the fifteenth day after the date of the enactment of this Act, for electrical energy for domestic or commercial consumption furnished after such date and before July 1, 1934, to be paid by the person paying for such electrical energy and to be collected by the vendor.

(b) Each vendor receiving any payments specified in subsection (a) shall collect the amount of the tax imposed by such subsection from the person making such payments, and shall on or before the last day of each month make a return, under oath, for the preceding month, and pay the taxes so collected, to the collector of the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Maryland. Such returns shall contain such information and be made in such manner as the Commissioner with the approval of the Secretary may by regulation prescribe. The Commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe with the approval of the Secretary, but no such extension shall be for more than 90 days. The provisions of sections 771 to 774, inclusive, shall, in lieu of the provisions of sections 619 to 629, inclusive, be applicable in respect of the tax imposed by this section.

(c) No tax shall be imposed under this section upon any payment received for electrical energy furnished to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such

manner as the Commissioner with the approval of the Secretary may by regulation prescribe.

And the Senate agree to the same.

Amendment Numbered 184:

That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment, as follows:

On page 46 of the Senate engrossed amendments, line 17, after "tube" insert a comma and the following: *or an article taxable under section 604, relating to the tax on furs*; and the Senate agree to the same.

Amendment Numbered 186:

That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment, as follows:

On page 48 of the Senate engrossed amendments, line 19, strike out all after "tube" down to and including "wort" in line 21; and the Senate agree to the same.

Amendment Numbered 187: That the House recede from its disagreement to the amendment of the Senate numbered 187, and agree to the same with an amendment, as follows:

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

SEC. 623. SALES BY OTHERS THAN MANUFACTURER, PRODUCER, OR IMPORTER.

In case any person acquires from the manufacturer, producer, or importer of an article, by operation of law or as a result of any transaction not taxable under this title, the right to sell such article, the sale of such article by such person shall be taxable under this title as if made by the manufacturer, producer, or importer, and such person shall be liable for the tax.

And the Senate agree to the same.

Amendment Numbered 220:

That the House recede from its disagreement to the amendment of the Senate numbered 220, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert *in case the selling price, if any, is \$20 or more per share the above rate shall be 5 cents instead of 4 cents: Provided further, That*; and the Senate agree to the same.

Amendment Numbered 225:

That the House recede from its disagreement to the amendment of the Senate numbered 225, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: *and by striking out the following: "in case the selling price, if any, is \$20 or more per share the above rate shall be 5 cents instead of 4 cents: Provided further, That"*; and the Senate agree to the same.

Amendment Numbered 233:

That the House recede from its disagreement to the amendment of the Senate numbered 233, and agree to the same with an amendment, as follows:

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

Amendment Numbered 235:

That the House recede from its disagreement to the amendment of the Senate numbered 235, and agree to the same with an amendment, as follows:

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

Amendment Numbered 236:

That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with an amendment, as follows:

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

Amendment Numbered 246:

That the House recede from its disagreement to the amendment of the Senate numbered 246, and agree to the same with an amendment, as follows:

On page 58 of the Senate engrossed amendments, line 12, strike out "made or drawn" and insert in lieu thereof *presented for payment*; and the Senate agree to the same.

Amendment Numbered 263:

That the House recede from its disagreement to the amendment of the Senate numbered 263, and agree to the same with an amendment, as follows:

On page 73 of the Senate engrossed amendments, line 14, strike out "1108" and insert *1107*; and the Senate agree to the same.

Amendment Numbered 264:

That the House recede from its disagreement to the amendment of the Senate numbered 264, and agree to the same with an amendment, as follows:

On page 74 of the Senate engrossed amendments, line 15, strike out "1109" and insert *1108*; and the Senate agree to the same.

Amendment Numbered 265:

That the House recede from its disagreement to the amendment of the Senate numbered 265, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *1109*; and the Senate agree to the same.

Amendment Numbered 266:

That the House recede from its disagreement to the amendment of the Senate numbered 266, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *1110*; and the Senate agree to the same.

Amendment Numbered 268:

That the House recede from its disagreement to the amendment of the Senate numbered 268, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *1111*; and the Senate agree to the same.

Amendment Numbered 269:

That the House recede from its disagreement to the amendment of the Senate numbered 269, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *1112*; and the Senate agree to the same.

Amendment Numbered 270:

That the House recede from its disagreement to the amendment of the Senate numbered 270, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *1113*; and the Senate agree to the same.

J. W. COLLIER,
CHARLES R. CRISP,
W. C. HAWLEY,
ALLEN T. TREADWAY,

Managers on the part of the House.

REED SMOOT,
JAMES E. WATSON,
DAVID A. REED,
PAT HARRISON,
WILLIAM H. KING,

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. 10236) to provide revenue, equalize taxation, 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 amendment makes clerical changes; and the House recedes with an amendment making further clerical changes in the table of contents.

Amendment No. 2: This amendment is necessitated by the elimination of section 811 (c) of the House bill; and the House recedes.

Amendment No. 3: In the House bill the rates of normal tax were 2 per cent on the first \$4,000 of net income in excess of credits, 4 per cent on the next \$4,000, and 7 per cent on the remainder. The Senate amendment substitutes the rates of 4 per cent on the first \$4,000 and 8 per cent on the remainder; and the House recedes.

Amendment No. 4: In the House bill the surtax rates commenced at 1 per cent upon the portion of the net income in excess of \$6,000 and not in excess of \$10,000 and increased progressively to 40 per cent on the portion of the net income in excess of \$100,000. The Senate amendment changes the surtax beginning with net incomes in excess of \$12,000 and increases the rates progressively to a maximum of 55 per cent on the portion of the net income in excess of \$1,000,000. The House recedes.

Amendments Nos. 5 and 6: These amendments make clerical changes in the cross-references to the capital gain and loss section, necessitated by the increase in the normal tax and surtax rates; and the House recedes.

Amendment No. 7: By this amendment a tax at the rate of 80 per cent is imposed upon the amount by which the compensation of any officer, director, or employee of a corporation exceeds compensation at the rate of \$75,000 per year; and the Senate recedes.

Amendment No. 8: By this amendment a tax at the rate of 100 per cent is imposed upon the amount of income derived through the willful violation of the criminal laws of the United States or of any State or Territory; and the Senate recedes.

Amendment No. 9: This amendment increases the corporation tax rate to 14 per cent from the 13½ per cent rate contained in the House bill. The House recedes with an amendment fixing the rate at 13¾ per cent.

Amendment No. 10: This amendment makes a clerical change, necessitated by the elimination of the specific credit allowed under the House bill to corporations; and the House recedes.

Amendment No. 11: This amendment requires Presidents of the United States and judges of the courts of the United States, taking office after the date of the enactment of this act, to include their

compensation in gross income, and amends all acts fixing the compensation of such officers so as to make it clear that the provision is intended as a reduction of such compensation; and the House recedes.

Amendment No. 12: This amendment eliminates the exemption of pensions and World War compensation payments allowed under existing law and under the House bill; and the House recedes.

