

REVENUE TO DEFRAY WAR EXPENSES.

SEPTEMBER 29, 1917.—Ordered to be printed.

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

CONFERENCE REPORT.

[To accompany H. R. 4280.]

The committee of 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, 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 1, 3, 4, 36, 38, 43, 49, 65, 71, 77, 78, 80, 123, 126, 127, 128, 129, 131, 133, 135, 136, 137, 141, 149, 151, 168, 172, 188, 190, 193, 205, 206, 207, 208, 209, 210, 211, 256, 264, 271, 273, 288, 291, 292, 293, 294, 295, 296, 302, 315, 316, 317, 318, 319, and 321.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 41, 42, 47, 50, 52, 53, 54, 55, 57, 58, 61, 66, 72, 76, 83, 84, 85, 86, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 113, 114, 115, 116, 117, 118, 119, 120, 124, 125, 130, 132, 134, 138, 139, 140, 142, 143, 145, 148, 150, 152, 153, 154, 155, 156, 157, 158, 159, 160, 162, 163, 164, 166, 169, 174, 175, 176, 179, 180, 181, 182, 185, 189, 191, 194, 195, 196, 197, 198, 201, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 258, 259, 260, 261, 262, 263, 265, 266, 267, 268, 269, 270, 275, 283, 289, 290, and 298, and agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows:

In lieu of the word "Eight," inserted by said amendment, insert the word *Seven*; and the Senate agree to the same.

Amendment numbered 17:

That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows:

In lieu of the matter stricken out by said amendment insert the following: "*and (o) the provisions of subdivision (c) of section nine of such act, as amended by this act, requiring the normal tax of individuals on income derived from interest to be deducted and withheld at the source of the income shall not apply to the new two per centum normal tax prescribed in section one of this act until on and after January first, nineteen hundred and eighteen, and thereafter only one two per centum normal tax shall be deducted and withheld at the source under the provisions of such subdivision (o), and any further normal tax for which the recipient of such income is liable under this act or such act of September eighth, nineteen hundred and sixteen, as amended by this act, shall be paid by such recipient*"; and the Senate agree to the same.

Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert on page 64 of the engrossed Senate amendments, after line 6, the following:

(2) *That section five of such act of September eighth, nineteen hundred and sixteen, is hereby amended by adding at the end of subdivision (a) a further paragraph, numbered nine, to read as follows:*

"Ninth. Contributions or gifts actually made within the 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, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of fifteen per centum of the taxpayer's taxable net income as computed without the benefit of this paragraph. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury."

And the Senate agree to the same.

Amendment numbered 37:

That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with amendments as follows:

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

Sec. 200. That when used in this title—

The term "corporation" includes joint-stock companies or associations and insurance companies;

The term "domestic" means created under the law of the United States, or of any State, Territory, or District thereof, and the term "foreign" means created under the law of any other possession of the United States or of any foreign country or government;

The term "United States" means only the States, the Territories of Alaska and Hawaii, and the District of Columbia;

The term "taxable year" means the twelve months ending December thirty-first, excepting in the case of a corporation or partnership which has fixed its own fiscal year, in which case it means such fiscal year. The first taxable year shall be the year ending December thirty-first, nineteen hundred and seventeen, except that in the case of a corporation or partnership which has fixed its own fiscal year, it shall be the fiscal year ending during the calendar year nineteen hundred and seventeen. If a corporation or partnership, prior to March first, nineteen hundred and eighteen, makes a return covering its own fiscal year, and includes therein the income received during that part of the fiscal year falling within the calendar year nineteen hundred and sixteen, the tax for such taxable year shall be that proportion of the tax computed upon the net income during such full fiscal year which the time from January first, nineteen hundred and seventeen, to the end of such fiscal year bears to the full fiscal year; and

The term "prewar period" means the calendar years nineteen hundred and eleven, nineteen hundred and twelve, and nineteen hundred and thirteen, or, if a corporation or partnership was not in existence or an individual was not engaged in a trade or business during the whole of such period, then as many of such years during the whole of which the corporation or partnership was in existence or the individual was engaged in the trade or business.

The terms "trade" and "business" include professions and occupations.

The term "net income" means in the case of a foreign corporation or partnership or a nonresident alien individual, the net income received from sources within the United States.

Sec. 201: That in addition to the taxes under existing law and under this act there shall be levied, assessed, collected, and paid for each taxable year upon the income of every corporation, partnership, or individual, a tax (hereinafter in this title referred to as the tax) equal to the following percentages of the net income:

Twenty per centum of the amount of the net income in excess of the deduction (determined as hereinafter provided) and not in excess of fifteen per centum of the invested capital for the taxable year;

Twenty-five per centum of the amount of the net income in excess of fifteen per centum and not in excess of twenty per centum of such capital;

Thirty-five per centum of the amount of the net income in excess of twenty per centum and not in excess of twenty-five per centum of such capital;

Forty-five per centum of the amount of the net income in excess of twenty-five per centum and not in excess of thirty-three per centum of such capital; and

Sixty per centum of the amount of the net income in excess of thirty-three per centum of such capital.

For the purpose of this title every corporation or partnership not exempt under the provisions of this section shall be deemed to be engaged in business, and all the trades and businesses in which it is engaged shall be treated as a single trade or business, and all its

income from whatever source derived shall be deemed to be received from such trade or business.

This title shall apply to all trades or businesses of whatever description, whether continuously carried on or not, except—

(a) In the case of officers and employees under the United States, or any State, Territory, or the District of Columbia, or any local subdivision thereof, the compensation or fees received by them as such officers or employees;

(b) Corporations exempt from tax under the provisions of section eleven of Title I of such act of September eighth, nineteen hundred and sixteen, as amended by this act, and partnerships and individuals carrying on or doing the same business, or coming within the same description; and

(c) Incomes derived from the business of life, health, and accident insurance combined in one policy issued on the weekly premium payment plan.

Sec. 202. That the tax shall not be imposed in the case of the trade or business of a foreign corporation or partnership or a nonresident alien individual, the net income of which trade or business during the taxable year is less than \$3,000.

Sec. 203. That for the purposes of this title the deduction shall be as follows, except as otherwise in this title provided—

(a) In the case of a domestic corporation, the sum of (1) an amount equal to the same percentage of the invested capital for the taxable year which the average amount of the annual net income of the trade or business during the prewar period was of the invested capital for the prewar period (but not less than seven or more than nine per centum of the invested capital for the taxable year), and (2) \$3,000;

(b) In the case of a domestic partnership or of a citizen or resident of the United States, the sum of (1) an amount equal to the same percentage of the invested capital for the taxable year which the average amount of the annual net income of the trade or business during the prewar period was of the invested capital for the prewar period (but not less than seven or more than nine per centum of the invested capital for the taxable year), and (2) \$6,000;

(c) In the case of a foreign corporation or partnership or of a nonresident alien individual, an amount ascertained in the same manner as provided in subdivisions (a) and (b), without any exemption of \$3,000 or \$6,000.

