

THE REVENUE BILL.

SEPTEMBER 7, 1916.—Ordered to be printed.

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

CONFERENCE REPORT.

[To accompany H. R. 16763.]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16763) to increase the revenue, 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, 9, 14, 56, 57, 58, 59, 60, 61, 72, 77, 82, 103, 110, 134, 159, 160, 161, 168, 169, 170, 172, 175, 178, 191, 212, 218, 220, 227, 230, 234, 254, 268, and 269.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 15, 17, 18, 19, 20, 21, 22, 24, 25, 26, 27, 28, 29, 30, 31½, 32, 33, 34, 36, 37, 38, 39, 41, 42, 43, 46, 47, 48, 50, 51, 52, 53, 54, 55, 55½, 56½, 62, 66, 67, 68, 69, 70, 71, 73, 75, 76, 78, 79, 81, 83, 85, 86, 87, 88, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 104, 105, 107, 108, 108½, 109, 117, 121, 122, 123, 124, 126, 127, 128, 130, 131, 138, 143, 145, 147, 148, 149, 150, 151, 152, 153, 162, 167, 171, 173, 174, 176, 179, 180, 181, 182, 183, 184, 185, 186, 188, 189, 190, 192, 193, 194, 195, 196, 197, 198, 199, 200, 207, 223, 224, 225, 233, 236, 238, 239, 241, 243, 244, 247, 252, 255, 258, 259, 260, and 261, and agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows:

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

(c) *For the purpose of ascertaining the gain derived from the sale or other disposition of property, real, personal, or mixed, acquired before March first, nineteen hundred and thirteen, the fair market price or value of such property as of March first, nineteen hundred and thirteen, shall be the basis for determining the amount of such gain derived.*

And the Senate agree to the same.

Amendment numbered 23:

That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows:

In addition to the matter inserted by said amendment insert on page 8 of the bill, line 6, after the word "school" the word *district*; and the Senate agree to the same.

Amendment numbered 31:

That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows:

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

Eighth. (a) In the case of oil and gas wells a reasonable allowance for actual reduction in flow and production to be ascertained not by the flush flow, but by the settled production or regular flow; (b) in the case of mines a reasonable allowance for depletion thereof not to exceed the market value in the mine of the product thereof, which has been mined and sold during the year for which the return and computation are made, such reasonable allowance to be made in the case of both (a) and (b) under rules and regulations to be prescribed by the Secretary of the Treasury: Provided, That when the allowances authorized in (a) and (b) shall equal the capital originally invested, or in case of purchase made prior to March 1, 1913, the fair market value as of that date, no further allowance shall be made.

And on page 9 of the bill, lines 7 and 8, strike out the words " : Provided, That no " and insert a period and the word *No*.

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 addition to the matter inserted by said amendment insert on page 10 of the bill, line 19, after the word "school" the word *district*; 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:

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

Fifth. In transactions entered into for profit but not connected with his business or trade, the losses actually sustained therein during the year to an amount not exceeding the profits arising therefrom, in the United States.

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 an amendment as follows:

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

(a) in the case of oil and gas wells a reasonable allowance for actual reduction in flow and productions to be ascertained not by the flush flow, but by the settled production or regular flow; (b) in the case of mines a reasonable allowance for depletion thereof not to exceed the market value in the mine of the product thereof which has been mined and sold during the year for which the return and computation are made, such reasonable allowance to be made in the case of both (a) and (b) under rules and regulations to be prescribed by the Secretary of the Treasury: Provided, That when the allowance authorized in (a) and (b) shall equal the capital originally invested, or in case of purchase made prior to March first, nineteen hundred and thirteen, the fair market value as of that date, no further allowance shall be made.

And on page 11 of the bill, lines 21 and 22, strike out " : Provided, That no" and insert in lieu thereof a period and the word No.

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

SEC. 7. (a) That for the purpose of the normal tax only, there shall be allowed as an exemption in the nature of a deduction from the amount of the net income of each of said persons, ascertained as provided herein, the sum of \$3,000, plus \$1,000 additional if the person making the return be a head of a family, or a married man with a wife living with him, or plus the sum of \$1,000 additional if the person making the return be a married woman with a husband living with her; but in no event shall this additional exemption of \$1,000 be deducted by both a husband and wife: Provided, That only one deduction of \$4,000 shall be made from the aggregate income of both husband and wife when living together: Provided further, That guardians or trustees shall be allowed to make this personal exemption as to income derived from the property of which such guardian or trustee has charge in favor of each ward or cestui que trust: Provided further, That in no event shall a ward or cestui que trust be allowed a greater personal exemption than \$3,000, or, if married, \$4,000, as provided in this paragraph, from the amount of net income received from all sources. There shall also be allowed an exemption from the amount of the net income of estates of deceased persons during the period of administration or settlement, and of trust or other estates the income of which is not distributed annually or regularly under the provisions of paragraph (b), section two, the sum of \$3,000, including such deductions as are allowed under section five.

And the Senate agree to the same.

Amendment numbered 49:

That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: *he has sufficient knowledge of the affairs of such person, trust, or estate to enable him to make such return and that the same is, to the best of his knowledge and belief; 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 lieu of the matter inserted by said amendment insert a colon and the following: *Provided, 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 its cash value; 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 the last line of the matter inserted by said amendment strike out the words "by sale of such property"; and the Senate agree to the same.

Amendment numbered 65:

That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: *and cooperative banks without capital stock organized and operated for mutual purposes and without profit and a semicolon; 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 following:

(a) in the case of oil and gas wells a reasonable allowance for actual reduction in flow and production to be ascertained not by the flush flow, but by the settled production or regular flow; (b) in the case of mines a reasonable allowance for depletion thereof not to exceed the market value in the mine of the product thereof which has been mined and sold during the year for which the return and computation are made, such reasonable allowance to be made in the case of both (a) and (b) under rules and regulations to be prescribed by the Secretary of the Treasury: Provided, That when the allowance authorized in (a) and (b) shall equal the capital originally invested, or in case of purchase made prior to March first, nineteen hundred and thirteen, the fair market value as of that date, no further allowance shall be made; and (c) in the case of insurance companies, the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends paid within the year on policy and annuity contracts:

And the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows:

In addition to the matter inserted by said amendment on page 33 of the bill, line 13, after the word "school" insert the word *district*; and the Senate agree to the same.

Amendment numbered 84:

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

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

(a) of oil and gas wells a reasonable allowance for actual reduction in flow and production to be ascertained not by the flush flow, but by the settled production or regular flow; (b) in the case of mines a reasonable allowance for depletion thereof not to exceed the market value in the mine of the product thereof which has been mined and sold during the year for which the return and computation are made, such reasonable allowance to be made in the case of both (a) and (b) under rules and regulations to be prescribed by the Secretary of the Treasury: Provided, That when the allowance authorized in (a) and (b) shall equal the capital originally invested, or in case of purchase made prior to March first, nineteen hundred and thirteen, the fair market value as of that date, no further allowance shall be made; and (c) in the case of insurance companies, the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends paid within the year on policy and annuity contracts:

And the Senate agree to the same.

Amendment numbered 89:

That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows:

In addition to the matter inserted by said amendment on page 36 of the bill, line 25, after the word "school" insert the word *district*; and the Senate agree to the same.

Amendment numbered 102:

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert a colon and the following: *Provided, That upon the examination of any return of income made pursuant to this title, the act of August fifth, nineteen hundred and nine, entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," and the act of October third, nineteen hundred and thirteen, entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," if it shall appear that amounts of tax have been paid in excess of those properly due, the taxpayer shall be permitted to present a claim for refund thereof notwithstanding the provisions of section thirty-two hundred and twenty-eight of the Revised Statutes and a semicolon;* and the Senate agree to the same.

Amendment numbered 106:

That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with an amendment as follows:

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

(d) That section thirty-two hundred and twenty-five of the Revised Statutes of the United States be, and the same is hereby, amended so as to read as follows:

"SEC. 3225. When a second assessment is made in case of any list, statement, or return, which in the opinion of the collector or deputy collector was false or fraudulent, or contained any understatement or undervaluation, no tax collected under such assessment shall be recovered by any suit unless it is proved that the said list, statement, or return was not false nor fraudulent and did not contain any understatement or undervaluation; but this section shall not apply to statements or returns made or to be made in good faith under the laws of the United States regarding annual depreciation of oil or gas wells and mines."

Amendment numbered 111:

That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 20; 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 matter inserted by said amendment insert 21; and the Senate agree to the same.

Amendment numbered 113:

That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 22; and the Senate agree to the same.

Amendment numbered 114:

That the House recede from its disagreement to the amendment of the Senate numbered 114, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 23; and the Senate agree to the same.

Amendment numbered 115:

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

In lieu of the matter inserted by said amendment insert 24; and the Senate agree to the same.

Amendment numbered 116:

That the House recede from its disagreement to the amendment of the Senate numbered 116, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *25*; and the Senate agree to the same.

Amendment numbered 118:

That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *200*; and the Senate agree to the same.

Amendment numbered 119:

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

In lieu of the matter inserted by said amendment insert *201*; and the Senate agree to the same.

Amendment numbered 120:

That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *two hundred and three*; and the Senate agree to the same.

Amendment numbered 125:

That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *202*; and the Senate agree to the same.

Amendment numbered 129:

That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *203*; and the Senate agree to the same.

Amendment numbered 132:

That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *two hundred and five*; and the Senate agree to the same.

Amendment numbered 133:

That the House recede from its disagreement to the amendment of the Senate numbered 133, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *204*; and the Senate agree to the same.

