

## REVENUE TO DEFRAY WAR EXPENSES.

**MEMORANDUM RELATING TO THE REPORT OF THE COMMITTEE OF CONFERENCE ON THE DISAGREEING VOTES OF THE TWO HOUSES ON THE BILL (H. R. 4280) TO PROVIDE REVENUE TO DEFRAY WAR EXPENSES, AND FOR OTHER PURPOSES, PREPARED FOR THE USE OF THE SENATE BY THE SENATE CONFEREES.**

Printed for the use of the Committee on Finance.

The managers on the part of the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4280) to provide revenue to defray war expenses, 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 conference report:

Amendment No. 1: The Senate limited the effectiveness of the additional individual normal tax to "during the present war"; and the Senate recedes.

Amendment No. 2: This amendment limits the 2 per cent additional individual normal tax to citizens or residents of the United States; and the House recedes.

Amendment No. 3: The Senate limited the effectiveness of the additional surtaxes to "during the present war"; and the Senate recedes.

Amendment No. 4: The Senate increased the additional surtax on the portion of net income between \$15,000 and \$20,000 from 5 to 6 per cent; and the Senate recedes.

Amendment No. 5: The Senate increased the additional surtax on the portion of net income between \$20,000 and \$40,000 from 6 to 8 per cent. The House recedes from its disagreement to the amendment with an amendment making the rate 7 per cent.

Amendment No. 6: The Senate increased the additional surtax on the portion of net income between \$60,000 and \$80,000 from 13.75 to 14 per cent; and the House recedes.

Amendment No. 7: The Senate increased the additional surtax on the portion of net income between \$80,000 and \$100,000 from 17.5 to 18 per cent; and the House recedes.

Amendment No. 8: The Senate increased the additional surtax on the portion of net income between \$100,000 and \$150,000 from 21.25 to 22 per cent; and the House recedes.

Amendment No. 9: The Senate increased the additional surtax on the portion of net income between \$250,000 and \$300,000 from 33.75 to 34 per cent; and the House recedes.

Amendment No. 10: The Senate decreased the additional surtax on the portion of net income between \$300,000 and \$500,000 from 37.5 to 37 per cent; and the House recedes.

Amendment No. 11: The House bill provided that the additional surtax on the portion of net income between \$500,000 and \$1,000,000 should be 41.25 per cent, and that the additional surtax on the portion of net income in excess of \$1,000,000 should be 45 per cent. The Senate amendment provides that the additional surtax shall be 40 per cent on the portion of net income between \$500,000 and \$750,000, 45 per cent on the portion of net income between \$750,000 and \$1,000,000, and 50 per cent on the portion of the net income in excess of \$1,000,000; and the House recedes.

Amendments Nos. 12, 13, 14, 15, and 16: These amendments are clerical changes; and the House recedes.

Amendment No. 17: The House bill provided that the provisions of existing law requiring the normal tax of individuals to be deducted and withheld at the source of the income should not apply to the new 2 per cent normal tax until on and after January 1, 1918, and thereafter should apply only to incomes exceeding \$3,000. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment providing that the provisions of law requiring interest on bonds containing the tax-free covenant to be withheld at the source (see p. 161 of bill) shall not apply to the new 2 per cent normal tax until on and after January 1, 1918, and that thereafter only one 2 per cent normal tax shall be withheld in such cases, any further tax to be collected from the recipient of the income.

Amendments Nos. 18 and 19: These amendments are clerical changes; and the House recedes.

Amendment No. 20: The House bill provided an additional 2 per cent levy on corporate net income. The Senate increased the additional tax on corporate net income to 4 per cent; and the House recedes.

Amendments Nos. 21, 22, 23, 24, 25, and 26: These amendments are clerical changes; and the House recedes.

Amendment No. 27: The House bill proposed the levy of an additional income tax equivalent to 33 $\frac{1}{3}$  per cent of the tax paid by individuals, corporations, joint-stock companies, or associations, or insurance companies upon their net incomes received during the calendar year 1916. The Senate eliminated this provision and the House recedes.

Amendment No. 28: The House bill provided that on and after January 1, 1918, partnerships, withholding agents, corporations, joint-stock companies or associations, and insurance companies, liable for the payment of income, munitions, or excess-profits taxes, under existing law or under this act, should pay without levy, assessment, or notice, simultaneously with the submission of their return a tax, the amount of tax for the payment of which they were liable under their tax return. The House provision also provided that individuals subject to the additional taxes commonly known as surtaxes should pay without levy, assessment, or notice, simultaneously with the sub-

mission of their return of tax the amount for which they were liable under their income-tax return. The Senate struck out this provision and substituted a new provision which is fully explained under amendment No. 299; and the House recedes.

Amendment No. 29: The House bill authorized collectors of internal revenue to receive uncertified checks in payment of income, munitions, and excess-profits taxes. The Senate struck out the House provision and substituted a similar provision, which is fully explained under amendment No. 300; and the House recedes.

Amendment No. 30: This amendment is a change in section number; and the House recedes.

Amendments Nos. 31, 32, 33, and 34: These amendments provide that the provisions of Title I of this act shall not extend to Porto Rico and provide that the Porto Rican Legislature shall have power by due enactment to amend, alter, modify, or repeal the income-tax laws in force in Porto Rico; and the House recedes.

Amendment No. 35: This amendment allows a deduction in computing net income under the income tax of such amount, not to exceed 15 per cent of the taxpayer's taxable net income, as the taxpayer contributes during the taxable year to corporations or associations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or to societies for the prevention of cruelty to children or animals. The House recedes from its disagreement to this amendment with an amendment transferring this provision to the income-tax title incorporating this deduction in the income-tax section (p. 153 of the bill) relating to deductions to be allowed in computing net income.

Amendment No. 36: This amendment changed the title of Title II of the bill from "War excess-profits tax" to "War-profits tax." The Senate recedes from its amendment making the title "War excess-profits tax."

Amendment No. 37: The House bill levied an excess-profits tax, in addition to the excess-profits tax now upon the statute books, of 8 per cent upon the net income of corporations and partnerships in excess of 8 per cent of the capital actually invested, and an additional exemption of \$5,000. The Senate struck out the House provision and substituted therefor a war-profits tax providing graduated rates, ranging from 12 to 60 per cent upon incomes of corporations, partnerships, and individuals in excess of their respective average incomes during the years 1911, 1912, and 1913. The Senate provision, however, limited the exemption to an amount not less than 6 nor more than 10 per cent of the actual capital invested.

The Senate provision also provided that if the exemption on the basis of the prewar period (the average income for the years 1911, 1912, and 1913) allowed corporations, partnerships, and individuals in any individual case did not represent the deductions allowed representative concerns engaged in similar businesses, the Secretary of the Treasury could allow an exemption in such cases equal to the same proportion of their net income for the taxable year that the deduction granted representative concerns was of the net income for the taxable year of such concerns, provided that the exemption granted should not be less than 6 nor more than 10 per cent of the actual capital invested.

The House recedes from its disagreement to this amendment with an amendment levying a tax on the net income received from trade or business as follows:

Twenty per cent of such income in excess of the deduction (hereinafter described) and not in excess of 15 per cent of the invested capital.

On the portion of such income in excess of 15 per cent of the invested capital a tax at graduated rates (from 25 to 60 per cent), based on the amount by which it exceeds various percentages of the invested capital (from 15 to 33 per cent) the last rate applying to all in excess of 33 per cent.