(d) If the Secretary of the Treasury is unable satisfactorily to determine the average amount of the annual net income of the trade or business during the prewar period, the deduction shall be determined in the same manner as provided in section two hundred and five.

Sec. 204. That if a corporation or partnership was not in existence, or an individual was not engaged in the trade or business, during the whole of any one calendar year during the prewar period, the deduction shall be an amount equal to eight per centum of the invested capital for the taxable year, plus in the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000.

A trade or business carried on by a corporation, partnership, or individual, although formally organized or reorganized on or after January second, nineteen hundred and thirteen, which is substan-

tially a continuation of a trade or business carried on prior to that date, shall, for the purposes of this title, be deemed to have been in existence prior to that date, and the net income and invested capital of its predecessor prior to that date shall be deemed to have been its net income and invested capital.

Sec. 205. (a) That if the Secretary of the Treasury, upon complaint finds either (1) that during the prewar period a domestic corporation or partnership, or a citizen or resident of the United States, had no net income from the trade or business, or (2) that during the prewar period the percentage, which the net income was of the invested capital, was low as compared with the percentage, which the net income during such period of representative corporations, partnerships, and individuals, engaged in a like or similar trade or business, was of their invested capital, then the deduction shall be the sum of (1) an amount equal to the same percentage of its invested capital for the taxable year which the average deduction (determined in the same manner as provided in section two hundred and three, without including the \$3,000 or \$6,000 therein referred to) for such year of representative corporations, partnerships, or individuals, engaged in a like or similar trade or business, is of their average invested capital for such year plus (2) in the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000.

The percentage which the net income was of the invested capital in each trade or business shall be determined by the Commissioner of Internal Revenue, in accordance with regulations prescribed by him, with the approval of the Secretary of the Treasury. In the case of a corporation or partnership which has fixed its own fiscal year, the percentage determined by the calendar year ending during such fiscal year shall be used.

(b) The tax shall be assessed upon the basis of the deduction determined as provided in section two hundred and three, but the taxpayer claiming the benefit of this section may at the time of making the return file a claim for abatement of the amount by which the tax so assessed exceeds a tax computed upon the basis of the deduction determined as provided in this section. In such event, collection of the part of the tax covered by such claim for abatement shall not be made until the claim is decided, but if in the judgment of the Commissioner of Internal Revenue, the interests of the United States would be jeopardized thereby he may require the claimant to give a bond in such amount and with such sureties as the commissioner may think wise to safeguard such interests, conditioned for the payment of any tax found to be due, with the interest thereon, and if such bond, satisfactory to the commissioner, is not given within such time as he prescribes, the full amount of tax assessed shall be collected and the amount overpaid, if any, shall upon final decision of the application be refunded as a tax erroneously or illegally collected.

Sec. 206. That for the purposes of this title the net income of a corporation shall be ascertained and returned (a) for the calendar years nineteen hundred and eleven and nineteen hundred and twelve upon the same basis and in the same manner as provided in section thirty-eight of the act entitled "An act to provide revenue, equalize duties,

and encourage the industries of the United States, and for other purposes," approved August fifth, nineteen hundred and nine, except that income taxes paid by it within the year imposed by the authority of the United States shall be included; (b) for the calendar year nineteen hundred and thirteen upon the same basis and in the same manner as provided in section II of the act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October third, nineteen hundred and thirteen, except that income taxes paid by it within the year imposed by the authority of the United States shall be included, and except that the amounts received by it as dividends upon the stock or from the net earnings of other corporations, joint-stock companies or associations, or insurance companies, subject to the tax imposed by section II of such act of October third, nineteen hundred and thirteen, shall be deducted; and (c) for the taxable year upon the same basis and in the same manner as provided in Title I of the act entitled "An act to increase the revenue, and for other purposes," approved September eighth, nineteen hundred and sixteen, as amended by this act, except that the amounts received by it as dividends upon the stock or from the net earnings of other corporations, joint-stock companies or associations, or insurance companies, subject to the tax imposed by Title I of such act of September eighth, nineteen hundred and sixteen, shall be deducted.

The net income of a partnership or individual shall be ascertained and returned for the calendar years nineteen hundred and eleven, nineteen hundred and twelve, and nineteen hundred and thirteen, and for the taxable year, upon the same basis and in the same manner as provided in Title I of such act of September eighth, nineteen hundred and sixteen, as amended by this act, except that the credit allowed by subdivision (b) of section five of such act shall be deducted. There shall be allowed (a) in the case of a domestic partnership the same deductions as allowed to individuals in subdivision (a) of section five of such act of September eighth, nineteen hundred and sixteen, as amended by this act; and (b) in the case of a foreign partnership the same deductions as allowed to individuals in subdivision (a) of section six of such act as amended by this act.

Sec. 207. That as used in this title, the term "invested capital" for any year means the average invested capital for the year, as defined and limited in this title, averaged monthly.

As used in this title "invested capital" does not include stocks, bonds (other than obligations of the United States), or other assets, the income from which is not subject to the tax imposed by this title, nor money or other property borrowed, and means, subject to the above limitations:

(a) In the case of a corporation or partnership: (1) Actual cash paid in, (2) the actual cash value of tangible property paid in other than cash, for stock or shares in such corporation or partnership, at the time of such payment (but in case such tangible property was paid in prior to January first, nineteen hundred and fourteen, the actual cash value of such property as of January first, nineteen hundred and fourteen, but in no case to exceed the par value of the original stock or shares specifically issued therefor), and (3) paid in or earned surplus and undivided profits used or employed in the business, exclusive of undivided profits earned during the taxable year:

Provided, That (a) the actual cash value of patents and copyrights paid in for stock or shares in such corporation or partnership, at the time of such payment, shall be included as invested capital, but not to exceed the par value of such stock or shares at the time of such payment, and (b) the good will, trade-marks, trade brands, the franchise of a corporation or partnership, or other intangible property, shall be included as invested capital if the corporation or partnership made payment bona fide therefor specifically as such in cash or tangible property, the value of such good will, trade-mark, trade brand, franchise, or intangible property, not to exceed the actual cash or actual cash value of the tangible property paid therefor at the time of such payment; but good will, trade-marks, trade brands, franchise of a corporation or partnership, or other intangible property, bona fide purchased, prior to March third, nineteen hundred and seventeen, for and with interests or shares in a partnership or for and with shares in the capital stock of a corporation (issued prior to March third, nineteen hundred and seventeen), in an amount not to exceed, on March third, nineteen hundred and seventeen, twenty per centum of the total interests or shares in the partnership or of the total shares of the capital stock of the corporation, shall be included in invested capital at a value not to exceed the actual cash value at the time of such purchase, and in case of issue of stock therefor not to exceed the par value of such stock;

(b) In the case of an individual, (1) actual cash paid into the trade or business, and (2) the actual cash value of tangible property paid into the trade or business, other than cash, at the time of such payment (but in case such tangible property was paid in prior to January first, nineteen hundred and fourteen, the actual cash value of such property as of January first, nineteen hundred and fourteen, and (3) the actual cash value of patents, copyrights, good will, trade-marks, trade brands, franchises, or other intangible property, paid into the trade or business, at the time of such payment, if payment was made therefor specifically as such in cash or tangible property, not to exceed the actual cash or actual cash value of the tangible property bona fide paid therefor at the time of such payment.