Amendment numbered 135:

That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 205; and the Senate agree to the same.

Amendment numbered 136:

That the House recede from its disagreement to the amendment of the Senate numbered 136, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *two hundred and three*; and the Senate agree to the same.

Amendment numbered 137:

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

In lieu of the matter inserted by said amendment insert *two hundred and three*; and the Senate agree to the same.

Amendment numbered 139:

That the House recede from its disagreement to the amendment of the Senate numbered 139, and agree to the same with an amendment as follows:

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

Return shall be made in all cases of estates subject to the tax or where the gross estate at the death of the decedent exceeds \$60,000, and in the case of the estate of every nonresident any part of whose gross estate is situated in the United States. If the executor is unable to make a complete return as to any part of the gross estate of the decedent, he shall include in his return a description of such part and the name of every person holding a legal or beneficial interest therein, and upon notice from the collector such person shall in like manner make a return as to such part of the gross estate. The Commissioner of Internal Revenue shall make all assessments of the tax under the authority of existing administrative special and general provisions of law relating to the assessment and collection of taxes.

And the Senate agree to the same.

Amendment numbered 140:

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

In lieu of the matter inserted by said amendment insert 206; and the Senate agree to the same.

Amendment numbered 141:

That the House recede from its disagreement to the amendment of the Senate numbered 141, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *two hundred and five*; and the Senate agree to the same.

Amendment numbered 142:

That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *207*; and the Senate agree to the same.

Amendment numbered 144:

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

In lieu of the matter inserted by said amendment insert *208*; 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 matter inserted by said amendment insert *209*; and the Senate agree to the same.

Amendment numbered 154:

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

In lieu of the matter inserted by said amendment insert *210*; and the Senate agree to the same.

Amendment numbered 155:

That the House recede from its disagreement to the amendment of the Senate numbered 155, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *two hundred and five*; and the Senate agree to the same.

Amendment numbered 156:

That the House recede from its disagreement to the amendment of the Senate numbered 156, and agree to the same with an amendment as follows:

In lieu of the amendment inserted by said amendment insert *211*; and the Senate agree to the same.

Amendment numbered 157:

That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *212*; and the Senate agree to the same.

Amendment numbered 158:

That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *300*; and the Senate agree to the same.

Amendment numbered 163:

That the House recede from its disagreement to the amendment of the Senate numbered 163, and agree to the same with an amendment as follows:

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

SEC. 301. (1) That every person manufacturing (a) gunpowder and other explosives, excepting blasting powder and dynamite used for industrial purposes; (b) cartridges, loaded and unloaded, caps or primers, exclusive of those used for industrial purposes; (c) projectiles, shells, or torpedoes of any kind, including shrapnel, loaded or unloaded, or fuses, or complete rounds of ammunition; (d) firearms of any kind and appendages, including small arms, cannon, machine guns, rifles, and bayonets; (e) electric motor boats, submarine or submersible vessels or boats; or (f) any part of any of the articles mentioned in (b), (c), (d), or (e), shall pay for each taxable year, in addition to the income tax imposed by Title I, an excise tax of twelve and one-half per centum upon the entire net profits actually received or accrued for said year from the sale or disposition of such articles manufactured within the United States: Provided, however, That no person shall pay such tax upon net profits received during the year nineteen hundred and sixteen derived from the sale and delivery of the articles enumerated in this section under contracts executed and fully performed by such person prior to January first, nineteen hundred and sixteen.

(2) This section shall cease to be of effect at the end of one year after the termination of the present European war, which shall be evidenced by the proclamation of the President of the United States declaring such war to have ended.

SEC. 302. That in computing net profits under the provisions of this title, for the purpose of the tax there shall be allowed as deductions from the gross amount received or accrued for the taxable year from the sale or disposition of such articles manufactured within the United States, the following items:

- (a) The cost of raw materials entering into the manufacture;*
- (b) Running expenses, including rentals, cost of repairs and maintenance, heat, power, insurance, management, salaries, and wages;*
- (c) Interest paid within the taxable year on debts or loans contracted to meet the needs of the business, and the proceeds of which have been actually used to meet such needs;*
- (d) Taxes of all kinds paid during the taxable year with respect to the business or property relating to the manufacture;*
- (e) Losses actually sustained within the taxable year in connection with the business of manufacturing such articles, including losses from fire, flood, storm, or other casualty, and not compensated for by insurance or otherwise; and*
- (f) A reasonable allowance according to the conditions peculiar to each concern, for amortization of the values of buildings and machinery, account being taken of the exceptional depreciation of special plants.*

SEC. 303. If any person manufactures any article specified in section three hundred and one and, during any taxable year or part thereof, whether under any agreement, arrangement, or understanding, or otherwise, sells or disposes of any such article at less than the fair market price obtainable therefor, either (a) in such manner as directly or indirectly to benefit such person or any person directly or indirectly inter-

ested in the business of such person, or (b) with intent to cause such benefit, the gross amount received or accrued for such year or part thereof from the sale or disposition of such article shall be taken to be the amount which would have been received or accrued from the sale or disposition of such article if sold at the fair market price.

SEC. 304. On or before the first day of March, nineteen hundred and seventeen, and the first day of March in each year thereafter a true and accurate return under oath shall be made by each person manufacturing articles specified in section three hundred and one, to the collector of internal revenue for the district in which such person has his principal office or place of business, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, setting forth specifically the gross amount of income received or accrued from the sale or disposition of the articles specified in section three hundred and one, and from the total thereof deducting the aggregate items of allowance authorized in section three hundred and two, and such other particulars as to the gross receipts and items of allowance as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may require.

SEC. 305. All such returns shall be transmitted forthwith by the collector to the Commissioner of Internal Revenue, who shall, as soon as practicable, assess the tax found due and notify the person making such return of the amount of tax for which such person is liable, and such person shall pay the tax to the collector on or before thirty days from the date of such notice.

SEC. 306. If the Secretary of the Treasury or the Commissioner of Internal Revenue shall have reason to be dissatisfied with the return as made, or if no return is made, the commissioner is authorized to make an investigation and to determine the amount of net profits and may assess the proper tax accordingly. He shall notify the person making, or who should have made, such return and shall proceed to collect the tax in the same manner as provided in this title, unless the person so notified shall file a written request for a hearing with the commissioner within thirty days after the date of such notice; and on such hearing the burden of establishing to the satisfaction of the commissioner that the gross amount received or accrued or the amount of net profits, as determined by the commissioner, is incorrect, shall devolve upon such person.

SEC. 307. The tax may be assessed on any person for the time being owning or carrying on the business, or on any person acting as agent for that person in carrying on the business, or where a business has ceased, on the person who owned or carried on the business, or acted as agent in carrying on the business immediately before the time at which the business ceased.

SEC. 308. For the purpose of carrying out the provisions of this title the Commissioner of Internal Revenue is authorized, personally or by his agent, to examine the books, accounts, and records of any person subject to this tax.

SEC. 309. No person employed by the United States shall communicate, or allow to be communicated to any person not legally entitled thereto, any information obtained under the provisions of this title, or allow any such person to inspect or have access to any return furnished under the provisions of this title.

SEC. 310. Whoever violates any of the provisions of this title or the regulations made thereunder, or who knowingly makes false statements in any return, or refuses to give such information as may be called for, is guilty of a misdemeanor, and upon conviction shall, in addition to paying any tax to which he is liable, be fined not more than \$10,000, or imprisoned not exceeding one year, or both, in the discretion of the court.

SEC. 311. All administrative, special, and general provisions of law relating to the assessment and collection of taxes not specifically repealed are hereby made to apply to this title, so far as applicable and not inconsistent with its provisions.

SEC. 312. 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 person subject to such provisions to furnish him with further information whenever in his judgment the same is necessary to collect the tax provided for herein.

And the Senate agree to the same.

Amendment numbered 164:

That the House recede from its disagreement to the amendment of the Senate numbered 164, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 400; 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:

SEC. 401. That natural wine within the meaning of this act shall be deemed to be the product made from the normal alcoholic fermentation of the juice of sound, ripe grapes, without addition or abstraction, except such as may occur in the usual cellar treatment of clarifying and aging: Provided, however, That the product made from the juice of sound, ripe grapes by complete fermentation of the must under proper cellar treatment and corrected by the addition under the supervision of a gauger or storekeeper-gauger in the capacity of gauger) of a solution of water and pure cane, beet, or dextrose sugar (containing, respectively, not less than ninety-five per centum of actual sugar calculated on a dry basis) to the must or to the wine, to correct natural deficiencies, when such addition shall not increase the volume of the resultant product more than thirty-five per centum, and the resultant product does not contain less than five parts per thousand of acid before fermentation and not more than thirteen per centum of alcohol after complete fermentation shall be deemed to be wine within the meaning of this act and may be labeled, transported, and sold as "wine," qualified by the name of the locality where produced, and may be further qualified by the name of its own particular type or variety: And provided further, That wine as defined in this section may be sweetened with cane sugar or beet sugar or pure condensed grape must and fortified under the provisions of this act, and wines so sweetened or fortified shall be considered sweet wine within the meaning of this act.

And the Senate agree to the same.

Amendment numbered 166:

That the House recede from its disagreement to the amendment of the Senate numbered 166, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 402; and the Senate agree to the same.

Amendment numbered 177:

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

Strike out the matter inserted by said amendment and insert in lieu thereof the words *or section four hundred and one of this Act* and a comma; 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 *1½ cents*; and the Senate agree to the same.

