# Revenue Act of 1932

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Sec. 1. Application of Title.

The provisions of this title shall apply only to taxable years ending after December 31, 1931, and shall not apply to taxable years ending before January 1, 1932.

Sec. 2. Cross References.

The cross references in this title to other provisions of the Code, where the word "section" is used for convenience, shall be given no legal effect.

Sec. 3. Classification of Provisions.

The provisions of this title are herein classified and designated as—

SUBTITLE A—Introductory provisions.

SUBTITLE B—General provisions, divided into parts and sections.

Sec. 4. Special Classes of Taxpayers.

The application of the General Provisions and of Supplements A to D, inclusive, to each of the following special classes of taxpayers, shall be subject to the exceptions and additional provisions found in the supplement applicable to such class, as follows:

(a) Estates and trusts and the beneficiaries thereof—Supplement E.
(b) Members of partnerships—Supplement F.
(c) Insurance companies—Supplement G.
(d) Nonresident alien individuals—Supplement H.
(e) Foreign corporations—Supplement I.
(f) Individual citizens of any possession of the United States who are not otherwise citizens of the United States and who are not residents of the United States—Supplement J.
(g) Individual citizens of the United States or residents of the United States, including corporations and associations having a large portion or all of the profits from sources within a possession of the United States—Supplement K.
(h) China Trade Act corporations—Supplement L.
(i) ChisTa Trade Act corporations—Supplement M.

SUBTITLE B—GENERAL PROVISIONS.

PART I—RATES OF TAX.

Sec. 1. Normal Tax on Individuals.

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax equal to the sum of:

(a) 4 per cent of the first $4,000 of the net income in excess of $4,000; and upon net incomes in excess of $4,000 and not in excess of $10,000, 5 per centum in addition of such excess.

(b) 5 per centum of the normal tax provided in Section 25; and

(c) 6 per centum of the remainder of such excess amount.

Sec. 2. Surtax on Individuals.

(a) RATES OF SURTAX.—There shall be levied, collected, and paid for each taxable year upon the net income of every individual a surtax as follows:

Upon a net income of $6,000 there shall be no such tax; upon net incomes in excess of $6,000 and not in excess of $10,000, 1 per centum in addition of such excess.

(b) Exempt Corporations.—For corporations exempt from tax, see section 103.

The application of the General Provisions and of Supplements A to D, inclusive, to each of the following special classes of taxpayers, shall be subject to the exceptions and additional provisions found in the supplement applicable to such class, as follows:

(a) Rate of Tax.—There shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 13 per centum of the amount of the net income in excess of the credit against net income provided in section 26.

(b) Exempt Corporations.—For corporations exempt from tax, see section 103.
PART II—COMPUTATION OF NET INCOME.

Sec. 31. Net Income.

"Net income" means the gross income computed under section 22, less the deductions allowed by section 23.

Sec. 32. Gross Income.

(a) General Definition.—"Gross income" includes gains, profits, and income from whatever source derived, of every kind and nature, from whatever transaction, whether real or personal, growing out of the ownership or use of or interest in such property, from any business carried on for gain or profit, or gains or profits and income derived from any source whatever.

(b) Gross Income from Sources Within and Without United States.—

(i) Income from sources within the United States.

(1) Income from rental of real property.

(A) Income from the rental of real property held by a person for his own use or that of his family, if such rental is entered into for a period of less than one year or for an indefinite period without a fixed term.

(B) Income from the rental of real property held for the production or distribution of electricity, gas, water, or sewage services to the public.

(C) Income from the rental of real property held by one person for the use of another person.

(ii) Income from sources without the United States.

(1) Income from the operation of a trade or business, or from dealings in property, including a partnership or trust, conducted by a person for profit in a foreign country.

(2) Income from real property, including a lease or tenancy, held by one person for the use of another person in a foreign country.

(3) Income from foreign securities or obligations.

(4) Income from the use or enjoyment of any property or right, real or personal, owned by him, which has been sold, or from any loss sustained from the sale of property, or any claim against the government of any foreign country or of any state or municipality thereof.

(iii) Income from certain foreign trade or commerce.

(1) Income from the personal property of a foreign corporation, unless it is a subsidiary of a domestic corporation or of a foreign corporation which is a subsidiary of a domestic corporation.

(2) Income from foreign securities or obligations except as provided in section 120.

(c) Improper Accumulation of Surplus.—For tax on corporations which accumulate surplus to evade taxes on stockholders, the tax shall be computed as provided in section 105.

Sec. 33. Deductions from Gross Income.

In computing net income there shall be allowed as a deduction for a taxable year every expense reasonably incurred and necessary for carrying on business, including a partnership or trust, or for the conduct of business, or to render service for profit, which shall be allowed as a deduction for income tax purposes under any law of the United States, or any political subdivision thereof, or under the law of any foreign country or possession of the United States; but this deduction shall be allowed only to the extent that it is allowable as a deduction of so much of such taxes as is properly allocable to maintenance or interest on the enterprise.

For the purpose of this subsection, estate, inheritance, legacy, and succession taxes across any part of a boundary date thereof, or of any property held by the law of the jurisdiction imposing such taxes, and shall be allowed as a deduction only to the extent that such deductions are allowable as a deduction of so much of such taxes as is properly allocable to maintenance or interest on the enterprise.

(1) Taxes of Foreign Source.—Taxes imposed upon any income or property of a foreign country or possession of the United States shall be allowable as a deduction of so much of such taxes as is properly allocable to maintenance or interest on the enterprise.

(2) Income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States; but this deduction shall be allowed in the case of a tax on a taxpayer who does not have the desire to have to any extent the benefits of section 111 relating to the tax on excess-profits taxes.

(3) Taxes assessed against local benefits of a kind tending to increase the value of the property; but this paragraph shall not prevent the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest on the enterprise.

For the purpose of this subsection, estate, inheritance, legacy, and succession taxes across any part of a boundary date thereof, or of any property held by the law of the jurisdiction imposing such taxes, and shall be allowed as a deduction only to the extent that such deductions are allowable as a deduction of so much of such taxes as is properly allocable to maintenance or interest on the enterprise.

(1) Inured in trade or business; or

(2) Inurred in any transaction entered into for profit, though not connected with the trade or business; or

(3) Of property not connected with the trade or business, if the loss arises from theft, fire, storm, shipwreck, or other casualty, or from theft. No loss shall be allowed as a deduction under this paragraph if at the time of the filing of the return the loss has been claimed as a deduction for estate tax purposes in the estate tax return.

(i) Losses by Corporations.—Subject to the limitations provided in subsection (b) of this section, in the case of a corporation, losses sustained during the taxable year and not compensated for by insurance or otherwise shall be allowable as a deduction for the purposes of this section.

(ii) Basis for Determining Loss.—The basis for determining the amount of the deduction for losses sustained during the taxable year in the case of a corporation shall be the basis provided in section 118(b) for determining the gain or loss from the sale or exchange of property.

(c) Loss on Wash Sales of Stock or Securities.—For disallowance of loss deduction in the case of sales of stock or securities where within 30 days before or after the date of the sale the taxpayer received or paid any money, security, or other property, or (B) securities issued under the provisions of the Federal Farm Loan Act, obligations or securities enumerated in clause (A), (B), or (c) shall, in the case of a corporation, be considered as held for a period ending at midnight of the day on which they were sold, and the excess of the amount of such securities over the amount paid therefor shall be included in gross income.

(d) Gifts, Bequests, and Devises.—The value of property acquired by gift, bequest, devise, or inheritance (but the income from such property shall be taxable to the shareholder as provided in section 115).

(1) Life Insurance.—Amounts received under a life insurance contract paid by reason of the death of the insured, whether in a single sum or in installments, and if such amounts are held by the insured as an agreement to pay interest thereon, the interest payments shall be included in gross income.

(2) Annuities, etc.—Amounts received (other than amounts paid by reason of the death of the insured) under any annuity contract or under any other written agreement (whether or not paid during the taxable year) then the excess shall be included in gross income in the proportion that the premiums or consideration paid (whether or not paid during the taxable year) on such contract bears to the annual premium or consideration.

(3) Of property not connected with the trade or business, if the loss arises from theft, fire, storm, shipwreck, or other casualty, or from theft. No loss shall be allowed as a deduction under this paragraph if at the time of the filing of the return the loss has been claimed as a deduction for estate tax purposes in the estate tax return.

(e) Losses by Corporations.—Subject to the limitations provided in subsection (b) of this section, in the case of a corporation, losses sustained during the taxable year and not compensated for by insurance or otherwise shall be allowable as a deduction for the purposes of this section.

(ii) Basis for Determining Loss.—The basis for determining the amount of the deduction for losses sustained during the taxable year in the case of a corporation shall be the basis provided in section 118(b) for determining the gain or loss from the sale or exchange of property.

(f) Gross Income from Sources Within and Without United States.—

(i) Income from sources within the United States.

(1) Income from rental of real property.

(A) Income from the rental of real property held by a person for his own use or that of his family, if such rental is entered into for a period of less than one year or for an indefinite period without a fixed term.

(B) Income from the rental of real property held for the production or distribution of electricity, gas, water, or sewage services to the public.

(C) Income from the rental of real property held by one person for the use of another person.

(ii) Income from sources without the United States.

(1) Income from the operation of a trade or business, or from dealings in property, including a partnership or trust, conducted by a person for profit in a foreign country.

(2) Income from real property, including a lease or tenancy, held by one person for the use of another person in a foreign country.

(3) Income from foreign securities or obligations.

(4) Income from the use or enjoyment of any property or right, real or personal, owned by him, which has been sold, or from any loss sustained from the sale of property, or any claim against the government of any foreign country or possession of the United States; but this deduction shall be allowed only to the extent that it is allowable as a deduction of so much of such taxes as is properly allocable to maintenance or interest on the enterprise.

(iii) Income from certain foreign trade or commerce.

(1) Income from the personal property of a foreign corporation, unless it is a subsidiary of a domestic corporation or of a foreign corporation which is a subsidiary of a domestic corporation.

(2) Income from foreign securities or obligations except as provided in section 120.

(c) Improper Accumulation of Surplus.—For tax on corporations which accumulate surplus to evade taxes on stockholders, the tax shall be computed as provided in section 105.
as a deduction, and (2) is apportioned in equal parts over a period of 10 consecutive years beginning with the year in which the retail unit was disposed of, or over such shorter period as would result in receiving a large percentage of its gross income from sources within a possession of the United States or from a corporation which is subject to taxation under this title, or

created for the exclusive benefit of employees] shall be allowed as a deduction (in addition to the contributions to such trust during the taxable year to cover the pension liability accruing during the year, allowed as a deduction under section 26 (q), auihether in the year in which the contributions are paid or in any other year), 

computed without the benefit of this subsection) as the Commissioner may require, conditioned upon the payment (notwithstanding any statute of limitations) of the tax, computed without the benefit of this subsection, in respect of any amounts allowed as a deduction under this subsection and not actually expended in carrying out the provisions of such contract.

The credit allowed by this subsection shall not be allowed in respect of dividends received from a domestic corporation which is subject to taxation under this title, or

The deductions and credits provided for in this title shall be taken for the taxable year in which "paid or accrued" or "withheld" is received, unless, in order to clearly reflect the income the deductions or credits should be taken as of a different period.

The amount of tax withheld at the source under section 143 shall be allowed as a credit against the tax for the taxable year in which it was withheld and reported for foreign covenant bonds, see section 143 (a) (3).
an amount equal to the income which would be returnable were the obli-
gation satisfied in full. This subsection shall not apply to the transmission at death of funds in escrow or in trust as provided in subsection (c) of Section 57.
shall such time as may by regulation prescribe, a bond in such amount and with such sureties as he may require, conditioned upon the return of the net income, by the person receiving any payments on such obligations, of the
such funds to the person (other than the court) entitled thereto as income by the
Sec. 45. Allocation of Income and Deductions.
in any case of two or more trades or businesses (whether or not incor-
Sec. 46. Change of Accounting Period. —If a taxpayer changes his accounting period from fiscal year to calendar year, from calendar year to fiscal year, or from one fiscal year to another, the net income shall, with the approval of the Commissioner, be computed on the basis of such new accounting period, subject to the provisions of section 47.

Sec. 47. Returns for a Period of Less Than Twelve Months. (a) Returns for Short Period Resulting from Change of Accounting Period.—If a taxpayer, with the approval of the Commissioner, makes a return for a period of less than twelve months, the income and deductions shall be computed on the basis of the fiscal year next following the close of the period for which the return was made and the date designated as the close of the fiscal year.
(b) Income Computed on Basis of Short Period.—Where a separate return is made for a fiscal year not ending on the last day of December, such return shall be made for the period between the close of the last fiscal year for which return was made and the date designated as the close of the fiscal year. If the change is from fiscal year to calendar year, such return shall be made for the period between the close of the former fiscal year and the date designated as the close of the fiscal year.

(c) Income Placed on Annual Basis.—If a separate return is made under subsection (a) of this section in the case of a return made for a period of less than twelve months, the net income shall, with the approval of the Commissioner, be computed on the basis of the fiscal year next following the close of the period for which the return was made, to be made for a fractional part of a year, and in the case of a return made for the period between the close of the fiscal year for which return was made and the date designated as the close of the fiscal year, to be made for the period between the close of the fiscal year for which return was made and the date designated as the close of the fiscal year.

(d) Calculation of Tax.—In computing the tax on income for a fiscal year, the tax shall be computed on the basis of the fiscal year for which the return was made, and income and deductions shall be computed as if the entire year were included in the tax period for which the return was made, except that the income and deductions computed by the taxpayer and the tax shall be placed on an annual basis by multiplying the amount thereof by 12 and dividing by the number of months included in the period for which the return was made.

(f) Closing of Taxable Year in Case of Jeopardy.—For closing of taxable year in case of jeopardy, see section 146.

(g) Fractional Parts of Cent.—In the payment of any tax under this title a fraction of a cent shall be disregarded unless it shall aggregate to one-half cent or more, in which case it shall be treated as a cent.

(h) Receipts.—Every collector to whom any payment of any income tax has been made shall, as receiver of such money, keep a record of the amount paid and the date prescribed for the payment of the tax or an installment thereof. In such case the amount in respect of which such payment was made shall be considered as paid on or before the date prescribed for the payment of the tax or an installment thereof.

(i) Administration of Title.—The Commissioner, with the approval of the Secretary, shall by regulations prescribe the method of accounting upon the basis of which the net income is computed under this Part.

PART V—RETURNS AND PAYMENT OF TAX.

Sec. 51. Individual Returns. (a) Requirement. —The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed by this title. The return shall be submitted to the person, if any, to whom the return is required to be made; and, if no such person is named, to the guardian or other person charged with the care of the person or property of the deceased.

(b) Fiduciaries. —For returns to be made by fiduciaries, see section 142.