The deduction just referred to is the sum of (1) an amount equal to the same percentage of the invested capital for the taxable year which the average income during the prewar period (1911-1913) was of the invested capital for that period (but not less than 7 or more than 9 per cent of the invested capital for the taxable year), and (2) in the case of a domestic corporation \$3,000 and in the case of a domestic partnership or nonresident alien \$6,000.

If the trade or business was not in existence during the prewar period, the deduction is 8 per cent of the invested capital, with similar \$3,000 and \$6,000 allowances.

If the trade or business during the prewar period was subnormal as compared with representative concerns engaged in a like or similar business, it is allowed the same percentage of its invested capital as is allowed such representative concerns.

"Invested capital" is defined to exclude stocks, bonds, etc., the income from which is not taxable, and borrowed money, and to include only the actual cash paid in or the actual cash value of tangible property paid in, but reasonable allowance is made in the case of good will and other intangible assets acquired for cash, tangible property, or stock.

If the trade or business has no invested capital, or only a nominal capital, in lieu of the above tax, a tax of 8 per cent on the net income of the trade or business is imposed, with the same exemption of \$3,000 and \$6,000.

The munition manufacturers' tax imposed by the act of September 8, 1916, which the Senate amendment repealed, is repealed as of January 1, 1918, and the rate for 1917 is made 10 per cent instead of 12½ per cent, as provided in the act of 1916.

**Amendment No. 38:** This amendment is a clerical change; and the Senate recedes.

**Amendment No. 39:** This amendment is a clerical change and the House recedes with an amendment changing the section number.

**Amendment No. 40:** The House bill levied an additional tax of \$1.10 per proof gallon or wine gallon when below proof, on distilled spirits regardless of the purpose for which withdrawn. The Senate increased the additional tax on such spirits when withdrawn for beverage purposes to \$2.10 per proof gallon, or wine gallon when below proof, and provided that the additional tax on such spirits when withdrawn for other purposes should be the same as the tax provided in the House bill; and the House recedes with an amendment placing the additional \$2.10 tax also upon spirits withdrawn for use in the manufacture or production of any article used or intended for use as a beverage.

Amendment No. 41: This amendment is a clerical change; and the House recedes.

Amendment No. 42: This amendment levies an additional customs tax of \$1.10 per wine gallon upon all perfumes hereafter imported into the United States containing distilled spirits; and the House recedes.

Amendment No. 43: This amendment provided for the imposition of an additional tax of \$60 per 100 pounds on all grains, cereals, and other solid products and materials, and an additional tax of \$5 per wine gallon on all molasses, sirups, and other liquid fermented products and materials; and the Senate recedes.

Amendment No. 44: This amendment provides that no distilled spirits produced after the passage of this act shall be imported into the United States, except from the West Indian Islands recently acquired from Denmark, and in this case only when produced from products the growth of such islands. The House recedes from its disagreement to the amendment with an amendment changing the word "enactment" to "passage" and changing the section number.

Amendment No. 45: The purpose of this amendment is to facilitate the handling of distilled spirits under rules and regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury; and the House recedes, with an amendment changing the section number.

Amendment No. 46: This amendment is a modification of section 3283 of the Revised Statutes of the United States. Section 3283 requires distilleries to stop manufacturing distilled spirits at 11 o'clock p. m. on Saturday and to resume not earlier than 1 a. m. on Monday. At the present time the War Department needs probably all of the ethyl alcohol that can be produced; and the purpose of the amendment is to amend the law so that the work can be continuous. The Senate provision exempted, from the provisions of section 3233 of the Revised Statutes, the manufacture, warehousing, withdrawal, and shipment of ethyl alcohol for use of the United States or for denaturation. The House recedes from its disagreement to the amendment, with an amendment exempting from the provisions of the present law the manufacture, warehousing, withdrawal, and shipment of ethyl alcohol for other than beverage purposes.

Amendment No. 47: This amendment is a modification of section 3285 of the Revised Statutes of the United States. That section specifies 72 hours as the fermenting period at sweet-mash distilleries and had its origin a good many years ago, but under the present improved method of distillation and production no more than 48 hours are required for that purpose. Therefore there is a loss of 24 hours. The Secretary of the Treasury recommended the change for the purpose of supplying the Government needs; and the House recedes.

Amendment No. 48: This amendment is a clerical change; and the House recedes, with an amendment changing the section number.

Amendment No. 49: This amendment is a clerical change; and the Senate recedes.

Amendment No. 50: This amendment is a clerical change; and the House recedes.

Amendment No. 51: The House bill levied a tax of \$1.10 on each proof gallon or wine gallon when below proof of distilled spirits

held on the day this act is passed by a retailer in a quantity in excess of 50 gallons in the aggregate, or by any other person, corporation, partnership, or association, in any quantity and regardless of the use intended to be made of such spirits. The Senate amended this provision, increasing the rate to \$2.10 per proof gallon for such spirits intended for sale for beverage purposes and left the rate at \$1.10 for such spirits intended for other uses than beverage purposes; and the House recedes, with an amendment placing the additional \$2.10 tax also upon such spirits intended for use in the manufacture or production of any article used or intended for use as a beverage.

Amendments Nos. 52 and 53: These amendments place the floor tax upon distilled spirits upon the proof gallon only; and the House recedes.

Amendments Nos. 54 and 55: The House bill provided that the tax on distilled spirits in the custody of a court of bankruptcy in insolvency proceedings at the time of the passage of this act shall be paid by the person to whom the court delivers such distilled spirits at the time of such delivery. The Senate amended this provision limiting it to distilled spirits in the custody of a court of bankruptcy in insolvency proceeding on June 1, 1917, and provided further that the person paying the tax should have an exemption of 50 gallons; and the House recedes.

Amendment No. 56: This amendment is a clerical change; and the House recedes, with an amendment changing the section number.

Amendments Nos. 57 and 58: These amendments change the basis for levying the tax upon rectified spirits from the wine gallon, as provided by the House bill, to the proof gallon; and the House recedes.

Amendment No. 59: This amendment provides that the tax on rectified spirits shall not apply to gin produced by the redistillation of a pure spirit over juniper berries and other aromatics. The House recedes from its disagreement with an amendment changing the word "enacted" to "passed."

Amendment No. 60: The House bill provided a penalty of not less than \$500 and imprisonment not more than two years, for any violation of the provisions relating to rectified spirits. The Senate amended the provision by providing a penalty of not less than \$250 and not more than \$1,000 or imprisonment not more than two years. The House recedes from its disagreement to the Senate amendment with an amendment fixing the penalty at not more than \$1,000 or imprisonment not more than two years.

Amendment No. 61: The House bill provided that any person violating any provisions of the section relating to rectified spirits should in addition to the fine imposed be liable to double the tax evaded, the same to be recovered together with the tax on any bond given by him as rectifier. The Senate amended the provision by providing that any person violating such provisions should be subject, in addition to the fine imposed, to double the tax evaded, together with the tax, to be collected by assessment or on any given bond; and the House recedes.

Amendment No. 62: The purpose of this amendment is to do away with the use of the following useless and unnecessary stamps: Distillery warehouse, special bonded warehouse, special bonded rewarehouse, general bonded warehouse, general bonded retransfer, transfer brandy, export tobacco, export cigars, export oleomargarine, and ex-

port fermented liquor stamps. The House recedes with an amendment changing the section number.

Amendment No. 63: The purpose of this amendment is to authorize the Commissioner of Internal Revenue to require installation of additional meters, tanks, pipes, or other apparatus, if he deems such installations necessary in order to properly safeguard the revenue; and the House recedes with an amendment changing the section number.