Amendment numbered 201:

That the House recede from its disagreement to the amendment of the Senate numbered 201, and agree to the same with an amendment as follows:

In lieu of the section number proposed by the Senate amendment strike out "55" and insert 403; 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 section number contained in the Senate amendment strike out "56" and insert 404; 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:

Insert at the beginning of the amendment the following: *SEC. 405*; 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 section number proposed by the Senate amendment strike out the numeral "57" and insert 406; and the Senate agree to the same.

Amendment numbered 205:

That the House recede from its disagreement to the amendment of the Senate numbered 205, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 407; and the Senate agree to the same.

Amendment numbered 206:

That the House recede from its disagreement to the amendment of the Senate numbered 206, and agree to the same with an amendment as follows:

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

Every corporation, joint-stock company or association, now or hereafter organized in the United States for profit and having a capital stock represented by shares, and every insurance company, now or hereafter organized under the laws of the United States, or any State or Territory of the United States, shall pay annually a special excise tax with respect to the carrying on or doing business by such corporation, joint-stock company or association, or insurance company, equivalent to 50 cents for each \$1,000 of the fair value of its capital stock and in estimating the value of capital stock the surplus and undivided profits shall be included: Provided, That in the case of insurance companies such deposits and reserve funds as they are required by law or contract to maintain or hold for the protection of or payment to or apportionment among policyholders shall not be included. The amount of such annual tax shall in all cases be computed on the basis of the fair average value of the capital stock for the preceding year: Provided, That for the purpose of this tax an exemption of \$99,000 shall be allowed from the capital stock as defined in this paragraph of each corporation, joint-stock company or association, or insurance company: And provided further, That a corporation, joint-stock company or association, or insurance company, actually paying the tax imposed by section three hundred and one of Title III of this act shall be entitled to a credit as against the tax imposed by this paragraph equal to the amount of the tax so actually paid: And provided further, That this tax shall not be imposed upon any corporation, joint-stock company or association, or insurance company not engaged in business during the preceding taxable year, or which is exempt under the provisions of section eleven, Title I, of this act.

Every corporation, joint-stock company, or association, or insurance company, now or hereafter organized for profit under the laws of any foreign country and engaged in business in the United States, shall pay annually a special excise tax with respect to the carrying on or doing business in the United States by such corporation, joint-stock company, or association, or insurance company, equivalent to 50 cents for each \$1,000 of the capital actually invested in the transaction of its business in the United States: Provided, That in the case of insurance companies such deposits or reserve funds as they are required by law or contract to maintain or hold in the United States for the protection of or payment to or apportionment among policyholders shall not be included. The amount of such annual tax shall in all cases be computed on the basis of the average amount of capital so invested during the preceding year: Provided, That for the purpose of this tax an exemption from the amount of capital so invested shall be allowed equal to such proportion of \$99,000 as the amount so invested bears to the total amount invested in the transaction of business in the United States or elsewhere: Provided further, That this exemption shall be allowed only if such corporation, joint-stock company, or association, or insurance company makes return to the Commissioner of

Internal Revenue, under regulations prescribed by him, with the approval of the Secretary of the Treasury, of the amount of capital invested in the transaction of business outside the United States: And provided further, That a corporation, joint-stock company, or association, or insurance company, actually paying the tax imposed by section three hundred and one of Title III of this act, shall be entitled to a credit as against the tax imposed by this paragraph equal to the amount of the tax so actually paid: And provided further, That this tax shall not be imposed upon any corporation, joint-stock company, or association, or insurance company not engaged in business during the preceding taxable year, or which is exempt under the provisions of section eleven, Title I, of this act.

And the Senate agree to the same.

Amendment numbered 208:

That the House recede from its disagreement to the amendment of the Senate numbered 208, and agree to the same with an amendment as follows:

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

Sixth. Proprietors of theaters, museums, and concert halls, where a charge for admission is made, having a seating capacity of not more than two hundred and fifty, shall pay \$25; having a seating capacity of more than two hundred and fifty and not exceeding five hundred, shall pay \$50; having a seating capacity exceeding five hundred and not exceeding eight hundred, shall pay \$75; having a seating capacity of more than eight hundred, shall pay \$100. Every edifice used for the purpose of dramatic or operatic or other representations, plays, or performances, for admission to which entrance money is received, not including halls or armories rented or used occasionally for concerts or theatrical representations, shall be regarded as a theater: Provided, That in cities, towns, or villages of five thousand inhabitants or less the amount of such payment shall be one-half of that above stated: Provided further, That whenever any such edifice is under lease at the passage of this act, the tax shall be paid by the lessee, unless otherwise stipulated between the parties to said lease.

And the Senate agree to the same.

Amendment numbered 209:

That the House recede from its disagreement to the amendment of the Senate numbered 209, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be stricken out by the said amendment insert the following: *except in private homes*; and the Senate agree to the same.

Amendment numbered 210:

That the House recede from its disagreement to the amendment of the Senate numbered 210, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *40S*; and the Senate agree to the same.

Amendment numbered 211:

That the House recede from its disagreement to the amendment of the Senate numbered 211, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert a comma and the following: *including small cigars weighing not more than three pounds per thousand*; and the Senate agree to the same.

Amendment numbered 213:

That the House recede from its disagreement to the amendment of the Senate numbered 213, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 409; and the Senate agree to the same.

Amendment numbered 214:

That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 410; and the Senate agree to the same.

Amendment numbered 215:

That the House recede from its disagreement to the amendment of the Senate numbered 215, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 411; and the Senate agree to the same.

Amendment numbered 216:

That the House recede from its disagreement to the amendment of the Senate numbered 216, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 412; and the Senate agree to the same.

Amendment numbered 217:

That the House recede from its disagreement to the amendment of the Senate numbered 217, and agree to the same with an amendment as follows:

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

SEC. 413. That all internal-revenue agents and inspectors be granted leave of absence with pay, which shall not be cumulative, not to exceed thirty days in any calendar year, under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

And the Senate agree to the same.

Amendment numbered 219:

That the House recede from its disagreement to the amendment of the Senate numbered 219, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 500; and the Senate agree to the same.

Amendment numbered 221:

That the House recede from its disagreement to the amendment of the Senate numbered 221, and agree to the same with an amendment as follows:

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

Group I. Acenaphthene, anthracene having a purity of less than twenty-five per centum, benzol, carbazol having a purity of less than twenty-five per centum, cresol, cumol, fluorene, metacresol having a purity of less than ninety per centum, methylanthracene, methylnaphthalene, naphthalene having a solidifying point less than seventy-nine degrees centigrade, orthocresol having a purity of less than ninety per centum, paracresol having a purity of less than ninety per centum, pyridin, quinolin, toluol, xylol, crude coal tar, pitch of coal tar, dead or creosote oil, anthracene oil, all other distillates which on being subjected to distillation yield in the portion distilling below two hundred degrees centigrade a quantity of tar acids less than five per centum of the original distillate, and all other products that are found naturally in coal tar, whether produced or obtained from coal tar or other source, and not otherwise specially provided for in this title, shall be exempt from duty.

And the Senate agree to the same.

Amendment numbered 222:

That the House recede from its disagreement to the amendment of the Senate numbered 222, and agree to the same with an amendment as follows:

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

Group II. Amidonaphthol, amidophenol, amidosalicylic acid, anilin oil, anilin salts, anthracene having a purity of twenty-five per centum or more, anthraquinone, benzoic acid, benzaldehyde, benzylchloride, benzidin, binitrobenzol, binitrochlorobenzol, binitronaphthalene, binitrotoluol, carbazol having a purity of twenty-five per centum or more, chlorophthalic acid, cumidin, dimethylanilin, dianisidin, dioxynaphthalene, diphenylamin, metacresol having a purity of ninety per centum or more, methylanthraquinone, metanilic acid, naphthalene having a solidifying point of seventy-nine degrees centigrade or above, naphthylamin, naphthol, naphthylenediamin, nitrobenzol, nitrotoluol, nitronaphthalene, nitranilin, nitrophenylenediamin, nitrotoluylenediamin, orthocresol having a purity of ninety per centum or more, paracresol having a purity of ninety per centum or more, phenol, phthalic acid, phthalic anhydride, phenylenediamin, phenylnaphthylamin, resorcin, salicylic acid, sulphanic acid, toluidin, tolidin, toluylenediamin, xylidin, or any sulphoacid or sulphoacid salt of any of the foregoing, all similar products obtained, derived, or manufactured in whole or in part from the products provided for in Group I, and all distillates which on being subjected to distillation yield in the portion distilling below two hundred degrees centigrade a quantity of tar acids equal to more than five per centum of the original distillate, all the foregoing not colors, dyes, or stains, photographic chemicals, medicinals, flavors, or explosives, and not otherwise provided for in this title, and provided for in the paragraphs of the Act of October third, nineteen hundred and thirteen, which are hereinafter specifically repealed by section five hundred and two, fifteen per centum ad valorem.

And the Senate agree to the same.

Amendment numbered 226:

That the House recede from its disagreement to the amendment of the Senate numbered 226, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 501; and the Senate agree to the same.

Amendment numbered 228:

That the House recede from its disagreement to the amendment of the Senate numbered 228, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *five-hundred*; and the Senate agree to the same.

Amendment numbered 229:

That the House recede from its disagreement to the amendment of the Senate numbered 229, and agree to the same with an amendment as follows:

In lieu of the matter stricken out by said amendment insert the following: (*except natural and synthetic alizarin, and dyes obtained from alizarin, anthracene, and carbazol; natural and synthetic indigo and all indigoids, whether or not obtained from indigo; and medicinals and flavors*); and the Senate agree to the same.