Sec. 52. Corporation Returns. (a) Requirement. —Every corporation subject to taxation under this title shall make a return stating specifically the items of its gross income and the deductions and credits allowed by this title. The return shall be

Sec. 53. Time and Place for Filing Returns. (a) Time for Filing. —(1) General Rule. —Returns made on the basis of the calendar year shall be made on or before the 15th day of the month following the close of the calendar year. Returns made on the basis of a fiscal year shall be made on or before the 15th day of the month following the close of the fiscal year. If the change is from fiscal year to calendar year, returns shall be made on or before the 15th day of the month following the close of the fiscal year. If the change is from calendar year to fiscal year, or from one fiscal year to another, the returns shall be made on or before the 15th day of the month following the close of the fiscal year. If the change is from fiscal year to calendar year, or from calendar year to fiscal year, or from one fiscal year to another, the returns shall be made on or before the 15th day of the month following the close of the fiscal year.

(b) Extension of Time.—The Commissioner may grant a reasonable extension of time in filling returns, under such rules as he may prescribe, if collected from the corporations of whose business or property they have custody and control.

(b) Records and Special Returns.—For provision as to additional returns of affiliated corporations, see section 141.

Sec. 54. Records of Returns. (a) By Taxpayer.—Every return shall be filed with the taxpayer at his principal place of business or office or agency in the United States, and the returns shall be open to inspection in the same manner, to the same extent, and subject to the same penalties, as returns made under Title II of the Revenue Act of 1926.

Sec. 55. Publicity of Returns. Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same penalties, as returns made under Title II of the Revenue Act of 1926.
Sec. 95. Administrative Proceedings. For administrative proceedings in respect of the nonpayment or overpayment of taxes assessed by this title, see as far as applicable, the sections 12, 13, 14, 15, 16, 17, and 18 of the Revenue Act of 1926. A record of all such proceedings made a part of the record of the proceedings hereunder shall be admissible in evidence at any trial to which such record may be introduced.

Sec. 96. Rules and Regulations. The Commissioner, with the approval of the Secretary, shall specify and publish the rules and regulations necessary to carry into effect the provisions of this title.

Sec. 97. Taxes in Lieu of Taxes Under 1928 Act. The taxes imposed by this title shall be in lieu of the corresponding taxes imposed by the sections of the Revenue Act of 1928 bearing the same numbers.

Sec. 98. Short Title. This title may be cited as the "Income Tax Act of 1932.">

 Sec. 99. Effective Date of Title. This title shall take effect as of Jan. 1, 1932, except that sections 145 and 150, and this section, shall take effect upon the enactment of this Act.

SUBTITLE C—SUPPLEMENTAL PROVISIONS.

Supplementary to Title B, Part I

Sec. 101. Capital Net Gains and Losses. (a) Tax in Case of Capital Net Gain.—In the case of any taxpayer, other than a corporation, who disposes of a capital asset (as hereinafter defined in this section), there shall be assessed and collected a tax on the excess of the amount realized in such disposition, if any, over the adjusted basis of such asset. Any such tax shall be determined under the rules prescribed by the Commissioner under section 101, and paid, collected, and paid, in lieu of all other taxes imposed by this title, a tax determined as provided in this section.

(b) Tax in Case of Capital Net Loss.—In the case of any taxpayer, other than a corporation, who disposes of a capital asset (as hereinafter defined in this section), if the amount realized is less than the adjusted basis of such asset, there shall be assessed and collected a tax thereon. Any such tax shall be determined under the rules prescribed by the Commissioner under section 101, and paid, collected, and paid, in lieu of all other taxes imposed by this title, a tax determined as provided in this section.

(c) Definitions.—For the purpose of this title—

(1) "Capital gain" means the excess of the total amount of capital gain over the sum of the (a) capital gains as defined in this section, and (b) the amount of capital gains realized by such taxpayer in any taxable year, less the necessary marketing expenses, on the basis of either the (1) ordinary basis or (2) capital gain basis.

(2) "Capital loss" means the excess of the total amount of capital losses as defined in this section, over the sum of the (a) capital losses as defined in this section, and (b) the amount of capital losses realized by such taxpayer in any taxable year.

(3) "Capital gain" means such deductions as are allowed by section 23 for the purpose of computing net income, and any other allowable deductions, as required for computing the basis of the ordinary income net gain or the capital gain net gain, as applicable.

(4) "Capital losses" means the excess of the total amount of capital losses as defined in this section, over the sum of the (a) capital losses as defined in this section, and (b) the amount of capital losses realized by such taxpayer in any taxable year.

(5) "Ordinary income" means the excess of the total amount of gross income over the sum of the (a) the gross income from sales of personal property, (b) the gross income from sales of personal property, (c) the gross income from the disposition of personal property, and (d) the gross income from the disposition of personal property, except for the purpose of computing net income, and any other allowable deductions, as required for computing the basis of the ordinary income net gain or the capital gain net gain, as applicable.

(6) "Ordinary losses" mean the excess of the total amount of ordinary losses as defined in this section, over the sum of the (a) ordinary losses as defined in this section, and (b) the amount of ordinary losses realized by such taxpayer in any taxable year.

(7) "Ordinary income net loss" means the excess of the total amount of ordinary income net loss as defined in this section, over the sum of the (a) ordinary income net loss as defined in this section, and (b) the amount of ordinary income net loss realized by such taxpayer in any taxable year.

Sec. 102. Sale of Mines and Oil or Gas Wells.

Sec. 103. Exemptions from Tax on Corporations.

THE REVENUE ACT OF 1932
Sec. 105. Taxable Period Embracing Years with Different Laws.

It is necessary to compute the tax for a period beginning in one calendar year (hereinafter in this section called "first calendar year") and ending in the next calendar year (hereinafter in this section called "second calendar year") and the law applicable to the second calendar year is different from the law applicable to the first calendar year, then:

(a) If the amount realized in the taxable period is not more than the amount realized in the taxable period of the first calendar year, the tax for the taxable period shall be computed on the basis of the law applicable to the first calendar year.

(b) If the amount realized in the taxable period is more than the amount realized in the taxable period of the first calendar year, the tax for the taxable period shall be computed on the basis of the law applicable to the second calendar year.

Sec. 111. Determination of Amount of Gain or Loss.

(a) Computation of Gain or Loss.—Except as hereinafter provided in this section, the amount realized by any person from a taxable transaction shall be the excess of the amount realized thereon over the adjusted basis thereof. The term "amount realized" means the money or other property realized in a taxable transaction and includes the fair market value of property realized in a taxable transaction in which property is used as a basis for determining the money or other property realized thereon. For purposes of this section, the term "amount realized" includes the fair market value of property received in a nontaxable transaction which is not included in the tax base of the recipient, including the fair market value of property received in a nontaxable transaction in a reorganization which is part of a transaction described in subsection (d).

(b) Adjustment of Basis.—The amount realized from the sale or exchange of property shall be treated as a basis adjustment and the amount realized thereon shall be treated as an adjustment of the adjusted basis of such property. The term "basis adjustment" means the excess of the money or other property realized in a taxable transaction over the adjusted basis thereof. The term "adjusted basis" means the basis of property determined under section 1011(a), increased by the amount of any gains or losses recognized on the disposition of such property.

(c) Computation of Gain or Loss.—Except as hereinafter provided in this section, the gain or loss realized from a taxable transaction shall be the excess of the money or other property realized in such transaction over the basis thereof. The term "basis" means the basis of property determined under section 1011(a), increased by the amount of any gains or losses recognized on the disposition of such property.

(d) Gain or Loss on Sale of Property.—If an exchange is treated as a sale or disposition of property under this section, the gain or loss realized from the sale or disposition of such property shall be treated as the gain or loss realized from the sale or disposition of the property exchanged in the exchange.

(e) Loss from Exchanges Not Solely in Kind.—If an exchange realizes a taxable gain, the gain realized from the property transferred in such exchange shall be treated as the gain realized from the sale of such property. If an exchange realizes a taxable loss, the loss realized from the property transferred in such exchange shall be treated as the loss realized from the sale of such property.

(f) Inclusions in Gross Income.—If an exchange realizes a taxable gain, the amount realized from the property transferred in such exchange shall be included in the gross income of the person making such exchange. If an exchange realizes a taxable loss, such loss shall be included in the basis of the property transferred in such exchange.

(g) Adjusted Basis.—If an exchange realizes a taxable gain, the basis of the property transferred in such exchange shall be adjusted by the amount of the gain realized from the property transferred in such exchange. If an exchange realizes a taxable loss, the basis of the property transferred in such exchange shall be reduced by the amount of the loss realized from the property transferred in such exchange.

Sec. 112. Recognition of Gain or Loss.

(a) General Rule.—Upon the sale or exchange of property the entire amount of the gain or loss, determined under section 111, shall be recognized except as hereinafter provided in this section.

(b) Property Held for Productive Use or Investment.—No gain or loss shall be recognized in a taxable transaction involving property held for productive use or investment if the property is transferred to a corporation in exchange for property, other than money, which is substantially identical with such property. The term "property held for productive use or investment" means property which is held for the production of income or for the use of such property in a trade or business or for investment purposes.

(c) Stock for Stock on Reorganization.—No gain or loss shall be recognized in a taxable transaction involving the exchange of stock for stock in a corporation directly or indirectly by a transfer to another corporation of stock in a corporation in exchange for stock in another corporation.

(d) Gain or Loss on Sale of Property.—If an exchange is treated as a sale or disposition of property under this section, the gain or loss realized from the sale or disposition of such property shall be treated as the gain or loss realized from the sale of such property.

(e) Loss from Exchanges Not Solely in Kind.—If an exchange realizes a taxable gain, the gain realized from the property transferred in such exchange shall be treated as the gain realized from the sale of such property. If an exchange realizes a taxable loss, the loss realized from the property transferred in such exchange shall be treated as the loss realized from the sale of such property.

(f) Inclusions in Gross Income.—If an exchange realizes a taxable gain, the amount realized from the property transferred in such exchange shall be included in the gross income of the person making such exchange. If an exchange realizes a taxable loss, such loss shall be included in the basis of the property transferred in such exchange.

(g) Adjusted Basis.—If an exchange realizes a taxable gain, the basis of the property transferred in such exchange shall be adjusted by the amount of the gain realized from the property transferred in such exchange. If an exchange realizes a taxable loss, the basis of the property transferred in such exchange shall be reduced by the amount of the loss realized from the property transferred in such exchange.

(h) Inclusion of Gain or Loss.—If an exchange realizes a taxable gain, the gain realized from the property transferred in such exchange shall be included in the income of the person making such exchange. If an exchange realizes a taxable loss, such loss shall be included in the basis of the property transferred in such exchange.

(i) Adjusted Basis.—If an exchange realizes a taxable gain, the basis of the property transferred in such exchange shall be adjusted by the amount of the gain realized from the property transferred in such exchange. If an exchange realizes a taxable loss, the basis of the property transferred in such exchange shall be reduced by the amount of the loss realized from the property transferred in such exchange.

Sec. 113. Adjusted Basis for Determining Gain or Loss.

(a) Basis (Undeducted) of Property.—The basis of property shall be the cost of such property; except that—

(1) Inventory Value.—If the property should have been included in the last inventory, the basis shall be the last inventory value thereof.

(2) Gifts After Dec. 31, 1920.—If the property was acquired by gift after Dec. 31, 1920, the basis shall be the same as it would be in the hands of the donee or the last preceding owner by whom it was not acquired by gift. If the facts necessary to determine such basis are unknown, the Commissioner shall, if feasible, obtain such facts from such donee or last preceding owner, or any other person in possession thereof. If the Commissioner finds it impossible to obtain such facts, the basis shall be the fair market value of such property as of the date of such acquisition. The provisions of paragraphs (1) and (2) of subsection (a) do not apply to the determination of the cost of property as hereinafter provided in section 1221.

(b) Sale or Transfer Before Jan. 1, 1921.—If the property was acquired by gift or transfer on or before Jan. 1, 1921, the basis shall be the fair market value of such property at the time of such acquisition. The provisions of paragraphs (1) and (2) of subsection (a) do not apply to the determination of the cost of property as hereinafter provided in section 1221.

(c) Property Transmitted at Death.—If personal property was acquired by specific bequest, or devise, or by intestacy, the basis shall be the fair market value of the property at the time of the death of the decedent, and the property shall be included in the gross estate of the decedent as to the degree of relationship between the decedent and the beneficiary, and in the case of life insurance, in the hands of the executor or administrator for purposes of estate tax, and the value of the property shall be the fair market value of the property at the time of the death of the decedent. If real property was acquired by bequest, devise, or by intestacy, the basis shall be the fair market value of the property at the time of the death of the decedent; and for purposes of estate tax, the value of the property shall be the fair market value of the property at the time of the death of the decedent.
transferred in trust to pay the income for life to or upon the order or direc-
tion of the grantor, with the right reserved to the grantor at all times prior to the death of the life or grantor, to resume possession of the property in the hands of the person entitled under the terms of the trust instrument to the prop-
erty conveyed by it. If the property shall, after such time, become or be sold or encumbered otherwise than by the terms of the trust instrument, without the use, order, or consent of the grantor, the same if so encumbered or conveyed shall be the same as in the case of the property exchanged, decreased in the amount of the gain or loss recognized on the exchange, or increased or decreased in the amount of loss to the taxpayer that was recognized upon the exchange, except as hereinafter provided. In the case in which the exchange was made, if the property so acquired consisted in part of the type of property acquired by the taxpayer under the terms of the trust instrument, without the use, order, or consent of the grantor, then the basis shall be the same as in the case of the property exchanged, decreased in the amount of the gain or loss recognized on the exchange, or increased or decreased in the amount of loss to the taxpayer that was recognized upon the exchange, except as hereinafter provided.

Generally.—If the property was acquired upon an exchange described in subsection (a), the basis shall be the same as in the case of the property exchanged, decreased in the amount of the gain or loss recognized on the exchange, or increased or decreased in the amount of loss to the taxpayer that was recognized upon the exchange, except as hereinafter provided.

(b) If the property was acquired after Dec. 31, 1920 by a corporation—

(1) By reference to the basis in the hands of the transferor, donor, or grantor, unless acquired by the issuance of its stock or securities as the consideration in whole or in part for the transfer of the property to it.

(c) If the property is transferred in trust to pay the income for life to or upon the order or direction of the grantor, with the right reserved to the grantor at all times prior to the death of the life or grantor, to resume possession of the property in the hands of the person entitled under the terms of the trust instrument to the property conveyed by it. If the property shall, after such time, become or be encumbered otherwise than by the terms of the trust instrument, without the use, order, or consent of the grantor, the same if so encumbered or conveyed shall be the same as in the case of the property exchanged, decreased in the amount of the gain or loss recognized on the exchange, or increased or decreased in the amount of loss to the taxpayer that was recognized upon the exchange, except as hereinafter provided. In the case in which the exchange was made, if the property so acquired consisted in part of the type of property acquired by the taxpayer under the terms of the trust instrument, without the use, order, or consent of the grantor, then the basis shall be the same as in the case of the property exchanged, decreased in the amount of the gain or loss recognized on the exchange, or increased or decreased in the amount of loss to the taxpayer that was recognized upon the exchange, except as hereinafter provided.