In the case of a foreign corporation or partnership or of a non-resident alien individual the term "invested capital" means that proportion of the entire invested capital, as defined and limited in this title, which the net income from sources within the United States bears to the entire net income.

Sec. 208. That in case of the reorganization, consolidation or change of ownership of a trade or business after March third, nineteen hundred and seventeen, if an interest or control in such trade or business of fifty per centum or more remains in control of the same persons, corporations, associations, partnerships, or any of them, then in ascertaining the invested capital of the trade or business no asset transferred or received from the prior trade or business shall be allowed a greater value than would have been allowed under this title in computing the invested capital of such prior trade or business if such asset had not been so transferred or received, unless such asset was paid for specifically as such, in cash or tangible property, and then not to exceed the actual cash or actual cash value of the tangible property paid therefor at the time of such payment.

Sec. 209. That in the case of a trade or business having no invested capital or not more than a nominal capital there shall be levied, assessed, collected and paid, in addition to the taxes under existing law and under this act, in lieu of the tax imposed by section two hundred and one, a tax equivalent to eight per centum of the net income of such trade or business in excess of the following deductions: In the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000; in the case of all other trades or business, no deduction.

Sec. 210. That if the Secretary of the Treasury is unable in any case satisfactorily to determine the invested capital, the amount of the deduction shall be the sum of (1) an amount equal to the same proportion of the net income of the trade or business received during the taxable year as the proportion which the average deduction (determined in the same manner as provided in section two hundred and three, without including the \$3,000 or \$6,000 therein referred to) for the same calendar year of representative corporations, partnerships, and individuals, engaged in a like or similar trade or business, bears to the total net income of the trade or business received by such corporations, partnerships, and individuals, plus (2) in the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000.

For the purpose of this section the proportion between the deduction and the net income in each trade or business shall be determined by the Commissioner of Internal Revenue in accordance with regulations prescribed by him, with the approval of the Secretary of the Treasury. In the case of a corporation or partnership which has fixed its own fiscal year, the proportion determined for the calendar year ending during such fiscal year shall be used.

Sec. 211. That every foreign partnership having a net income of \$3,000 or more for the taxable year, and every domestic partnership having a net income of \$6,000 or more for the taxable year, shall render a correct return of the income of the trade or business for the taxable year, setting forth specifically the gross income for such year, and the deductions allowed in this title. Such returns shall be rendered at the same time and in the same manner as is prescribed for income-tax returns under Title I of such act of September eighth, nineteen hundred and sixteen, as amended by this act.

Sec. 212. That all administrative, special, and general provisions of law, including the laws in relation to the assessment, remission, collection, and refund of internal-revenue taxes not heretofore specifically repealed, and not inconsistent with the provisions of this title, are hereby extended and made applicable to all the provisions of this title and to the tax herein imposed, and all provisions of Title I of such act of September eighth, nineteen hundred and sixteen, as amended by this act, relating to returns and payment of the tax therein imposed, including penalties, are hereby made applicable to the tax imposed by this title.

Sec. 213. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make all necessary regulations for carrying out the provisions of this title, and may require any corporation, partnership, or individual, subject to the provisions of this title, to furnish him with such facts, data, and

information as in his judgment are necessary to collect the tax imposed by this title.

Sec. 214. That Title II (sections two hundred to two hundred and seven, inclusive) of the act entitled "An act to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy, and the extensions of fortifications, and for other purposes," approved March third, nineteen hundred and seventeen, is hereby repealed.

Any amount heretofore or hereafter paid on account of the tax imposed by such Title II, shall be credited toward the payment of the tax imposed by this title, and if the amount so paid exceeds the amount of such tax the excess shall be refunded as a tax erroneously or illegally collected.

Subdivision (1) of section three hundred and one of such act of September eighth, nineteen hundred and sixteen, is hereby amended so that the rate of tax for the taxable year nineteen hundred and seventeen shall be ten per centum instead of twelve and one-half per centum, as therein provided.

Subdivision (2) of such section is hereby amended to read as follows:

"(2) This section shall cease to be of effect on and after January first, nineteen hundred and eighteen."

And on page 83 of the engrossed Senate amendments, line 7, strike out the word "five" and insert the word *six*, and on page 86 of said engrossed amendments, after line 8, insert the following as a separate paragraph:

"Sec. 32. That premiums paid on life insurance policies covering the lives of officers, employees, or those financially interested in any trade or business conducted by an individual, partnership, corporation, joint-stock company or association, or insurance company, shall not be deducted in computing the net income of such individual, corporation, joint-stock company or association, or insurance company, or in computing the profits of such partnership for the purposes of subdivision (e) of section nine,"

And the Senate agree to the same.

Amendment numbered 39:

That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows:

In lieu of the word "four," inserted by said amendment, insert the word *three*; and the Senate agree to the same.

Amendment numbered 40:

That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows:

After the word "purposes" and before the comma insert the following: *or for use in the manufacture or production of any article used or intended for use as a beverage*; and the Senate agree to the same.

Amendment numbered 44:

That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with amendments as follows:

In line 1 of said amendment strike out the figures "302" and insert the figures 301.

In line 2 of said amendment strike out the word "enactment" and insert the word *passage*.

In the last line of said amendment strike out the words "beverage purposes" and insert the following: (1) *beverage purposes* or (2) *use in the manufacture or production of any article used or intended for use as a beverage*.

And the Senate agree to the same.

Amendment numbered 45:

That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows:

In line 1 of said amendment strike out the figures "303" and insert the figures 302; and the Senate agree to the same.

Amendment numbered 46:

That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows:

In the fifth line of the matter inserted by said amendment strike out the words "use of the United States or for denaturation" and insert: *other than (1) beverage purposes or (2) use in the manufacture or production of any article used or intended for use as a beverage*; and the Senate agree to the same.

Amendment numbered 48:

That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows:

In lieu of the figures "304" inserted by said amendment insert the figures 303; and the Senate agree to the same.

Amendment numbered 51:

That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows:

In line 2 of said amendment, after the word "purposes" and before the comma, insert the following: *or for use in the manufacture or production of any article used or intended for use as a beverage*; and the Senate agree to the same.

Amendment numbered 56:

That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows:

In lieu of the figures "305" inserted by said amendment insert the figures 304; 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:

Strike out the word "enacted" in the first line of the Senate amendment and insert the word *passed*; and the Senate agree to the same.

Amendment numbered 60:

That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment as follows:

On page 13, line 21 of the bill, strike out the words "less than" and in the matter inserted by said amendment strike out the words and figures "\$250 and not"; and the Senate agree to the same.

Amendment numbered 62:

That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows:

In line 1 of the matter inserted by said amendment change the figures "306" to the figures 305; and the Senate agree to the same.

Amendment numbered 63:

That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment as follows:

In line 1 of the matter inserted by said amendment change the figures "307" to the figures 306; and the Senate agree to the same.