Amendment numbered 231:

That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert *five hundred*; and the Senate agree to the same.

Amendment numbered 232:

That the House recede from its disagreement to the amendment of the Senate numbered 232, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 502; and the Senate agree to the same.

Amendment numbered 235:

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

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

TITLE VI.—PRINTING PAPER.

SEC. 600. That paragraph three hundred and twenty-two, Schedule M, and paragraph five hundred and sixty-seven of the free list 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, be amended so that the same shall read as follows:

"322. Printing paper (other than paper commercially known as handmade or machine handmade paper, japan paper, and imitation japan paper by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings,

not specially provided for in this section, valued above 5 cents per pound, twelve per centum ad valorem: Provided, however, That if any country, dependency, province, or other subdivision of government shall impose any export duty, export license fee, or other charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp, there shall be imposed upon printing paper, valued above 5 cents per pound, when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, an additional duty equal to the amount of the highest export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon either printing paper or upon an amount of wood pulp, or wood for use in the manufacture of wood pulp necessary to manufacture such printing paper.

"567. Printing paper (other than paper commercially known as handmade or machine handmade paper, japan paper, and imitation japan paper by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, not specially provided for in this section, valued at not above 5 cents per pound, decalcomania paper not printed."

And the Senate agree to the same.

Amendment numbered 237:

That the House recede from its disagreement to the amendment of the Senate numbered 237, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 700; and the Senate agree to the same.

Amendment numbered 240:

That the House recede from its disagreement to the amendment of the Senate numbered 240, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 701; and the Senate agree to the same.

Amendment numbered 242:

That the House recede from its disagreement to the amendment of the Senate numbered 242, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 702; and the Senate agree to the same.

Amendment numbered 245:

That the House recede from its disagreement to the amendment of the Senate numbered 245, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 703; and the Senate agree to the same.

Amendment numbered 246:

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

In lieu of the matter inserted by said amendment insert 704; and the Senate agree to the same.

Amendment numbered 248:

That the House recede from its disagreement to the amendment of the Senate numbered 248, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 705; and the Senate agree to the same.

Amendment numbered 249:

That the House recede from its disagreement to the amendment of the Senate numbered 249, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 706; and the Senate agree to the same.

Amendment numbered 250:

That the House recede from its disagreement to the amendment of the Senate numbered 250, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 707; and the Senate agree to the same.

Amendment numbered 251:

That the House recede from its disagreement to the amendment of the Senate numbered 251, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 708; and the Senate agree to the same.

Amendment numbered 253:

That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 709; and the Senate agree to the same.

Amendment numbered 256:

That the House recede from its disagreement to the amendment of the Senate numbered 256, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 800; 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 801; and the Senate agree to the same.

Amendment numbered 262:

That the House recede from its disagreement to the amendment of the Senate numbered 262, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert 802; and the Senate agree to the same.

Amendment numbered 263:

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

In lieu of the matter inserted by said amendment insert: *Provided, That the above shall not be interpreted to prevent the establishing in this country on the part of a foreign producer of an exclusive agency for the sale in the United States of the products of said foreign producer or merchant, nor to prevent such exclusive agent from agreeing not to use, purchase, or deal in the article of any other person, but this proviso shall not be construed to exempt from the provisions of this section any article imported by such exclusive agent if such agent is required by the foreign producer or if it is agreed between such agent and such foreign producer that any agreement, understanding or condition set out in this section shall be imposed by such agent upon the sale or other disposition of such article to any person in the United States; and the Senate agree to the same.*

Amendment numbered 264:

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

In lieu of the matter inserted by said amendment insert 803, and on page 100 of the bill, line 15, strike out the words "six hundred and two" and insert in lieu thereof the words *eight hundred and two*; and the Senate agree to the same.

Amendment numbered 265:

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

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

SEC. 804. That whenever any country, dependency, or colony shall prohibit the importation of any article the product of the soil or industry of the United States and not injurious to health or morals, the President shall have power to prohibit, during the period such prohibition is in force, the importation into the United States of similar articles, or in case the United States does not import similar articles from that country, then other articles, the products of such country, dependency, or colony.

And the Secretary of the Treasury, with the approval of the President, shall make such rules and regulations as are necessary for the execution of the provisions of this section.

And the Senate agree to the same.

Amendment numbered 266:

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

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

SEC. 805. That whenever during the existence of a war in which the United States is not engaged the President shall be satisfied that there is reasonable ground to believe that under the laws, regulations, or practices of any country, colony, or dependency contrary to the law and

practice of nations, the importation into their own or any other country, dependency, or colony of any article the product of the soil or industry of the United States and not injurious to health or morals is prevented or restricted the President is authorized and empowered to prohibit or restrict during the period such prohibition or restriction is in force, the importation into the United States of similar or other articles, products of such country, dependency, or colony as in his opinion the public interest may require; and in such case he shall make proclamation stating the article or articles which are prohibited from importation into the United States; and any person or persons who shall import, or attempt or conspire to import, or be concerned in importing, such article or articles into the United States contrary to the prohibition in such proclamation, shall be liable to a fine of not less than \$2,000 nor more than \$50,000, or to imprisonment not to exceed two years, or both, in the discretion of the court. The President may change, modify, revoke, or renew such proclamation in his discretion.

And the Senate agree to the same.

Amendment numbered 267:

That the House recede from its disagreement to the amendment of the Senate numbered 267, and agree to the same with an amendment as follows:

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

SEC. 806. That whenever, during the existence of a war in which the United States is not engaged, the President shall be satisfied that there is reasonable ground to believe that any vessel, American or foreign, is, on account of the laws, regulations, or practices of a belligerent Government, making or giving any undue or unreasonable preference or advantage in any respect whatsoever to any particular person, company, firm, or corporation, or any particular description of traffic in the United States or its possessions or to any citizens of the United States residing in neutral countries abroad, or is subjecting any particular person, company, firm, or corporation or any particular description of traffic in the United States or its possessions, or any citizens of the United States residing in neutral countries abroad to any undue or unreasonable prejudice, disadvantage, injury, or discrimination in regard to accepting, receiving, transporting, or delivering, or refusing to accept, receive, transfer, or deliver any cargo, freight or passengers, or in any other respect whatsoever, he is hereby authorized and empowered to direct the detention of such vessels by withholding clearance or by formal notice forbidding departure, and to revoke, modify, or renew any such direction.

That whenever, during the existence of a war in which the United States is not engaged, the President shall be satisfied that there is reasonable ground to believe that under the laws, regulations, or practices of any belligerent country or government, American ships or American citizens are not accorded any of the facilities of commerce which the vessels or citizens of that belligerent country enjoy in the United States or its possessions, or are not accorded by such belligerent equal privileges or facilities of trade with vessels or citizens of any nationality other than that of such belligerent, the President is hereby authorized and empowered to withhold clearance from one or more vessels of such belligerent country

until such belligerent shall restore to such American vessels and American citizens reciprocal liberty of commerce and equal facilities of trade; or the President may direct that similar privileges and facilities, if any, enjoyed by vessels or citizens of such belligerent in the United States or its possessions be refused to vessels or citizens of such belligerent; and in such case he shall make proclamation of his direction, stating the facilities and privileges which shall be refused, and the belligerent to whose vessels or citizens they are to be refused, and thereafter the furnishing of such prohibited privileges and facilities to any vessel or citizen of the belligerent named in such proclamation shall be unlawful; and he may change, modify, revoke, or renew such proclamation; and any person or persons who shall furnish or attempt or conspire to furnish or be concerned in furnishing or in the concealment of furnishing facilities or privileges to ships or persons contrary to the prohibition in such proclamation shall be liable to a fine of not less than \$2,000 nor more than \$50,000 or to imprisonment not to exceed two years, or both, in the discretion of the court.

In case any vessel which is detained by virtue of this act shall depart or attempt to depart from the jurisdiction of the United States without clearance or other lawful authority, the owner or master or person or persons having charge or command of such vessel shall be severally liable to a fine of not less than \$2,000 nor more than \$10,000, or to imprisonment not to exceed two years, or both, and in addition such vessel shall be forfeited to the United States.

That the President of the United States is hereby authorized and empowered to employ such part of the land or naval forces of the United States as shall be necessary to carry out the purposes of this act.

And the Senate agree to the same.

Amendment numbered 270:

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

In lieu of the matter inserted by said amendment insert the following: *IX*; and the Senate agree to the same.

Amendment numbered 271:

That the House recede from its disagreement to the amendment of the Senate numbered 271, and agree to the same with an amendment as follows:

In lieu of the matter proposed by Senate amendment insert *900*; 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 section number proposed by said amendment strike out "*107*" and insert *901*; and the Senate agree to the same.

Amendment numbered 273:

That the House recede from its disagreement to the amendment of the Senate numbered 273, and agree to the same with an amendment as follows:

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

SEC. 902. That unless otherwise herein specially provided, this act shall take effect on the day following its passage, and all provisions of any act or acts inconsistent with the provisions of this act are hereby repealed.

And the Senate agree to the same.

CLAUDE KITCHIN,
HENRY T. RAINEY,
LINCOLN DIXON,
CORDELL HULL,

Managers on the part of the House.

F. M. SIMMONS,
HOKE SMITH,
JOHN SHARP WILLIAMS,
WILLIAM HUGHES,

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. 16763) to increase the revenue, 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 placed the repealing clause and the clause providing the date of effectiveness of the act, when said date is not otherwise specified, immediately following the enacting clause. The Senate recedes from its amendment, which permits the aforementioned provisions to come at the close of the act, as the last section, as provided in the House bill.