(b) If the property was acquired after Dec. 31, 1920 by a corporation—

(1) By reference to the basis in the hands of the transferor, donor, or grantor, unless acquired by the issuance of its stock or securities as the consideration in whole or in part for the transfer of the property to it.

Sec. 114. Basis for Depreciation and Depletion.

(a) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(b) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(c) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(d) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(e) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(f) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(g) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(h) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(i) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.

(j) Basis for Depreciation.—The basis upon which the property shall be held by the transferor, donor, or grantor, whenever it is held in the hands of the transferee, receiver, assignee, or trustee, shall be the basis prevailing on the date of such transfer, assignment, or receivership, decreased in the amount of any gain or increased in the amount of any loss recognized upon such transfer, assignment, or receivership, as the case may be.
Sec. 116. Exclusions From Gross Income.

In addition to the items specified in section 22 (b), the following items shall not be included in gross income and shall be exempt from taxation under this title:

(a) Earned Income from Sources Without United States.—In the case of a taxpayer other than a corporation, earned income from sources without the United States for the taxable year, is exempt from taxation under this title.

(b) Source of Distributions.—For the purposes of this Act every distribution made out of earnings or profits to the extent thereof, and from any earnings or profits accumulated therefrom, out of the most recently accumulated earnings or profits. Any earnings or profits for the stock, and amounts distributed in partial liquidation of a corporation shall be treated as in full payment in exchange for the stock. The gain or loss to the distributee resulting from such exchange shall be determined under section 112, as if the amount of such distribution consisted of the difference between the fair market value of the stock. Such amount shall be considered a distribution of earnings or profits within the meaning of subsection (b) of section 112, for the purpose of determining the taxability of the distribution by the distributee.

(c) Dividends.—If any distribution in partial liquidation is not in part or full payment in exchange for the stock, it shall be treated as a dividend. If any distribution made by a corporation to its shareholders is not in excess of the amount of earnings and profits, as determined under section 112, then such distribution shall be treated as in part or full payment in exchange for the stock. The gain or loss to the distributee resulting from such exchange shall be determined under section 112, as if the amount of such distribution consisted of the difference between the fair market value of the stock. Such amount shall be considered a distribution of earnings or profits within the meaning of subsection (b) of section 112, for the purpose of determining the taxability of the distribution by the distributee.

(d) Other Distributions from Capital.—If any distribution in partial liquidation is not in part or full payment in exchange for the stock, the gain or loss to the distributee resulting from such exchange shall be determined under section 112, as if the amount of such distribution consisted of the difference between the fair market value of the stock.

(e) Distribution by a Corporation.—If a corporation makes its stock (whether or not so stock issued was issued as a stock dividend) at any time and in any manner (other than a distribution in complete cancellation or redemption of all or a portion of its stock). In the case of a corporation which was classified as a personal service corporation, the amount received as compensation for personal services actually rendered, but does not include that part of the compensation derived by the taxpayer for personal services rendered by the taxpayer which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered. In the case of a corporation in which both personal services and capital are income producing factors, a reasonable allowance for compensation for the personal services actually rendered by the taxpayer, not in excess of 20 per cent of his share of the income of the corporation, shall be treated as earned income.

(f) Stock Dividends.—A stock dividend shall not be subject to tax.

(g) Dividends.—If a corporation distributes its stock (whether or not so stock issued was issued as a stock dividend) at any time and in any manner (other than a distribution in complete cancellation or redemption of all or a portion of its stock), to the extent that it represents a distribution of earnings or profits accumulated by the corporation, it shall be treated as a dividend.

Sec. 117. Net Losses.

(a) Definition of "Net Loss."—As used in this section the term "net loss" means the excess of the deductions allowed by this title over the gross income of the taxpayer for the taxable year, but does not include any deduction allowed as a deduction for depletion or depletion allowance.

(b) Non-business Deductions.—Deductions otherwise allowable by law but not attributable to the production of income or the production or realization of capital gains of the taxpayer shall be allowed only to the extent of the amount of the gross income derived from sources within the United States.

(c) Capital Losses.—In the case of a taxpayer other than a corporation, the deduction allowed for any taxable year, for any loss sustained, shall be limited to the extent of the capital gains.

(d) Capital Gain.—In the case of a corporation which is a personal service corporation, or which is not a personal service corporation but is primarily engaged in the performance of personal services, the deduction allowed for any taxable year for any gain sustained, shall be limited to the extent of the capital losses.

(e) Net Loss as a Deduction.—If, for any taxable year it appears upon the return of the taxpayer that the amount of the tax imposed by this title will exceed the amount of the tax imposed by this title for the taxable year ending in the preceding calendar year, the taxpayer may, in his return for such taxable year, request that the amount of such net loss and the amount of such capital gain, if any, be allowed as a deduction in computing the net income of the taxpayer for the taxable year in which such return is made or in the subsequent taxable year.

(f) Dividends from "China Trade Act" Corporation.—In the case of a taxpayer other than a corporation, the deductions allowed for any taxable year for any gain sustained, shall be limited to the extent of the capital losses.

Sec. 118. Loss from Wash Sales of Stocks or Securities.

(a) In the case of any wash sale claimed to have been carried out within a period of 30 days, the wash sale shall be allowed to be carried out by the taxpayer upon the terms set forth in subsection (c) of this section if, and only if, such wash sale is an arm's-length transaction and the taxpayer has been furnished with a certificate by the seller or by an exchange upon which the entire amount of gain or loss was recognized by law, or has entered into a contract or option to purchase such stock, or securities thereof, in a transaction entered into prior to the applicable date.

(b) Any wash sale claimed to have been carried out within a period of 30 days, the wash sale shall be allowed to be carried out by the taxpayer upon the terms set forth in subsection (c) of this section if, and only if, such wash sale is an arm's-length transaction and the taxpayer has been furnished with a certificate by the seller or by an exchange upon which the entire amount of gain or loss was recognized by law, or has entered into a contract or option to purchase such stock, or securities thereof, in a transaction entered into prior to the applicable date.
the sale of personal property produced in whole or in part by the taxpayer within and sold without the United States, or produced in whole or in part by the corporation, and with respect to a transaction made in the ordinary course of the business.

Sec. 119. Income from Sources Within United States.

(a) Gross Income from Sources in the United States.—The following items of gross income shall be treated as income from sources within the United States:

(1) Interest.—Interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, not including income derived by a foreign central bank of issue from bankers' acceptances;

(2) Dividends.—The amount received as dividends—

(A) from a domestic corporation other than a corporation entitled to the benefits of section 24, but not less than 20 per centum of the gross income of such domestic corporation, as determined under the provisions of this section, or

(B) from a foreign corporation unless less than 50 per centum of the gross income of such foreign corporation for the taxable year of such corporation or of the partnership of which such corporation is a member, was derived from sources within the United States as determined under the provisions of this section.

(3) Personal Services.—Compensation for labor or personal services performed in the United States;

(4) Rentals and Royalties.—Rentals or royalties from property located in the United States or from any interest in such property, including income derived by a foreign central bank of issue from bankers' acceptances;

(5) Gains, profits, and income from the sale of real property located in the United States;

(b) Net Income from Sources in the United States.—From the items of gross income specified in subsection (a) of this section there shall be deducted—

(1) the expenses, losses, and other deductions properly apportioned or allocated to such source by or among the United States, by a domestic or a foreign corporation, partnership, or trust, or

(2) the amount allocable to such source of the deduction of such item of gross income with respect to other sources, as determined under section 262.

(c) Gross Income from Sources Without United States.—The following items of gross income shall be treated as income from sources without the United States:

(1) Interest other than that derived from sources within the United States as provided in subsection (a) of this section;

(2) Dividends other than those derived from sources within the United States as provided in subsection (a) of this section;

(3) Compensation for labor or personal services performed without the United States;

(4) Rentals or royalties from property located without the United States or from any interest in such property, including, in the case of a foreign central bank of issue, any income derived from bankers' acceptances;

(5) Gains, profits, and income from the sale of real property located without the United States;

(d) Net Income from Sources Without United States.—From the items of gross income specified in subsection (c) of this section there shall be deducted—

(1) the expenses, losses, and other deductions properly apportioned or allocated to such source by or among the United States, by a foreign corporation, partnership, or trust, or

(2) the amount allocable to such source of the deduction of such item of gross income with respect to other sources, as determined under section 262.

(e) Gross Income from Sources Within United States.—The following items of gross income shall be treated as income from sources within the United States:

(1) Interest.—Interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, not including income derived by a foreign central bank of issue from bankers' acceptances;

(2) Dividends.—The amount received as dividends—

(A) from a domestic corporation other than a corporation entitled to the benefits of section 24, but not less than 20 per centum of the gross income of such domestic corporation, as determined under the provisions of this section, or

(B) from a foreign corporation unless less than 50 per centum of the gross income of such foreign corporation for the taxable year of such corporation or of the partnership of which such corporation is a member, was derived from sources within the United States as determined under the provisions of this section.

(3) Personal Services.—Compensation for labor or personal services performed in the United States;

(4) Rentals and Royalties.—Rentals or royalties from property located in the United States or from any interest in such property, including income derived by a foreign central bank of issue from bankers' acceptances;

(5) Gains, profits, and income from the sale of real property located in the United States;

(b) Net Income from Sources in the United States.—From the items of gross income specified in subsection (a) of this section there shall be deducted—

(1) the expenses, losses, and other deductions properly apportioned or allocated to such source by or among the United States, by a domestic or a foreign corporation, partnership, or trust, or

(2) the amount allocable to such source of the deduction of such item of gross income with respect to other sources, as determined under section 262.

(c) Gross Income from Sources Without United States.—The following items of gross income shall be treated as income from sources without the United States:

(1) Interest other than that derived from sources within the United States as provided in subsection (a) of this section;

(2) Dividends other than those derived from sources within the United States as provided in subsection (a) of this section;

(3) Compensation for labor or personal services performed without the United States;

(4) Rentals or royalties from property located without the United States or from any interest in such property, including, in the case of a foreign central bank of issue, any income derived from bankers' acceptances;

(5) Gains, profits, and income from the sale of real property located without the United States;

(d) Net Income from Sources Without United States.—From the items of gross income specified in subsection (c) of this section there shall be deducted—

(1) the expenses, losses, and other deductions properly apportioned or allocated to such source by or among the United States, by a foreign corporation, partnership, or trust, or

(2) the amount allocable to such source of the deduction of such item of gross income with respect to other sources, as determined under section 262.
in excess of the income, war-profits, and excess-profits taxes imposed upon or over, if married and living with husband or wife:

(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife;

(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of the net income.

(4) Every estate or trust the net income of which for the taxable year is $1,000 or over;

(5) Every estate or trust the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income;

(6) Every nonresident alien;

(7) Joint Fiduciaries.—Under such regulations as the Commissioner with the approval of the Secretary shall prescribe, in the case of any two or more joint fiduciaries and filed in the office of the collector of the district where such fiduciaries shall be located, a consolidated return shall be sufficient compliance with the above requirement. Such fiduciary shall make oath that he has sufficient knowledge of the affairs of the estate or trust for which he is the fiduciary and the return is made, to enable him to make the return, and that the return is, to the best of his knowledge and belief, true and accurate.

(8) Law Applicable to Fiduciaries.—Any fiduciary required to make a return under this title shall be subject to all the provisions of law which apply to individuals.

Section 143. Withholding of Tax at Source.

(a) Tax-Covered Bond.—In any case where bonds, mortgage, or deeds of trust, or other similar obligations of a corporation contain a tax which the obligor may be required or permitted to pay, or to deduct and withhold a tax equal to 2 per centum of the proceeds of such bonds, mortgages, deeds of trust, or other obligations, whether such interest or interest thereon is paid pursuant to the tax-free covenant clause, nor shall such tax be included in the gross income of the obligee.

(b) Nonresident Aliens.—All persons, in whatever capacity acting, including lessees or owners of real or personal property, fiduciaries or employers, and all officers and employees of the United States, having the control, receipt, custody, disposal, or payment of interest, except interest on deposits with persons carrying on the banking business paid to persons not engaged in business in the United States and having an office of business within the United States and not having any office of business in the United States and not having an office of business within the United States, including any office of business in a foreign country, and (C) 2 per centum in the case of other corporations deriving income from possessions of the United States, (B) 4 per centum in the case of other corporations deriving income from possessions of the United States, and (C) 2 per centum of the tax imposed by this title, or any other tax paid pursuant to the tax-free covenant clause, nor shall such tax be included in the gross income of the obligee.

(c) Income of Obligee and Obligor.—The obligor shall not be allowed a deduction for the payment of the tax imposed under this section.

(d) Income of Recipient.—Income upon which any tax is required to be deducted and withheld under this section shall not be included in the gross income of the recipient of such income of either of the parties to such a foreign corporation, and (C) 2 per centum in the case of other corporations deriving income from possessions of the United States, and (C) 2 per centum in the case of other corporations deriving income from possessions of the United States, and (C) 2 per centum of the tax imposed by this title, or any other tax paid pursuant to the tax-free covenant clause, nor shall such tax be included in the gross income of the obligee.

(e) Refunds and Credits.—Where there has been an overpayment of tax under this section any refund or credit made under the provisions of section 322 shall be made to the person entitled to such refund or credit as provided in regulations prescribed by the Commissioner under section 322.

(f) Withholding from Interest.—Where there has been an overpayment of tax under this section any refund or credit made under the provisions of section 322 shall be made to the person entitled to such refund or credit as provided in regulations prescribed by the Commissioner under section 322.

Section 144. Payment of Corporation Income Tax at Source.

(a) For purposes of this section all corporations subject to tax under this title shall be at the rates of 12 per centum and 5 per centum in lieu of the rates each of which shall be re-collected from the withholding agent; nor in cases in which the tax shall be made to the withholding agent unless the amount of such tax shall make return thereof on or before March 15 of such year and shall on or before June 15, in lieu of the time prescribed in section 56, pay the tax to the official of the United States Government authorized to receive it. Every such person is hereby made liable for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this section.

(b) Income of Recipient.—Income upon which any tax which is withheld at the source under this section shall be added to the recipient of such income of either of the parties to such a foreign corporation or at short or longer periods, if payable to an individual, a partnership, or a foreign corporation not engaged in trade or business within the United States or having an office of business therein, provided, That if the liability assumed by the obligor does not exceed 2 per centum of the tax due or if, in the case of a nonresident alien individual, or if, in the case of a nonresident alien individual, or if, in the case of an association or the gross income of the obligee.