Amendment No. 64: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

Amendment No. 65: This amendment is a clerical change; and the Senate recedes.

Amendment No. 66: The House bill provided that the additional tax upon fermented liquors should be \$1.25 for every barrel containing not more than 31 gallons. The Senate increased this tax to \$1.50 per barrel; and the House recedes.

Amendment No. 67: The purpose of this amendment is to permit the saving of the residue from distillation at industrial distilleries and the manufacture therefrom of beverages containing not to exceed one-half of 1 per cent of alcohol by volume; and the House recedes with an amendment making certain minor clerical changes.

Amendment No. 68: The House bill doubled the tax now levied upon all wines except those containing not more than 14 per cent of alcohol. The House bill increased the tax upon wines containing not more than 14 per cent of alcohol an additional 2 cents per wine gallon. The Senate doubled the tax upon wines containing not more than 14 per cent of alcohol and provided an additional tax upon wines containing more than 14 per cent of alcohol and not fortified with grape brandy of \$1.10 per proof gallon. The House recedes from its disagreement to this amendment with an amendment levying an additional tax upon all still wine, including vermouth, and upon all champagne and other sparkling wines, liqueurs, cordials, artificial and other imitation wines or compounds sold as wine, equal to the tax now imposed by law.

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

Amendment No. 71: This amendment is a clerical change; and the Senate recedes.

Amendment No. 72: This amendment is a clerical change; and the House recedes.

Amendment No. 73: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

Amendment No. 74: The House bill provided that the tax upon grape brandy or wine spirits be 10 cents per proof gallon in addition to the tax now levied by law. The Senate increased this additional tax to \$1 per proof gallon. The House recedes from its disagreement to this amendment with an amendment making the additional tax levied upon grape brandy or wine spirits 20 cents per proof gallon.

Amendment No. 75: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

Amendment No. 76: This amendment is a clerical change; and the House recedes.

Amendment No. 77: This amendment is a clerical change; and the Senate recedes.

Amendment No. 78: The House bill provided an additional tax upon sweet wines held for sale by the producer upon the passage of this act, equivalent to 10 cents per proof gallon upon the grape brandy or wine spirits used in the fortification of such wine. The Senate increased this additional tax to \$1 per proof gallon; and the Senate recedes.

Amendment No. 79: The House bill levied an additional tax of 10 cents per proof gallon upon grape brandy or wine spirits withdrawn by the producer of sweet wines for the purpose of fortifying such wines and not so used prior to the passage of this act. The Senate increased this tax to \$1 per proof gallon. The House recedes from its disagreement to this amendment with an amendment making this additional tax 20 cents per proof gallon.

Amendment No. 80: This amendment is a clerical change; and the Senate recedes.

Amendment No. 81: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

Amendment No. 82: The House bill levied a tax equivalent to 10 per cent of the price for which all prepared sirups or extracts (intended for use in the manufacture or production of beverages, commonly known as soft drinks, by soda fountains, bottling establishments, and other similar places) are sold by the manufacturers, producers, or importers. The Senate struck out the House tax and substituted in lieu thereof graduated rates upon such sirups or extracts, ranging from 3 cents per gallon upon such sirups or extracts when sold for not more than \$1.25 per gallon to a tax of 12 cents per gallon when such sirups or extracts are sold for more than \$4 per gallon. The House recedes from its disagreement to this amendment with an amendment adopting the Senate classification and increasing the rate to 5 cents per gallon upon such sirups or extracts when sold for not more than \$1.30 per gallon, and graduating the other rates so that the tax levied upon such sirups or extracts when sold for more than \$4 per gallon will be 20 cents per gallon.

Amendment No. 83: This amendment is a clerical change; and the House recedes.

Amendment No. 84: The House bill provided a tax of 2 cents per gallon upon ginger ale, root beer, sarsaparilla, pop, and other carbonated waters or beverages manufactured or sold by the manufacturer, producer, or importer of the carbonic acid gas used in carbonating the same, and upon all unfermented grape juice, soft drinks, or artificial mineral waters (not carbonated), and fermented liquors containing less than one-half of 1 per cent of alcohol; the Senate reduced this tax to 1 cent per gallon; and the House recedes.

Amendment No. 85: This amendment is a clerical change; and the House recedes.

Amendment No. 86: The House bill provided a tax of 8 cents per pound upon all carbonic acid gas in drums or other containers intended for use in the manufacture or production of carbonated water or other drinks sold by the manufacturer, producer, or importer. The Senate struck out this provision and substituted a new section, which will be explained under amendment No. 88; and the House recedes.



Amendment No. 87. This amendment is a clerical change; and the House recedes, with an amendment changing the section number.

Amendment No. 88: The Senate reduced the tax upon carbonic-acid gas in drums or other containers (intended for use in the manufacture or use of carbonated waters or other drinks) to 5 cents per pound and provided that this tax should be paid by the purchaser to the vendor and collected, returned, and paid to the United States by the vendor; and the House recedes with an amendment changing the section number.

Amendments Nos. 89 and 90: These amendments are clerical changes; and the House recedes.

Amendments Nos. 91 to 108, inclusive: These amendments relate to the tax upon cigars. The House bill provided the following rates upon cigars made of tobacco or any substitute therefor and weighing more than 3 pounds per thousand: If manufactured or imported to retail at not more than 4 cents each, 50 cents per thousand; if manufactured or imported to retail at more than 4 cents and not more than 6 cents each, \$1 per thousand; if manufactured or imported to retail at more than 6 cents and not more than 10 cents each, \$2 per thousand; if manufactured or imported to retail at more than 10 cents and not more than 15 cents each, \$4 per thousand; if manufactured or imported to retail at more than 15 cents and not more than 20 cents each, \$5 per thousand; if manufactured or imported to retail at more than 20 cents each and not more than 25 cents each, \$7 per thousand; if manufactured or imported to retail at more than 25 cents each, \$10 per thousand. The Senate changed the cigar classification and rates as follows: If manufactured or imported to retail at 4 cents or more each and not more than 7 cents each, \$1 per thousand; if manufactured or imported to retail at more than 7 cents each and not more than 15 cents each, \$3 per thousand; if manufactured or imported to retail at more than 15 cents each and not more than 20 cents each, \$5 per thousand; if manufactured or imported to retail at more than 20 cents each, \$7 per thousand; and the House recedes.

Amendment No. 109: This amendment makes the administrative provision relating to cigars apply to the importer; and the House recedes.

Amendment No. 110: The House bill provided that the manufacturer should affix to each box or container of cigars a conspicuous label indicating the maximum retail price of each cigar. The Senate changed this provision to apply to the importer as well as the manufacturer and requires each to indicate on each box or container of cigars by letter the class of this section under which the cigars therein contained have been tax-paid; and the House recedes.

Amendment No. 111: This amendment is a clerical change; and the House recedes.

Amendment No. 112: The House bill levied an additional tax of \$1.25 per thousand upon cigarettes weighing not more than 3 pounds per thousand. The Senate reduced this tax to 75 cents per thousand. The House recedes from its disagreement to this amendment with an amendment making this tax 80 cents per thousand.

Amendment No. 113: This amendment levies an additional tax of \$1.20 per thousand upon cigarettes weighing more than 3 pounds per thousand; and the House recedes.