Amendment numbered 64:

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

In lieu of the figures "308" inserted by said amendment insert the figures 307; and the Senate agree to the same.

Amendment numbered 67:

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with amendments as follows:

In line 1 of the matter inserted by said amendment strike out the figures "309" and insert the figures 308, and in the same line of said amendment strike out the word "enactment" and insert the word *passage*; also in line 7 of said amendment strike out the words "not to exceed" and insert the words *less than*; and the Senate agree to the same.

Amendment numbered 68:

That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows:

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

Sec. 309. That upon all still wines, including vermouth, and upon all champagne and other sparkling wines, liqueurs, cordials, artificial or imitation wines or compounds sold as wine, produced in or im-

ported into the United States, and hereafter removed from the custom-house, place of manufacture, or from bonded premises for sale or consumption, there shall be levied and collected, in addition to the tax now imposed by law upon such articles, a tax equal to such tax, to be levied, collected, and paid under the provisions of existing law.

And the Senate agree to the same.

Amendment numbered 69:

That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows:

In lieu of the figures "311" inserted by said amendment insert the figures 310; and the Senate agree to the same.

Amendment numbered 70:

That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows:

In lieu of the word "ten" inserted by said amendment insert the word *nine*; and the Senate agree to the same.

Amendment numbered 73:

That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows:

In lieu of the figures "312" inserted by said amendment insert the figures 311; and the Senate agree to the same.

Amendment numbered 74:

That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the words *equal to double such tax*; 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 figures "313" inserted by said amendment insert the figures 312; and the Senate agree to the same.

Amendment numbered 79:

That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment as follows:

In lieu of the figures "\$1" inserted by said amendment insert the following: *20 cents*; and the Senate agree to the same.

Amendment numbered 81:

That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment, as follows:

In lieu of the figures "314" inserted by said amendment insert the figures 313; 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 inserted by said amendment insert the following:

If so sold for not more than \$1.30 per gallon, a tax of 5 cents per gallon; if so sold for more than \$1.30 and not more than \$2 per gallon, a tax of 8 cents per gallon; if so sold for more than \$2 and not more than \$3 per gallon, a tax of 10 cents per gallon; if so sold for more than \$3 and not more than \$4 per gallon, a tax of 15 cents per gallon; and if so sold for more than \$4 per gallon, a tax of 20 cents per gallon.

And the Senate agree to the same.

Amendment numbered 87:

That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with an amendment as follows:

In lieu of the figures "315" inserted by said amendment insert the figures 314; and the Senate agree to the same.

Amendment numbered 88:

That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment as follows:

In line 1 of the matter inserted by said amendment strike out the figures "316" and insert the figures 315; and the Senate agree to the same.

Amendment numbered 112:

That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment as follows:

In lieu of the figures "75" inserted by said amendment insert the figures 80; and the Senate agree to the same.

Amendment numbered 121:

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

In lieu of the figure "4" inserted by said amendment insert the figure 5; and the Senate agree to the same.

Amendment numbered 122:

That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows:

In lieu of the matter stricken out by said amendment insert:

Sec. 402. That sections four hundred, four hundred and one, and four hundred and four, shall take effect thirty days after the passage of this act: Provided, That after the passage of this act and before the expiration of the aforesaid thirty days, cigarettes and manufac-

tured tobacco and snuff may be put up in the packages now provided for by law or in the packages provided for in sections four hundred and four hundred and one.

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 the second line of the matter inserted by said amendment strike out the figures "25" and insert the figures 20; and the Senate agree to the same.

Amendment numbered 146:

That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment, as follows:

In lieu of the word "five" inserted by said amendment, insert the word *eight*; and the Senate agree to the same.

Amendment numbered 147:

That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following: *or by any form of mechanical motor power on a regular established line when in competition with carriers by rail or water and a comma*; and the Senate agree to the same.

Amendment numbered 161:

That the House recede from its disagreement to the amendment of the Senate numbered 161, and agree to the same with an amendment, as follows:

In lieu of the word "the" inserted by said amendment, insert the word *such*; and the Senate agree to the same.

Amendment numbered 165:

That the House recede from its disagreement to the amendment of the Senate numbered 165, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: *or has been so used; or (b) upon 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*; and the Senate agree to the same.

Amendment numbered 167:

That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment, substituting the word *November* for the word "June," in line 11, page 25, of the bill; and the Senate agree to the same.

Amendment numbered 170:

That the House recede from its disagreement to the amendment of the Senate numbered 170, and agree to the same with an amendment as follows:

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

That there shall be levied, assessed, collected, and paid—

(a) *Upon all automobiles, automobile trucks, automobile wagons, and motorcycles, sold by the manufacturer, producer, or importer, a tax equivalent to three per centum of the price for which so sold; and; and the Senate agree to the same.*

Amendment numbered 171:

That the House recede from its disagreement to the amendment of the Senate numbered 171, and agree to the same with amendments as follows:

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

(b) *Upon all piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, piano player, graphophone, phonograph, or talking machine, sold by the manufacturer, producer, or importer, a tax equivalent to three per centum of the price for which so sold; and*

(c) *Upon all moving-picture films (which have not been exposed) sold by the manufacturer or importer, a tax equivalent to one-fourth of 1 cent per linear foot; and*

(d) *Upon all positive moving-picture films (containing a picture ready for projection) sold or leased by the manufacturer, producer, or importer, a tax equivalent to one-half of 1 cent per linear foot; and*

(e) *Upon any article commonly or commercially known as jewelry, whether real or imitation, sold by the manufacturer, producer, or importer thereof, a tax equivalent to three per centum of the price for which so sold; and*

Also insert, on page 31 of the bill, after line 25, the following:

Sec. 603. That on the day this act takes effect, and thereafter on July first in each year, and also at the time of the original purchase of a new boat by a user, if on any other date than July first, there shall be levied, assessed, collected, and paid, upon the use of yachts, pleasure boats, power boats, and sailing boats, of over five net tons, and motor boats with fixed engines, not used exclusively for trade or national defense, or not built according to plans and specifications approved by the Navy Department, an excise tax to be based on each yacht or boat, at rates as follows: Yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over five net tons, length not over fifty feet, 50 cents for each foot, length over fifty feet and not over one hundred feet, \$1 for each foot, length over one hundred feet, \$2 for each foot; motor boats of not over five net tons with fixed engines, \$5.

In determining the length of such yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, the measurement of over-all length shall govern.

In the case of a tax imposed at the time of the original purchase of a new boat on any other date than July first, the amount to be

paid shall be the same number of twelfths of the amount of the tax as the number of calendar months, including the month of sale, remaining prior to the following July first.; and the Senate agree to the same.

Amendment numbered 173:

That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with an amendment as follows.

In lieu of the letter "a" inserted by said amendment insert the letter *f*; and the Senate agree to the same.

Amendment numbered 177:

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

In lieu of the word "two" inserted by said amendment insert the word *three*, and on page 29 of the bill, line 10, strike out the period and insert a semicolon and the word "and"

And the Senate agree to the same.