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

Amendment No. 15: This amendment makes a change necessitated by the elimination (by Senate amendment No. 59) from section 116 of the House bill of the exemption of earned income from sources without the United States. The exemption having been restored with restrictions, the Senate recedes.

Amendment No. 16: This amendment prohibits the allowance of a deduction of the amount by which the compensation of any person for personal services exceeds compensation at the rate of \$75,000 per year; and the Senate recedes.

Amendment No. 17: This amendment makes a clerical change; and the House recedes.

Amendment No. 18: This amendment prohibits the deduction of interest paid or accrued on indebtedness incurred or continued in connection with the purchasing or carrying of an annuity; and the House recedes.

Amendment No. 19: This amendment makes a clarifying change; and the House recedes.

Amendment No. 20: This amendment makes a clerical change; and the House recedes.

Amendment No. 21: This amendment and amendment No. 250 are complementary. Under the House bill certain casualty losses incurred during the settlement of a decedent's estate were allowed as deductions for income tax, but not for estate tax, purposes. Senate amendments Nos. 21 and 250 allow losses of this character to be taken as deductions either for one tax or for the other. Amendment No. 21 prohibits the allowance of a deduction for income tax purposes if at the time of the filing of the return a deduction for such a loss has been claimed for estate tax purposes in the estate tax return, and amendment No. 250 correspondingly prohibits the allowance of a deduction for estate tax purposes if at the time of the filing of the estate tax return a deduction has been claimed for income tax purposes in an income tax return. The House recedes.

Amendment No. 22: This amendment makes a clerical change; and the House recedes.

Amendment No. 23: This amendment makes a clerical change; and the House recedes.

Amendment No. 24: This amendment provides that the deduction for a debt ascertained to be recoverable only in part shall not exceed so much of the debt as is charged off within the taxable year; and the House recedes.

Amendment No. 25: This amendment makes certain that the provisions respecting revised estimates of the recoverable content of property subject to depletion shall apply where the revision of the estimate results from the usual or ordinary operation of the property as well as from development work; and the House recedes.

Amendments Nos. 26 and 27: These amendments make clerical changes; and the House recedes.

Amendment No. 28: This amendment permits any deduction allowable under the corresponding provision of the 1928 act (section 23 (q)) and apportioned under that act to any year or years subsequent to 1931 to be taken in the taxable year to which so apportioned; and the House recedes.

Amendment No. 29: The House bill in subsections (r), (s), and (t) placed the following limitations upon the amount of deductions allowable for losses from sales or exchanges of stocks and bonds:

(1) Losses on stocks and bonds which were not capital assets (within the meaning of section 101) were allowed only to the extent of the gains on such stocks and bonds.

(2) Losses on stocks and bonds which were capital assets were allowed only to the extent of the gains on such stocks and bonds.

(3) An excess of losses over gains on stocks and bonds in either category was allowed to the extent of any excess of gains over losses on stocks and bonds of the other category; but the deduction of excess losses on stocks and bonds which were capital assets against excess gains on stocks and bonds which were not capital assets was subject to the limitation that in such case the tax should not be less than a tax computed without reference to the provisions of these subsections.

The Senate amendment strikes out the limitation contained in the House bill on losses on stocks and bonds which are capital assets and allows such losses as deductions as under the existing law. The amendment provides the following limitations:

(1) Losses on stocks and bonds which are not capital assets are allowed to the extent of the gains on such stocks and bonds, including gains from the retirement of the taxpayer's obligations.

(2) Any excess of losses over gains in any taxable year on stocks and bonds which are not capital assets is allowed as a deduction in the succeeding taxable year to the extent of any excess of gains over losses in such succeeding year on such stocks and bonds, but the amount of the excess of losses over gains which may be so carried forward from any taxable year can not exceed the net income for such year.

The House bill excepted from the operation of these subsections dealers in securities in respect of transactions in the ordinary course of business with their customers; the Senate amendment enlarges the scope of the exception, in the case of such dealers, to include all transactions in the ordinary course of business (whether or not with customers) involving stocks and bonds acquired for resale to customers. The Senate amendment also extends the exception to (a) banks and trust companies incorporated under the laws of the United States or of any State or Territory, and (b) persons carrying on the banking business (where the receipt of deposits constitutes a major part of such business) in respect of transactions in the ordinary course of such banking business.

The House recedes with two amendments, one making a clerical correction in the parenthetical clause in paragraph (1), the other striking out a parenthetical clause in paragraph (2) which is unnecessary.

Amendments Nos. 30, 31, 32, and 33: These amendments make clerical changes; and the House recedes.

Amendment No. 34: This amendment restores the credit of dividends for normal tax purposes, allowed under the existing law but stricken out by the House bill; and the House recedes.

Amendment No. 35: Under the House bill the personal exemption in the case of a head of a family or a married person was \$2,500, without regard to the amount of the net income. The Senate amendment limits such exemption to \$2,000 where the net income is in excess of \$5,000, with additional provisions designed to avoid discrimination in cases where the net income is slightly in excess of \$5,000. The Senate recedes.

Amendment No. 36: This amendment eliminates any credit for earned income; and the House recedes.

Amendment No. 37: This amendment eliminates the specific credit against net income allowed under the House bill to corporations; and the House recedes.

Amendment No. 38: The existing law requires, in the case of installment obligations transmitted at death, that there be included as income in the return of the decedent for the year of his death the unreturned profit represented by such obligations. This amendment eliminates such requirement if there is filed with the commissioner a bond conditioned upon the return as income, by the person receiving any payment on such obligations, of the same proportion of such payment as would be returnable as income by the decedent had he lived and received the same. The House recedes.

Amendment No. 39: This amendment makes a clerical change made necessary by amendment No. 37; and the House recedes.

Amendments Nos. 40 and 41: These amendments require the filing of returns by married persons having net incomes of \$2,000 or over, instead of \$2,500 or over as under the House bill; and the Senate recedes.

Amendment No. 42: This amendment provides that a farmers' cooperative marketing or purchasing association need only keep such records as will show the actual business done with nonmembers and the profit, if any, derived therefrom, and that exemption shall not be denied on the ground that the record of transactions between the association and nonmembers is not kept on ledger accounts. The amendment also provides that such an association shall be allowed to retain the profits, if any, derived from its business with nonmembers, subject to the right of any nonmember to use his share of such profits, if any, to qualify as a member of the association. The Senate recedes.

Amendment No. 43: This amendment restores the provisions of the existing law, in conformity with Senate amendment No. 56; and the House recedes.

Amendment No. 44: This amendment provides that where property was acquired by a corporation as a contribution to capital, as well as where it was acquired as paid-in surplus, the basis shall be the same as the basis in the hands of the transferor; and the House recedes.

Amendment No. 45: This amendment is rendered unnecessary by reason of Senate amendment 46; and the Senate recedes.

Amendment No. 46: This amendment makes it clear that the basis of property held during any period, in the taxable year 1929 or any subsequent taxable year, in respect of which a consolidated return was filed, shall be adjusted in respect of items relating to such period

in accordance with the regulations under section 141 of the 1928 act or of the bill; and the House recedes.