Amendment No. 114: The House bill authorized the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to provide the dies and stamps for cigars and cigarettes necessary under the taxes in effect and the sizes of packages authorized after the provisions of this act take effect. The Commissioner of Internal Revenue already has ample authority to do the act specified; and the House recedes.

Amendments Nos. 115 to 120, inclusive: These amendments relate to the sizes of packages in which cigarettes may be put up; and the House recedes.

Amendment No. 121: The House bill levied an additional tax upon manufactured tobacco and snuff of 8 cents per pound. The Senate reduced this tax to 4 cents per pound. The House recedes from its disagreement to this amendment with an amendment making the additional tax 5 cents per pound.

Amendment No. 122: This amendment relates to the date of effectiveness of the additional taxes upon cigars, cigarettes, manufactured tobacco and snuff, and cigarette papers. The Senate made those taxes effective upon the passage of the act. The House recedes from its disagreement to this amendment with an amendment making the aforementioned taxes effective 30 days after the passage of this act.

Amendment No. 123: This amendment is a clerical change; and the Senate recedes.

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

Amendments Nos. 125 to 131, inclusive: The House bill allowed the following exemptions from the floor-stock tax levied under the provisions of this act upon manufactured tobacco and snuff, cigars, and cigarettes: One thousand pounds of manufactured tobacco and snuff and 20,000 cigars or cigarettes. The House bill only allowed these exemptions to each person, corporation, partnership, or association. The Senate reduced the House exemptions as follows: One hundred pounds of manufactured tobacco and snuff, 500 cigars, and 1,000 cigarettes, but provided that the exemptions should apply to each place of business; and the Senate recedes from its amendments providing that the exemptions should apply to each place of business, and the House recedes from its amendments Nos. 125 and 130 making the exemption from the floor-stock tax 100 pounds of manufactured tobacco and snuff and 1,000 cigars or cigarettes.

Amendment No. 132: This amendment is a clerical change; and the House recedes.

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

Amendment No. 134: This amendment is a clerical change; and the House recedes.

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

Amendment No. 136: The House bill provides for an additional levy of a tax equal to one-half the additional taxes levied upon cigars, cigarettes, manufactured tobacco, and snuff, removed from factory or customhouse after the passage of this act but prior to the time when the additional taxes become effective. The Senate struck out this provision; and the Senate recedes.

Amendment No. 137: This amendment is a clerical change; and the Senate recedes.

Amendment No. 138: This amendment is a clerical change; and the House recedes.

Amendment No. 139: The House bill levied a tax of one-fourth of 1 cent on each book or set of cigarette papers containing not more than 25 papers. The Senate struck out this provision; and the House recedes.

Amendment No. 140: The House bill provided that the tax upon cigarette papers, made up into packages, books, sets, or tubes, should be paid by stamps affixed by the person, corporation, partnership, or association making up or importing the cigarette packages, books, sets, or tubes. The Senate struck out this provision. The effect of this action is to allow the tax to be collected in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe; and the House recedes.

Amendment No. 141: This amendment is a clerical change; and the Senate recedes.

Amendment No. 142: The House bill provided that the war taxes on facilities furnished by public utilities and insurance should become effective June 1, 1917. The Senate changed the date of effectiveness to November 1, 1917; and the House recedes.

Amendment No. 143: This amendment provides that the 3 per cent freight tax shall apply to the amount paid for transportation by any form of mechanical motor power when in competition with carriers by rail or water; and the House recedes.

Amendment No. 144: The House bill provided a tax upon express of 6 per cent upon the amount paid for the transportation of property by express companies. The Senate amended this provision by proposing a tax of 1 cent for each 25 cents or fraction thereof, paid to any person, corporation, partnership, or association engaged in the business of transporting parcels or packages by express. The House recedes from its disagreement to the amendment with an amendment changing the tax to 1 cent for each 20 cents or fraction thereof.

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

Amendment No. 146: The House bill provided a tax equivalent to 10 per cent of the amount paid for the transportation of persons by rail or water. The Senate reduced this tax to 5 per cent. The House recedes from its disagreement to the Senate amendment with an amendment making the tax 8 per cent.

Amendment No. 147: This amendment increases the scope of the tax upon the transportation of persons to include the transportation of persons by any form of mechanical motor power when in competition with carriers by rail or water. The House recedes from its disagreement to this amendment by making the tax upon the transportation of persons apply to any form of mechanical motor power on a regular established line when in competition with carriers by rail or water.

Amendment No. 148: The House bill limited the tax upon transportation of persons to the amount paid for the transportation of persons within the United States. The Senate amended this provision to make the tax apply to the amount paid for transportation

of persons from one point in the United States to another or to any point in Canada or Mexico where the ticket therefor is sold or issued in the United States; and the House recedes.

Amendment No. 149: The House bill provided that the tax to be paid upon the amount paid for the transportation of persons should not apply to the amount paid for commutation or season tickets for trips less than 30 miles. The Senate increased this exemption limit to 40 miles; and the Senate recedes.

Amendment No. 150: The House bill exempted fares not in excess of 25 cents from the tax upon the transportation of persons. The Senate increased this exemption to 35 cents; and the House recedes.

Amendment No. 151: The House bill provided a tax equivalent to 10 per cent of the amount paid for seats, berths, and staterooms in parlor cars, sleeping cars, or on vessels. The Senate reduced this tax to 5 per cent; and the Senate recedes.

Amendments Nos. 152 and 153: These amendments are clerical changes; and the House recedes.

Amendment No. 154: This amendment provides that if a ticket (other than a mileage book) is bought but not used before the transportation tax becomes effective, that it shall not be valid for passage until the tax has been paid nor until the payment is evidenced on the ticket in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation prescribe; and the House recedes.

Amendment No. 155: The House bill levied a tax equivalent to 5 per cent of the amount paid for electric power for domestic uses, and of the amount paid for light or heat service, and also a tax equivalent to 5 per cent of the amount paid for telephone service by subscribers, exclusive of the amount paid for toll or long-distance calls. The Senate struck out these taxes; and the House recedes.

Amendment No. 156: This amendment makes radio dispatches subject to a 5-cent tax upon each dispatch for which a charge of 15 cents or more is imposed; and the House recedes.

Amendments Nos. 157 to 160, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 161: This amendment is a clerical change; and the House recedes with an amendment substituting the word "such" for the word "the."

Amendments Nos. 162, 163, and 164: These amendments are clerical changes; and the House recedes.

Amendment No. 165: This amendment provides that the transportation taxes shall not be construed to apply to the transportation of company material transported by one carrier which constitutes a part of a railroad system for another carrier which is also a part of the same system, nor to movements by railroad companies of the outfit, property, and persons of any amusement company, which, in the conduct of its business, owns and provides its rolling stock and equipment and which is not engaged in the transportation of commodities for sale or exchange, nor to the amount paid for special mileage books issued under transportation contracts to such amusement companies and issued for the transportation of its bona fide employees and agents. The House recedes from its disagreement with the Senate amendment with an amendment providing that the transportation taxes shall not apply to the transportation of com-

pany material transported by one carrier which constitutes a part of a railroad system for another carrier which is also part of the same system.

Amendment No. 166: The House bill provided that no war tax on facilities furnished by public utilities should be imposed upon any payment received for service rendered to officers or employees of the United States, or of any State or political subdivision thereof, in the course of their official business. The Senate amended this provision by providing that such taxes should not apply to any payment received for services rendered to the United States or any State, Territory, or the District of Columbia. It further provided that the right to this exemption should be evidenced in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, should by regulation prescribe; and the House recedes.