Amendment numbered 178:

That the House recede from its disagreement to the amendment of the Senate numbered 178, and agree to the same with an amendment as follows:

In lieu of the letter "b" inserted by said amendment insert the letter *g*; and the Senate agree to the same.

Amendment numbered 183:

That the House recede from its disagreement to the amendment of the Senate numbered 183, and agree to the same with an amendment as follows:

In lieu of the letter "c" inserted by said amendment insert the letter *h*; 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:

In lieu of the word "fourteen" inserted by said amendment insert the word *thirteen*; 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:

In lieu of the matter stricken out by said amendment insert the following: (*i*) *Upon all chewing gum or substitute therefor sold by the manufacturer, producer, or importer, a tax equivalent to two per centum of the price for which so sold; and; 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 inserted by said amendment insert the following: *(j) Upon all cameras sold by the manufacturer, producer, or importer, a tax equivalent to three per centum of the price for which so sold; and the Senate agree to the same.*

Amendment numbered 192:

That the House recede from its disagreement to the amendment of the Senate numbered 192, and agree to the same with an amendment as follows:

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

Sec. 602. That upon all articles enumerated in subdivisions (a), (b), (e), (f), (g), (h), (i), or (j) of section six hundred, which on the day this act is passed are held and intended for sale by any person, corporation, partnership, or association, other than (1) a retailer who is not also a wholesaler, or (2) the manufacturer, producer, or importer thereof, there shall be levied, assessed, collected, and paid, a tax equivalent to one-half the tax imposed by each such subdivision upon the sale of the articles therein enumerated. This tax shall be paid by the person, corporation, partnership, or association so holding such articles.

The taxes imposed by this section shall be assessed, collected, and paid in the same manner as provided in section ten hundred and two in the case of additional taxes upon articles upon which the tax imposed by existing law has been paid.

Nothing in this section shall be construed to impose a tax upon articles sold and delivered prior to May ninth, nineteen hundred and seventeen, where the title is reserved in the vendor as security for the payment of the purchase money.

And the Senate agree to the same.

Amendment numbered 199:

That the House recede from its disagreement to the amendment of the Senate numbered 199, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: *paying for such admission: Provided, That the tax on admission of children under twelve years of age where an admission charge for such children is made shall in every case be 1 cent and a semicolon; and the Senate agree to the same.*

Amendment numbered 200:

That the House recede from its disagreement to the amendment of the Senate numbered 200, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert: *and (b) in the case of persons (except bona fide employees, municipal officers on official business, and children under twelve 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, a tax of 1 cent for each 10 cents or fraction thereof of the price so charged to such other persons for the same or similar accommodations, to be paid by the person so admitted; and (c) a tax of 1 cent for each 10 cents or fraction thereof paid for admis-*

sion 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; the amount paid for such admission to be computed under rules prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, such tax to be paid by the person paying for such refreshment, service, or merchandise; and the Senate agree to the same.

Amendment numbered 202:

That the House recede from its disagreement to the amendment of the Senate numbered 202, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: *cents, or in the case of shows, rides, and other amusements, (the maximum charge for admission to which is 10 cents) within outdoor general amusement parks, or in the case of admissions to such parks;* and the Senate agree to the same.

Amendment numbered 203:

That the House recede from its disagreement to the amendment of the Senate numbered 203, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: *none of the profits of which are distributed to stockholders or members of the association conducting the same;* and the Senate agree to the same.

Amendment numbered 204:

That the House recede from its disagreement to the amendment of the Senate numbered 204, and agree to the same with an amendment as follows:

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

Sec. 701. That from and after the first day of November, nineteen hundred and seventeen, there shall be levied, assessed, collected, and paid, a tax equivalent to ten per centum of any amount paid as dues or membership fees (including initiation fees), to any social, athletic, or sporting club or organization, where such dues or fees are in excess of \$12 per year; such taxes to be paid by the person paying such dues or fees: Provided, That there shall be exempted from the provisions of this section all amounts paid as dues or fees to a 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.

And the Senate agree to the same.

Amendment numbered 212:

That the House recede from its disagreement to the amendment of the Senate numbered 212, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment strike out the word "November" and insert *December*; and the Senate agree to the same.

Amendment numbered 234:

That the House recede from its disagreement to the amendment of the Senate numbered 234, and agree to the same with an amendment as follows:

On page 37, line 5, of the bill strike out the word "Is" and insert the word *is*; and the Senate agree to the same.

Amendment numbered 255:

That the House recede from its disagreement to the amendment of the Senate numbered 255, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment strike out the word "November" and insert *December*; and the Senate agree to the same.

Amendment numbered 257:

That the House recede from its disagreement to the amendment of the Senate numbered 257, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert, on page 48, after line 10 of the bill, the following:

14. Parcel-post packages: Upon every parcel or package transported from one point in the United States to another by parcel post on which the postage amounts to 25 cents or more, a tax of 1 cent for each 25 cents or fractional part thereof charged for such transportation, to be paid by the consignor.

No such parcel or package shall be transported until a stamp or stamps representing the tax due shall have been affixed thereto.

And the Senate agree to the same.

Amendment numbered 272:

That the House recede from its disagreement to the amendment of the Senate numbered 272, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment strike out, on line 9, page 48, of the bill the figure "8" and insert in lieu thereof the figure *5*; and the Senate agree to the same.

Amendment numbered 274:

That the House recede from its disagreement to the amendment of the Senate numbered 274, and agree to the same with amendments as follows:

Restore all the matter stricken out by said amendment, with the following amendments:

On page 49 of the bill, in line 3, after the word "which," insert *such*.

On page 49 of the bill, in line 23, strike out the figures "\$11,000,000" and insert *\$10,000,000; and*.

On the same page of the bill, in line 25, after the word "exceeds" strike out the remainder of the line and insert *\$10,000,000*.

On page 50 of the bill strike out lines 1 to 10, inclusive.

On page 50 of the bill, after line 10, insert the following:

Sec. 901. That the tax imposed by this title shall not apply to the transfer of the net estate 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. For the purposes of this section the termination of the war shall be evidenced by the proclamation of the President.

And the Senate agree to the same.

Amendment numbered 276:

That the House recede from its disagreement to the amendment of the Senate numbered 276, and agree to the same with an amendment as follows:

In lieu of the figures "IX" inserted by said amendment insert the figure X; and the Senate agree to the same.

Amendment numbered 277:

That the House recede from its disagreement to the amendment of the Senate numbered 277, and agree to the same with an amendment as follows:

In lieu of the figures "900" inserted by said amendment insert the figures 1000; and the Senate agree to the same.

Amendment numbered 278:

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

In lieu of the figures "901" inserted by said amendment insert the figures 1001; and the Senate agree to the same.

Amendment numbered 279:

That the House recede from its disagreement to the amendment of the Senate numbered 279, and agree to the same with an amendment as follows:

In lieu of the figures "902" inserted by said amendment insert the figures 1002; and the Senate agree to the same.