Amendment No. 47: This amendment permits the taxpayer to capitalize taxes and other carrying charges on unimproved and unproductive real property, but precludes the taxpayer from capitalizing any such items for which deductions have been taken by the taxpayer or predecessors in title in determining net income for the current or any preceding year; and the House recedes.

Amendment No. 48: The House bill retained the provisions of existing law requiring the adjustment of the basis of property on account of depletion to be made without regard to discovery value or percentage depletion. The Senate amendment retains this provision for taxable years prior to 1932 but eliminates it for the taxable year 1932 and subsequent taxable years; and the House recedes.

Amendment No. 49: This amendment makes a clerical change necessitated by the extension of percentage depletion; and the House recedes.

Amendment No. 50: Percentage depletion having been extended to include metal, coal, and sulphur mines, this amendment provides that in the case of such mines depletion may not be computed on the basis of discovery value; and the House recedes.

Amendments Nos. 51 and 52: These amendments make clerical changes necessitated by the transfer of the provisions relating to percentage depletion in the case of sulphur mines to a new subsection; and the House recedes.

Amendment No. 53: This amendment makes it clear that in computing the gross income from the property, for the purpose of determining the allowance for percentage depletion in the case of oil and gas wells, there shall be excluded from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property; and the House recedes.

Amendment No. 54: This amendment changes the rate of percentage depletion in the case of sulphur from 27½ per cent, as in the House bill, to 23 per cent, of the gross income from the property, and allows percentage depletion in the case of coal and of metal mines, at the respective rates of 5 per cent and 15 per cent of the gross income from the property; the percentage depletion allowance can not in any case exceed 50 per cent of the net income from the property. As in the case of oil and gas wells the amendment makes it clear that rents and royalties paid or incurred by the taxpayer in respect of the property are to be excluded in computing the gross income from the property. The amendment requires that the taxpayer make in his 1933 return an election, binding for 1934 and subsequent years, whether he will have the depletion deduction as to each property computed with or without reference to percentage depletion, and the failure so to elect will preclude the use of percentage depletion. The amendment also provides that if, because of the provisions of section 113 (a) of the bill, the basis of property acquired after December 31, 1933, is determined either (1) by reference to the basis of the property in the hands of a transferor, donor, or grantor or (2) by reference to the basis of other property previously held by the taxpayer, then the method of computing the depletion allowances in respect of the property so acquired, shall be the same as the method previously used by the transferor, donor, or grantor, or by the taxpayer in

respect of the property previously held. The House recedes with a clerical amendment.

Amendment No. 55: This is a clerical change necessitated by Senate Amendment No. 56; and the House recedes.

Amendment No. 56: This amendment restores the provisions of existing law which exempt from taxation as ordinary dividends distributions of earnings or profits accumulated, or increase in value of property accrued, prior to March 1, 1913; and the House recedes.

Amendments Nos. 57 and 58: These amendments restore the provisions of existing law and are necessitated by Senate amendment No. 56; and the House recedes.

Amendment No. 59: This amendment eliminates the exclusion from gross income, in the case of a nonresident individual citizen, of earned income from sources without the United States; and the House recedes with an amendment which restores the exclusion except as to amounts paid by the United States or any agency thereof, and makes clerical changes.

Amendments Nos. 60, 61, 62, 63, 64, and 65: These amendments make clerical changes; and the Senate recedes.

Amendment No. 66: This is a clerical amendment made necessary by the addition of paragraph (4) to section 114 (b); and the House recedes.

Amendment No. 67: This amendment results in net loss deductions being allowable for 1932, 1933, and 1934 as well as for subsequent years; and the House recedes.

Amendment No. 68: This is a clarifying amendment which restores to the bill a provision of existing law; and the House recedes.

Amendments Nos. 69 and 70: These amendments make it clear that a 1931 net loss is deductible in computing net income for 1932; and the House recedes.

Amendment No. 71: This amendment eliminates from the House bill the provision limiting the credit for taxes paid to any foreign country to the same proportion of the tax as the income from that country bears to the total income and restores the provisions of existing law; and the Senate recedes.

Amendment No. 72: This amendment, in conformity with Senate amendment No. 71, eliminates the requirement that the taxpayer supply information concerning the income derived from any foreign country when credit for the tax paid to such country is claimed; and the Senate recedes.

Amendments Nos. 73 and 74: These amendments give effect (in so far as not inconsistent with this bill) to the consolidated returns regulations prescribed under section 141 of the revenue act of 1928, in order to provide for corporations the returns for which may be filed on a fiscal-year basis before new regulations are promulgated under section 141 (b) of the bill; and the House recedes.

Amendment No. 75: This amendment eliminates from the House bill the provision increasing the corporate rate by 1½ per cent for the privilege of filing consolidated returns. The House recedes with an amendment increasing the rate by three-fourths of 1 per cent, in the case of the taxable years 1932 and 1933 only.

Amendment No. 76: This amendment carried out the policy expressed in Senate amendment No. 35; and the Senate recedes.

Amendment No. 77: This amendment is made necessary by Senate amendment No. 102 increasing the normal rate on nonresident alien individuals from 7 per cent to 8 per cent; and the House recedes.

Amendment No. 78: The House bill provides for withholding at the source in the case of foreign corporations at the rate of 13½ per cent. The Senate amendment fixes the rate at 14 per cent. The House recedes with an amendment fixing the rate at 13¾ per cent.

Amendments Nos. 79 and 80: These amendments are made necessary by Senate amendment No. 102 increasing the normal rate on nonresident alien individuals from 7 per cent to 8 per cent; and the House recedes.

Amendment No. 81: This amendment is made necessary by the restoration of the credit for dividends for the purpose of the normal tax, which credit was eliminated in the House bill; and the House recedes.

Amendment No. 82: The House bill provides for withholding at the source in the case of foreign corporations at the rate of 13½ per cent. The Senate amendment fixes the rate at 14 per cent. The House recedes with an amendment fixing the rate at 13¾ per cent.

Amendment No. 83: This amendment is made necessary by Senate amendment No. 102 increasing the normal rate on nonresident alien individuals from 7 per cent to 8 per cent; and the House recedes.

Amendment No. 84: The House bill provides for withholding at the source in the case of foreign corporations at the rate of 13½ per cent. The Senate amendment fixes the rate at 14 per cent. The House recedes with an amendment fixing the rate at 13¾ per cent.

Amendment No. 85: This amendment changes section 165 of the House bill to provide that only the excess of the amount distributed or made available to an employee over the amounts contributed or paid in by him to the trusts mentioned in that section, shall be taxable in the year of distribution; and the House recedes.

Amendment No. 86: By this amendment the scope of the section of the House bill relative to revocable trusts has been extended to include cases where the power to revest title to any part of the corpus is wholly vested in a person not having a substantial adverse interest; and the House recedes.

Amendments Nos. 87, 88, 89, 90, and 91: These amendments extend the scope of section 167, taxing the income of certain trusts to the grantor, to cases in which the discretion as to the disposition of the trust income is in any person not having a substantial adverse interest in the disposition of such income, even though such discretionary power is not shared with the grantor; and the House recedes.