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

Amendment No. 3: The House bill provided that the total net income in excess of \$500,000 should be taxed 10 per cent. The Senate amendment provides that the rate of 10 per cent shall be imposed upon the amount by which the net income exceeds \$500,000 and does not exceed \$1,000,000, 11 per cent upon the amount by which the net income exceeds \$1,000,000 and does not exceed \$1,500,000, 12 per cent upon the amount by which the net income exceeds \$1,500,000 and does not exceed \$2,000,000, 13 per cent upon the amount by which the net income exceeds \$2,000,000; and the House recedes.

Amendments Nos. 4, 5, 6, 7, and 8: These amendments are merely clerical changes; and the House recedes.

Amendment No. 9: The House bill provided that stock dividends made out of earnings or profits should be considered income to the amount of its cash value; and the Senate recedes.

Amendments Nos. 10, 11, 12, and 13: These amendments are merely clerical changes; and the House recedes.

Amendment No. 14: This amendment is a clerical change; and the Senate recedes.

Amendment No. 15: This amendment adds the words "or beneficiaries"; and the House recedes.

Amendment No. 16: The Senate amendment provides that "For the purpose of ascertaining the gain derived from a sale or other disposition of real property, the profits realized within the year from the sale or other disposition of any real estate purchased within two years previous to the close of the year for which such income is estimated shall be the basis for determining the amount of such gain so derived from such sale or other disposition thereof." The House recedes from its disagreement to the amendment, and agrees to the following amendment in lieu of the Senate amendment: "(c) For the purpose of ascertaining the gain derived from the sale or other disposition of property, real, personal, or mixed, acquired

before March 1, 1913, the fair market price or value of such property as of March 1, 1913, shall be the basis for determining the amount of such gain derived."

Amendments Nos. 17, 18, and 19: These amendments are merely clerical changes; and the House recedes.

Amendment No. 20: This amendment exempts securities issued under the provisions of the Federal farm-loan act of July 17, 1916, from the income-tax provisions; and the House recedes.

Amendments Nos. 21 and 22: These amendments are merely clerical changes; and the House recedes.

Amendment No. 23: This amendment is merely a clerical change; and the House recedes from its disagreement to the amendment with the amendment adding, after the word "school," on page 8 of the official print of the bill, line 6, the word "district."

Amendments Nos. 24, 25, 26, and 27: These amendments are merely clerical changes; and the House recedes.

Amendment No. 28: The Senate amendment provides: "*Provided*, That for the purpose of ascertaining the loss sustained from the sale or other disposition of property, real, personal, or mixed, acquired before March 1, 1913, the fair market price or value of such property as of March 1, 1913, shall be the basis for determining the amount of such loss sustained;" and the House recedes.

Amendments Nos. 29 and 30: These amendments are merely clerical changes; and the House recedes.

Amendment No. 31: This Senate amendment provided that: "(a) in the case of oil and gas wells a reasonable allowance for actual reduction in flow and production to be ascertained not by the flush flow, but by the settled production or regular flow under rules and regulations to be prescribed by the Secretary of the Treasury; (b) in the case of mines a reasonable allowance for depletion thereof, not to exceed the market value in the mine of the product thereof, which has been mined and sold during the year for which the return and computation are made; (c) and in the case of timber a reasonable allowance for stumpage not in excess of the market value of the standing timber actually sawed and sold during the year for which such return and computation are made." The House agreed to the Senate amendment with an amendment providing that the Secretary of the Treasury should have power to make rules and regulations with reference to the allowance allowed for the exhaustion of oil and gas wells and mines and eliminating the provision with reference to timber, as this portion of the amendment was not necessary in view of the fair market value of property on March 1, 1913, being agreed upon as the date for the basis of determining the amount of the gain derived from the sale or disposition of property.

Amendment No. 31½: This amendment provides that for the purpose of the normal tax only the income embraced in a personal return shall be credited with the amount received as dividends upon the stock or from the net earnings of a trustee; and the House recedes.

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

Amendment No. 35: The Senate amendment is only a clerical change; and the House recedes with an amendment inserting, on page 10 of the official print of the bill, line 19, after the word "school," the word "district."

Amendments Nos. 36, 37, and 38: These amendments are merely clerical changes; and the House recedes.

Amendment No. 39: The Senate amendment provides: "*Provided*, That for the purpose of ascertaining the amount of such loss or losses sustained in trade, or speculative transactions not in trade, from the same or any kind of property acquired before March 1, 1913, the fair market price or value of such property as of March 1, 1913, shall be the basis for determining the amount of such loss or losses sustained"; and the House recedes.

Amendment No. 40: The Senate amendment provided: "In lawful business transactions entered into but not connected with his regular business or trade the losses actually sustained therein during the year;" and the House recedes from its disagreement with the following amendment in lieu of the Senate amendment: "In transactions entered into for profit but not connected with his business or trade the losses actually sustained therein during the year to an amount not exceeding the profits arising therefrom, in the United States."

Amendment No. 41: The Senate amendment is a change in the paragraph number; and the House recedes.

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

Amendment No. 43: The Senate amendment is a change in the paragraph number; and the House recedes.

Amendment No. 44: The Senate amendment provides that: "(a) in case of oil and gas wells a reasonable allowance for actual reduction in flow and production to be ascertained not by the flush flow, but by the settled production or regular flow under rules and regulations to be prescribed by the Secretary of the Treasury; (b) in the case of mines a reasonable allowance for depletion thereof not to exceed the market value in the mine of the product thereof which has been mined and sold during the year for which the return and computation are made; (c) and in the case of timber a reasonable allowance for stumpage not in excess of the market value of the standing timber actually sawed and sold during the year for which such return and computation are made." The House agreed to the Senate amendment with an amendment providing that the Secretary of the Treasury should have power to make rules and regulations with reference to the allowance allowed for the exhaustion of oil and gas wells and mines, and eliminating the provision with reference to timber, as this portion of the amendment was not necessary in view of the fair market value of property on March 1, 1913, being agreed upon as the date for the basis of determining the amount of the gain derived from the sale or disposition of property.

Amendment No. 45: The Senate amendment followed the present law with reference to the \$3,000 and \$4,000 exemption for unmarried and married persons, respectively; and the House recedes from its disagreement to the Senate amendment making the \$4,000 exemption extend to the heads of families as well as to married persons.

Amendments Nos. 46, 47, and 48: These Senate amendments are clerical changes; and the House recedes.

Amendment No. 49: This amendment relates to the oath to be made by a fiduciary in making his return; and the House recedes from its disagreement to the Senate amendment with an amendment which in substance incorporates both the House and Senate provisions.

Amendment No. 50: The Senate amendment provides that no return of income not exceeding \$3,000 shall be required of estates or trusts; and the House recedes.

Amendment No. 51: The Senate amendment is a necessary clerical change; and the House recedes.

Amendment No. 52: This amendment relates to the income return of persons carrying on business in partnership and more clearly sets out the intent of the provisions than the House provisions; and the House recedes.

Amendment No. 53: This amendment relates to the making of the return and should be carried over to the administrative section of the title. The effect of the Senate amendment is to strike the provision out of the individual section and to carry it over to the administrative section as a new section, which will be known as section 19; and the House recedes.

Amendments Nos. 54, 55, and 55½: These amendments are clerical changes; and the House recedes.

Amendment No. 56: The Senate amendment provides that: "No penalty shall be imposed or collected from any person or corporation for failing heretofore or hereafter to retain a tax at the source if it is shown satisfactorily that no tax in fact was or would be due by reason of an exemption for which no claim was filed with such person or corporation by the person entitled to such exemption"; and the Senate recedes.

Amendment No. 56½: The Senate amendment is a clerical change; and the Senate recedes.

Amendments Nos. 57 and 58: The Senate amendments made it unnecessary for lessees to withhold rent; and the Senate recedes.

Amendments Nos. 59 and 60: These Senate amendments relate to the personal liability of persons withholding the tax at the source. The House provision made persons withholding the tax at the source liable for the tax. The Senate provision made such persons liable for the tax if they failed to withhold it, and provided that they should not be liable for any penalty if they made certified returns of information concerning the same to the collector of the district; and the Senate recedes from both of these amendments.

Amendment No. 61: The Senate amendment provides that a person whose tax is withheld at the source may claim his exemptions by filing said claim with the collector of internal revenue of the district of his residence or chief place of business; the Senate recedes.

Amendment No. 62: The Senate amendment provides that if any person, for the purpose of obtaining any allowance or reduction by virtue of a claim for such exemption, knowingly makes any false or fraudulent representation, that he shall be liable to a penalty not exceeding \$300; and the House recedes.

Amendment No. 63: The Senate amendment provided that dividends should include any distribution of the profits or earnings of a corporation or association accrued since March 1, 1913, whether made in cash or stock dividends; and the House recedes from its disagreement to this amendment with an amendment providing that stock dividends made out of the earnings or profits shall be considered income to the amount of its cash value.

Amendment No. 64: The Senate amendment provided "for the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition by a corporation, joint-stock company or association, or insurance company, of property, real, personal, or mixed, acquired before March 1, 1913, the fair market price or value of such property as of March 1, 1913, shall be the basis for determining the amount of such gain derived or loss sustained by sale of such property." The House recedes from its disagreement to this amendment with an amendment striking out the following last five words of the amendment inserted by the Senate: "by sale of such property."

Amendment No. 65: The Senate amendment provides that the income of cooperative banks organized and operated for mutual purposes and without profit shall be exempt from the income-tax provisions. The House recedes from its disagreement to the Senate amendment with an amendment exempting cooperative banks without capital stock organized and operated for mutual purposes and without profit.