Amendment numbered 280:

That the House recede from its disagreement to the amendment of the Senate numbered 280, and agree to the same with an amendment as follows:

In lieu of the word "enactment" inserted by said amendment insert the word *passage*; and the Senate agree to the same.

Amendment numbered 281:

That the House recede from its disagreement to the amendment of the Senate numbered 281, and agree to the same with an amendment as follows:

In lieu of the word "six" in line 3 of the matter inserted by said amendment insert the word *seven*, and in the same line strike out the word "enactment" and insert the word *passage*; and the Senate agree to the same.

Amendment numbered 282:

That the House recede from its disagreement to the amendment of the Senate numbered 282, and agree to the same with an amendment as follows:

In lieu of the figures "903" inserted by said amendment insert the figures 1003; and the Senate agree to the same.

Amendment numbered 284:

That the House recede from its disagreement to the amendment of the Senate numbered 284, and agree to the same with an amendment as follows:

In lieu of the figures "904" inserted by said amendment insert the figures 1004; and the Senate agree to the same.

Amendment numbered 285:

That the House recede from its disagreement to the amendment of the Senate numbered 285, and agree to the same with an amendment as follows:

In lieu of the figures "905" inserted by said amendment insert the figures 1005; and the Senate agree to the same.

Amendment numbered 286:

That the House recede from its disagreement to the amendment of the Senate numbered 286, and agree to the same with an amendment as follows:

In lieu of the figures "906" inserted by said amendment insert the figures 1006; and the Senate agree to the same.

Amendment numbered 287:

That the House recede from its disagreement to the amendment of the Senate numbered 287, and agree to the same with an amendment as follows:

In lieu of the figures "907" inserted by said amendment insert the figures 1007; and the Senate agree to the same.

Amendment numbered 297:

That the House recede from its disagreement to the amendment of the Senate numbered 297, and agree to the same with an amendment as follows:

In lieu of the figures "908" inserted by said amendment insert the figures 1008; and the Senate agree to the same.

Amendment numbered 299:

That the House recede from its disagreement to the amendment of the Senate numbered 299, and agree to the same with an amendment as follows:

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

Sec. 1009. That the Secretary of the Treasury, under rules and regulations prescribed by him, shall permit taxpayers liable to income and excess profits taxes to make payments in advance in installments or in whole of an amount not in excess of the estimated taxes which will be due from them, and upon determination of the taxes actually due any amount paid in excess shall be refunded as taxes erroneously collected; Provided, That when payment is made in installments at least one-fourth of such estimated tax shall be paid before the expiration of thirty days after the close of the taxable year, at least an additional one-fourth within two months after the close of the taxable year, at least an additional one-fourth within four months after the close of the taxable year, and the remainder of the tax due on or before the time now fixed by law for such payment: Provided further, That the Secretary of the Treasury, under

rules and regulations prescribed by him, may allow credit against such taxes so paid in advance of an amount not exceeding three per centum per annum calculated upon the amount so paid from the date of such payment to the date now fixed by law for such payment; but no such credit shall be allowed on payments in excess of taxes determined to be due, nor on payments made after the expiration of four and one-half months after the close of the taxable year. All penalties provided by existing law for failure to pay tax when due are hereby made applicable to any failure to pay the tax at the time or times required in this section.

And the Senate agree to the same.

Amendment numbered 300:

That the House recede from its disagreement to the amendment of the Senate numbered 300, and agree to the same with an amendment as follows:

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

Sec. 1010. That under rules and regulations prescribed by the Secretary of the Treasury, collectors of internal revenue may receive, at par and accrued interest, certificates of indebtedness issued under section six of the act entitled "An act to authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes," approved April twenty-fourth, nineteen hundred and seventeen, and any subsequent act or acts, and uncertified checks in payment of income and excess-profits taxes, during such time and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; but if a check so received is not paid by the bank on which it is drawn the person by whom such check has been tendered shall remain liable for the payment of the tax and for all legal penalties and additions the same as if such check had not been tendered.

And the Senate agree to the same.

Amendment numbered 301:

That the House recede from its disagreement to the amendment of the Senate numbered 301, and agree to the same with an amendment as follows:

In lieu of the figure "X" inserted by said amendment insert the figures XI; and the Senate agree to the same.

Amendment numbered 303:

That the House recede from its disagreement to the amendment of the Senate numbered 303, and agree to the same with amendments as follows:

Restore the matter stricken out by said amendment and, on page 59, line 20, of the bill strike out the figures "1200" and insert in lieu thereof the figures 1100; also in the matter restored by said amendment, on page 59, line 21, of the bill strike out the word "ten" and insert in lieu thereof the word *thirty*. In line 1 of the matter inserted by said amendment strike out the following: "Sec. 1000"; and the Senate agree to the same.

Amendment numbered 304:

That the House recede from its disagreement to the amendment of the Senate numbered 304, and agree to the same with an amendment as follows:

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

Sec. 1101. That on and after July first, nineteen hundred and eighteen, the rates of postage on publications entered as second-class matter (including sample copies to the extent of ten per centum of the weight of copies mailed to subscribers during the calendar year) when sent by the publisher thereof from the post office of publication or other post office, or when sent by a news agent to actual subscribers thereto, or to other news agents for the purpose of sale:

(a) *In the case of the portion of such publication devoted to matter other than advertisements, shall be as follows: (1) On and after July first, nineteen hundred and eighteen, and until July first, nineteen hundred and nineteen, 1½ cents per pound or fraction thereof; (2) on and after July first, nineteen hundred and nineteen, 1½ cents per pound or fraction thereof.*

(b) *In the case of the portion of such publication devoted to advertisements the rates per pound or fraction thereof for delivery within the several zones applicable to fourth-class matter shall be as follows (but where the space devoted to advertisements does not exceed five per centum of the total space, the rate of postage shall be the same as if the whole of such publication was devoted to matter other than advertisements): (1) On and after July first, nineteen hundred and eighteen, and until July first, nineteen hundred and nineteen, for the first and second zones, 1½ cents; for the third zone, 1½ cents; for the fourth zone, 2 cents; for the fifth zone, 2½ cents; for the sixth zone, 2½ cents; for the seventh zone, 3 cents; for the eighth zone, 3½ cents; (2) on and after July first, nineteen hundred and nineteen, and until July first, nineteen hundred and twenty, for the first and second zones, 1½ cents; for the third zone, 2 cents; for the fourth zone, 3 cents; for the fifth zone 3½ cents; for the sixth zone, 4 cents; for the seventh zone, 5 cents; for the eighth zone, 5½ cents; (3) on and after July first, nineteen hundred and twenty, and until July first, nineteen hundred and twenty-one, for the first and second zones, 1½ cents; for the third zone, 2½ cents; for the fourth zone, 4 cents; for the fifth zone, 4½ cents; for the sixth zone, 5½ cents; for the seventh zone, 7 cents; for the eighth zone, 7½ cents; (4) on and after July first, nineteen hundred and twenty-one, for the first and second zones, 2 cents; for the third zone, 3 cents; for the fourth zone, 5 cents; for the fifth zone, 6 cents; for the sixth zone, 7 cents; for the seventh zone, 9 cents; for the eighth zone, 10 cents;*

(c) *With the first mailing of each issue of each such publication, the publisher shall file with the postmaster a copy of such issue, together with a statement containing such information as the Postmaster General may prescribe for determining the postage chargeable thereon.*

And the Senate agree to the same.