Amendment No. 167: The House bill levied the following rates upon insurance: Upon life insurance, a tax equivalent to 8 cents on each \$100 or fractional part thereof of the amount for which any life is insured; upon marine, inland, and fire insurance, a tax equivalent to 1 cent on each \$1 or fractional part thereof of the premium charge on each policy of insurance; upon casualty insurance, a tax equivalent to 1 cent on each \$1 or fractional part thereof of the premium charge upon each policy of insurance or obligation of the nature of indemnity for loss, damage, or liability (except bonds taxable under subdivision 2 of Schedule A of Title VIII, which will be referred to under amendment No. 256). The Senate struck out all the insurance taxes. The House recedes from its disagreement to this amendment with an amendment restoring the insurance taxes provided in the House bill and changed the date of effectiveness of these taxes from June 1 to November 1, 1917.

Amendment No. 168: This amendment relates to making the return and the payment of the taxes due under the insurance provisions. The Senate struck out this provision when it eliminated the insurance taxes; and, since the insurance taxes have been restored, the Senate recedes.

Amendment No. 169: Title VI of the House bill was entitled "War tax on manufacturers." The Senate changed the title to read "War excise taxes"; and the House recedes.

Amendment No. 170: The House bill levied a tax upon automobiles, automobile trucks, automobile wagons, and motorcycles, and automobile, motorcycle, or bicycle tires, including inner tubes, equivalent to 5 per cent of the manufacturer's, producer's, or importer's selling price. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment making the tax upon automobiles, automobile trucks, automobile wagons, and motorcycles 3 per cent of the manufacturer's, producer's, or importer's selling price.

Amendment No. 171: The House bill provided a tax of 5 per cent upon the selling price of all musical instruments sold by the manufacturer, producer, or importer for more than \$10 each. This tax also applied to piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, piano player, graphophone, phonograph, or talking machine. The Senate struck out this provision. The House recedes from its dis-

agreement to this amendment with an amendment levying a tax upon piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, piano player, graphophone, phonograph, or talking machine equivalent to 3 per cent of the manufacturer's, producer's, or importer's selling price.

The House bill provided a tax of one-half of 1 cent per linear foot upon all moving-picture films (which have not been exposed) sold by the manufacturer or importer. The Senate struck out this provision. The House recedes from its disagreement to this provision with an amendment restoring the House provision and making the tax one-fourth of 1 cent per linear foot.

The House bill provided a tax equivalent to 1 cent per linear foot upon all moving-picture films (containing a picture ready for projection) sold or leased by the manufacturer, producer, or importer. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring the House provision and making the tax one-half of 1 cent per linear foot.

The House bill provided for the levy of a tax equivalent to 5 per cent of the manufacturer's, producer's, or importer's selling price on any article commonly or commercially known as jewelry, whether real or imitation. The Senate struck out this provision. The House recedes from its disagreement to this provision with an amendment restoring the House provision and fixing the rate at 3 per cent of the price for which so sold.

The House bill provided for the levy of a tax equivalent to 5 per cent of the manufacturers', builders', or importers' selling price on yachts, pleasure boats, motor boats, or other vessels not used nor intended to be used for trade. The Senate struck out the House provision and levied an excise tax upon the use of yachts, pleasure boats, power boats, and sailing boats, of over 5 net tons, and motor boats with fixed engines, not used exclusively for trade or national defense, or not built according to plans or specifications approved by the Navy Department at rates as follows: Yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over 5 net tons, length not over 50 feet, 50 cents for each foot; length over 50 feet and not over 100 feet, \$1 for each foot; length over 100 feet, \$2 for each foot. Motor boats of not over 5 net tons with fixed engines, \$5. The House agrees to the Senate amendment to this provision with an amendment making this provision section 603 of the bill and transferring it to the end of Title VI.

Amendment No. 172: This amendment is a clerical change; and the Senate recedes.

Amendment No. 173: This amendment is a clerical change; and the House recedes with an amendment changing the letter "a" to *f*.

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

Amendment No. 175: The House bill proposed a tax upon fishing lines equivalent to 5 per cent of the manufacturers', producers', or importers' selling price. The Senate struck out this provision; and the House recedes.

Amendment No. 176: This amendment provides that the tax levied in the sporting-goods section shall not apply to children's toys and games; and the House recedes.

Amendment No. 177: The House bill provided for the levy of a tax equivalent to 5 per cent of the manufacturers', producers', or importers' selling price upon all articles specified in the sporting-goods section. The Senate reduced this tax to 2 per cent. The House recedes from its disagreement to this amendment with an amendment making the tax 3 per cent.

Amendment No. 178: This amendment is a clerical change, and the House recedes with an amendment changing the letter "b" to the letter "g."

Amendments Nos. 179, 180, and 181: These amendments are clerical changes; and the House recedes.

Amendment No. 182: The House bill provided for the levy of a tax equivalent to 5 per cent of the manufacturers', importers', or producers' selling price upon perfumery, cosmetics, toilet soaps and powders, and similar articles. The Senate reduced this tax to 2 per cent; and the House recedes.

Amendment No. 183: This amendment is a clerical change; and the House recedes with an amendment changing the letter "c" to "h."

Amendment No. 184: This amendment is a clerical change; and the House recedes with an amendment changing the word "fourteen" to "thirteen."

Amendment No. 185: The House bill provided for the levy of a tax upon medicinal preparations, compounds, or compositions equivalent to 5 per cent of the manufacturers', producers', or importers' selling price. The Senate reduced the rate to 2 per cent; and the House recedes.

Amendment No. 186: The House bill provided a tax on chewing gum equivalent to 5 per cent of the manufacturers', producers', or importers' selling price. The Senate struck out this provision. The House recedes from its disagreement to the amendment with an amendment restoring the House provision and making the rate 2 per cent.

Amendment No. 187: This amendment provides for a tax upon cameras equivalent to 2 per cent of the manufacturers', producers', or importers' selling price. The House recedes from its disagreement to this amendment with an amendment making the tax 3 per cent.

Amendment No. 188: This amendment is a clerical change; and the Senate recedes.

Amendment No. 189: This amendment is a clerical change; and the House recedes.

Amendment No. 190: This amendment is a clerical change; and the Senate recedes.

Amendment No. 191: This amendment is a clerical change; and the House recedes.

Amendment No. 192: The House bill levied a floor-stock tax, equivalent to 5 per cent of the purchase price, on any automobiles, musical instruments, jewelry, sporting goods, perfumes, cosmetics, toilet soaps and powders, medicinal preparations, compounds or compositions, and chewing gum, held and intended for sale by any person, corporation, partnership, or association other than a retailer who is not also a wholesaler, and on all such articles which, between April 6, 1917, and the day this act is passed, have been sold to, and on the day this act is passed are held and intended for sale by a retailer who is not also a wholesaler. The Senate struck out this provision. The

House recedes from its disagreement to this amendment with an amendment levying a tax on such articles, which, on the day this act is passed, are held and intended for sale by any person, corporation, partnership, or association other than a retailer, who is not also a wholesaler, or other than the manufacturer, producer, or importer, equivalent to one-half the tax levied upon such articles by section 600.

Amendment No. 193: This amendment is a clerical change; and the Senate recedes.

Amendment No. 194: The House bill provided that the admission taxes should become effective June 1, 1917. The Senate bill provided that they should become effective November 1, 1917; and the House recedes.