(c) Refunds and Credits.—Where there has been an overpayment of tax under this section any refund or credit made under the provisions of section 322 shall be made to the person entitled to such refund or credit as provided in regulations prescribed by the Commissioner under section 322.

Section 145. Fiduciary Returns.

(a) Requirements.—Every fiduciary, or any person acting as attorney in fact or executor or administrator of an individual who is a nonresident alien, shall make return for any of the following individual returns for any calendar year to which he is subject, stating separately the items of gross income thereof and the deductions and credits allowed under this title:

(1) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and living with husband or wife;

(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife;

(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of the net income;

(4) Every estate or trust the net income of which for the taxable year is $1,000 or over;

(5) Every estate or trust the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income.

(b) Definitions.—For the purposes of this section the following corporations shall be treated as foreign corporations:

(1) A corporation organized under the China Trade Act, 1922, and entitled to the credit provided for in section 261.

(2) A corporation organized under the China Trade Act, 1922, and entitled to the credit provided for in section 261.


Any amount paid in the year 1929 or after the enactment of this Act on account of the tax imposed for a fiscal year beginning in 1929 and ending in 1932 by section 322 shall be construed to mean such accounting period.
Sec. 140. Returns of Business.

When every person doing business as a broker shall, when required by the Commissioner, render a correct return duly verified under oath, of its payments of dividends, stating the name and address of each person to whom any dividend was paid, the number of shares owned by him, and the amount of dividends paid to him.

Sec. 141. Dividends.—There shall be included in the return or appended thereto a statement showing the proportionate share of each person to whom any dividend was paid, the number of shares owned by him, and the amount of dividends paid to him.

Sec. 142. Collection of Foreign Items.

Sec. 160. Imposition of Tax.

Sec. 161. Imposition of Tax.

Sec. 162. Net Income.

Sec. 163. Credits Against Net Income.

Sec. 164. Different Taxable Years.

Sec. 165. Credits Against Net Income.

Sec. 166. Exemptions.

Sec. 167. Sale, Exchange, or Transfer of Corporations.

Sec. 168. Certification of Tax Return.

Sec. 169. Publication of Tax Return.

Sec. 170. Notice to Taxpayer.

Sec. 171. Waiver of Time for Filing Return.

Sec. 172. Extension of Time for Filing Return.

Sec. 173. Failure to File Return.

Sec. 174. Notice of Tax.—The amount of any tax to which a person is subject under this title shall be determined by the Commissioner, who shall issue a notice of tax to the person.

Sec. 175. Assessment.—The person assessed shall have the right to appeal to the Commissioner, who shall consider the appeal and render a decision.

Sec. 176. Payable to the Collector.

Sec. 177. Collection of Taxes.—The taxes imposed by this title shall be collected by the collector of internal revenue.

Sec. 178. Penalties.—Any person who fails to pay any tax imposed by this title, or who shall make any false return, or who shall grossly underestimate the amount of such tax, or who shall willfully fail to pay the amount of such tax when demanded, or who shall fail to pay any tax imposed by this title, shall, in addition to all other penalties provided by law, be subject to a penalty not exceeding $10,000.

Sec. 179. Execution of Tax.—When any person subject to the assessment of any tax imposed by this title shall fail to pay the amount of such tax when demanded, or if he shall make and file a false return, or if he shall fail to pay the amount of the tax when demanded, the collector shall, in addition to all other penalties provided by law, be subject to a penalty not exceeding $10,000.

Sec. 180. Returns of Business.

Every business shall be subject to an assessment for the purpose of the normal tax, and any person subject to such assessment shall be required to file a return of the income of such business for the taxable year ending on the last day of December.

Sec. 181. Returns of Business.

When any person subject to the assessment of any tax imposed by this title shall fail to pay the amount of such tax when demanded, or if he shall make and file a false return, or if he shall fail to pay the amount of the tax when demanded, the collector shall, in addition to all other penalties provided by law, be subject to a penalty not exceeding $10,000.

Sec. 182. Returns of Business.

Every business shall be subject to an assessment for the purpose of the normal tax, and any person subject to such assessment shall be required to file a return of the income of such business for the taxable year ending on the last day of December.

Sec. 183. Returns of Business.

When any person subject to the assessment of any tax imposed by this title shall fail to pay the amount of such tax when demanded, or if he shall make and file a false return, or if he shall fail to pay the amount of the tax when demanded, the collector shall, in addition to all other penalties provided by law, be subject to a penalty not exceeding $10,000.

Sec. 184. Returns of Business.

Every business shall be subject to an assessment for the purpose of the normal tax, and any person subject to such assessment shall be required to file a return of the income of such business for the taxable year ending on the last day of December.

Sec. 185. Returns of Business.

When any person subject to the assessment of any tax imposed by this title shall fail to pay the amount of such tax when demanded, or if he shall make and file a false return, or if he shall fail to pay the amount of the tax when demanded, the collector shall, in addition to all other penalties provided by law, be subject to a penalty not exceeding $10,000.

Sec. 186. Returns of Business.

Every business shall be subject to an assessment for the purpose of the normal tax, and any person subject to such assessment shall be required to file a return of the income of such business for the taxable year ending on the last day of December.

Sec. 187. Returns of Business.

When any person subject to the assessment of any tax imposed by this title shall fail to pay the amount of such tax when demanded, or if he shall make and file a false return, or if he shall fail to pay the amount of the tax when demanded, the collector shall, in addition to all other penalties provided by law, be subject to a penalty not exceeding $10,000.
of trust for any taxable year of the estate or trust ending within his taxable year.

Sec. 155. Employees’ Trusts. A trust created by an employer as a part of a stock bonus, pension, or profit-sharing plan is an employees’ trust if it is established for the exclusive benefit of all or any of his employees to which contributions are made by such employer, or employees, or both, for the purpose of providing adequate and effective retirement benefits, and provided the fund accumulated by the trust in accordance with such plan shall not be invested in bonds or other securities which are regularly distributed, or interest or dividends distributed or made available to any distributee shall be taxable to him in the year in which the amount is made available to the distributee or he so elects to have the amount paid in his stead. Such distributions shall be for the purpose of the normal termination of the employer’s interest in the trust and shall not be taxable under section 101, but the amount actually distributed or made available as such shall be included as the items of dividends and interest specified in section 25 (a) and (b).

Sec. 156. Revocable Trusts. Where all the income of a trust created or power to revoc or grantor title to any part of the corpus of the trust is vested (1) in the grantor, or in a person closely connected with the grantor; (2) in any person having a substantial adverse interest in the disposition of such part of the corpus or any income thereof or (3) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income thereof; or (4) in any person not having a substantial adverse interest in the disposition of such part of the corpus or income thereof, the income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

Sec. 157. Income for Benefit of Grantor. (a) Where any part of the income of a trust, (1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, applied to the payment of life insurance on the life of the grantor (except policies of insurance irrecoverably payable for the purpose of paying estate taxes as provided in section 23 (a), relating to the so-called “charitable contribution” deduction) to which such part of the income of the grantor is taxable under section 131; (b) Where any part of the income of a trust is applied to a purpose described in section 131 (o) As used in this section, the term “in the discretion of the grantor” means that the grantor alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the corpus or income referred to, shall be entitled to make an election as to which part of such income shall or may be included in the gross income of the trust created or held by the grantor, the earnings and profits of which are included in the gross income of the grantor, or of any other person, and which shall be taxable to the grantor or to any other person, or which shall be taxable to the grantor, or to any other person, in the case of a trust for the benefit of which contribution is made by such employer, or employees, or both, for the purpose of providing adequate and effective retirement benefits, and provided the fund accumulated by the trust in accordance with such plan shall not be invested in bonds or other securities which are regularly distributed, or interest or dividends distributed or made available to any distributee shall be taxable to him in the year in which the amount is made available to the distributee or he so elects to have the amount paid in his stead. Such distributions shall be for the purpose of the normal termination of the employer’s interest in the trust and shall not be taxable under section 101, but the amount actually distributed or made available as such shall be included as the items of dividends and interest specified in section 25 (a) and (b).

Sec. 158. Capital Net Gains and Losses. In the case of an estate or trust, or of a beneficiary of an estate or trust, the proper part of such share of the net income which consists, respectively, of capital gains and losses, or capital gain or loss, shall be determined under rules and regulations to be prescribed by the Commissioner with the approval of the Secretary in the case of a trust or estate or trust, and shall include in the return the names and addresses of the members of the partnership, and shall include in the return the names and addresses of the partnership and shall be taxed to the member as provided in this supplement.

Sec. 159. Net Losses. The benefit of the special deduction for net losses allowed by section 117 shall be allowed to an estate or trust under regulations prescribed by the Commissioner with the approval of the Secretary.

Sec. 160. Taxes of Foreign Countries and Possessions of United States. The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax of the member of a partnership to the extent provided in section 131.

Sec. 161. Partnership Not Taxable. Every partnership shall make a return for each taxable year, stating specifically the income of the partnership, and the deductions allowed by this title, and shall show for each member of the partnership the adjustments of income and losses which would be made if the partnership were a separate taxable entity. Every partnership shall be a separate taxable entity, and other than a domestic life insurance company, or a foreign corporation when it is shown to the satisfaction of the Commissioner that more than 50 per centum of the total reserve funds required by law and held at the beginning and end of the taxable year, as the Commissioner shall prescribe, in the case of any such reserve fund which is maintained under the law of a foreign country or possessions of the United States as determined under section 119; (f) The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax of the member of a partnership to the extent provided in section 131.

Sec. 162. Computation of Partnership Income. The net income of the partnership shall be computed in the same manner and on the same basis as in the case of an individual, except that the section by which the tax is computed, or the tax paid in the case of a foreign corporation under this title, other than a domestic life insurance company, or a foreign corporation when it is shown to the satisfaction of the Commissioner that more than 50 per centum of the total reserve funds required by law and held at the beginning and end of the taxable year, as the Commissioner shall prescribe, in the case of any such reserve fund which is maintained under the law of a foreign country or possessions of the United States as determined under section 119; (f) The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax of the member of a partnership to the extent provided in section 131.

Sec. 163. Credit Against Net Income. The partner shall, for the purpose of the normal tax, be allowed as a credit against his net income, in addition to the credits allowed to him under section 25, his share of such net income, determined by reference to the interest specified in section 25 (a) and (b) as are received by the partnership.

Sec. 164. EarnedIncome. In the case of the individual members of a partnership the proper part of each share of the net income which consists of earned income shall be determined by the rules and regulations to be prescribed by the Commissioner with the approval of the Secretary, and shall be separately shown in the return of the partnership and shall be taxed to the member as provided in this supplement.

Sec. 165. Capital Net Gains and Losses. In the case of the members of a partnership the proper part of each share of such net income which consists of realized ordinary income, capital gain or loss, shall be determined under rules and regulations to be prescribed by the Commissioner with the approval of the Secretary, and shall be separately shown in the return of the partnership and shall be taxed to the member as provided in this supplement.

Sec. 166. Net Losses. The benefit of the special deduction for net losses allowed by section 117 shall be allowed to the members of a partnership under regulations prescribed by the Commissioner with the approval of the Secretary.

Sec. 167. Taxes of Foreign Countries and Possessions of United States. The amounts of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax of the member of a partnership to the extent provided in section 131.

Sec. 168. Partnership Returns. Every partnership shall make a return for each taxable year, stating specifically the income of the partnership, and the deductions allowed by this title, and shall show for each member of the partnership the adjustments of income and losses which would be made if the partnership were a separate taxable entity. The return shall be sworn to in the manner provided in section 110 (a) and (b), relating to capital gains and losses.

Sec. 169. Net Losses. The benefit of the special deduction for net losses allowed by section 117 shall be allowed to the members of a partnership under regulations prescribed by the Commissioner with the approval of the Secretary.
the company, not including taxes assessed against local benefits of a kind tending to increase the value of the property assessed, and not including any assessments or other charges for new buildings or for permanent improvements or betterments made to increase the value of any property. The deduction allowed by this paragraph shall be allowed to any company, or with respect to any loss sustained during the taxable year, not only on account of premiums previously paid, but also for assessments or other charges for additions to or improvements of the company's buildings, or for permanent improvements or betterments made to increase the value of any property, and to the extent provided in Supplement I.

(b) Rental Value of Real Estate.—The deduction under subsection (a) (5) of this section on account of any real estate owned and occupied by the taxpayer (or by a member of a joint family of which the taxpayer is a member), during the taxable year for which the deduction is claimed shall not exceed the rental value of the property assessed, including a reasonable allowance for obsolescence; and the deduction shall be allowed in the case of a foreign life insurance company in the case of a life insurance company the amount of its net income for any taxable year from real estate which shall be the same proportion of its net income for the taxable year from sources within and without the United States as the gross receipts from real estate on account of any real estate owned and occupied during the taxable year by it in the United States is of its net receipt from sources within and without the United States.

Sec. 204. Insurance Companies Other Than Life or Mutual.

(a) Imposition of Tax.—In lieu of the tax imposed by section 13 of this title, on the net income, shall be imposed, and paid for each taxable year upon the net income of every insurance company (other than the life or mutual insurance company) a tax as follows:

(1) In the case of each domestic insurance company, 13 per centum of its net income;

(2) In the case of each foreign insurance company, 13 per centum of the net income of each branch or subsidiary of each such company, determined under regulations prescribed by the Secretary;

(b) Definition of Income, &c.—In the case of an insurance company,

(1) Gross Income.—"Gross income" means the sum of (A) the combined total of gross premiums collected and received, from investment income and from underwriting income as provided in this subsection, computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners, and (B) gains during the taxable year from the sale of or retirement of property, and (C) dividends and other amounts constituting gross income under section 22;

(2) Deduction, for losses not connected with the trade or business if subtracted from the gross income for the year; 

(3) Deductions Allowed.—In computing the net income of an insurance company subject to the tax imposed by this section there shall be allowed as deductions:

(1) All ordinary and necessary expenses incurred, as provided in section 23 (a);

(2) All interest as provided in section 23 (b);

(3) Losses incurred as defined in subsection (b) of this section;

(4) Losses sustained during the taxable year from the sale or other disposition of property, as provided in section 23 (a);

(5) The amount of interest earned during the taxable year which under section 23 (b) of this title shall be allowed as a credit against the tax imposed by this title, and the amount of interest allowed as a credit under section 23 (b); and

(6) The amount of any tax or other deduction, or property, and shall be computed in accordance with the provisions of section 23 (a).