Amendments Nos. 92 and 93: These amendments increase the corporate rate on life insurance companies from 13½ per cent to 14 per cent to conform to similar action taken in respect of ordinary corporations in Senate amendment No. 9. The House recedes with an amendment making the corporate rate 13¾ per cent.

Amendment No. 94: The House bill substituted for the 4 per cent interest assumption rates provided for by existing law the rate of 3½ per cent in both types of reserves specified in the subsection. This amendment permits the use of the 4 per cent rate in cases of reserves required by law unless the reserve fund is computed at a lower interest assumption rate, in which case the rate of 3¾ per cent is required to be used. The amendment also provides for a uniform

rate of 3% per cent in respect of reserves not required by law in the case of combined life, health, and accident policies. The House recedes.

Amendment No. 95: This is a clerical amendment; and the House recedes.

Amendment No. 96: This amendment is made necessary by Senate amendment No. 37, eliminating the specific credit allowed corporation; and the House recedes.

Amendment No. 97: This amendment provides for the deduction of a proportionate part of the depreciation, taxes, and other expenses pertaining to real estate owned and occupied by a life insurance company, determined by the proportion which the rental value of the space not occupied by the company bears to the rental value of the entire property; and the House recedes.

Amendments Nos. 98 and 99: These amendments increase the corporate rate upon insurance companies other than life or mutual from 13½ per cent under the House bill to 14 per cent to correspond to a similar change made with respect to ordinary corporations. The House recedes with an amendment fixing the corporate rate at 13¾ per cent.

Amendment No. 100: This amendment requires the inclusion in the gross income of insurance companies other than life or mutual not only of investment and underwriting income but also of all other items constituting gross income under section 22; and the House recedes.

Amendment No. 101: This amendment eliminates the specific credit allowed insurance companies other than life or mutual to correspond to a similar change made with respect to ordinary corporations; and the House recedes.

Amendments Nos. 102 to 108, inclusive: These amendments are made necessary by Senate amendment No. 3 increasing the normal rates on individuals; and the House recedes.

Amendment No. 109: This amendment is made necessary by Senate amendment No. 37 eliminating the specific credit allowed corporations; and the House recedes.

Amendments Nos. 110 and 111: These are clerical amendments; and the House recedes.

Amendment No. 112: The purpose of this amendment is to make it clear that estates, although not subject to estate tax under existing law, may be subject to the additional estate tax, in view of the lowering of the exemption from \$100,000 to \$50,000; and the House recedes.

Amendment No. 113: This amendment imposes an additional estate tax upon Federal, State, or municipal securities the income from which is exempt from income tax; and the Senate recedes.

Amendments Nos. 114 and 115: These amendments make clerical changes; and the Senate recedes.

Amendment No. 116: This amendment is to make it clear that an estate tax return is to be filed in the case of nonresident decedents where the gross estate is less than \$50,000; and the House recedes.

Amendment No. 117: Under this amendment gifts by nonresident citizens of the United States are subject to the gift tax regardless of whether the donated property is situated within or without the United States; and the House recedes.

Amendment No. 118: This is a clarifying amendment to make it plain that the gift tax applies only to gifts made after the date of the enactment of the act; and the House recedes.

Amendment No. 119: This amendment provides that the gift tax is not applicable to transfers in trust where the right of revocation is (1) in the donor either alone or in conjunction with any person not having a substantial adverse interest or (2) in any person not having a substantial adverse interest, but that the termination of such power (other than by the donor's death) shall be considered a taxable transfer. The House recedes with an amendment changing the rule in the case of transfers in trust when the condition referred to in (2) obtains, as a result of which amendment a transfer in trust, in respect of which the donor retains no power to revoke in himself either alone or in conjunction with another, will be treated as a transfer subject to gift tax.

Amendments Nos. 120 and 121: Under the House bill gifts (other than of future interests in property) to any one person by the donor during the calendar year are exempt from the gift tax on the first \$3,000. Under these amendments this amount is raised to \$5,000; and the House recedes.

Amendments Nos. 122 and 123: These are clerical amendments made necessary by Senate amendment No. 117; and the House recedes.

Amendment No. 124: This is a clerical amendment; and the House recedes.

Amendments Nos. 125, 126, and 127: These are clerical amendments; and the House recedes.

Amendment No. 128: This amendment makes it a felony wilfully to attempt in any manner to evade or defeat the gift tax; and the House recedes.

Amendment No. 129: This is a clerical amendment to the heading for Title IV; and the House recedes.

Amendment No. 130: This amendment makes the imposition of the tax on imported articles subject to any exemptions from duty or preferential rates provided by treaties of the United States in so far as the treaties are applicable; and the House recedes.

Amendment No. 131: This amendment includes imported coal, lumber, and copper in the exception from the provision making the drawback privilege inapplicable, with the result that the drawback provisions of the tariff act, unless restricted by their terms to other articles, will be extended to these articles. The House recedes.

Amendment No. 132: The House bill provided for the imposition in full of the tax upon imported articles, notwithstanding any provision of law or treaty granting exemption from or reduction of duty to products of any possession of the United States or of any country. The Senate amendment makes this provision inapplicable in the case of imported oil, coal, lumber, and copper, and provides that in the case of these articles Puerto Rico shall be treated as a part of the United States. The effect is to provide that the imposition of tax on the importation of these articles, with respect to which no corresponding tax on domestic sales is imposed, will be on the same basis with respect to the possessions as a regular customs duty. The amendment also eliminates the references to treaties and to foreign countries, in accordance with the action on amendment No. 130. The House recedes.

Amendment No. 133: This amendment makes the tax applicable to all grades of lubricating oil without reference to the degree of viscosity. The House recedes.

Amendment No. 134: Since a tax on imported lubricating oils is provided for in subsection (c) (4), this amendment limits the tax under subsection (c) (1) to sales by domestic manufacturers or producers. The House recedes.

Amendment No. 135: This amendment increases the tax under the House bill on brewer's wort from 5 cents to 15 cents per gallon; changes the tax on malt sirup, etc., from 35 cents per gallon to 3 cents per pound, which is approximately equivalent; and adds an exemption of sales of malt sirup, etc., to manufacturers or producers of foods, cereal beverages, or textiles. The House recedes.

Amendment No. 136: This amendment changes the rate of tax under the House bill on grape concentrate, etc., from 40 per cent of the price or duty-paid value to 20 cents per gallon; provides that the tax shall not apply to finished or fountain sirups, which are separately taxed; and adds an exemption of sales of grape concentrate, etc., to manufacturers or producers of food products or soft drinks for use in the manufacture or production of such products. The House recedes.

Amendment No. 137: This amendment reduces the rate under the House bill on imported crude petroleum, fuel oil, and gas oil from 1 cent to $\frac{1}{2}$ cent per gallon, and increases the rate on imported gasoline from 1 cent to $2\frac{1}{2}$ cents per gallon. The amendment also provides import taxes on lubricating oils, other liquid derivatives of petroleum, paraffin and other petroleum wax products, asphalt, and bitumen. The House recedes with an amendment striking out the tax on asphalt and bitumen.