Amendment numbered 305:

That the House recede from its disagreement to the amendment of the Senate numbered 305, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment and on page 61, line 15 of the bill, strike out the figures "1202" and insert the figures 1102; and the Senate agree to the same.

Amendment numbered 306:

That the House recede from its disagreement to the amendment of the Senate numbered 306, and agree to the same with an amendment as follows:

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

Sec. 1103. 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, 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, the second-class postage rates shall 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), 1½ cents a pound or fraction thereof on and after July first, nineteen hundred and eighteen, and until July first, nineteen hundred and nineteen, and on and after July first, nineteen hundred and nineteen, 1¼ cents a pound or fraction thereof. The publishers of such newspapers or periodicals before being entitled to the foregoing rates shall furnish to the Postmaster General, at such times and under such conditions as he may prescribe, satisfactory evidence that none of the net income of such organization inures to the benefit of any private stockholder or individual.

And the Senate agree to the same.

Amendment numbered 307:

That the House recede from its disagreement to the amendment of the Senate numbered 307, and agree to the same with an amendment as follows:

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

Sec. 1104. That where the total weight of any one edition or issue of any publication mailed to any one zone does not exceed one pound, the rate of postage shall be 1 cent.

And the Senate agree to the same.

Amendment numbered 308:

That the House recede from its disagreement to the amendment of the Senate numbered 308, and agree to the same with an amendment as follows:

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

Sec. 1105. The zone rates provided by this title shall relate to the entire bulk mailed to any one zone and not to individually addressed packages.

And the Senate agree to the same.

Amendment numbered 309:

That the House recede from its disagreement to the amendment of the Senate numbered 309, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment, and on page 63, line 1, of the bill in lieu of the figures "1206" insert the figures 1106; and the Senate agree to the same.

Amendment numbered 310:

That the House recede from its disagreement to the amendment of the Senate numbered 310, and agree to the same with amendments as follows:

Restore the matter stricken out by said amendment, and on page 63, line 5, of the bill in lieu of the figures "1207" insert the figures 1107; also on the same page of the bill, line 9, strike out the words "and second"; and the Senate agree to the same.

Amendment numbered 311:

That the House recede from its disagreement to the amendment of the Senate numbered 311, and agree to the same with an amendment as follows:

In lieu of the matter stricken out by said amendment, insert the following:

Sec. 1108. 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.

And the Senate agree to the same.

Amendment numbered 312:

That the House recede from its disagreement to the amendment of the Senate numbered 312, and agree to the same with an amendment as follows:

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

Sec. 1109. That where postmasters at offices of the third class have been since May first, nineteen hundred and seventeen, or hereafter 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, in accordance with law, an amount not to exceed 50 per centum of the salary of the postmaster.

And the Senate agree to the same.

Amendment numbered 313:

That the House recede from its disagreement to the amendment of the Senate numbered 313, and agree to the same with amendments as follows:

In line 1 of the matter inserted by said amendment strike out the figures "1002" and insert in lieu thereof the figures 1110.

In line 9 of the matter inserted by said amendment strike out the word "proviso" and insert in lieu thereof the word *section*, and in line 13 of the matter inserted by said amendment strike out the words "bona fide."

And the Senate agree to the same.

Amendment numbered 314: That the House recede from its disagreement to the amendment of the Senate numbered 314, and agree to the same with amendments as follows:

(1) In the first line of the matter inserted by said amendment strike out the figures "XI" and insert the figures *XII*.

(2) In the second line of the matter inserted by said amendment strike out the figures "1100" and insert the figures *1200*.

(3) On page 61 of the engrossed Senate amendments strike out all beginning with the colon in line 16 of the matter inserted by said amendment through the word "years" in line 17, page 62, and on page 73 of said engrossed amendments strike out all after the word "title" in line 5 through the word "years" in line 25, and in lieu of the matter thus stricken out insert the following on page 85 of said engrossed amendments after line 25:

Sec. 31. (a) That the term "dividends" as used in this title shall be held to mean any distribution made or ordered to be made by a corporation, joint-stock company, association, or insurance company, out of its earnings or profits accrued since March first, nineteen hundred and thirteen, and payable to its shareholders, whether in cash or in stock of the corporation, joint-stock company, association, or insurance company, which stock dividend shall be considered income, to the amount of the earnings or profits so distributed.

(b) Any distribution made to the shareholders or members of a corporation, joint-stock company, or association, or insurance company, in the year nineteen hundred and seventeen, or subsequent tax years, shall be deemed to have been made from the most recently accumulated undivided profits or surplus, and shall constitute a part of the annual income of the distributee for the year in which received, and shall be taxed to the distributee at the rates prescribed by law for the years in which such profits or surplus were accumulated by the corporation, joint-stock company, association, or insurance company, but nothing herein shall be construed as taxing any earnings or profits accrued prior to March first, nineteen hundred and thirteen, but such earnings or profits may be distributed in stock dividends or otherwise, exempt from the tax, after the distribution of earnings and profits accrued since March first, nineteen hundred and thirteen, has been made. This subdivision shall not apply to any distribution made prior to August sixth, nineteen hundred and seventeen, out of earnings or profits accrued prior to March first, nineteen hundred and thirteen.

(4) On page 63 of said engrossed amendments, lines 9 and 10, strike out the words "connection with" and insert the words *the act authorizing*

(5) On page 63 of said engrossed amendments, line 19, strike out the figures "1101" and insert the figures *1201*.

(6) On page 64 of said engrossed amendments, line 2, strike out the word "war" and insert the word *excess*.

(7) On page 64 of said engrossed amendments strike out lines 7 and 8.

(8) On page 64 of said engrossed amendments, line 9, strike out the figures "1102" and insert *1202*.

(9) On page 64 of said engrossed amendments, line 25, strike out the word "war" and insert the word *excess*.

(10) On page 65 of said engrossed amendments strike out lines 6-13, inclusive.

(11) On page 65 of said engrossed amendments, line 14, strike out the figure "3" and insert the figure 2.

(12) On page 66 of said engrossed amendments, line 1, strike out the figures "1103" and insert the figures 1203.

(13) On page 67 of said engrossed amendments, line 15, strike out the figures "1104" and insert the figures 1204.

(14) On page 68 of said engrossed amendments, line 21, after the word "States" insert the following words inclosed in parentheses: *if and to the extent that it is provided in the act authorizing the issue of such obligations of the United States that they are exempt from taxation.*

(15) On page 69 of said engrossed amendments, line 22, strike out the figures "1105" and insert 1205, and in the same line, after "(b)" and the comma, insert (c) and a comma.