Amendments Nos. 195 to 198, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 199: This amendment provides that the tax on admissions of children where an admission charge is made for such children shall in every case be 1 cent. The House recedes from its disagreement to this amendment with an amendment providing that the tax on admissions of children under 12 years of age where an admission charge is made for such children shall in every case be 1 cent.

Amendment No. 200. The House bill imposed a tax of 5 cents upon each admission of each person (except in the case of a bona fide employee and children under 12 years of age and municipal officers on official business) admitted free to any place for which a charge is made, and provided that this tax was to be paid by the person admitted.

The Senate struck out this provision and inserted in lieu thereof the following taxes: A tax of 1 cent for each 10 cents or fraction thereof paid for admission to any public performance for profit at any cabaret or other similar entertainment to which the charge for admission is wholly or in part included in the price paid for refreshment, service, or merchandise; a tax equivalent to 5 per cent of the amount paid in excess of the established price for tickets of admission to theaters and operas and other places of amusement sold at news stands, hotels, and places other than the ticket offices of such theaters, operas, or other places of amusement at not to exceed 50 cents in excess of the sum of the established price charged at such ticket office; a tax equivalent to 30 per cent of the amount of any excess charge for such tickets sold for more than 50 cents in excess of the established selling price at the theater; and a tax equivalent to 50 per cent of the amount for which the proprietors, managers, or employees of any opera house, theater, or other place of amusement sell or dispose of tickets in excess of the regular or established price or charge therefor.

The House recedes from its disagreement to this amendment with an amendment imposing a tax of 1 cent for each 10 cents or a fraction thereof of the price charged to persons (except bona fide employees, municipal officers on official business, and children under 12 years of age) admitted free to any place at a time when and under circumstances under which an admission charge is made to other persons of the same class; and also imposing a tax of 1 cent for each 10 cents or fraction thereof paid for any admission to any public performance for profit at any cabaret or other similar entertainment to



which the charge for admission is wholly or in part included in the price paid for refreshment, service, or merchandise.

Amendment No. 201: This amendment is a clerical change, striking out the House provision levying a tax of 1 cent upon the admission of children under 12 years of age. This provision has been changed to another part of this section and fully explained under amendment No. 199; and the House recedes.

Amendment No. 202: This amendment exempted from the admission tax admissions to moving-picture shows and outdoor general amusement parks, main gates, shows, and rides therein, the maximum charge for admission to which is 25 cents.

The House recedes from its disagreement to the amendment with an amendment exempting from the admission tax admissions to shows, rides, and other amusements (the maximum charge for admission to which is 10 cents) within outdoor general amusement parks and admissions to such parks.

Amendment No. 203: The House bill provided that the admission tax should not apply to agriculture fairs whose entire proceeds inure exclusively for agriculture purposes. The Senate amended this provision so that the admission tickets should not apply to admissions to agriculture fairs nor to admissions to bona fide chautauquas nor lyceum courses which are contracted for or guaranteed by local companies, associations, or individuals. The House recedes from its disagreement to this amendment with an amendment providing that the admission tax shall not apply to agriculture fairs "none of the profits of which are distributed to stockholders or members of the association conducting the same."

Amendment No. 204: The House bill levied a tax equivalent to 10 per cent of the amount paid as dues or membership fees (except initiation fees) to any social, athletic, or sporting club or organization. The Senate struck out this provision. The House recedes from its disagreement to the Senate amendment with an amendment restoring the House provision and providing that the tax shall become effective November 1, instead of June 1, 1917, and providing that the tax shall not apply to such clubs or organizations if the dues do not exceed \$12 per year. The amendment also provides that the tax shall not apply to any fraternal beneficiary society, order, or association, operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

Amendments Nos. 205, 206, 207, 208, 209, and 210: These amendments are clerical changes; and the Senate recedes.

Amendment No. 211: This amendment provides for making returns of certain of the admission taxes that were stricken out in conference and explained in amendment No. 200; and the Senate recedes.

Amendment No. 212: The House bill provided that the war stamp taxes should be effective June 1, 1917. The Senate changed the date to November 1, 1917; and the House recedes with an amendment making these taxes effective December 1, 1917.

Amendments Nos. 213 to 233, inclusive: These amendments are amendments to the war stamp tax administrative provisions and

clerical in nature and in the interest of clearness; and the House recedes.

Amendment No. 234: This amendment was merely a clerical change; and the House recedes from its disagreement to the amendment with an amendment making a further clerical change.

Amendments Nos. 235 to 254, inclusive: These amendments are amendments to the war stamp tax administrative provisions and clerical in nature and in the interest of clearness; and the House recedes.

Amendment No. 255: The House bill provided that the tax of 5 cents on each \$100 of face value or fraction thereof on bonds, debentures, or certificates of indebtedness should become effective June 1, 1917. The Senate changed the date to November 1, 1917; and the House recedes with an amendment making this tax effective December 1, 1917.

Amendment No. 256: The House bill provided a tax on indemnity and surety bonds of 50 cents, unless a premium is charged for the execution of such bonds, in which case the tax was to be at the rate of 1 per cent on each dollar or fractional part thereof of the premium charged. The House provision also exempted policies of reinsurance from this tax. The Senate struck out this provision; and the Senate recedes.

Amendment No. 257: This amendment levies a tax on parcel-post packages on which the postage amounts to 25 cents or more, of 1 cent for each 25 cents or fractional part thereof charged for such transportation, and provides that the tax shall be paid by the consignor. The House recedes from its disagreement to the amendment with an amendment changing the number of the subdivision to "14" and placing the provision at the end of the war stamp taxes title.

Amendments Nos. 258 to 261, inclusive: These amendments are clerical changes; and the House recedes.

Amendment No. 262. This amendment limits the tax on sales of produce on any exchange by providing that sellers of commodities having paid this tax, may transfer such contracts to a clearing-house corporation or association, and such transfer shall not be deemed a sale, or agreement of sale, or an agreement to sell within the provisions of this act, if such transfer does not vest any beneficial interest in such clearing-house association and if it is made for the sole purpose of enabling such clearing-house association to adjust and balance the accounts of the members of said clearing-house association; and the House recedes.

Amendment No. 263: This amendment is a clerical change; and the House recedes.

Amendment No. 264: This amendment exempted renewed promissory notes from the stamp tax on promissory notes of 2 cents on each \$100; and the Senate recedes.

Amendment No. 265: This amendment is a clerical change; and the House recedes.

Amendments Nos. 266, 267, and 268: These amendments limit the passage ticket taxes to passage tickets sold or issued in the United States for passage by any vessel to a port or place not in the United States, Canada, or Mexico. These amendments are necessary in view of the House receding from Senate amendment No. 148 relating to passenger transportation; and the House recedes.

Amendment No. 269: This amendment exempts from the proxy tax of 10 cents, proxies for voting at any election for officers, or meeting for the transaction of business, of any fraternal society; and the House recedes.

Amendment No. 270: This amendment is a clerical change; and the House recedes.

Amendment No. 271: This amendment is a clerical change; and the Senate recedes.

Amendment No. 272: The House bill levied a flat additional tax on playing cards of 8 cents per pack. The Senate amended the provision by providing an additional tax of 3 cents per pack on playing cards manufactured or imported to sell at retail for not more than 15 cents per pack, and by leaving the House rate on playing cards manufactured or imported to sell at retail for more than 15 cents per pack. The House recedes from its disagreement to the amendment with an amendment making the additional rate of tax on all playing cards 5 cents per pack.

Amendment No. 273: This amendment is a clerical change; and the Senate recedes.