Amendment No. 66: The Senate amendment is a clerical change; and the House recedes.

Amendment No. 67: The Senate amendment exempts mutual ditch or irrigation companies from the income-tax provisions; and the House recedes.

Amendments Nos. 68 and 69: The Senate amendments are clerical changes; and the House recedes.

Amendment No. 70: The Senate amendment exempts Federal land banks and national farm-loan associations from the income-tax provisions; and the House recedes.

Amendment No. 71: The Senate amendment exempts joint-stock land banks as to income derived from bonds or debentures of other joint-stock land banks or any Federal land bank belonging to such joint-stock land bank from the income-tax provisions; and the House recedes.

Amendment No. 72: The Senate amendment eliminated the provisions of the House bill which limited the deduction of the rentals paid by corporations as a condition to the continued use or possession of property to the care of property to which the corporation has not taken or is not taking title or in which it has no equity; and the Senate recedes.

Amendment No. 73: The Senate amendment adds losses charged off and not compensated by insurance or otherwise to the corporation-deduction provision; and the House recedes.

Amendment No. 74: The Senate amendment provided that "(a) in the case of oil and gas wells a reasonable allowance for actual reduction in flow and production, to be ascertained not by the flush flow but by the settled production or regular flow; (b) in the case of mines, a reasonable allowance for depletion thereof, not to exceed the market value in the mine of the product thereof which has been mined and sold during the year for which the return and computation are made; (c) and in the case of timber, a reasonable allowance for stumpage, not in excess of the market value of the standing timber actually sawed and sold during the year for which the return and computation are made, under such rules and regulations as may be prescribed by the Secretary of the Treasury; (d) and in the case of insurance companies, the net addition, if any, required by law to be

made within the year to reserve funds and the sums other than dividends paid within the year on policy and annuity contracts."

The House agreed to the Senate amendment with an amendment providing that the Secretary of the Treasury should have power to make rules and regulations with reference to the allowance allowed for the exhaustion of oil and gas wells and mines and eliminating the provision with reference to timber, as this portion of the amendment was not necessary in view of the fair market value of property on March 1, 1913, being agreed upon as the date for the basis of determining the amount of the gain derived from the sale or disposition of property.

Amendment No. 75: The Senate amendment provided that mutual employers' liability and mutual workmen's compensation and mutual casualty insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policyholders; and the House recedes.

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

Amendment No. 77: The House provided that in the case of indebtedness wholly secured by property collateral, tangible or intangible, the subject of sale or hypothecation in the ordinary business of such corporation, joint-stock company, or association as a dealer only in the property constituting such collateral, or in loaning the funds thereby procured, the total interest paid by such corporation, company, or association within the year on any such indebtedness may be deducted as a part of its expense of doing business; and the Senate recedes from its amendment striking out the word "only."

Amendments Nos. 78 and 79: The Senate amendments are clerical changes; and the House recedes.

Amendment No. 80: The Senate amendment is a clerical change; and the House recedes from its disagreement to the amendment with an amendment adding, after the word "school," on page 33 of the official print of the bill, line 13, the word "district."

Amendment No. 81: This amendment is a mere clerical change; and the House recedes.

Amendment No. 82: The Senate amendment eliminated the provision of the House bill which limited the deduction of the rentals paid by corporations as a condition to the continued use or possession of property, to the case of property to which the corporation has not taken or is not taking title, or in which it has no equity; and the Senate recedes.

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

Amendment No. 84: The Senate amendment provides that "in the case of oil and gas wells a reasonable allowance for actual reduction in flow and production to be ascertained not by the flush flow, but by the settled production or regular flow; (b) in the case of mines a reasonable allowance for depletion thereof not to exceed the market value in the mine of the product thereof which has been mined and sold during the year for which the return and computation are made; (c) and in the case of timber, a reasonable allowance for stumpage not in excess of the market value of the standing timber actually sawed and sold during the year for which the return and computation

are made under such rules and regulations as may be prescribed by the Secretary of the Treasury; (d) and in the case of insurance companies, the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends paid within the year on policy and annuity contracts." The House agreed to the Senate amendment, providing that the Secretary of the Treasury should have power to make rules and regulations with reference to the allowance allowed for the exhaustion of oil and gas wells and mines and eliminating the provision with reference to timber, as this portion of the amendment was not necessary in view of the fair market value of property on March 1, 1913, being agreed upon as the date for the basis of determining the amount of the gain derived from the sale or disposition of property.

Amendment No. 85: The Senate amendment provided that mutual employers' liability and mutual workmen's compensation and mutual casualty insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policyholders; and the House recedes.

Amendment No. 86: This amendment is merely a clerical change; and the House recedes.

Amendment No. 87: This amendment prevents the deduction, in the case of bonds or other indebtedness which have been issued with a guaranty that the interest payable thereon shall be free from taxation, for the payment of any tax paid pursuant to such guaranty, instead of merely the income tax, as provided in the House bill; and the House recedes.

Amendment No. 88: This amendment is a clerical change; and the House recedes.

Amendment No. 89: The Senate amendment is only a clerical change; and the House recedes with an amendment inserting, on page 36 of the official print of the bill, line 25, after the word "school," the word "district."

Amendments Nos. 90, 91, and 92: These amendments are clerical changes; and the House recedes.

Amendment No. 93: This amendment provides that if a corporation, joint-stock company or association, or insurance company has no principal place of business, office, or agency in the United States, then the return shall be made to the collector of internal revenue at Baltimore, Md.; and the House recedes.

Amendments Nos. 94, 95, 96, 97, 98, and 99: These amendments are clerical changes; and the House recedes.

Amendments Nos. 100 and 101: These amendments make the income-tax provisions relating to withholding at the source applicable to nonresident alien individuals apply to nonresident alien firms, copartnerships, companies, corporations, joint-stock companies or associations, and insurance companies; and the House recedes.

Amendment No. 102: This amendment provides that if an amount in excess of the amount properly due under an income-tax return required under the provisions of the act of August 5, 1909, the act of October 3, 1913, or this act has been paid into the Treasury, a refund may be had of the excess amount paid, notwithstanding the provision of section 3228 of the Revised Statutes; and the House recedes

with an amendment specifying the titles of the acts of August 5, 1909, and October 3, 1913.

Amendments Nos. 103 and 104: These amendments are clerical changes; and the House recedes.

Amendment No. 105: This amendment gives the Commissioner of Internal Revenue authority to grant corporations or individuals a reasonable extension of time in meritorious cases to make their returns; and the House recedes.

Amendment No. 106: The Senate amendment provides that section 3225 of the Revised Statutes shall not apply to a statement made in good faith, regarding annual depreciation of oil or gas wells, mines, and timberlands; and the House recedes from its disagreement to this amendment with an amendment striking out "timberlands," so that this provision will only apply to statements and returns with reference to depreciation of oil and gas wells and mines.

Amendments Nos. 107 and 108: Are merely clerical changes; and the House recedes.

Amendment No. 108½: This amendment provides that "where any tax heretofore due and payable has been duly paid by the taxpayer, it shall not be re-collected from any person or corporation required to retain it at its source, nor shall any penalty be imposed or collected in such cases from the taxpayer, or such person or corporation whose duty it was to retain it, for failure to return or pay the same, unless such failure was fraudulent and for the purpose of evading payment"; and the House recedes.

Amendment No. 109: This amendment relates to the making of the return and was carried in the House bill in the individual section. As an administrative provision it is more properly placed with the administrative sections; and the House recedes.

Amendment No. 110: The Senate amendment provided that "Nothing in this title shall be construed to release a taxable person from liability for income tax, and any contract hereafter entered into for payment of any interest, rent, or other fixed or determinable annual or periodical payment without allowing any deduction authorized to be made by this title or for the reimbursement of any amount so deducted shall be void"; and the Senate recedes.

Amendments Nos. 111, 112, 113, 114, 115, and 116: These amendments are changes in section numbers; and the House recedes from its disagreement with amendments numbering the sections numerically.

Amendment No. 117: This amendment provides that nothing in section 25 shall conflict with that portion of section 10 under which the taxpayer has fixed its own fiscal year; and the House recedes.

Amendments Nos. 118, 119, and 120: These amendments are changes in section numbers; and the House recedes from its disagreement to these amendments with amendments numbering the sections properly.

Amendments Nos. 121 and 122: These are clerical changes; and the House recedes.

Amendment No. 123: The Senate amendment limits the 5 per cent rate to net estates exceeding \$450,000 and not exceeding \$1,000,000; and the House recedes.

Amendment No. 124: The Senate amendment introduces a new classification, as follows:

A 6 per cent rate upon the amount by which such net estate exceeds \$1,000,000 and does not exceed \$2,000,000;

A 7 per cent rate upon the amount by which such net estate exceeds \$2,000,000 and does not exceed \$3,000,000;

A 8 per cent rate upon the amount by which such net estate exceeds \$3,000,000 and does not exceed \$4,000,000;

A 9 per cent rate upon the amount by which such net estate exceeds \$4,000,000 and does not exceed \$5,000,000; and

A 10 per cent rate upon the amount by which such net estate exceeds \$5,000,000; and the House recedes.

Amendment No. 125: This amendment is a change in section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 126: The Senate amendment changes a printer's error; and the House recedes.

Amendment No. 127: The Senate amendment strikes out the words "and adequate," leaving the consideration to be a fair one, instead of a fair and adequate one; and the House recedes.

Amendment No. 128: The Senate amendment changes the period prior to death during which a transfer of property shall be deemed to have been made in contemplation of death, from four years to two years; and the House recedes.