(c) Deductions Allowed.—In computing the net income of an insurance company subject to the tax imposed by this section there shall be allowed as deductions:

(1) All ordinary and necessary expenses incurred, as provided in section 23 (a); 

(2) All interest as provided in section 23 (b); 

(3) Losses incurred as defined in subsection (b) of this section; 

(4) Losses sustained during the taxable year from the sale or other disposition of property, as provided in section 23 (a); 

(5) The amount of interest earned during the taxable year which under section 23 (b) of this title shall be allowed as a credit against the tax imposed by this title, and the amount of interest allowed as a credit under section 23 (b); 

(6) The amount of any tax or other deduction, or property, and shall be computed in accordance with the provisions of section 23 (a).

(d) Deductions of Foreign Corporations.—In the case of a foreign corporation other than a life insurance company, the amount of its net income for any taxable year from sources within the United States shall be the same proportion of its net income for the taxable year from sources within and without the United States as the gross receipts from real estate on account of any real estate owned and occupied during the taxable year by it in the United States is of its net receipt from sources within and without the United States;

(e) Insurance Companies, in addition to the deductions allowed in paragraph (1) of this subsection, shall be allowed in the case of such insurance company the amount of premiums collected and received by them from insurance policies of either of such classes which bears the same ratio to such deduction (computed without regard to this section on account of any real estate owned and occupied during the taxable year by it in the United States) as the amount of insurance premiums paid by all insurance companies of both classes which bears the same ratio to such deduction (computed without regard to this section on account of any real estate owned and occupied during the taxable year by insurance companies whether of such classes) as the amount of premiums collected and received by such insurance company bears to the amount of premiums collected and received by all such insurance companies of both classes which bears the same ratio to such deduction (computed without regard to this section on account of any real estate owned and occupied during the taxable year by insurance companies whether of such classes);

(f) Premiums Earned.—"Premiums earned on insurance contracts during the taxable year" shall mean the sum of premiums earned on insurance contracts during the taxable year, including the gross premiums collected and the net premiums received and paid into reserve during the taxable year, and the amount of any tax or other deduction, or property, shall be computed in accordance with the provisions of section 23 (a).

(g) Gross Income.—The deduction under subsection (a) shall be allowed for losses not connected with the trade or business if subtracted from the gross income for the year; 

(h) Deductions Allowed.—In computing the net income of an insurance company subject to the tax imposed by this section, there shall be allowed as deductions:

(1) All ordinary and necessary expenses incurred, as provided in section 23 (a); 

(2) All interest as provided in section 23 (b); 

(3) Losses incurred as defined in subsection (b) of this section; 

(4) Losses sustained during the taxable year from the sale or other disposition of property, as provided in section 23 (a); 

(5) The amount of interest earned during the taxable year which under section 23 (b) of this title shall be allowed as a credit against the tax imposed by this title, and the amount of interest allowed as a credit under section 23 (b); 

(6) The amount of any tax or other deduction, or property, and shall be computed in accordance with the provisions of section 23 (a).
(a) Amounts Received in United States.—Notwithstanding the provisions of subsection (a), there shall be included in gross income of any citizen  or corporation, or any resident of the United States, whether derived from sources within or without the United States, ... the same manner as that of the United States does not include the Virgin Islands of the United States.

(b) Credits Against Net Income.—A citizen of the United States entitled to the benefits of this section shall be allowed a personal exemption of only $1,000 and shall not be allowed the credit for dependents provided in section 256. 

(c) Allowance of Deductions and Credits.—Citizens of the United States and Domestic corporations entitled to the benefits of this section shall receive the benefit of the deductions and credits allowed to them in this title only by filing or causing to be filed with the collector a true and accurate return of their income received from sources in the United States prescribed in this title; including therein all the information which the Commissioner may deem necessary for the calculation of such deductions and credits.

(d) Credits Against Tax.—Persons entitled to the benefits of this section shall not be allowed the credits against the tax for taxes of foreign countries and possessions of the United States allowed by section 131.

(e) Affiliation.—A corporation entitled to the benefits of this section shall not be deemed to be affiliated with any other corporation within the meaning of section 145.

SUPPLEMENT K—CHINA TRADE ACT CORPORATIONS.

Sec. 281. Credit Against Net Income.

(a) Allowance of Credit.—In addition to any other tax imposed by the corporation in section 13 there shall be allowed, in the case of a corporation organized under the China Trade Act, 1922, in addition to the credit provided in section 20, a credit against the net income of an amount equal to the portion of the net income derived from sources within China (determined in like manner as in section 110) which the par value of the shares of stock of the corporation owned on the last day of the taxable year by (1) persons resident within the United States, (2) individual citizens of the United States, and (3) individual citizens of the United States wherever resident, are proportionate to the par value of the shares of stock of the corporation outstanding on that date: Provided, That in no case shall the amount by which the tax imposed by the corporation under section (b) of this section 131 is diminished by reason of such credit exceed the amount of the special dividend certified under subsection (b) of this section 131.

(b) Special Dividend.—Such credit shall not be allowed unless the Secretary of Commerce shall certify to the Commissioner:

(1) The amount which, during the year ending on the date fixed by law for filing the return, the corporation has distributed as a special dividend to or for the benefit of such persons as on the last day of the taxable year were resident in China, the United States, or possessions of the United States, or were individually entitled to the benefit of this section, and that the amount thereby distributed is not included in gross income of the corporation; and

(2) That such special dividend was in addition to all other amounts, payable or to be payable to such persons or for their benefit, by reason of their interest in the corporation; and

(3) That such distribution has been made to or for the benefit of such persons in proportion to the par value of the shares of stock of the corporation owned by such persons: Provided, That if corporation is not a domestic corporation or if corporation is a domestic corporation, such certificate shall contain a statement that the articles of incorporation provide a method for the apportionment of such special dividend among such persons, and that the amount certified has been distributed in accordance with such method.

Sec. 282. Credit Against Tax.

A corporation organized under the China Trade Act, 1922, shall not be allowed the credits against the tax for taxes of foreign countries and possessions of the United States allowed by section 131.

Sec. 283. Affiliation.

A corporation organized under the China Trade Act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of section 145.

SUPPLEMENT L—ASSESSMENT AND COLLECTION OF DEFICIENCIES.

Sec. 271. Definition of Deficiency.

As used in this title in respect of a tax imposed by this title "deficiency" means: (a) The amount by which the tax imposed by this title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown as the return may be increased by the addition of interest and surcharge, if any, as provided in section 285; (b) the amount which the taxpayer is liable to pay in respect of such tax; or (c) if no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment)
as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax.

Sec. 272. Procedure in General.

(a) Petition to Board of Tax Appeals.—If in the case of any taxpayer, the Commissioner determines that there is a deficiency in respect of the tax, he shall either proceed to send notice of such deficiency to the taxpayer by registered mail. Within 60 days after such notice is received by the taxpayer (or within 20 days after such notice is mailed, if notice is sent by registered mail), the taxpayer may file a petition with the Board of Tax Appeals for a redeter-
rmination of the deficiency which has been assessed or determined, conditioned upon the payment of not exceeding double the amount of the deficiency, and with such sureties from the collector. If the petition is accompanied by a statement showing that the amount of the deficiency is not greater than the amount which the taxpayer is willing to pay (with the consent of the collector) and the amount which the taxpayer is willing to pay shall be reduced. If the Board determines that the amount assessed is greater than the amount which should have been assessed, then any deficiency thus determined shall be assessed and collected. Any assessment of a deficiency in respect of a tax imposed by this title upon any taxpayer in any bankruptcy proceeding or the appointment of a receiver (other than in the case of a bankruptcy proceeding or receivership proceeding which is unpaid) shall be paid by the taxpayer to the court before which the bankruptcy or receivership proceeding is being conducted, and may be collected by distraint or proceeding in court within the period provided in such subsection. Such proceeding within the period provided in such subsection. Such proceeding may be made in respect of a deficiency greater or less than that notice of deficiency as provided in subsection (e) of this section, and any remaining portion of the assessment shall be abated or refunded. If the Board determines that the amount assessed is greater than the amount which should have been assessed, then any deficiency shall be assessed and collected. Any assessment of a deficiency in respect of a tax imposed by this title upon any taxpayer in any bankruptcy proceeding or the appointment of a receiver (other than in the case of a bankruptcy proceeding or receivership proceeding which is unpaid) shall be paid by the taxpayer to the court before which the bankruptcy or receivership proceeding is being conducted, and may be collected by distraint or proceeding in court within the period provided in such subsection. Such proceeding may be made in respect of a deficiency greater or less than that notice of deficiency as provided in subsection (e) of this section, and any remaining portion of the assessment shall be abated or refunded. If the Board determines that the amount assessed is greater than the amount which should have been assessed, then any deficiency shall be assessed and collected.

(b) Petition to Board of Tax Appeals.—If in the case of any taxpayer, the Commissioner determines that there is a deficiency in respect of the tax, he shall either proceed to send notice of such deficiency to the taxpayer by registered mail. Within 60 days after such notice is received by the taxpayer (or within 20 days after such notice is mailed, if notice is sent by registered mail), the taxpayer may file a petition with the Board of Tax Appeals for a redeter-
rmination of the deficiency which has been assessed or determined, conditioned upon the payment of not exceeding double the amount of the deficiency, and with such sureties from the collector. If the petition is accompanied by a statement showing that the amount of the deficiency is not greater than the amount which the taxpayer is willing to pay (with the consent of the collector) and the amount which the taxpayer is willing to pay shall be reduced. If the Board determines that the amount assessed is greater than the amount which should have been assessed, then any deficiency thus determined shall be assessed and collected. Any assessment of a deficiency in respect of a tax imposed by this title upon any taxpayer in any bankruptcy proceeding or the appointment of a receiver (other than in the case of a bankruptcy proceeding or receivership proceeding which is unpaid) shall be paid by the taxpayer to the court before which the bankruptcy or receivership proceeding is being conducted, and may be collected by distraint or proceeding in court within the period provided in such subsection. Such proceeding may be made in respect of a deficiency greater or less than that notice of deficiency as provided in subsection (e) of this section, and any remaining portion of the assessment shall be abated or refunded. If the Board determines that the amount assessed is greater than the amount which should have been assessed, then any deficiency shall be assessed and collected. Any assessment of a deficiency in respect of a tax imposed by this title upon any taxpayer in any bankruptcy proceeding or the appointment of a receiver (other than in the case of a bankruptcy proceeding or receivership proceeding which is unpaid) shall be paid by the taxpayer to the court before which the bankruptcy or receivership proceeding is being conducted, and may be collected by distraint or proceeding in court within the period provided in such subsection. Such proceeding may be made in respect of a deficiency greater or less than that notice of deficiency as provided in subsection (e) of this section, and any remaining portion of the assessment shall be abated or refunded. If the Board determines that the amount assessed is greater than the amount which should have been assessed, then any deficiency shall be assessed and collected.

(c) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.

(d) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.

(e) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.

(f) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.

(g) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.

(h) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.

(i) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.

(j) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.

(k) Amount Assessable After Decision of Board.—If the jeopardy assess-
ment has been made under section 272(b), the amount assessable after the decision of the Board of Tax Appeals may be determined under section 272(e) of the Revenue Act of 1926, and whichever or neither the taxpayer may have the right to further redetermine the amount of the deficiency and of all amounts assessed at the same time.
Sec. 295. Time Extended for Payment of Tax Shown on Return.
If the time for payment of the amount determined as the tax by the taxpayer, or for any installment thereof, or for the tax, deficiencies, and of section 273 (b), there shall be collected as a part of such amount, interest thereon at the rate of 1 per centum per annum for the period of the extension, and no other interest shall be charged on such tax, deficiency, or installment, or any part thereof, after such time and date as aforesaid. In case the amount so added shall be collected in the same manner as the tax.

Sec. 297. Interest in Case of Jeopardy Assessments.
In case the amount so added shall be collected in the same manner as the tax.

Sec. 299. Removal of Property or Departure from United States.
For additions to tax in case of leaving the United States or concealing property in such manner as to hinder collection of the tax, see section 146.

SUPPLEMENT N—CLAIMS AGAINST TRANSFERRERS AND OTHERS

Sec. 311. Transferred Assets.
(a) Method of Collection.—The amount of the following liabilities shall, except as hereinafter in this section provided, be assessed, collected, and paid in the same manner and subject to the same provisions as are applicable to transfers and other liabilities as if the deficiency in a tax imposed by this title.

(b) Period of Limitation .—The period of limitation for assessment of any such liability of a transferee, including interest, additional amounts, and additions to the tax provided by law imposed upon the taxpay er by this title, shall begin to run from the date on which the tax liability was determined by the Commissioner, or demanded to be paid, and shall expire six years after the liability arises or not later than the expiration of the period for the collection of the tax in respect of which such liability arises, whichever is the later.

(c) Transfers.—The liability, at law or in equity, of a transferee of property of a corporation, individual, or other person, shall not be subject to a period of limitation for assessment of any such liability of a transferee or fiduciary shall be as follows:

(1) In the case of an entity other than a corporation, if a return for the taxable year was filed, or if the liability of the entity was assessed, or a proceeding in court for the collection of such tax was commenced, at any time before the expiration of the period of limitation prescribed in respect of the collection of the tax in respect of which such liability arises.

(2) In the case of the liability of a transferee of a transferee of property of a corporation, if a return for the taxable year was filed, or if the liability of the entity was assessed, or a proceeding in court for the collection of such tax was commenced, at any time before the expiration of the period of limitation prescribed in respect of the collection of the tax in respect of which such liability arises.

(3) In the case of the liability of a corporation, if a return for the taxable year was filed, or if the liability of the entity was assessed, or a proceeding in court for the collection of such tax was commenced, at any time before the expiration of the period of limitation prescribed in respect of the collection of the tax in respect of which such liability arises.

(d) Period for Assessment Against Taxpayer.—For the purposes of this section, if the taxpayer is deceased, or in the case of a corporation, if the existence of the corporation has terminated its existence, the period of limitation for assessment against the taxpayer shall be the period that would be in effect had the death or termination of existence occurred before the date of such notice and demand.

(e) Suspension of Running of Statute of Limitations.—The running of the statute of limitations shall, except as hereinafter in this section provided, be suspended during the period of the extension.

(f) Address for Notice of Liability.—In the absence of notice to the Commissioner under section 312 (b) of this title, notice of liability, or of demand for payment, or notice of the decision of the Board, or of the decision of the Commissioner on appeal under section 312 (b) of this title, shall be addressed to the address shown on the return or as to any deficiency in tax.

Sec. 312. Notice of Fiduciary Relationship.
(a) Fiduciary of Taxpayer.—Upon notice to the Commissioner that any person is acting in a fiduciary capacity, such fiduciary shall assume the
powers, rights, duties, and privileges of the taxpayer in respect of a tax imposed by this title (except as otherwise specifically provided and except that the amount is collected from the estate of such property); and (3) no credit or refund in respect of the tax for the taxable year in respect of which the Commissioner has determined the deficiency to the taxpayer.