Amendment No. 274: The House bill levied additional estate taxes ranging from one-half of 1 per cent of the amount of the net estate not in excess of \$50,000 to 15 per cent of the amount of the net estate in excess of \$15,000,000. The House provision also reduced the deduction to be allowed in arriving at the net estate to \$25,000 in lieu of the present deduction of \$50,000, and levied a tax of 1 per cent upon the amount of the estate between \$25,000 and \$50,000. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring subdivision (a), the House provision, but providing that the additional tax levied in this title shall not apply to the transfer of the net estate tax of any decedent dying while serving in the military or naval forces of the United States during the continuance of the war in which the United States is now engaged, or if death results from injuries received or disease contracted in such service, within one year after the termination of such war. The amendment restoring the House provision strikes out the last House classification and provides that the highest additional estate tax rate shall be 10 per cent on net estate in excess of \$10,000,000.

Amendment No. 275: The House bill levied a customs duty of 10 per cent on practically all articles that are now admitted into the United States free of duty and an additional duty of 10 per cent on all dutiable articles. Title X of the House bill also levied a war tax on coffee and tea. The Senate struck out the entire title, which contained the war customs duties and the war tax on coffee and tea; and the House recedes.

Amendments Nos. 276, 277, 278, and 279: These amendments relate to changes in title and section numbers; and the House recedes with amendments properly numbering the same.

Amendment No. 280: This amendment provided that where additional taxes are imposed by this act upon articles or commodities upon which the tax imposed by existing law has been paid, the person, corporation, partnership, or association required by this act to pay the tax shall make return for assessment of the tax within 30

days after the enactment of the act. The House recedes from its disagreement to the amendment with an amendment changing the word "enactment" to the word "passage."

Amendment No. 281: The House bill provided that the tax shown to be due by the return for the assessment of additional taxes upon articles or commodities upon which the tax imposed by existing law had been paid should be paid on or before November 1, 1917. The Senate amended the provision extending the time of payment to six months after the passage of this act, but provided that the time should be extended upon the filing of bond for payment in such form and amount and with such sureties as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe. The House receded from its disagreement to the amendment with an amendment extending the time of payment to seven months after the passage of the act.

Amendment No. 282: This amendment relates to a change in section number; and the House recedes with an amendment properly numbering the same.

Amendment No. 283: This amendment is a clerical change; and the House recedes.

Amendments Nos. 284, 285, 286, and 287: These amendments relate to changes in section numbers; and the House recedes with amendments properly numbering the same.

Amendment No. 288: This amendment is a clerical change; and the Senate recedes.

Amendments Nos. 289 and 290: These amendments are clerical changes; and the House recedes.

Amendments Nos. 291 to 296, inclusive: These amendments are clerical changes; and the Senate recedes.

Amendment No. 297: This amendment relates to a change in section number; and the House recedes with an amendment properly numbering the same.

Amendment No. 298: This amendment provides that in the payment of any tax under this act not payable by stamp a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent; and the House recedes.

Amendment No. 299: The purpose of this amendment is to permit the payment of income and excess-profits taxes in installments. The House recedes from its disagreement to this amendment with an amendment permitting the payment of income and excess-profits taxes in installments, and also providing that the Secretary of the Treasury may allow credit against such taxes so paid in advance of an amount not exceeding 3 per cent per annum, calculated upon the amount so paid from the date of such payment to the date now fixed by law for such payment, and providing that no such credit shall be allowed on payments made after the expiration of four and one-half months after the close of the taxable year.

Amendment No. 300: The purpose of this amendment is to permit collectors of internal revenue to receive uncertified checks and certificates of indebtedness issued under the bond and certificate of indebtedness act of April 24, 1917, and subsequent acts, in payment of income and excess-profits taxes. The House recedes from its dis-

agreement to this amendment with a similar amendment making minor changes and providing that collectors of internal revenue may receive uncertified checks and certificates of indebtedness at par and accrued interest in payment of income and excess-profits taxes.

Amendment No. 301: This amendment merely changes the title number; and the House recedes from its disagreement to this amendment with an amendment properly numbering the title.

Amendment No. 302: The Senate bill as originally reported by the Finance Committee contained a war tax on profits of publications, and the postal rate title was extended to cover this provision. This provision was struck out in the Senate; and the Senate recedes from its amendment to the postal rate title.

Amendment No. 303: The House bill increased the postal rates upon first-class mailing matter 1 cent for each ounce or fraction thereof, but provided that the rate of postage on drop letters of the first class should be 2 cents an ounce or fraction thereof. This provision also increased the rate upon postal cards an additional 1 cent each. The House bill provided that the foregoing rates upon first-class matter should become effective 10 days after the passage of the act. The Senate struck out this provision and incorporated a new section providing that letters written and mailed by soldiers, sailors, and marines assigned to duty in a foreign country engaged in the present war may be mailed free of postage, subject to such rules and regulations as may be prescribed by the Postmaster General. The House recedes from its disagreement to this amendment with an amendment restoring the House provision and incorporating into this section the Senate provision aforementioned and providing that the additional rates upon first-class matter shall become effective 30 days after the passage of the act.

Amendment No. 304: The House bill provided that the zone system applicable to parcel post should apply to mail matter of the second class and provided the following rates upon second-class matter (other than newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interest of religious, educational, scientific, philanthropic, agricultural, labor, or fraternal organizations or associations not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual):

Zone.	On and after July 1, 1917, until Nov. 1, 1917 (cents per pound).	Nov. 1, 1917, until Mar. 1, 1918 (cents per pound).	After Mar. 1, 1918 (cents per pound).
1	1½	1½	1½
2 and 3	1½	1½	2
4 and 5	1½	2½	3
6	2	3	4
7	2½	3½	5
8	2½	4½	6

The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment providing that the publisher may mail his publications from the post office of publication or any other post offices and secure the zone rate from the

office from which the publication is mailed. The amendment agreed to provides a flat rate, upon reading matter and publications where the space devoted to advertisements does not exceed 5 per cent of the total space, of  $1\frac{1}{2}$  cents per pound or fraction thereof on and after July 1, 1918, and until July 1, 1919, and a flat rate upon such reading matter of  $1\frac{1}{2}$  cents per pound or fraction thereof after July 1, 1919. This amendment makes the zones applicable to fourth-class matter applicable to the portion of second-class matter devoted to advertisements where the percentage of space devoted to advertisements exceeds 5 per cent of the total space of the publication. The rates of postage upon the portion of such publications devoted to advertisements provided by this amendment are as follows:

Zone.	On and after—			After July 1, 1921 (cents per pound or fraction thereof).
	July 1, 1918, to July 1, 1919 (cents per pound or fraction thereof).	July 1, 1919, to July 1, 1920 (cents per pound or fraction thereof).	July 1, 1920, to July 1, 1921 (cents per pound or fraction thereof).	
1 and 2	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	2
3	$1\frac{3}{4}$	2	$2\frac{1}{2}$	3
4	2	3	4	5
5	$2\frac{1}{4}$	$3\frac{1}{4}$	$4\frac{1}{4}$	6
6	$2\frac{1}{2}$	4	$5\frac{1}{2}$	7
7	3	5	7	9
8	$3\frac{1}{4}$	$5\frac{1}{4}$	$7\frac{1}{4}$	10

Amendment No. 305: The House bill provided that the rate of postage on daily newspapers when the same are deposited in a letter-carrier office for delivery by its carriers should be the same as the rate now provided by law and provided that newspapers should have free circulation in the county of publication as under the present law. The Senate struck out this provision, and the House recedes from its disagreement to the amendment with an amendment restoring the provision and changing the section number.