Amendment No. 138: This amendment makes it clear that the tax on coal shall apply to all sizes, grades, and classifications of coal, other than culm and duff. The amendment contains a provision to exempt imports from any country which during the preceding calendar year has imported from the United States a greater quantity of all the articles described in the paragraph than it has exported to the United States. The House recedes.

Amendment No. 139: This amendment imposes a tax of \$3 per thousand feet, board measure, on imported lumber, rough, or planed or dressed on one or more sides, other than flooring made of maple (except Japanese maple), birch, and beech. The House recedes.

Amendment No. 140: This amendment imposes a tax of 4 cents per pound on the copper content of imported ores and concentrates and the materials and semimanufactured articles enumerated in paragraph 316, 380, 381, 387, 1620, 1634, 1657, 1658, or 1659 of the tariff act. Compensatory rates are provided for other imported articles containing copper. The House recedes with an amendment exempting ores and concentrates imported for fluxing purposes in an aggregate amount of not to exceed 15,000 tons in any year.

Amendment No. 141: Under the House bill tires and inner tubes for automobiles, automobile trucks, and motor cycles were taxed as parts or accessories for such articles. The Senate amendment imposes, instead, a tax on all tires and inner tubes (whether or not for automobiles, automobile trucks, or motor cycles) at the rate of $2\frac{1}{4}$ cents a pound on total weight (exclusive of metal rims or rim bases) in the case of tires, and 4 cents a pound on total weight, in the case of inner tubes. The House recedes.

Amendment No. 142: This amendment makes a clerical change in the section number. The House recedes.

Amendments Nos. 143 and 144: These amendments eliminate tooth and mouth washes, dentrifices, tooth pastes, and toilet soaps from the list of toilet preparations which were taxed at 10 per cent under the House bill. The House recedes with an amendment subjection these articles to a 5 per cent tax.

Amendment No. 145: This amendment makes a clerical change in the section number. The House recedes.

Amendment No. 146: The House bill imposed a tax of 10 per cent on the sale by the manufacturer, producer, or importer of articles made of fur on the hide or pelt or of which such fur is the component material of chief value. The Senate amendment substitutes a tax on the dressing of furs equivalent to 10 per cent of the fair market value of the dressed furs, to be paid by the owner of the furs, and an import tax of 10 per cent ad valorem on dressed furs. The Senate recedes.

Amendment No. 147: This amendment makes a clerical change in the section number. The House recedes.

Amendment No. 148: This amendment exempts silver-plated ware and frames or mountings for spectacles or eyeglasses from the tax under the House bill on articles made of, or ornamented, mounted, or fitted with, precious metals or imitations thereof or ivory. The House recedes.

Amendment No. 149: This amendment subjects to the 10 per cent tax parts for watches or clocks sold for more than 9 cents each. The House recedes.

Amendment No. 150: This amendment exempts from tax articles used for religious purposes and articles sold for less than \$3. The House recedes with an amendment making it clear that this exemption shall not apply to parts for watches or clocks.

Amendment No. 151: This amendment makes a clerical change in the section number. The House recedes.

Amendments Nos. 152 and 154: These amendments exclude tires and inner tubes from the category of parts and accessories for automobiles, automobile trucks, and motor cycles. All tires and inner tubes are separately taxed under section 602, added to the bill by Senate amendment No. 141. The House recedes.

Amendment No. 153: This amendment increases the rate under the House bill on parts or accessories for automobiles, automobile trucks, or motor cycles from 1 per cent to 2 per cent. The House recedes.

Amendment No. 154: This amendment is explained in connection with amendment No. 152.

Amendment No. 155: This amendment allows a body manufacturer to sell bodies tax free to an automobile or automobile truck manufacturer for use in the manufacture of automobiles or automobile trucks to be sold by him, and makes the vendee liable for the tax on the body when he sells it separately or as part of a completed automobile or automobile truck. The House recedes.

Amendment No. 156: Under this amendment, if tires or inner tubes on which tax has been imposed are sold on or with automobiles, automobile trucks, or motor cycles, the manufacturer may take a credit against the tax due on the sale of such automobiles, etc., equal, as nearly as practicable, to the portion of the tax on such articles which is attributable to the tires or tubes. Such portion is to be deter-

mined by applying the percentage rate of tax applicable in the case of such automobiles, etc., to the price paid by the automobile, etc., manufacturer for the tires and tubes, or, if the tires and tubes have been manufactured or imported by the manufacturer of the automobiles, etc., to the constructive price determined under section 622 (inserted by Senate Amendment No. 186), less in either case the part of such price attributable to metal rims or rim bases. The House recedes.

Amendment No. 157: This amendment provides for the refund or abatement of the tax on automobiles, trucks, motor cycles, tires, inner tubes, parts, and accessories which are sold prior to the expiration date of the tax on such articles but are on such date held by a dealer for sale. The amendment contains administrative provisions for effecting this result and for assuring to a dealer recovery of so much of any tax so refunded or abated to the manufacturer as has been passed on to the dealer. To offset this concession, the taxes on these articles are (under amendment No. 204) kept in force for one month longer than other terms under Title IV. The House recedes.

Amendment No. 158: This amendment eliminates the tax under the House bill on sales of boats, in view of the tax on the use of boats added by amendment No. 247. The House recedes.

Amendments Nos. 159, 160, and 161: These amendments include tennis racket frames and strings and football uniforms in the list of articles taxed under the House bill as sporting goods and exclude canoe cushions and football goals from such list. The House recedes.

Amendment No. 162: This amendment excludes aerial cameras from the tax under the House bill on cameras. The House recedes.

Amendments Nos. 163 and 164: These amendments substitute for the rate of 4 cents per 1,000 provided in the House bill for all matches, the rates of one-half of 1 cent per 1,000 in the case of paper matches in books and 2 cents per 1,000 in the case of all other matches. The House recedes.

Amendment No. 165: This amendment reduces the rate of tax under the House bill on candy from 5 per cent to 2 per cent. The House recedes.

Amendment No. 166: This amendment reduces the rate of tax under the House bill on chewing gum from 5 per cent to 2 per cent. The House recedes.

Amendment No. 167: This amendment changes the rate of tax under the House bill on cereal beverages from 2 cents to 1¼ cents a gallon. The House recedes.

Amendment No. 168: This amendment imposes a tax of 5 cents a gallon upon unfermented grape juice containing 35 per cent or less of sugars by weight, which under the House bill was taxed at 2 cents a gallon. The House recedes with a clarifying amendment.

Amendment No. 169: This amendment is a clerical change in the paragraph number. The House recedes.

Amendments Nos. 170 and 172: These amendments exclude grape juice from the tax on unfermented fruit juices and the tax on still drinks, in view of the fact that a tax on grape juice is provided by amendment No. 168. The House recedes.

Amendment No. 171: This amendment is a clerical change in the paragraph number. The House recedes.

Amendment No. 172: This amendment is explained in connection with amendment No. 170.

Amendment No. 173: This amendment is a clerical change in the paragraph number. The House recedes.