(iii) The tax shall apply whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is transferred within the United States. The tax shall not apply to a transfer made on or before the date of the enactment of this Act.

(iv) The tax shall not apply to a transfer of property in trust where the power to revest in the donor title to such property bears to the total amount of such property bears to the total amount of net gifts (computed without deduction of the specific exemption) for such year.

Sec. 401. Imposition of Tax.

(a) In addition to the estate tax imposed by section 2011 (a) of the Revenue Act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent after the enactment of this Act, a tax equal to the excess of—

(1) the amount of the estate tax imposed under subsection (a) of this section, over

(2) the amount of the estate tax imposed by section 2011 (a) of the Revenue Act of 1926, computed without regard to any deduction for any net gifts.

(b) The tax imposed by this section shall be computed in accordance with the Rate Schedule, which is as follows:

<table>
<thead>
<tr>
<th>Net Estate Value</th>
<th>Estate Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $50,000</td>
<td>1 per centum</td>
</tr>
<tr>
<td>$50,000 - $100,000</td>
<td>2 per centum</td>
</tr>
<tr>
<td>$100,000 - $250,000</td>
<td>3 per centum</td>
</tr>
<tr>
<td>$250,000 - $500,000</td>
<td>5 per centum</td>
</tr>
<tr>
<td>$500,000 - $1,000,000</td>
<td>7 per centum</td>
</tr>
<tr>
<td>$1,000,000 - $2,000,000</td>
<td>9 per centum</td>
</tr>
<tr>
<td>$2,000,000 - $3,000,000</td>
<td>11 per centum</td>
</tr>
<tr>
<td>$3,000,000 - $5,000,000</td>
<td>13 per centum</td>
</tr>
<tr>
<td>$5,000,000 - $7,500,000</td>
<td>15 per centum</td>
</tr>
<tr>
<td>$7,500,000 - $10,000,000</td>
<td>17 per centum</td>
</tr>
<tr>
<td>$10,000,000 - $12,500,000</td>
<td>19 per centum</td>
</tr>
<tr>
<td>$12,500,000 - $15,000,000</td>
<td>21 per centum</td>
</tr>
<tr>
<td>$15,000,000 - $17,500,000</td>
<td>23 per centum</td>
</tr>
<tr>
<td>$17,500,000 - $20,000,000</td>
<td>25 per centum</td>
</tr>
<tr>
<td>$20,000,000 - $22,500,000</td>
<td>27 per centum</td>
</tr>
<tr>
<td>$22,500,000 - $25,000,000</td>
<td>29 per centum</td>
</tr>
<tr>
<td>$25,000,000 - $27,500,000</td>
<td>31 per centum</td>
</tr>
<tr>
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<td>37 per centum</td>
</tr>
<tr>
<td>$35,000,000 - $37,500,000</td>
<td>39 per centum</td>
</tr>
<tr>
<td>$37,500,000 - $40,000,000</td>
<td>41 per centum</td>
</tr>
<tr>
<td>$40,000,000 - $42,500,000</td>
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</tr>
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<td>$42,500,000 - $45,000,000</td>
<td>45 per centum</td>
</tr>
<tr>
<td>$45,000,000 - $47,500,000</td>
<td>47 per centum</td>
</tr>
<tr>
<td>$47,500,000 - $50,000,000</td>
<td>49 per centum</td>
</tr>
<tr>
<td>$50,000,000 and over</td>
<td>51 per centum</td>
</tr>
</tbody>
</table>

(c) For the purposes of paragraphs (1) and (2), the tax imposed by this section shall be determined as provided in Title III of the Revenue Act of 1926, as amended, except that in lieu of the exemption provided in section 303 (a) (4) of such Act, the exemption shall be $50,000.

Sec. 402. Credits Against Tax.

(a) The credit provided in section 301 (c) of the Revenue Act of 1926, as amended (30 per centum credit) shall not be allowed in respect of the additional tax.

(b) If a tax has been paid under Title III of this Act on a gift, and thereafter upon the death of the donor any amount in respect of such gift is required to be included in the value of the gross estate of the donor for the purposes of this title, then there shall be credited against the tax imposed by section 401 of this Act the amount of such tax determined in Title III with respect to so much of the property which constituted the gift as is included in the value of the gross estate.

(c) If a tax has been paid under Title III of this Act on a gift, and thereupon upon the death of the donor any amount in respect of such gift is required to be included in the value of the gross estate of the donor for the purposes of this title, then there shall be credited against the tax imposed by section 401 of this Act the amount of such tax determined in Title III with respect to so much of the property which constituted the gift as is included in the value of the gross estate.

(d) The tax shall be collected from the estate of the taxpayer, until notice is given that the fiduciary capacity has terminated.

Title II—Additional Estate Tax.
$1,125 upon net gifts of $5,000; and upon net gifts in excess of $5,000,000 and not in excess of $10,000,000, 61 1/2 per centum in addition of such excess.

$3,125 upon net gifts of $20,000; and upon net gifts in excess of $10,000,000 and not in excess of $40,000,000, 8 per centum in addition of such excess.

$8,125 upon net gifts of $50,000; and upon net gifts in excess of $40,000,000, 9 1/2 per centum in addition of such excess.

$15,125 upon net gifts of $100,000; and upon net gifts in excess of $60,000,000, 10 1/2 per centum in addition of such excess.

$26,125 upon net gifts of $500,000; and upon net gifts in excess of $100,000,000, 11 per centum in addition of such excess.

$1,500,000 and not in excess of $2,000,000, 15 1/2 per centum in addition of such excess.

$8,125 upon net gifts of $1,500,000; and upon net gifts in excess of $10,000,000, 15 1/2 per centum in addition of such excess.

$39,625 upon net gifts of $2,000,000; and upon net gifts in excess of $2,000,000 and not in excess of $3,000,000, 17 per centum in addition of such excess.

$62,125 upon net gifts of $3,000,000; and upon net gifts in excess of $3,000,000 and not in excess of $5,000,000, 19 per centum in addition of such excess.

$175,125 upon net gifts of $5,000,000; and upon net gifts in excess of $5,000,000 and not in excess of $10,000,000, 23 1/2 per centum in addition of such excess.

$1,993,125 upon net gifts of $9,000,000; and upon net gifts in excess of $9,000,000 and not in excess of $12,000,000, 26 per centum in addition of such excess.

$2,312,125 upon net gifts of $10,000,000; and upon net gifts in excess of $12,000,000 and not in excess of $15,000,000, 26 per centum in addition of such excess.

$2,625,125 upon net gifts of $15,000,000; and upon net gifts in excess of $15,000,000 and not in excess of $20,000,000, 30 per centum in addition of such excess.

$2,975,125 upon net gifts of $20,000,000; and upon net gifts in excess of $20,000,000 and not in excess of $25,000,000, 33 per centum in addition of such excess.

$3,312,125 upon net gifts of $25,000,000; and upon net gifts in excess of $25,000,000 and not in excess of $30,000,000, 35 1/2 per centum in addition of such excess.

$3,625,125 upon net gifts of $30,000,000; and upon net gifts in excess of $30,000,000 and not in excess of $40,000,000, 37 1/2 per centum in addition of such excess. Sec. 504. Deductions. (a) General Definition.—The term "net gifts" means the total amount of gifts made during the calendar year, less the deductions provided for in section 505.

(b) Gifts Less Than $5,000.—In the case of gifts (other than of future interest in property) made to any person by the donor during the calendar year, the first $5,000 of such gifts to such person shall not, for the purposes of subsection (a), be included in the total amount of gifts made during such year, the first $5,000 of such gifts to such person shall not, for the purposes of the property exceeded the value of the consideration shall, for the purpose of such excess.

(c) Gifts Made for Religious, Charitable, Scientific, Literary, or Educational Purposes.—Any gift made for religious, charitable, scientific, literary, or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals; or the promotion of educational or cultural institutions, or the provision of adequate and full consideration in money or money's worth. If the Commissioner is satisfied that the tax liability has been fully discharged in such record, as the Commissioner deems sufficient to show whether or not such person is taxable under this title, the Commissioner may positively and promptly reimburse him for his payment. Sec. 510. Lien for Tax. The tax imposed by this title shall be a lien upon all gifts made during the calendar year, for the entire amount of the tax imposed by this title, which shall be enforceable as a lien against all property then belonging to the donor, and not otherwise exempt from such lien, which shall be enforceable as a lien against all property then belonging to the donor, and not otherwise exempt from such lien. Sec. 511. Examination of Return and Determination of Tax. As soon as practicable after the return is filed the Commissioner shall examine it and shall determine the correct amount of the tax. Sec. 512. Definition of Deficiency. As used in this title in respect of the tax imposed by this title the term "deficiency" means— (1) The amount by which the amount which the tax imposed by this title exceeds the amount shown to be due by the return of the donor; or, if no return is made by the donor, the amount shown in the accounts of the donee of any gift against which such deductions are claimed and allowable under section 505; (2) the net gifts for each of the preceding calendar years for which information as may be required by regulations made pursuant to law. (b) Time and Place for Filing.—The return shall be filed on or before the 15th day of March following the close of the calendar year with the collector for the district in which is located the legal residence of the donor, or if he has no legal residence in the United States, then (unless the Commissioner designates another district) with the collector at Baltimore, Md.) Sec. 509. Records and Special Returns. (a) By Donor.—Every person liable to any tax imposed by this title or for the collection thereof, shall keep such records, render under oath such statements, make such payments, file such returns, and observe and comply with such rules and regulations, as the Commissioner, with the approval of the Secretary, may in due time in respect to such person or the donor, prior to the return. (b) To Determine Liability to Tax.—Whenever in the judgment of the Commissioner necessary he may require any persons, by notice served upon him, to make an examination, return or render on oath such records, as the Commissioner deems sufficient to show whether or not such person is taxable under this title, the Commissioner may positively and promptly reimburse him for his payment. Sec. 508. Returns. (a) Requirement.—Any individual who within the calendar year 1912 or any calendar year thereafter makes any taxable gift or gifts, the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, refunded, or otherwise repaid in respect of such tax; or

(b) If no amount is shown as the tax by the donor upon his return, or if no return is made by the donor, then the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, refunded, or otherwise repaid in respect of such tax. Sec. 513. Assessment and Collection of Deficiencies. (a) Petition to Board of Tax Appeals.—If the Commissioner determines that there is a deficiency in respect of the tax imposed by this title, the Commissioner shall make in respect of such deficiency a decision, which shall be reviewed by the Board of Tax Appeals for a determination of the deficiency. No assessment of deficiency in respect of such deficiency shall be made, begun, or prosecuted unless and until such notice has been mailed to the donor, nor until the expiration of a period of 60 days from the date of mailing of such notice. The decision of the Board shall be final. Notwithstanding the provisions

Sec. 506. Gifts Made in Property. If the gift is made in property, the value thereof at the date of the gift shall be considered the amount of the gift.

Sec. 507. Returns. (a) Requirement.—Any individual who within the calendar year 1912 or any calendar year thereafter makes any taxable gift or gifts, the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, refunded, or otherwise repaid in respect of such tax; or

(b) If no amount is shown as the tax by the donor upon his return, or if no return is made by the donor, then the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, refunded, or otherwise repaid in respect of such tax.
Sec. 514. Jeopardy Assessments.

(a) Authority for Making.—If the Commissioner believes that the assessment or collection of a deficiency will be jeopardized by delay, he shall immediately assess such deficiency (together with all interest, additional amounts, or additions to the tax provided for by law) and demand shall be made by the collector for the payment thereof. 

(b) Waiver of Restrictions.—The donor shall at any time have the right, by a signed writing filed with the Commissioner, to waive any restriction as to which the stay is desired, and with such sureties, as the Commissioner may require, conditioned upon the payment of the deficiency in accordance with the provisions of this section. 

(c) Failure to File Petition.—If the donor does not file a petition with the Board before the making of the assessment under subsection (b), the Board shall have jurisdiction to redetermine the correct amount of the deficiency even if the amount so redetermined is greater than the amount of the deficiency, and with such sureties, as the Commissioner may require, if the amount determined as to which the stay is desired, and with such sureties, as the Commissioner may require, conditioned upon the payment of the deficiency in accordance with the provisions of this section. 

(d) Waiver of Stay.—Upon the filing of the bond by the donor the Board shall have no right to stay the collection of the whole or any part of the amount of the deficiency assessed at the same time in connection therewith. 

Sec. 515. Claims in Abatement.

No claim in abatement shall be filed in respect of any assessment in respect of any tax imposed by this title. 

Sec. 516. Bankruptcy and Receiverships.

(a) Contents of Petition.—If any bankruptcy or receivership proceeding of any donor in any bankruptcy proceeding or the appointment of a receiver for any property of the donor or any conspiracy of any nature or of any State or of any Territory or of the District of Columbia, any deficiency (together with all interest, additional amounts, or additions to the tax provided for by law) may be assessed and collected at any time after the date of any such proceeding has been overpaid or underpaid, or refunded as provided in section 528, without the filing of claim thereof.

(b) Collection of Deficiency Found by Board.—If the donor files a petition with the Board, the entire amount redetermined as the deficiency by the Board shall be assessed and shall be paid upon notice and demand from the collector. 

(c) Failure to File Petition.—If the donor does not file a petition with the Board pending court review. 

(d) Waiver of Stay.—Upon the filing of the bond by the donor the Board shall have no right to stay the collection of the whole or any part of the amount of the deficiency assessed at the same time in connection therewith. 

Sec. 517. Period of Limitation Upon Assessment and Collection.

(a) General Rule.—Except as provided in subsection (b), the amount of any tax imposed by this title that is unpaid at the time the return was filed, and no proceeding in court without assessment for the collection of the tax, or, after the expiration of any period for collection agreed upon in writing by the Commissioner and the donor. 

(b) Collection After Assessment.—Where the assessment of any tax is not paid within the prescribed period, the tax shall be collected in the same manner as the tax. 

(c) Failure to File Return.—In case of any failure to make and file a return required by this title, the tax imposed therefore shall be assessed upon the donor and any remaining portion of the tax shall be collected in the same manner as the tax.
Sec. 521. Interest on Extended Payments.

The time for payment of any tax determined as a deficiency shall be extended under the circumstances specified in section 513 (b) (2), (3), or (4), but in no case shall the time for payment be extended more than three years from the due date of such deficiency notice or until the expiration of such period as the Board shall determine in each case:

(a) Authorization.—Where there has been an overpayment of any tax imposed by this title, the amount of such overpayment shall be credited against any gift tax then due from the taxpayer, and any balance shall be refunded immediately to the donor.

(b) Limitation on Allowance—

(1) If a court proceeding against the donor for the collection of the tax has been begun within five years of the due date of such deficiency notice, no credit or refund shall be made of any portion of the tax paid more than three years from the time the tax was paid, unless before the expiration of such period a claim therefor is filed by the taxpayer.