Amendment No. 129: This amendment is a change in section number; and the House recedes from its disagreement to the amendment with an amendment numbering the section properly.

Amendments Nos. 130 and 131: The Senate amendments are clerical; and the House recedes.

Amendments Nos. 132 and 133: These amendments are changes in section numbers; and the House recedes from its disagreement to the amendments with amendments numbering the sections properly.

Amendment No. 134: The Senate amendment changes the time of the beginning of interest on unpaid taxes upon estates to one year after the decedent's death instead of from the time of death; and the Senate recedes.

Amendments Nos. 135, 136, and 137: These amendments are changes in section numbers; and the House recedes from its disagreement to the amendments with amendments numbering the sections properly.

Amendments Nos. 138 and 139: The Senate amendments provide that a return shall be made in case the gross estate at the time of death exceeds \$50,000, together with certain details of such returns; and the House recedes with an amendment requiring returns whenever there is an estate subject to this tax or where the gross estate exceeds \$60,000.

Amendments Nos. 140, 141, and 142: These amendments are changes in section numbers; and the House recedes from its disagreement to the amendments with amendments numbering the sections properly.

Amendment No. 143: The Senate amendment strikes out the words "and adequate," leaving the consideration to be a fair one, instead of a fair and adequate one; and the House recedes.

Amendment No. 144: This amendment is a change in section number; and the House recedes from its disagreement to the amendment with an amendment numbering the section properly.

Amendment No. 145: The Senate amendment provides that in case any of the tax provided for is paid out of the part of the estate passing to or in possession of any person other than the executor, such person shall be entitled to reimbursement from any part of the estate still undistributed, or by a just distribution from the other heirs; and the House recedes.

Amendment No. 146: This amendment is a change in section number; and the House recedes from its disagreement to the amendment with an amendment numbering the section properly.

Amendments Nos. 147, 148, 149, and 150: The Senate amendments in each instance insert the word "a" before the word "fair" and strike out the words "and adequate." These amendments leave the consideration as a fair one, instead of a fair and adequate one; and the House recedes.

Amendments Nos. 151, 152, and 153: These amendments are clerical changes; and the House recedes.

Amendments Nos. 154, 155, 156, and 157: These amendments are changes in section numbers; and the House recedes from its disagreement to the amendments with amendments numbering the sections properly.

Amendment No. 158: This amendment is a change in section number; and the House recedes from its disagreement to the amendment numbering the section with an amendment numbering the sections properly.

Amendment No. 159: The Senate amendment strikes out the word "person" and inserts the word "corporation"; and the Senate recedes.

Amendment No. 160: The Senate amendment strikes out the word "partnership"; and the Senate recedes.

Amendment No. 161: The Senate amendment inserts the words "joint-stock companies"; and the Senate recedes.

Amendment No. 162: The Senate amendment strikes out the definition of the word "manufacture," as it is not necessary in the amended title; and the House recedes.

Amendment No. 163: The Senate amendment strikes out the entire Title III, with the exception of section 300, and inserts in lieu thereof 10 new sections. The effect of the Senate amendments was to change the basis of the tax from the gross receipts to the net profits. It also strikes out the tax on copper and its alloys. It added a paragraph terminating the life of the tax one year after the end of the present European war; and the House recedes with certain amendments, the principal of which is the method of determining the net profits and the rate of tax is increased from 10 per cent, as provided by the Senate, to 12½ per cent.

Amendment No. 164: This amendment relates to a change in section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 165: This Senate amendment defines wine; and the House recedes from its disagreement to the amendment defining wine to be the product made from the normal alcoholic fermentation of the juice of sound, ripe grapes, without addition or abstraction, except such as may occur in the usual cellar treatment of clarifying and aging, and providing that wine can be perfected by the addition of sugar and water, but that the additions shall not increase the volume more than 35 per cent.

Amendment No. 166: This amendment is a change in section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 167: The Senate amendment taxes compounds sold as wine at the same rates as still wines and artificial or imitation wines; and the House recedes.

Amendment No. 168: The Senate amendment fixed a uniform rate of 8 cents per gallon upon all wines; and the Senate recedes.

Amendment No. 169: The Senate amendment struck out the provisions imposing a tax of 4 cents per wine gallon upon wines containing less than 14 per cent of alcohol, 10 cents upon wine containing in excess of 14 per cent and not in excess of 21 per cent of alcohol, and 25 cents upon wines containing over 24 per cent of alcohol; and the Senate recedes.

Amendment No. 170: The Senate amendment changed the provisions imposing the distilled-liquor tax upon wines containing over 21 per cent of alcohol; and the Senate recedes.

Amendment No. 171: The Senate amendment is clerical; and the House recedes.

Amendment No. 172: The Senate amendment struck out the provision abating or refunding the tax under the present law upon still wines unsold in the actual possession of the producer, so that the rates of this act could be imposed thereupon; and the Senate recedes.

Amendments Nos. 173 and 174: These amendments are clerical; and the House recedes.

Amendment No. 175: This amendment is a clerical change; and the Senate recedes.

Amendment No. 176: This amendment is a clerical change; and the House recedes.

Amendment No. 177: This amendment is a change in section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 178: The Senate increased the tax upon brandy for fortifying wines from the rate of 10 cents per proof gallon, provided in the House bill, to 55 cents per gallon; and the Senate recedes.

Amendment No. 179: The House provided that the tax upon brandy for fortifying sweet wines should be paid 90 days after notice. The Senate increased the period to 6 months; and the House recedes.

Amendment No. 180: This amendment provides that when sugar is used in sweetening wine, the sugar must contain not less than 95 per cent of actual sugar calculated on a dry basis; and the House recedes.

Amendments Nos. 181 and 182: These amendments are clerical changes; and the House recedes.

Amendment No. 183: This amendment allows an additional removal of wine from bonded premises before it is necessary to pay the tax; and the House recedes.

Amendments Nos. 184, 185, and 186: These amendments are clerical changes; and the House recedes.

Amendment No. 187: The House provided that each bottle or other container of artificial carbonated wine should pay 1 cent on each one-half pint or fraction thereof. The Senate increased this rate to 2½ cents; and the House recedes from its disagreement to the Senate amendment with an amendment placing the tax at 1½ cents for each one-half pint or fraction thereof.

Amendment No. 188: This amendment restricts the taxable compounds to beverages; and the House recedes.

Amendments Nos. 189 and 190: The House provided that liqueurs, cordials, etc., containing distilled spirits of wine should pay a tax of 1½ cents on each one-half pint or fraction thereof. The Senate amendment provides that liqueurs, cordials, etc., containing sweet wine, fortified with grape brandy, shall pay a tax of 1½ cents on each pint or fraction thereof; and the House recedes.

Amendment No. 191: This amendment provides that liqueurs, cordials, etc., not containing sweet wines shall pay three-fourths cent on each one-half pint or fraction thereof; and the Senate recedes.

Amendment No. 192: This amendment is a clerical change; and the House recedes.

Amendment No. 193: The Senate struck out the tax upon medicinal compounds, so the House provision struck out by the Senate amendment is not necessary; and the House recedes.

Amendment No. 194: This amendment provides that in the case of imported still wines, including vermouth, sparkling wines, including champagne, and imported liqueurs, cordials, and similar compounds, the tax may be paid by assessment, instead of by stamps; and the House recedes.

Amendments Nos. 195, 196, 197, and 198: These amendments are clerical changes; and the House recedes.

Amendment No. 199: The Senate amendment is necessary in order to permit the blending of wines by other than rectifiers, and permits the use of grain or other ethyl alcohol in the fortification of sweet wines; and the House recedes.

Amendment No. 200: This amendment provides that distillers using the filtration-aeration process may use an unlimited amount of water in the process of mashing or filtration for fermentation; and the House recedes.

Amendment No. 201: This amendment provides that alcohol or other distilled spirits of proof strength of not less than 180° intended for export free of tax may be drawn from receiving cisterns at any distillery or from storage tanks in any distillery warehouse, for transfer to tank or tank cars for export from the United States; and the House recedes from its disagreement to this amendment with an amendment properly numbering the section.

Amendment No. 202: This amendment makes section 3255 of the Revised Statutes applicable to this act; and the House recedes with an amendment changing the section number to its proper number.

Amendment No. 203: This amendment provides that distilled spirits commercially known as gin, of not less than 80 per cent proof,

at any time within eight years after entry in bond, at any distillery, may be bottled in bond at such distillery for export without payment of tax; and the House recedes from its disagreement to this amendment with an amendment making this provision section 405.

Amendment No. 204: This amendment permits the use of a pipe line for the withdrawal of near beer from the brewery premises; and the House recedes from its disagreement to this amendment with an amendment to properly renumber the section.

Amendment No. 205: This amendment relates to the change in section number; and the House recedes from its disagreement to the amendment with an amendment properly renumbering the section.