Amendment No. 306: The House bill provided that in the case of newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interest of religious, educational, scientific, philanthropic, agriculture, labor or fraternal organizations or associations not organized for profit, and none of the net income of which inures to the benefit of any private stockholder or individual, the second-class postage rates should be irrespective of the zone in which delivered (except when the same are deposited in a letter-carrier office for delivery by its carriers, in which case the rates shall be the same as now provided by law), that the rate upon such publications should be  $1\frac{1}{2}$  cents per pound or fraction thereof from July 1, 1917, until March 1, 1918, and thereafter  $1\frac{1}{2}$  cents per pound or fraction thereof. The Senate struck out this provision. The House recedes from its disagreement to this amendment restoring the House provision but changing the rates as follows: " $1\frac{1}{2}$  cents per pound or fraction thereof on and after July 1, 1918, and until July 1, 1919, and on and after July 1, 1919,  $1\frac{1}{4}$  cents per pound or fraction thereof."

Amendment No. 307: The House bill provided that where the total weight of any one edition or issue of any publication mailed to any one zone does not exceed 1 pound, that the rate of postage should be 1 cent for each 8 ounces or fraction thereof. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring the House provision, but changing the rate to 1 cent per pound.

Amendment No. 308: The House bill provided that the rates provided by the postal rate title should relate to the entire bulk mailed to any one zone and not to individually addressed packages. The Senate struck out this provision. The House recedes from its disagreement to the amendment with an amendment providing that the zone rates provided by the postal title shall relate to the entire bulk mailed to any one zone and not to individually addressed packages.

Amendment No. 309: The House bill provided that where the newspaper or periodical is mailed by other than the publisher or his agent or a news agent or dealer, the postal rate shall be the same as now provided by law. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring the House provision and changing the section number.

Amendment No. 310: The House bill provided that the Postmaster General should, on or before the 10th day of each month, pay into the general fund of the Treasury an amount equal to the difference between the estimated amount received during the preceding month for the transportation of first and second class matter through the mails, and the estimated amount which would have been received under the provisions of the law in force at the time of the passage of this act. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring the House provision and changing the section number.

Amendment No. 311: The House bill provided: "That the salaries of postmasters at offices of the first, second, and third classes shall not be increased after July first, nineteen hundred and seventeen, during the existence of the present war. The compensation of postmasters at offices of the fourth class shall continue to be computed on the basis of the present rates of postage, unless compensation be less than that received during the fiscal year ending June thirtieth, nineteen hundred and seventeen, in which case such compensation shall be computed upon the basis of the rates of postage provided for in this act, but in no case shall the compensation so computed be greater than that received during such fiscal year." The House recedes from its disagreement to the amendment with an amendment providing: "That the salaries of postmasters at offices of the first, second, and third classes shall not be increased after July first, nineteen hundred and seventeen, during the existence of the present war. The compensation of postmasters at offices of the fourth class shall continue to be computed on the basis of the present rates of postage."

Amendment No. 312: This amendment provides that where postmasters at offices of the third class are granted leave without pay for military purposes, the Postmaster General may allow, in addition to the maximum amounts which may now be allowed such offices for clerk hire, an amount not to exceed 50 per cent of the salary of the

postmaster. The House recedes from its disagreement to this amendment with an amendment providing that where postmasters at offices of the third class have been granted leave since May 1, 1917, or hereafter are granted leave without pay for military purposes, that the Postmaster General may allow, in addition to the maximum amounts which may be allowed such offices for clerk hire, an amount not to exceed 50 per cent of the salary of the postmaster.

Amendment No. 313: This amendment provided that section 5 of the act of March 3, 1917, making appropriations for the Post Office Department for the year ending June 30, 1918, which provides "that no letter, post card, circular, newspaper, pamphlet, or publication of any kind containing any advertisement of spirituous, vinous, malted, fermented, or other intoxicating liquors of any kind or containing a solicitation of or order for said liquors, or any of them, shall be deposited in and carried by the mails of the United States or be delivered by any postmaster or letter carrier, when addressed or directed to any person, firm, corporation, or association, or other addressee, at any place or point at any State or Territory of the United States at which it is by the law enforced in the State or Territory at that time unlawful to solicit orders for such liquors, or any of them, respectively." shall not be construed to apply to ethyl alcohol for governmental, scientific, medicinal, mechanical, manufacturing, and industrial purposes. This amendment also provides that section 5 of the aforementioned act of March 3, 1917, shall not be held to prohibit the use of the mails by regular ordained ministers of religion or by officers of regular established churches for ordering wines for sacramental uses or by manufacturers and dealers for quoting and billing such wines for such purposes only. The House recedes from its disagreement to this amendment with an amendment making minor clerical changes.

Amendment No. 314: This amendment relates to amendments to the present income-tax law. The Senate provided that the provisions relating to withholding of the income tax at the source should be repealed and that information at the source should be substituted in lieu thereof. The House recedes from its disagreement to this portion of the amendment with an amendment providing for the repeal of the withholding provisions, except in the case of the income of nonresident aliens and interest from corporate bonds containing the tax-free covenant provision. The Senate amendment provides that in computing income tax income and excess profits taxes for the previous year shall not be allowed as a deduction, and the House accepts this amendment. Senate amendment No. 2 provides for administrative reasons that, in the case of nonresident aliens, the additional normal tax of 2 per cent shall not apply; and to equalize this exemption amendment No. 314 provides that in computing the income tax of nonresident aliens that the deduction of \$3,000 in the case of single persons and \$4,000 in the case of married persons or heads of families shall not be allowed, and the Senate amendment in this respect is agreed to. This amendment also allows an additional deduction of \$200 for each dependent child under 18 years of age. This portion of the amendment is also agreed to. This amendment amends the corporation tax by levying an additional tax of 10 per cent upon the amount of corporate income remaining undistributed six months after the end of each calendar or fiscal year. It provides, however,



that this additional tax shall not apply to that portion of the undistributed net income actually invested and employed in the business or retained for employment in the reasonable requirements of the business. The House recedes from the disagreement to this portion of this section with an amendment providing that this additional 10 per cent tax shall also not apply to undistributed surplus invested in obligations of the United States issued after September 1, 1917. This Senate amendment also provides that contracts containing tax-free covenants entered into after the passage of this act should be void. The Senate recedes from this portion of the amendment, allowing the continuance of the use of tax-free covenants in bonds.

The Senate amendment contained a provision that any dividends declared in 1917 or subsequent tax years should be deemed to have been paid out of the net income for the current year or from the most recently earned surplus, and should be taxed to the shareholder at the rate in force in the year in which earned by the corporation. The House recedes from its disagreement to this portion of the amendment, with an amendment, so that profits accrued prior to March 1, 1913, may be distributed free of tax if all subsequent earnings have been distributed, and if distributed prior to August 6, 1917, will not be taxed in any event.

Amendment No. 315: This amendment relates to the change of the title number to the General Provisions Title, and the Senate recedes.

Amendments Nos. 316 and 317: These amendments are clerical changes; and the Senate recedes.

Amendments Nos. 318 and 319: These amendments proposed certain changes in the customs administrative provisions; and the Senate recedes.

Amendment No. 320: This amendment relates to a change in section number; and the House recedes with an amendment properly numbering the section.

Amendment No. 321: This amendment is a clerical change; and the Senate recedes.