(2) Limit on Amount of Credit or Refund.—The credit or refund shall not exceed the portion of the tax paid during the three years immediately preceding the time for which the tax is allowed as a credit or refund.

(c) Effect of Petition to Board.—If the Commissioner has mailed to the taxpayer a notice of deficiency with respect to such tax, the decision of the Board which has become final, as to whether such period has expired before the notice of deficiency was mailed, shall be conclusive.

(d) Subrogation against Donor.—In the event of the death of the donor, any such liability may be either as to the amount of tax shown on the return or as to any deficiency in tax.

(e) Period of Limitation for Assessment of Any Such Liability.—The period of limitation for assessment of any such liability of a transferee or fiduciary shall be:

(1) Two years after the expiration of the period of limitation for assessment against the donor.

(2) If a court proceeding against the donor for the collection of the tax has been begun within five years of the due date of such deficiency notice, one year after return of execution in such proceeding.

(3) Period for Assessment.—In the case of any liability of a transferee or fiduciary imposed by this title, the Commissioner is prohibited from making the assessment in respect of the liability of the transferee or fiduciary and in any event, if a proceeding in respect of the liability is placed on the docket of the Board, until the decision of the Board becomes final, and for 60 days thereafter.

(f) Prohibition of Suits to Enforce Liability of Transferee.—No suit or action for the collection of any such liability by or in behalf of the United States for the recovery of the assessment shall be commenced by any court of the United States until no such liability is unpaid.

(g) Refund.—In accordance with regulations prescribed by the Commissioner with the approval of the Secretary, any overpayment of any tax paid under protest by the donor, or any amount which may be allowed as a credit or refund against any gift tax then due from the taxpayer, and any balance shall be refunded immediately to the donor.

Sec. 522. Interest on Deficiencies.

A person who willfully fails to pay such deficiency, interest upon such unpaid amount at the rate of 1 per centum per annum for each calendar month from the due date of such deficiency notice and demand until it is paid.

Sec. 523. Interest on Jeopardy Assessments.

Interest upon any amount determined as a deficiency shall be assessed at the time or times required by law or regulations, shall, in addition to the provisions authorizing distraint and proceedings in court for collection, and the provisions prohibiting claims and suits for refunds:

(a) Tax Shown on Return.—If the time for payment of such tax as determined by a return made under section 514 (a) is not paid in full within ten days from the due date of such notice and demand from the collector, there shall be collected as part of the tax, interest upon such unpaid amount at the rate of 1 per centum per annum from the due date of such deficiency notice and demand until it is paid.

(b) Payment Not Extended.—Where a deficiency is determined under section 514 (a) it shall be paid in full within ten days of the due date of such deficiency notice and demand, and upon such payment, the Board shall have jurisdiction to determine the amount of such overpayment, and such amount shall be credited against any gift tax then due from the taxpayer, and any balance shall be refunded immediately to the donor.

(c) Penalty.—Where a deficiency is determined under section 514 (a) and such amount is not paid in full within ten days of the due date of such deficiency notice and demand, and upon such payment, the Board shall have jurisdiction to determine the amount of such overpayment, and such amount shall be credited against any gift tax then due from the taxpayer, and any balance shall be refunded immediately to the donor.

(d) Manner of Payment.—No other amount shall be collected or credited against any gift tax then due from the taxpayer, and any balance shall be refunded immediately to the donor.

Sec. 524. Additions to the Tax in Case of Nonpayment.

(a) Penalty Not Extended.—Where the amount determined as a deficiency is not paid in full within ten days from the due date of the deficiency notice and demand, the amount of such overpayment, and such amount shall be credited against any gift tax then due from the taxpayer, and any balance shall be refunded immediately to the donor.

(b) Filing of Jeopardy Bond.—If a bond is filed, as provided in section 514, the provisions of paragraph (1) of this subsection shall not apply to the amount covered by the bond.

(c) Payment Extended.—Where an extension of time for the payment of the amount determined as a deficiency is granted under section 513, the tax shall be paid on the amount the time for payment of which has been extended, and the interest thereon determined under subsection (2) of this section, is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in paragraph (1) of this subsection, interest at the rate of 1 per centum per annum for each calendar month from the date of the expiration of the period of the extension until it is paid.

Sec. 525. Penalties.

Any person who willfully attempts in any manner to evade or defeat any tax imposed by this title or any provision made under authority thereof to make a return, keep any records, or supply any information, for the purposes of the computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make such return, keep such records, or supply such information, by or before the time or times required by law or regulations, shall, in addition to the provisions authorizing distraint and proceedings in court for collection, and the provisions prohibiting claims and suits for refunds:

(a) Tax Shown on Return.—If the time for payment of such tax as determined by a return made under section 514 (a) is not paid in full within ten days of the due date of such notice and demand, and upon such payment, the Board shall have jurisdiction to determine the amount of such overpayment, and such amount shall be credited against any gift tax then due from the taxpayer, and any balance shall be refunded immediately to the donor.

(b) Period of Limitation.—The period of limitation for assessment of any such liability of a transferee or fiduciary shall be:

(1) Within one year after the expiration of the period of limitation for assessment against the donor.

(2) In any event, if a proceeding in respect of the liability is placed on the docket of the Board, until the decision of the Board becomes final, and for 60 days thereafter.

(c) Manner of Refund.—No suit or action for the collection of any such liability by or in behalf of the United States for the recovery of the assessment shall be commenced by any court of the United States until no such liability is unpaid.

Sec. 526. Trustee in Bankruptcy.

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.
Section 127. Tax on Toilet Preparations, &c.

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per centum of the dutiable value (under section 503 of such Act) of the article, plus the United States unless treaty provisions of the United States otherwise provide:

(a) Articles of perfume, essence, extract, toilet water, cream, or similar articles and preparations, whether or not containing alcohol.

(b) Property within United States.—Stock in a domestic corporation owned by one or more individuals or corporations who are nonresidents shall be deemed property situated within the United States.

Section 332. Short Title.

This title may be cited as the "Gift Tax Act of 1932."
There is hereby imposed upon—
(1) Upon all beverages derived wholly or in part from cereals or substitutes therefor, containing less than one-half of 1 per centum of alcohol by volume, sold by the manufacturer, producer, or importer, a tax of 1X cents per gallon.

Sec. 609. Tax on Soft Drinks.

Thereby imposed upon chewing gum or substitutes therefor, sold by the manufacturer, producer, or importer, a tax equivalent to 2 percentum of the price for which so sold.

Sec. 610. Tax on Candy.

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

Sec. 611. Tax on Cameras.

Thereby imposed upon cameras (except aerial cameras), weighing not more than 40 pounds net weight, and lenses for such cameras, sold by the manufacturer, producer, or importer, or a tax equivalent to 10 per centum of the price for which so sold.

Sec. 612. Tax on Matches.

Thereby imposed upon matches, sold by the manufacturer, producer, or importer, at a tax equivalent to 10 per centum of the price for which so sold.

Sec. 613. Tax on Candy.

Thereby imposed upon candy, sold by the manufacturer, producer, or importer, at a tax equivalent to 2 per centum of the price for which so sold.

Sec. 614. Tax on Chewing Gum.

Thereby imposed upon chewing gum or substitutes therefor, sold by the manufacturer, producer, or importer, at a tax equivalent to 2 per centum of the price for which so sold.

Sec. 615. Tax on Soft Drinks.

Thereby imposed upon—
(a) Upon all finished or fountain syrups of the kinds used in manufacturing, compounding, or mixing drinks commonly known as soft drinks, a tax of six cents per gallon; and where any person manufacturing carbonated beverages manufactures and uses such syrups in the manufacture of carbonated beverages sold in bottles or other closed containers, in connection with, or as part of receiving sets or combination radio and phonograph sets (including phonograph turntables) sold or furnished after such date and before July 1, 1914, to be paid by the person paying for such electrical energy and to be collected by the vendor.

Sec. 616. Tax on Electrical Energy.

Thereby imposed upon—
(a) The term "producer" includes a refiner, compounder, or blender.

Sec. 617. Tax on Gasoline.

Thereby imposed upon—
(a) There is hereby imposed on gasoline sold by the importer thereof or a producer of gasoline, a tax of 1 cent a gallon, except that under regulations prescribed by the Secretary of the Treasury, no tax under this title shall be imposed upon any article furnished after such date and before July 1, 1914, to be paid by the person paying for such electrical energy and to be collected by the vendor.

Sec. 618. Definition of Sale.

For the purposes of this title, the sale of an article shall be considered the sale of such article.

Sec. 619. Sale Price.

(a) In determining, for the purposes of this title, the price for which an article is sold, there shall be included any charge for covering and container of whatever nature, and any charge incident to the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this title, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by virtue of any statute to be included) shall be excluded from the price only if the amount thereof is established to the satisfaction of the Commissioner, as determined by the Commissioner.

Sec. 620. Sale of Articles for Further Manufacture.

Under regulations prescribed by the Commissioner with the approval of the Secretary, no tax under this title shall be imposed upon any article—
(a) A tire or rubber article, or an article composed or fabricated of a tire or rubber article, so long as such tire or rubber article is to be used, served, consumed, or paid on such article intended for the use or consumption of the purchaser thereof; or
(b) Any electrical appliance, which is to be used, served, consumed, or paid on such article intended for the use or consumption of the purchaser thereof.
Sec. 621. Credits and Refunds.

(a) A credit against the tax imposed under this title, or a refund, may be allowed or made

(1) to a manufacturer or producer, in the amount of any tax under this title which has been paid with respect to the sale of any article (other than a tire or inner tube) manufactured by him by the collector, or by the Commissioner, with the approval of the Secretary of the Treasury, upon the next return of the manufacturer or producer. The Secretary shall prescribe and publish all needful rules and regulations for the enforcement of this title so as to relate the taxes under which the allowances of this section are made to the amount of taxes so collected, and paid in the same manner as duties imposed by the Act of October 22, 1913.

Sec. 622. Use by Manufacturer, Producer or Importer.

If—

(1) Any person manufactures, produces, or imports an article (other than a tire or inner tube) and uses it, otherwise than as the material in the manufacture or production of another article, in the transaction of a business, the article is taxable under this title as if manufactured or produced by him which will be taxable under this title on the account of the privilege of section 620, relating to sale of articles for further manufacture;
or

(2) Any person manufactures, produces, or imports a tire or inner tube and sells it, or otherwise disposes of it, to any other person, or otherwise, unless the person who paid the tax establishes, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, (1) that he has not included the tax in the price of the article with respect to which it was imposed, or collected, or the amount of tax from the vendor, or (2) that he has repaid the amount of the tax to the ultimate purchaser of the article.

Sec. 623. Sales by Others than Manufacturers, Producers, or Importers.

In case any person acquires from the manufacturer, producer, or importer of an article, by operation of law or otherwise, unless the person who paid the tax establishes, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, (1) that he has not included the tax in the price of the article with respect to which it was imposed, or collected, or the amount of tax from the vendor, or (2) that he has repaid the amount of the tax to the ultimate purchaser of the article.

Sec. 624. Exemption of Articles Manufactured or Produced by Indians.

No tax shall be imposed under this title on any article of native Indian handicraft manufactured or produced by Indians on Indian reservations, or in Indian schools, or by Indians under the jurisdiction of the United States Government in Alaska.

Sec. 625. Contracts Prior to May 1 1932.

(b) If (1) any person has, prior to May 1 1932, made a bona fide contract for the sale, after the tax takes effect, of any article (other than a tire or inner tube) of which any part or all of the tax shall be collected based on the price so charged to such other persons for

(1) any person manufactures, produces, or imports an article (other than a tire or inner tube) manufactured or produced by him which will be taxable under this title on the account of the privilege of section 620, relating to sale of articles for further manufacture;
or

(2) Any person manufactures, produces, or imports a tire or inner tube and sells it, or otherwise disposes of it, to any other person, or otherwise, unless the person who paid the tax establishes, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, (1) that he has not included the tax in the price of the article with respect to which it was imposed, or collected, or the amount of tax from the vendor, or (2) that he has repaid the amount of the tax to the ultimate purchaser of the article.

Sec. 626. Return and Payment of Manufacturers' Taxes.

(a) Every person liable for any tax imposed by this title other than taxes on importation (except tax under section 615, relating to the tax on tires and inner tubes, or after June 30 1932, in the case of articles taxable under subsection (a) of section 602, relating to the tax on tires and inner tubes, or after June 30 1932, in the case of articles taxable under subsection (b) of section 617, relating to the tax on tires and inner tubes), shall be liable for the tax.

(b) The taxes payable by the vendor shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor in the same manner as provided in section 702. In case of failure or refusal by the vendor to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendor.

Sec. 627. Applicability of Administrative Provisions.

All provisions of law (including penalties) applicable in respect of the taxes imposed by this title shall apply to the taxes imposed by this title as if so applicable and not inconsistent with this Act, be applicable in respect of the taxes imposed by this title.
Sec. 721. Stamp Tax on Issues of Bonds, Etc.

(a) Subdivision 1 of Schedule A of Title VIII of the Revenue Act of 1926 is amended by striking out "3 cents" and inserting in lieu thereof "10 cents" or "2 cents," as the case may be, whichever is the greater.

Sec. 722. Stamp Tax on Issues of Stocks, Etc.

(a) Subdivision 2 of Schedule A of Title VIII of the Revenue Act of 1926 is amended to read as follows:

"Capital stock (and similar interests), issue: On each original issue, whether on an organization or on any instrument (or in any of the instruments mentioned or described in this subdivision or subdivision 3, or in any of the instruments mentioned or described in subdivision 2, or to rights to subscribe for or to receive such shares or certificates, or by any delivery, or by any paper or agreement or memorandum of sales or deliveries of, or transfers of, or agreements to sell, or memoranda of sales or deliveries of, or transfers of, bonds in connection with a reorganization (as defined in section 112 of the Revenue Act of 1932) of the instrument."
imposed by section 500 of the Revenue Act of 1926. shall, in so far as applicable and not inconsistent with this Act, be applicable in respect of the taxes imposed by the Commissioner, under such regulations as the Commissioner with the approval of the Secretary may prescribe.

(c) Every person making any collections specified in subsection (a) shall collect the amount of the tax imposed under such subsection by charging such amount against any deposits to the credit of the maker of such instrument, and shall on or before the last day of such month make a return, under such provisions for the preceding month, and pay the tax imposed by subsection (a), to the collector for the district in which is located his principal place of business in the United States, or if he has no such principal place of business in the United States, the Collector of Internal Revenue for the district of which the Baltimore office in Maryland. Such returns shall contain such information and be made in such manner as the Secretary may prescribe, with the approval of the Secretary. regulatory measures may be prescribed.

PART VI.—TAX ON CHECKS, &C.