Amendment No. 174: This amendment excludes from the tax on mineral or table water waters exploited and advertised to the medical profession exclusively. The Senate recedes.

Amendment No. 175: This amendment is a clerical change in the paragraph number. The House recedes.

Amendments Nos. 176 and 177: These amendments provide that the rate of tax on finished or fountain sirups shall be 6 cents a gallon in all cases where under the House bill the rate was 9 cents a gallon. The House recedes.

Amendments Nos. 178 and 179: These amendments make clerical changes. The House recedes.

Amendment No. 180: This amendment imposes a tax of 3 per cent of the sale price of electrical energy sold by privately owned, operating electrical power companies. The House recedes with an amendment substituting a tax of 3 per cent of the price paid for electrical energy for domestic or commercial use (as distinguished from industrial use), to be paid by the purchaser and collected by the vendor, with necessary administrative provisions and an exemption in the case of electrical energy sold to the United States, any State or Territory or political subdivision thereof, or the District of Columbia.

Amendment No. 181: This amendment imposes a tax of 1 cent a gallon on gasoline sold by the importer thereof or a producer of gasoline, except where sold to a producer of gasoline. The tax also attaches to the use by a producer or importer of gasoline purchased tax free or produced or imported by him if such gasoline is used otherwise than in the production of gasoline. The term "producer" is defined to include a refiner, compounder, or blender, or a dealer selling gasoline exclusively to producers of gasoline, and the term "gasoline" to include benzol and any other liquid the chief use of which is as a fuel for the propulsion of motor vehicles, motor boats, or airplanes. The House recedes.

Amendment No. 182: This amendment makes a clerical change in the section number. The House recedes.

Amendment No. 183: This amendment eliminates the provisions of the House bill relating to determination of the tax in the cases of sales at retail and sales at less than fair market price and provides (1) a method of determining sale price by including charges for containers and the like and excluding the tax under Title IV and transportation, delivery, and similar charges; (2) a method of determining sale price in the cases of retail sales, sales on consignment, and sales other than through an arm's-length transaction; and (3) the method of paying the tax in the cases of leases, installment sales, and conditional sales. The House recedes.

Amendment No. 184: This amendment permits an article which would be otherwise subject to tax (other than a tire or inner tube) to be sold free of tax for use as material for, or as a component part of, another article of the classes subject to tax under Title IV. A person selling an article which has been purchased tax free under this provision is made subject to tax on the resale. The House recedes with an amendment making the provision inapplicable to articles taxable under the section relating to the tax on furs.

Amendment No. 185: This amendment provides for refunds or credits (1) where a manufacturer or producer has purchased tax-paid articles and used them in the manufacture or production of taxable articles, and (2) where the price on the basis of which the tax was originally computed is adjusted by reason of returns, discounts, etc. The amendment also contains administrative provisions governing the allowance of such refunds or credits, and prohibiting refund or credit of tax which has been passed on unless the ultimate consumer has been reimbursed or consents to the refund or credit. The House recedes.

Amendment No. 186: This amendment provides that any person (1) who manufactures, produces, or imports an article (other than a tire or inner tube, or, in the case of a manufacturer or producer of cereal beverages, other than brewer's wort) and uses such article except as material for, or as a component part of, another taxable article, or (2) who manufactures, produces, or imports a tire or inner tube and sells it on or in connection with the sale of an article subject to tax under the section imposing a tax on automobiles, etc., shall be liable to tax as though such article was sold separately by him and the tax shall be computed on a price at which the most nearly comparable articles are sold in the ordinary course of trade by him or other manufacturers, producers, or importers. The House recedes with an amendment striking out the exception of brewer's wort, which is unnecessary, since cereal beverages are taxable articles.

Amendment No. 187: This amendment provides that where any person other than the manufacturer, producer, or importer of a taxable article (such as an assignee in bankruptcy) acquires by operation of law or by any transaction not subject to the tax, the sale of such article by such person shall be taxable as if made by the manufacturer, producer, or importer. The House recedes with an amendment making it clear that the section applies only in cases of acquisition from the manufacturer, producer, or importer.

Amendment No. 188: This amendment provides an exemption from all taxes under Title IV in the case of articles of native Indian handicraft manufactured or produced by Indians on reservations, in Indian schools, or under the jurisdiction of the United States Government in Alaska. The House recedes.

Amendment No. 189: This amendment is a clerical change of a section number. The House recedes.

Amendments Nos. 190, 191, 192, 194, 195, and 196: These amendments are made to section 619 of the House bill, transferring the burden of the tax to the vendee in the case of contracts made before March 1, 1932. The changes are that the date is made May 1, 1932; and that provisions are added that the section shall not be applicable where the contract provides that the vendor shall pay the tax; that no tax shall be imposed where such a contract is with the United States or with an ultimate consumer, as distinguished from a vendee who intends to resell the article as such or as part of another article; and that in case the vendee refuses to pay the tax to the vendor, the facts shall be reported to the commissioner, who will effect collection from the vendee. The House recedes.

Amendment No. 193: This amendment excepted electrical energy from the scope of the provision relating to contracts before May 1, 1932. The Senate recedes.

Amendment No. 197: This amendment is a clerical change in the section number. The House recedes.

Amendment No. 198: This amendment makes it clear that the administrative provisions relating to the return and payment of manufacturers' taxes apply in all cases except where the tax is collected on importation by the Customs Service. The House recedes.

Amendment No. 199: This amendment is a clerical change of a section number. The House recedes.

Amendment No. 200: This amendment is a clerical change of a section number. The House recedes.

Amendment No. 201: This amendment provides that the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe and publish all rules and regulations under Title IV, except those relating to the taxes which are levied, assessed, collected, and paid in the same manner as duties imposed by the tariff act of 1930, which shall be prescribed in the same manner as customs regulations. The House recedes.

Amendment No. 202: This amendment is a clerical change of a section number. The House recedes.

Amendment No. 203: This amendment is a clerical change of a cross reference. The House recedes.

Amendment No. 204: This amendment provides that no tax shall be imposed under Title IV on any sale (including use or payment which is treated as a sale) or importation after July 31, 1934, in the case of articles taxable under section 606, relating to the tax on automobiles, etc., or section 602, relating to the tax on tires and inner tubes; or after June 30, 1933, in the case of articles taxable under section 617, relating to the tax on gasoline. The House recedes.

Amendment No. 205: This amendment effects a change in the basis and rate of tax on telephone conversations, telegraph dispatches and messages, and cable and radio dispatches and messages. The House bill provided a tax of 5 cents in the case of any dispatch, message, or conversation for which the charge is more than 30 cents and less than 50 cents, and a tax of 10 cents where the charge is 50 cents or more. The amendment provides the following rates: Telephone conversations costing 50 cents or more and less than \$1, 10 cents; costing \$1 or more and less than \$2, 15 cents; costing \$2 or more, 20 cents; telegraph dispatches and messages, 5 per cent of the charge; cable and radio dispatches and messages, 10 cents each. The House recedes.

