

THE EXCISE TAX ACT OF 1947

FEBRUARY 7, 1947.—Ordered to be printed

Mr. WHITE (for Mr. MILLIKIN), from the Committee on Finance,
submitted the following

REPORT

(To accompany H. R. 1030)

The Committee on Finance, to whom was referred the bill (H. R. 1030) to continue in effect certain war excise tax rates, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The purpose of this bill, H. R. 1030, is to continue without a definite termination date the war excise tax rates imposed by the Revenue Act of 1943. The war-tax rates under the present law, with the rates which become effective when the war-tax rates terminate are shown in the following table:

Description of tax	War-tax rates	Old rates
Admissions.....	1 cent for each 5 cents or major fraction thereof.	1 cent for each 10 cents or fraction thereof.
Permanent use or lease of boxes or seats.....	20 percent.....	11 percent.
Sales of tickets outside of box office.....	do.....	Do.
Cabarets, roof gardens, etc.....	do.....	5 percent.
Dues or membership fees.....	do.....	11 percent.
Initiation fees.....	do.....	10 percent.
Jewelry.....	do.....	Do.
Furs.....	do.....	Do.
Toilet preparations.....	do.....	Do.
Distilled spirits.....	\$9 per gallon.....	\$9 per gallon.
Imported perfumes containing distilled spirits.....	do.....	Do.
Still wines:		
(1) Not over 14 percent of alcohol.....	15 cents per gallon.....	10 cents per gallon.
(2) Over 14 percent and not over 21 percent of alcohol.....	60 cents per gallon.....	40 cents per gallon.
(3) Over 21 percent and not over 24 percent of alcohol.....	\$2 per gallon.....	\$1 per gallon.
Sparkling wines, liquors, and cordials:		
(1) Champagne or sparkling wine.....	15 cents per half pint or fraction thereof.	10 cents per half pint or fraction thereof.
(2) Artificially carbonated wine.....	10 cents per half pint or fraction thereof.	5 cents per half pint or fraction thereof.
(3) Liqueurs, cordials, etc.....	do.....	Do.

Description of tax	War-tax rates	Old rates
Fermented malt liquors.....	\$8 per barrel.....	\$7 per barrel.
Billiard and pool tables and bowling alleys.	\$20 per year per table; \$20 per year per alley.	\$10 per year per table; \$10 per year per alley.
Electric-light bulbs and tubes.....	20 percent.....	5 percent.
Telephone, long-distance.....	25 percent.....	20 percent.
Domestic telegraph, cable, or radio dispatches.do.....	15 percent.
Leased wires, etc.....do.....	Do.
Wire and equipment service.....	8 percent.....	5 percent.
Local telephone service.....	15 percent.....	10 percent.
Transportation of persons: Seats, berths, etc.do.....	Do.
Luggage.....	20 percent of retail sales price..	10 percent of manufacturers' sales prices.
Total.....		

The war rates will expire on June 30, 1947. This is due to the fact that, under the present law, the war-tax rates expire on the first day of the first month which begins 6 months or more after the date of termination of hostilities in the present war. The President proclaimed the termination of hostilities in the present war on December 31, 1946, so that the war-tax rates will expire on June 30, 1947.

The effect of the bill, according to the Treasury, will be to increase the receipts in the fiscal year 1948 by 1.130 billion dollars. In addition the receipts for the fiscal year 1947 will be increased by \$37,000,000 due to the effect on current consumption. The receipts for the fiscal year 1949 will be increased by approximately \$100,000,000 due to the lag of receipts behind liabilities. These figures do not include the increase in postal receipts that would result from a restoration of the postal rates affected by the President's proclamation, which for the fiscal year 1948 would amount to approximately \$65,000,000.

The bill, if adopted, will place all war-excise taxes and increases on the same basis, so that the entire group may be considered together at the proper time, rather than concentrating attention on those with rates automatically terminating on cessation of hostilities.

DISCUSSION OF THE BILL

The following is a brief explanation of the bill, section by section:

Section 1 of the bill merely provides that the act may be cited as the Excise Tax Act of 1947.

Section 2 would continue without a definite termination date the war-tax rates on admissions, cabarets, membership fees or dues, jewelry, furs, toilet preparations, distilled spirits, wine, beer, billiard and pool tables, bowling alleys, electric light bulbs, telephone and telegraph service, and transportation of persons. The war-tax rates and the previous rates have been set forth in the preceding table.

Section 3 in similar fashion continues the retailers' excise tax of 20 percent on luggage, brief cases, toilet cases, purses and billfolds, etc. (imposed by sec. 1615 of the Internal Revenue Code and by virtue of sec. 1654 made dependent on termination of hostilities) which otherwise would be replaced after June 30, 1947, by the former manufacturers' excise tax of 10 percent on luggage and toilet cases. This section 3 also eliminates the definition of the term "date of termination of hostilities in the present war," which no longer would have any application to the war excise-tax rates.

Section 4 is a technical amendment necessary to retain in the Internal Revenue Code the present provisions for the mechanics for making floor stocks refunds of war-tax rates on distilled spirits, wines and beer, and electric-light bulbs held by retailers and wholesalers, if and when such war-tax rates on these items are repealed. Also retained is the technical provision for reduction of the war-tax rates on communications on a "bill rendered" basis, if and when such rates are eliminated.

Section 5 is another technical amendment necessary in connection with the indefinite continuance of the war-tax rates on billiard and pool tables and bowling alleys.

Section 6 is a technical amendment which would continue indefinitely the present rate of draw-back on distilled spirits used in the manufacture of certain nonbeverage products, mainly medicinal, at the rate of \$6 per gallon, which is necessary in view of the continuance of the war-tax rates on distilled spirits upon which such \$6 draw-back is based.