(16) On page 70 of said engrossed amendments, at the end of line 15, insert the following: *make return thereof on or before March first of each year and, on or before the time fixed by law for the payment of the tax, shall.*

(17) On page 70 of said engrossed amendments, after line 22, insert the following as a new paragraph:

(c). *The amount of the normal tax hereinbefore imposed shall also be deducted and withheld from fixed or determinable annual or periodical gains, profits and income derived from interest upon bonds and mortgages, or deeds of trust or other similar obligations of corporations, joint-stock companies, associations, and insurance companies, (if such bonds, mortgages, or other obligations contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this title upon the obligee or to reimburse the obligee for any portion of the tax or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon or to retain therefrom under any law of the United States) whether payable annually or at shorter or longer periods and whether such interest is payable to a non-resident alien individual or to an individual citizen or resident of the United States, subject to the provisions of the foregoing subdivision (b) of this section requiring the tax to be withheld at the source and deducted from annual income and returned and paid to the Government, unless the person entitled to receive such interest shall file with the withholding agent, on or before February first, a signed notice in writing claiming the benefit of an exemption under section seven of this Title.*

(18) On page 72 of said engrossed amendments, line 3, after the word "section," insert a comma and the following: *except subdivision (c),* and a comma.

(19) On page 72 of said engrossed amendments, line 7, strike out "(c)" and both commas.

(20) On page 72 of said engrossed amendments, line 10, strike out the figures "1106" and insert 1206.

(21) On page 74 of said engrossed amendments, line 12, strike out all after the comma through the word "twelve," in line 13, and insert the following: *but not including the amount of any income taxes paid by it within the year imposed by the authority of the United States.*

(22) On page 74 of said engrossed amendments, line 17, after the word "business" insert the words *or is invested in obligations of the United States issued after September first, nineteen hundred and seventeen.*

(23) On page 74 of said engrossed amendments, line 22, strike out all after the word "thereon" through the word "final" in line 24.

(24) On page 74 of said engrossed amendments, line 25, strike out the word "rate" and insert the word *rates.*

(25) On page 75 of said engrossed amendments, line 4, strike out the word "rate" and insert the word *rates.*

(26) On page 75 of said engrossed amendments, line 11, strike out the figures "1107" and insert *1207.*

(27) On page 77 of said engrossed amendments, line 5, strike out the word "war" and insert the word *excess.*

(28) On page 78 of said engrossed amendments, line 15, strike out the word "war" and insert the word *excess.*

(29) On page 78 of said engrossed amendments, strike out all after line 19 through line 3 on page 80, and on page 5 of the bill, line 20, after the matter inserted by amendment numbered 26, insert a comma and the following: *except that for the purpose of the tax imposed by this section the income embraced in a return of a corporation, joint-stock company or association, or insurance company, shall be credited with the amount received as dividends upon the stock or from the net earnings of any other corporation, joint-stock company or association, or insurance company, which is taxable upon its net income as provided in this title.*

(30) On page 80 of said engrossed amendments, line 4, strike out "1108. (1)" and insert *1208* and a period.

(31) On page 80 of said engrossed amendments strike out all after line 20, through line 10 on page 81.

(32) On page 81 of said engrossed amendments, line 11, strike out the figures "1109" and insert *1209*

(33) On page 81 of said engrossed amendments, line 15, after the word "liable" insert the following: *to pay the tax* and a comma.

(34) On page 81 of said engrossed amendments, line 17, after the word "neglects" insert the following: *to pay such tax* and a comma.

(35) On page 82 of said engrossed amendments, line 12, strike out the figures "1110" and insert *1210*

(36) On page 83 of said engrossed amendments, line 5, strike out the figures "1111" and insert *1211*

(37) On page 85 of said engrossed amendments, line 11, before the period insert a comma and the following: *but shall not apply to the payment of interest on obligations of the United States*

(38) On page 85 of said engrossed amendments, line 14, strike out the word "war" and insert *excess*

(39) On page 85 of said engrossed amendments, line 17, strike out the word "war" and insert *excess*

(40) On page 85 of said engrossed amendments, line 25, before the period insert a comma and the following: *owned by such foreign governments, or from interest on deposits in banks in the United States of moneys belonging to foreign governments*

(41) On page 85 of said engrossed amendments strike out all after line 25 through line 8 on page 86.

(42) On page 86 of said engrossed amendments, line 9, strike out the figures "1112" and insert 1212

(43) On page 86 of said engrossed amendments, line 14, after the comma insert the following: *except in the cases covered by subdivision (c) of section nine of such act, as amended by this act and a comma.*

And the Senate agree to the same.

Amendment numbered 320: That the House recede from its disagreement to the amendment of the Senate numbered 320, and agree to the same with an amendment as follows:

In lieu of the figures "1204" inserted by said amendment insert the figures 1302; and the Senate agrees to the same.

CLAUDE KITCHIN,
HENRY T. RAINEY,
LINCOLN DIXON,
JOSEPH W. FORDNEY,
J. HAMPTON MOORE,

Managers on the part of the House.

F. M. SIMMONS,
WM. J. STONE,
JOHN SHARP WILLIAMS,
BOIES PENROSE,
H. C. LODGE,

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. 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 accompanying 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 sur tax on the portion of net income between \$500,000 and \$1,000,000 should be 41.25 per cent, and that the additional sur tax on the portion of net income in excess of \$1,000,000 should be 45 per cent. The Senate amendment provides that the additional sur tax shall be 40 per cent on the portion of incomes 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 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 that 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 normal tax of individuals on the income derived from interest from bonds containing the tax free covenant provision shall be deducted and withheld at the source of the income and providing that this provision shall not apply to the new 2 per cent normal tax until on and after January 1, 1918.

The effect of this provision and the withholding amendment to the income-tax title is to require the withholding of only 2 per cent upon the income from the corporate bonds.

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 33½ 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 of 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 submission 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 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, that 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 an excess-profits tax upon the excess profits of corporations, partnerships, and individuals ranging from 20 to 60 per cent. In arriving at the excess profits, an exemption from the net income as shown by the income-tax returns of not less than 7 nor more than 9 per cent of the actual capital invested is to be allowed. In addition to this exemption, all domestic partnerships and citizens or residents of the United States are to be allowed a flat exemption of \$6,000 and all domestic corporations a flat exemption of \$3,000.

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 3283 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 oleomargine, and export 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 car-

bonated 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 8 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 8 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 these 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 provided 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 centum 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 company 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 disagreement 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 manufacturers', producers', or importers' 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, 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 chateaus 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 disagreement 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 1½ 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 1½ 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	1½	1½	1½	2
3	1½	2	2½	3
4	2	3	4	5
5	2½	3½	4½	6
6	2½	4	5½	7
7	3	5	7	9
8	3½	5½	7½	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, $1\frac{1}{2}$ 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 one 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 shall not be allowed as a deduction, and the House accepts this amendment. The Senate amendment 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 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 provide 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.

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.

CLAUDE KITCHIN,
HENRY T. RAINEY,
LINCOLN DIXON,
JOSEPH W. FORDNEY,
J. HAMPTON MOORE,

Managers on the part of the House.