Amendment No. 206: This amendment reduces the rate of tax on leased wires and talking circuit special services from 10 per cent, as proposed in the House bill, to 5 per cent. The House recedes.

Amendment No. 207: This amendment restricts the exemption provided in the case of payments for leased wires and talking circuit special services furnished to radio broadcasting stations or networks to cases where the station or network is used for noncommercial broadcasting. The Senate recedes.

Amendment No. 208: This amendment provides that the commissioner may extend the time for making returns and paying the taxes collected on telephone, telegraph, cable, and radio services and facilities for a period not exceeding 90 days. The House recedes.

Amendment No. 209: This amendment eliminates certain administrative provisions which are transferred to Part VIII, inserted in the bill by amendment No. 248. The House recedes.

Amendments Nos. 210 and 211: These amendments provide that the tax on admissions shall apply when the admission charge is 41 cents or more instead of 46 cents or more as provided in the House bill. The House recedes.

Amendment No. 212: The House bill removed the exemption from tax provided in existing law in the case of admissions to wrestling matches, prize fights, or boxing, sparring, or other pugilistic matches or exhibitions for the benefit of religious, educational, charitable, municipal improvement, and similar institutions, societies, and organizations, and in the case of college or university games or exhibitions. The Senate amendment restores the exemption in so far as it relates to college games and exhibitions, including wrestling or boxing matches, etc. The Senate recedes.

Amendment No. 213: This amendment is a clerical change to conform to amendments Nos. 210 and 211. The House recedes.

Amendment No. 214: This amendment provides a specific exemption from the tax in the case of admissions to the Olympic games to be held in the United States in the year 1932. The Senate recedes.

Amendment No. 215: This amendment exempts from the tax imposed on issues of bonds, etc., certain instruments under the terms of which the obligee is not permitted to make in any year a payment of more than 20 per cent of the cash amount to which he is entitled upon maturity of the instrument; and the House recedes.

Amendment No. 216: This amendment makes it clear that the basis of computation of the tax is the par value of the certificate (where a number of shares is evidenced by a certificate) rather than the par value of each share; and the House recedes.

Amendments Nos. 217 and 218: These amendments are in accordance with Senate amendment No. 216, except that they relate to no-par value stock, where actual value is the basis for computing the tax; and the House recedes.

Amendment No. 219: This amendment is similar in nature to Senate amendment No. 216, except that it applies to stock transfers instead of stock issues; and the House recedes.

Amendment No. 220: This amendment eliminates the provision of the House bill making the tax on stock transfers not less than one-fourth of 1 per cent of the selling price. The House recedes with an amendment providing that when stock is sold for \$20 or more per share the rate shall be 5 cents instead of 4 cents.

Amendment No. 221: This amendment exempts from the transfer tax certain transfers from a fiduciary to a nominee, or vice versa, and such transfers between nominees of the same fiduciary; and the House recedes.

Amendment No. 222: This amendment eliminates certain provisions included in the House bill which were intended to prevent evasion of the tax on stock transfers by means of dealings on foreign exchanges by subjecting to tax transfers of stocks made outside of the United States where either the transferor or the transferee was a citizen or resident of the United States. The House recedes.

Amendments Nos. 223 and 224: These amendments make clerical changes in the subsection letters; and the House recedes.

Amendment No. 225: This amendment makes a clerical change necessitated by Senate amendment No. 220. The House recedes with an amendment in conformity with the action on Senate amendment No. 220.

Amendment No. 226: This amendment makes it clear that bonds, such as Federal, State, and municipal bonds, which are exempt from the issue tax, are also exempt from the transfer tax; and the House recedes.

Amendment No. 227: This amendment increases the rate of the bond transfer tax from 2 cents to 4 cents per \$100; and the House recedes.

Amendment No. 228: This amendment eliminates the provision of the House bill making the tax on bond transfers not less than one-eighth of 1 per cent of the selling price; and the House recedes.

Amendment No. 229: This amendment exempts from the tax a transfer of bonds in connection with a reorganization if any part of the gain or loss from the transfer is not recognized for income tax purposes; and the House recedes.

Amendment No. 230: This amendment provides an exemption from the bond transfer tax in favor of fiduciaries and nominees, similar to that provided in Senate amendment No. 221, relating to the stock transfer tax; and the House recedes.

Amendment No. 231: This amendment exempts from the tax under the House bill on conveyances, deeds, etc., delivered in escrow prior to April 1, 1932. The House recedes.

Amendment No. 232: This amendment makes the tax under the House bill on transportation by pipe line applicable to crude petroleum and its liquid products, instead of to oil only. The House recedes.

Amendments Nos. 233, 235, and 236: These amendments reduce the rate of tax on transportation of oil, etc., by pipe line from 8 per cent of the charge to 3 per cent. The House recedes with amendments making the rate 4 per cent.

Amendment No. 234: This amendment imposes the tax on the person furnishing the transportation of oil, etc., by pipe line rather than on the person paying for the transportation. The House recedes.

Amendments Nos. 235 and 236: These amendments are explained in connection with amendment No. 234.

Amendment No. 237: This amendment is necessitated by the imposition of the tax upon the person furnishing the transportation, under amendment No. 234. The House recedes.

Amendments Nos. 238 and 239: These amendments are necessitated by the change in the imposition of the tax, under amendment No. 234. The House recedes.

Amendment No. 240: This amendment eliminates administrative provisions which are transferred to Part VIII, added to the bill by amendment No. 248. The House recedes.

Amendments Nos. 241 and 242: By these amendments the tax under the House bill on leases of safe deposit boxes, instead of expiring June 30, 1934, is made permanent. The House recedes.

Amendment No. 243: This amendment imposes the tax on the person paying for the use of the safe deposit box rather than on the person receiving payment for such use. The House recedes.

Amendment No. 244: This amendment requires the person receiving payment for the use of the safe deposit box to collect the tax from the person making such payment at the time such payment is received. The House recedes.

Amendment No. 245: This amendment eliminates administrative provisions which are transferred to Part VIII, added to the bill by amendment No. 248. The House recedes.

Amendment No. 246: This amendment provides for a tax of 2 cents upon each check, draft, or order for the payment of money drawn (on or after the fifteenth day after the date of the enactment of the act and before July 1, 1934) upon a bank, banker, or trust company. The tax is to be collected by the drawee of the instrument at the time of payment of the instrument, by charging the amount of the tax against the deposits to the credit of the maker or drawer. The House recedes with an amendment making the tax applicable to checks, etc., presented for payment during the period specified, instead of to those made or drawn during the period.

Amendment No. 247: This amendment imposes a tax upon the use of boats over 28 feet in length, except those used exclusively for trade, fishing, or national defense. The rate of tax is as follows: Over-all length over 28 feet and not over 50 feet, \$10; over 50 feet and not over 100 feet, \$40; over 100 feet and not over 150 feet, \$100; over 150 feet and not over 200 feet, \$150; over 200 feet, \$200. The tax is to be paid on July 1 of each year, but expires on June 30, 1934. If a new boat is purchased on any date other than July 1, a proportionate part on the tax is imposed. In the case of foreign-built boats, not domestically owned on January 1, 1926, the rate of tax is doubled. Boats used for certain philanthropic purposes are exempt. The House recedes.