Amendment No. 206: The Senate provides that corporations, joint-stock companies, and associations shall pay 50 cents for each \$1,000 of capital stock, surplus, and undivided profits used in any of the activities or functions of their business, including such sums of capital stock, surplus, and undivided profits as may be invested in or loaned upon stocks, bonds, mortgages, real estate, or other securities. The House recedes from its disagreement to this amendment with an amendment providing as follows: "Every corporation, joint-stock company, or association now or hereafter organized in the United States for profit and having a capital stock, and every insurance company now or hereafter organized under the laws of the United States, or any State or Territory of the United States, shall pay annually a special excise tax with respect to the carrying on or doing business of such corporation, joint-stock company, or association, or insurance company, equivalent to 50 cents for each \$1,000 of the fair value of its capital stock, and in estimating the amount of capital stock, surplus and undivided profits shall be included." The amendment further provides that in the case of an insurance company, such deposits and reserve funds as they are required by law or contract to maintain or hold for the protection of or payment to or apportionment among policyholders shall not be included in assessing the tax upon the fair value of the capital stock. The amendment allows an exemption of \$99,000 from the capital stock. The amendment further provides that a nonresident corporation doing business in the United States shall pay a tax equivalent to 50 cents for each \$1,000 of the capital actually invested in the transaction of this business in the United States, and contains the exemption for nonresident insurance companies the same as that given resident insurance companies. It also allows a deduction for nonresident companies, from the amount of capital so invested, equal to such proportion of \$99,000 as the amount so invested bears to the total amount invested in the transaction of business in the United States or elsewhere.

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

Amendment No. 208: The House provided a tax upon theaters, museums, or concert halls which was based upon the gross receipts. The Senate reenacted the emergency revenue provisions relating to theaters, museums, or concert halls providing that in cities, towns, or villages of 5,000 inhabitants or less the amount of such payment should be one-half that of those located in the larger places; and the House recedes from its disagreement to the Senate amendment with an amendment limiting the taxing provision to theaters, museums, and concert halls.

Amendment No. 209: The House provided a tax upon bowling alleys and billiard rooms open to the public with or without price. The Senate amendment placed the tax upon bowling alleys and billiard rooms open to the public with or without price in addition to clubs and private homes; and the House recedes from its disagreement with the Senate amendment with an amendment providing that the tax shall not apply to billiard tables and bowling alleys in private homes.

Amendment No. 210: This amendment changes the section number; and the House recedes from its disagreement with an amendment renumbering the section.

Amendment No. 211: This amendment makes little cigars weighing not more than 3 pounds per thousand taxable at the same rate as cigarettes; and the House recedes from its disagreement to the Senate amendment with an amendment changing the word "little" before cigars to "small."

Amendment No. 212: The House provided a tax upon manufacturers of cigarettes of 3 cents for every 10,000. The Senate increased the tax upon manufacturers of cigarettes to 8 cents for every 10,000 and made small cigars taxable at the same rates. The Senate recedes from its amendment, thus leaving the tax upon manufacturers of cigarettes and small cigars 3 cents per every 10,000.

Amendments Nos. 213, 214, 215, and 216: These amendments are changes in section numbers; and the House recedes from its disagreement to the same with an amendment properly renumbering the section numbers.

Amendment No. 217: This amendment imposes a stamp tax upon bonds, debentures, and certificates of indebtedness, certificates of stock, stock transfers, sales, or agreements to sell products of merchandise at an exchange or board of trade or other similar place for future delivery, the entry of goods at customhouse for warehousing or withdrawal, passenger tickets and seats in parlor or palace cars, and berths in sleeping cars, etc.; and the House recedes with an amendment striking out all the stamp taxes but leaving the last section of this amendment, which provides for annual leave for internal-revenue agents and inspectors the same as granted to similar agents and inspectors in other departments.

Amendment No. 218: This amendment contained the administrative features for the stamp-tax provisions, and in view of the fact that the Senate receded from its amendment retaining the stamp taxes, the Senate also recedes from its amendment containing the administrative provisions for the administration of the same.

Amendment No. 219: This amendment is a change in section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 220: The Senate amendment struck out the words "on and after the day following the passage of this act," the effect of which was to change the time of this tax going into effect; and the Senate recedes.

Amendment No. 221: The Senate amendment changed the free list by limiting a number of articles to their more crude condition; and the House recedes with amendments changing the spelling of certain of the terms.

Amendment No. 222: The Senate amendment changed Group II of this section by including therein certain of the more advanced articles included in Group I; and the House recedes with amendments changing the spelling.

Amendment No. 223: The Senate amendment inserts in Group III of this section medicinals, flavors, and synthetic phenolic resin; and the House recedes.

Amendment No. 224: The Senate amendment is clerical; and the House recedes.

Amendment No. 225: The Senate amendment inserts in Group III the following: "Colors, dyes, or color taken, obtained, derived, or manufactured from natural alizarin and indigo"; and the House recedes.

Amendment No. 226: The Senate amendment changes the section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 227: The Senate amendment strikes out the words fixing the time of going into effect of the duties imposed in this section; and the Senate recedes, causing the tax to go into effect the day after the passage of this act.

Amendment No. 228: The Senate amendment changes the section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 229: The Senate amendment imposed the specific duty of this section upon alizarin, indigo, and dyes obtained therefrom; and the House recedes with an amendment excepting these dyes and medicinals and flavors from these specific taxes.

Amendment No. 230: The Senate amendment is a clerical one; and the House recedes.

Amendments Nos. 231 and 232: These amendments are changes in section numbers; and the House recedes with amendments numbering the sections properly.

Amendment No. 233: The Senate amendment inserts the following: "and the words 'salicylic acid,' " in paragraph 1. This is a necessary amendment; and the House recedes.

Amendment No. 234: The Senate amendment delayed the taking effect of this title until the termination of the present European war; and the Senate recedes, causing the title to take effect the day following the passage of this act.

Amendment No. 235. The Senate amendment inserted a new title, increasing the price limit of print paper that can be admitted free of duty from 2½ cents per pound to 5 cents per pound; and the House recedes with an amendment correcting clerical errors.

Amendment No. 236: This amendment is a change in the title number; and the House recedes.

Amendment No. 237: This amendment is a change in the section number; and the House recedes from its disagreement to the amendment with an amendment numbering the section properly.

Amendments Nos. 238 and 239: The House provided the President should designate the chairman and vice president of the Tariff Commission biennially. The Senate provided the President should designate the said chairman and vice president annually; and the House recedes from both amendments.

Amendment No. 240: The Senate amendment changed the section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 241: The Senate amendment is clerical; and the House recedes.

Amendment No. 242: The Senate amendment changes the section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 243: The Senate amendment adds to the duties of the Tariff Commission the investigation of the industrial effects of our customs laws; and the House recedes.

Amendment No. 244: The Senate amendment adds to the duties of the Tariff Commission the investigation of the effect upon the industries and labor of the country; and the House recedes.

Amendment No. 245: The Senate amendment changes the section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 246: The Senate amendment changes the section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 247: The Senate amendment adds to the duties of the Tariff Commission the power to investigate economic alliances; and the House recedes.

Amendments Nos. 248, 249, 250, and 251: The Senate amendments change section numbers; and the House recedes with amendments correcting these numbers.

Amendment No. 252: The Senate amendment empowers the Tariff Commission to investigate the Paris economy pact and similar organizations and arrangements in Europe; and the House recedes.

Amendment No. 253: The Senate amendment changed the section number; and the House recedes from its disagreement with an amendment numbering the section properly.

Amendment No. 254: The Senate amendment made a permanent appropriation of \$300,000 per year. The House provision only authorized this appropriation; and the Senate recedes.

Amendment No. 255: The Senate amendment changes the title number; and the House recedes.

Amendments Nos. 256 and 257: The Senate amendment changes the section number; and the House recedes with an amendment numbering the section properly.

Amendment No. 258: This Senate amendment is clerical; and the House recedes.

Amendments Nos. 259 and 260: The Senate amendments extend the provisions of this section by making it unlawful to import or cause to be imported into the United States articles in unfair competition; and the House recedes.

Amendment No. 261: The Senate amendment provides that nothing in this title shall be construed as depriving the proper State courts of jurisdiction in actions for damages thereunder; and the House recedes.

Amendment No. 262: The Senate amendment changes the section number; and the House recedes with an amendment correcting this number.

Amendment No. 263: The Senate amendment allows the establishment in this country on the part of a foreign producer of an exclusive agency for the sale of the products of said producer or merchant; and the House recedes with an amendment so as not to extend the exemption to the goods imported.

Amendment No. 264: The Senate amendment changed the section number; and the House recedes with an amendment inserting proper section numbers.

Amendment No. 265: The Senate amendment inserts a section giving the President power to retaliate in case any country prohibits the imports of goods from the United States; and the House recedes with a small clerical amendment.

Amendments Nos. 266 and 267: The Senate amendment inserted two sections empowering the President during the existence of a war in which the United States is not engaged, whenever he shall be satisfied that our trade is being unjustly discriminated against, to use retaliatory measures; and the House recedes, with certain clerical amendments.

Amendment No. 268: The Senate amendment inserted a section empowering the President, under certain conditions, to deny the use of the United States mails, express companies, telegraph, cable, or wireless company to citizens, firms, companies, or corporations of certain belligerent countries; and the Senate recedes.

Amendment No. 269: The Senate amendment restricted the admission of certain fish from the North Pacific, through any foreign country, except in bond from an American port; and the Senate recedes.

Amendment No. 270: The Senate amendment changed the number of the title; and the House recedes with an amendment correcting the number of this title.

Amendment No. 271: The Senate amendment changes the section number; and the House recedes with an amendment correcting this number.

Amendment No. 272: The Senate amendment provides that the appropriation of \$2,000,000 carried in the Army appropriation act for the fiscal year 1917 shall be available for time subsequent to June 18, 1916, and that payment shall be made without reference to the enlisted men having enlisted before or after the call by the President; and the House recedes with an amendment correcting the number of the section.

Amendment No. 273: The Senate amendment had the effect of changing the position of the last section of the act; and the House recedes with an amendment restoring the section to its original position and numbering the section properly.

CLAUDE KITCHIN,
HENRY T. RAINEY,
LINCOLN DIXON,
CORDELL HULL,

Managers on the part of the House.