Amendment No. 248: This amendment consolidates a number of administrative provisions applicable to the taxes on telephone, telegraph, cable, and radio facilities, transportation of oil by pipe line, leases of safe deposit boxes, and checks. The House recedes.

Amendment No. 249: Under the House bill additional time is granted to claim credit against the Federal estate tax for death duties paid to the States, except that the extension is not granted in cases where the right to claim such credit is barred at the time of the enactment of the act. Under the Senate amendment the provisions of the House bill are modified to permit the filing of claims in certain cases (even though the estate tax return may have been filed more than three years before the enactment of the bill) provided a petition was duly filed by the taxpayer with the Board of Tax Appeals. The House recedes.

Amendment No. 250: This amendment is explained in connection with Senate amendment No. 21. The House recedes.

Amendment No. 251: The House bill inserted a provision granting relief retroactively to estates whose assets greatly decreased in value subsequent to their valuation for estate tax purposes as of the date of death. The Senate amendment strikes this provision from the bill; and the House recedes.

Amendment No. 252: Under this amendment there is granted an extension of the time for payment of estate tax in certain cases where there is included in the gross estate the value of a remainder or reversionary interest; and the House recedes.

Amendment No. 253: The House bill imposes an excise tax upon the transfer of stock or securities by a citizen or resident of the United States or by a domestic corporation to a foreign corporation as paid-in surplus or to a foreign trust. The House provision has been enlarged by this amendment to include not only transfers by a citizen or resident of the United States or by a domestic corporation but also transfers by a partnership or by a domestic trust and furthermore to include transfers to foreign trusts, foreign partnerships, and foreign corporations whether made as contributions to surplus or to capital. The House provision relieving certain transfers from tax has been restricted by this amendment through the elimination of that portion which exempts transfers for adequate and full consideration in money or money's worth. The definition of a foreign trust has been changed by the amendment; that is, a trust is classified as foreign if the profit from an assumed sale of the transferred property would not be included in the gross income of the trust, the classification not being dependent upon whether or not such profit would be taxable to the trust. The commissioner is given power under the amendment to abate, remit, or refund the tax imposed upon such transfers if he is satisfied that the transfer was not made in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes. The House recedes.

Amendment No. 254: Under this amendment the increased rates on first-class postage provided in the House bill expire on July 1, 1933, instead of on July 1, 1934. The Senate recedes.

Amendment No. 255: This amendment imposes on the advertising portion of any publication entered as second-class matter subject to the present zone rates of postage the following rates per pound or fraction thereof for delivery within the eight postal zones established for fourth-class matter: First and second zones, 2 cents; third zone, 3 cents; fourth zone, 5 cents; fifth zone, 6 cents; sixth zone, 7 cents; seventh zone, 9 cents; eighth zone, and between the Philippine Islands and any portion of the United States, including the District of Columbia and the several Territories and possessions, 10 cents. These rates are effective on and after July 1, 1932, and expire on July 1, 1934. The House recedes.

Amendment No. 256: This amendment makes a clerical change in the subsection letter; and the House recedes.

Amendment No. 257: This amendment provides that, effective July 1, 1933, the rates for each form or classification of postal service shall be based upon the actual cost, but no rate shall be reduced below that in effect during the fiscal year 1931, and subject to certain limitations such rates shall be fixed and determined from time to time by the Interstate Commerce Commission. The amendment also provides a special class of stamps for franking purposes. The Senate recedes.

Amendment No. 258: This amendment provides that the statute of limitations on bringing suit to recover internal-revenue taxes illegally collected shall be two years, such period to run from the date of mailing by registered mail by the commissioner of a notice of the disallowance of the part of the claim to which the suit relates. The provision does not operate retroactively. The House recedes.

Amendment No. 259: This amendment makes it clear that credits or refunds are to be considered as allowed on the date on which the

commissioner first signed the schedule of overassessments, provided the schedule was signed after May 28, 1928; and the House recedes.

Amendment No. 260: This amendment provides for immediate collection of miscellaneous taxes in certain cases where the commissioner finds that the taxpayer designs quickly to depart from the United States, or to remove his property therefrom, or to conceal himself or his property therein, or to do any other act tending to prejudice or to render wholly or partially ineffective proceedings to collect such tax; and the House recedes.

Amendment No. 261: Under this amendment a refund of miscellaneous taxes can not exceed the amount of the tax paid during the four years immediately preceding the filing of the claim, or, if no claim is filed, then during the four years immediately preceding the allowance of the refund. The amendment provides that it shall not bar from allowance a claim for refund filed prior to the enactment of the bill if such claim would have been allowable had the amendment not been enacted. The House recedes.

Amendment No. 262: This amendment provides that in certain cases where, by reason of the filing of a claim or request for credit, the collection of an assessed tax was postponed, any credit against the tax so assessed shall not be considered void and any payment of the part of the tax the payment of which was so postponed shall not be considered as an overpayment; and the Senate recedes.

Amendment No. 263: This amendment provides for the adjustment of a carrier's tax liability resulting from recapture payments, after the Interstate Commerce Commission has certified to the Commissioner of Internal Revenue the amount and receipt of such payments. If the amount of recapturable income so paid differs from the amount previously allowed as recoverable in computing the tax liability of any carrier, the commissioner is authorized to assess any deficiency attributable to such difference within 2 years from the date of certification, and any overpayment attributable to such difference may be refunded within such 2-year period, but not thereafter unless claim for refund therefor is filed within the period. This amendment does not reopen cases which have already been closed under final closing agreements. The House recedes with a clerical amendment.

Amendment No. 264: Under existing law, the limitation on prosecutions for offenses arising under the internal revenue laws is three years, except that in the case of offenses involving the defrauding or attempting to defraud the United States the period is six years. The Supreme Court has recently held that under existing law the offense of attempting to defeat and evade income taxes does not necessarily involve the defrauding or attempting to defraud the United States, fraud not being an essential ingredient of such offense, and that therefore the 3-year limitation period is applicable instead of the 6-year limitation period. This amendment prescribes a 6-year period in the case of the offense of willfully attempting in any manner to evade or defeat any income tax or the payment thereof or the offense of willfully aiding or assisting in the preparation or presentation of false claims, documents, or returns. A 6-year period is also prescribed in the case of conspiracy to attempt in any manner to evade or defeat any tax or the payment thereof. The 6-year period is made to apply as well to these offenses when committed by officers of the United States. The House recedes with a clerical amendment.

Amendments Nos. 265 and 266: These amendments make clerical changes in section numbers; and the House recedes with clerical amendments.

Amendment No. 267: This amendment provides that in case taxes are paid by two or more persons, corporations, partnerships, or fiduciaries on the same income or the same estate the overpayment is to be credited or refunded regardless of any closing agreement entered into if claim therefor is filed within seven years from the date of payment; and the Senate recedes.

Amendments Nos. 268, 269, and 270: These amendments make clerical changes in section numbers; and the House recedes with clerical amendments.

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Managers on the part of the House.