Sec. 781. Tax on Checks, &c.

(a) There is hereby imposed a tax of two cents on each of the following instruments:—(1) Checks, drafts, or orders with respect to which there is no failure to present for payment on or after the 15th day after the date of the enactment of this Act, for the right to the income or for the use of any safe deposit box, such tax to be levied, collected, and paid by the maker. 

(b) Every person paying for the use of any safe deposit box, the gives or makes a statement in writing, to the Collector, of the time the box was surrendered or the box was transferred to another person. 

(c) The tax imposed by subdivision (a) shall be collected by the Collector for the district in which is located the principal place of business of the person paying for the use of a safe deposit box referred to in subdivision (a), and shall be paid to the Secretary of the Treasury on or before the last day of such month as a result of any transfer of a safe deposit box, other than any such transfer for a consideration of money or money's worth.

(d) Such returns shall contain such information and be made in such manner as the Secretary may prescribe, with the approval of the Secretary.

PART VII.—TAX ON BOATS.

Sec. 741. Tax on Use of Boats.

(a) On and after July 1, 1932, and also at the time of the original purchase of a new yacht or other boat by a user, if on any other date after January 1, 1918, such boat is used for trade, fish or shellfish, but not used exclusively for trade, fishing, or national defense or national security or for the use of any safe deposit box; and "(c) If the boat is used exclusively for trade, fishing, or national defense or national security at any time before January 1, 1912, or after June 30, 1934; and with the consent of the Collector the tax shall be paid to the Collector for the district in which is located the principal place of business of the person paying for the use of any safe deposit box, or if he has no such principal place of business in the United States, the Collector of Internal Revenue for the district of which the Baltimore office in Maryland. Such returns shall contain such information and be made in such manner as the Secretary may prescribe, with the approval of the Secretary.

PART VIII.—ADMINISTRATIVE PROVISIONS.

Sec. 771. Payment of Taxes.

The taxes imposed by Parts I, IV, V, and VI of this title shall, without assessment by the Commissioner or notice to the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of one per centum a month from the time the tax became due until paid;

(a) Credit or refund of any overpayment of tax imposed by Part I, V, or VI of this title may be allowed to the person who has paid the tax and to his legal representative or to his assigns, or to his personal representative, or to his estate, or to any person having a legal or equitable right to collect from him any part of the amount of the tax paid. 

(b) Any person entitled to a refund of the amount of the tax paid by him may take credit for such a refund against any taxes due within the same fiscal year;

(c) If any return required by section 304 of the Revenue Act of 1926 has been filed more than one year before the date of the enactment of this title (except in the case of returns covering any period before the expiration of the period of limitation), then there shall be credited against any tax imposed by this title paid after the date of the enactment of this Act for the use after such date of any safe deposit box, such tax to be levied, collected, and paid by the maker of such instrument, and shall be paid to the Collector of Internal Revenue for the district in which is located the principal place of business of the person paying for the use of the box, or if he has no such place of business in the United States, the Collector for the district of which the Baltimore office in Maryland.

The tax imposed by subdivision (a) shall be collected by the Collector for the district in which is located the principal place of business of the person paying for the use of a safe deposit box referred to in subdivision (a), and shall be paid to the Secretary of the Treasury on or before the last day of such month as a result of any transfer of a safe deposit box, other than any such transfer for a consideration of money or money's worth.

Such returns shall contain such information and be made in such manner as the Secretary may prescribe, with the approval of the Secretary.

Title VI.—Estate Tax Amendments.

Sec. 801. Credit of Gift Tax on Estate Tax.

Section 301 of the Revenue Act of 1926 is amended by inserting after subdivision (a) a new subdivision to read as follows:

(1) If (a) a gift tax return (as defined under Title III of the Revenue Act of 1926 on a gift, and thereafter upon the death of the donor any amount in respect of the gift; or (b) the signing of any gift tax return (as defined under Title III of the Revenue Act of 1926 on a gift, and thereafter upon the death of the donor for the purposes of this title, then there shall be credited against such gift tax the amount of the tax imposed by subdivision (a) of this section which is the amount of the tax imposed upon the gift, or the amount of any portion of the gift tax imposed upon the gift, or the amount of any portion of the estate tax imposed by subdivision (a) of this section as the value of the part, or of any succession tax imposed by subdivision (a) of this section as the value of any portion of the property which constituted the gift as is included in the gross estate, but not in excess of 80 per centum of the amount of such tax paid with respect to the estate of the donor for the purposes of this title.

(2) For the purpose of paragraph (1), the amount of tax paid for any year under Title III of the Revenue Act of 1926 with respect to the estate shall be an amount which bears the same ratio to the total tax paid for such year as the value of such property bears to the total amount of net gifts (computed without deduction of the specific exemption) for such year.

Sec. 802. 80 Per Centum Credit.

(a) Section 101 (b) of the Revenue Act of 1926 is amended to read as follows:

(1) The tax imposed by subsection (a) shall be credited with the amount of any estate, inheritance, legacy, or succession tax paid with respect to the estate of a person other than the donor, or any portion of such tax paid with respect to the estate of a person other than the donor.

(b) Credit allowed by this subdivision shall not exceed 80 per centum of the tax imposed by subdivision (a) (after deducting from such tax the credits provided by subdivision (b) and (c) of this section). Such credits may be computed at the time of the filing of the tax return required by section 304, except that—

(1) If in any case there has been filed with the Board of Tax Appeals within the time prescribed in section 305, a statement of a claim for which a refund has been allowed, before the expiration of the period of limitation, the division of the Board becomes final, then the tax shall be reduced by an amount which bears the same ratio to the amount of such tax allowed as the amount of the tax credited to the estate tax under this section bears to the amount of such estate tax, in which case such tax shall also be reduced by an amount which bears the same ratio to the amount of the estate tax allowed as the amount of the tax credited to the gift tax under this section bears to the amount of the gift tax allowed.

(c) The tax imposed by subdivision (a) of this section shall be credited with any estate, inheritance, legacy, or succession tax paid with respect to the estate of a person other than the donor, or any portion of such tax paid with respect to the estate of a person other than the donor.

For purposes of this section any vault, safe, box, or other receptacle which is used by any person for the purpose of holding such property, and shall on or before the last day of such month make a return, under such provisions for the preceding month, and pay the tax imposed by subsection (b), to the collector for the district in which is located his principal place of business in the United States, or if he has no such principal place of business in the United States, the Collector of Internal Revenue for the district of which the Baltimore office in Maryland. Such returns shall contain such information and be made in such manner as the Secretary may prescribe, with the approval of the Secretary.

The credit allowed by this subdivision shall not exceed 80 per centum of the amount of estate tax paid with respect to the estate of any person other than the donor, or any portion of such estate tax paid with respect to the estate of any person other than the donor.
as provided in sections 310 (a) and 311 (b), shall be suspended for the period of any such extension. If the extension is granted, the tax required to be paid by the executor to furnish a bond in such amount, not exceeding double the amount in respect of which the extension is granted, shall be applicable to the sureties as the Commissioner deems necessary, conditioned upon the payment of the amount in respect of which the extension is granted in accordance with the terms of the extension.

(b) Section 308 (d) of the Revenue Act of 1926 is amended to read as follows:

"(d) Where it is shown to the satisfaction of the Commissioner that the payment of a deficiency, or a part thereof, for which the time for payment has resulted in undue hardship to the estate, the Commissioner, with the approval of the Secretary (except where the deficiency is due to negligence, or to intentional disregard of rules and regulations, or to fraud with intent to evade tax), may disallow such deficiency or a part thereof, or a deficiency or part of such deficiency or any part thereof for a period not in excess of four years. If an extension is granted, the Commissioner may require the tax to be paid in accordance with the terms of the extension, or in the case of claims against the estate, unpaid mortgages, or any indebtedness.

"Where a deduction was allowed of any mortgage or other lien in determining the value of the gift, or the estate tax of the property referred to in this paragraph, the amount so paid shall be used for the purpose of computing the deduction."
Sec. 902. Nontaxable Transfers.

The tax imposed by section 901 shall not apply —
(a) if the transferee is an organization exempt from income tax under section 101.3; or
(b) if (i) the transferor is a syndicate, association, or trust with respect to which there is no estate or income tax imposed by any taxing authority of the United States or any state, or the tax so imposed is not applicable, or (ii) the property transferred is not applicable, as one of its principal purposes the avoidance of Federal income taxes.

Sec. 903. Definition of "Foreign Trust."

A trust shall be considered a foreign trust within the meaning of this title if the net income thereof is treated as a part of the income of the transferor or transferor's estate and if the principal purposes of the trust are other than the avoidance of Federal income taxes.

Sec. 904. Payment and Collection.

(a) The tax imposed by section 901 shall, without assessment and notice and demand, be due and payable by the transferor at the time of the transfer, and shall be assessed, collected, and paid under regulations prescribed by the Commissioner, as applicable.

(b) Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax may be assessed, remitted, or refunded if after the transfer it has been established to the satisfaction of the Commissioner that such transfer was not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes.

(c) All administrative, special, or stamp provisions of law, including penalties and including the law relating to assessment of taxes, so far as applicable, are hereby extended to and made a part of this title.

Title VIII—Postal Rates.

Sec. 1001. Postal Rates.

(a) On and after the 25th day after the date of the enactment of this Act and until July 1, 1940, the rates of postage on all matter of the first class shall be as follows:

- For the first ounce, 1 cent.
- For each additional ounce or fraction thereof, 2 cents.
- For the second ounce, 3 cents.
- For the third ounce, 3 cents.
- For the fourth ounce, 3 cents.
- For the fifth ounce, 3 cents.
- For the sixth ounce, 7 cents.
- For the seventh ounce, 9 cents.
- For the eighth ounce, 3 cents.
- For the ninth ounce, 3 cents.
- For the tenth ounce, 9 cents.

(b) On and after July 1, 1942, on the advertising periodicals and books and similar matter subject to the provisions of section 2720, the rates of postage under existing law the rates per pound or fraction thereof for the first two and one-half ounce postal zone established for fourth-class matter shall be as follows:

- For the first ounce, 2 cents.
- For the second ounce, 2 cents.
- For the third ounce, 3 cents.
- For the fourth ounce, 3 cents.
- For the fifth ounce, 3 cents.
- For the sixth ounce, 7 cents.
- For the seventh ounce, 9 cents.
- For the eighth ounce, 3 cents.
- For the ninth ounce, 3 cents.
- For the tenth ounce, 9 cents.

(c) On and after July 1, 1942, the rates of postage provided in this subsection are subject to the provisions of section 15a of the Interstate Commerce Act, as amended.

(d) The board of governors of the Federal Reserve System may, with the approval of the Secretary of the Treasury, increase the rates of postage therefor at any time.

Sec. 1002. Board of Tax Appeals—Fees.

(a) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act and the amendment made by subsection (a) of section 1001(b) of the Act.

(b) The Board is authorized to fix a fee, not in excess of the fee fixed by the provisions of section 1106(b) of the Act by the provisions of this section.

(c) The Board is authorized to fix a fee, not in excess of the fee fixed by the provisions of section 1106(b) of the Act by the provisions of this section.

(d) The Board is authorized to fix a fee, not in excess of the fee fixed by the provisions of section 1106(b) of the Act by the provisions of this section.

(e) The Board is authorized to fix a fee, not in excess of the fee fixed by the provisions of section 1106(b) of the Act by the provisions of this section.

(f) The Board is authorized to fix a fee, not in excess of the fee fixed by the provisions of section 1106(b) of the Act by the provisions of this section.

Title IX—Administrative and General Provisions.

Sec. 1101. Review of Decisions of Board of Tax Appeals.

(a) The Board may review any decision of the Board of Tax Appeals (as finally determined by the Board) not in accordance with law, but the Board shall not have jurisdiction to review any such decision if the taxpayer has filed a petition for a certiorari review of such decision before the expiration of two years from the date of mailing by registered mail by the taxpayer to the Commissioner of the United States.

(b) The Board shall review the decision of the Board of Tax Appeals, but the Board shall not have jurisdiction to review any such decision if the taxpayer has filed a petition for a certiorari review of such decision before the expiration of two years from the date of mailing by registered mail by the taxpayer to the Commissioner of the United States.

(c) The Board shall review the decision of the Board of Tax Appeals, but the Board shall not have jurisdiction to review any such decision if the taxpayer has filed a petition for a certiorari review of such decision before the expiration of two years from the date of mailing by registered mail by the taxpayer to the Commissioner of the United States.

(d) The Board shall review the decision of the Board of Tax Appeals, but the Board shall not have jurisdiction to review any such decision if the taxpayer has filed a petition for a certiorari review of such decision before the expiration of two years from the date of mailing by registered mail by the taxpayer to the Commissioner of the United States.

(e) The Board shall review the decision of the Board of Tax Appeals, but the Board shall not have jurisdiction to review any such decision if the taxpayer has filed a petition for a certiorari review of such decision before the expiration of two years from the date of mailing by registered mail by the taxpayer to the Commissioner of the United States.

(f) The Board shall review the decision of the Board of Tax Appeals, but the Board shall not have jurisdiction to review any such decision if the taxpayer has filed a petition for a certiorari review of such decision before the expiration of two years from the date of mailing by registered mail by the taxpayer to the Commissioner of the United States.

Sec. 1102. Board of Tax Appeals—Fees.

(a) After the date of enactment of the Act, the rates of compensation or allowances of postmasters or of postal employees of post offices of the first, second, and third classes are as follows:

- For the first class, 9 cents.
- For the second class, 9 cents.
- For the third class, 7 cents.
- For the fourth class, 6 cents.
- For the fifth class, 5 cents.
- For the sixth class, 4 cents.
- For the seventh class, 3 cents.
- For the eighth class, 2 cents.
- For the ninth class, 1 cent.
- For the tenth class, 1/2 cent.

(b) Under regulations prescribed by the Commissioner with the approval of the Secretary, the rates of compensation or allowances shall be as follows:

- For the first class, 9 cents.
- For the second class, 9 cents.
- For the third class, 7 cents.
- For the fourth class, 6 cents.
- For the fifth class, 5 cents.
- For the sixth class, 4 cents.
- For the seventh class, 3 cents.
- For the eighth class, 2 cents.
- For the ninth class, 1 cent.
- For the tenth class, 1/2 cent.

(c) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

(d) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

(e) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

(f) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

Sec. 1103. Limitations on Suits by Taxpayers.

(a) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

(b) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

(c) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

(d) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

(e) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

(f) The amendment made by subsection (a) of this section shall not apply to the amendments made by subsection (a) of section 1106(b) of the Act.

Sec. 1104. Date of Allowance of Refund or Credit.

Where the Commissioner of the United States has, before or after the expiration of the period of limitation within which a claim for refund or credit may be made, signed a schedule of overassessments in respect of any internal revenue tax imposed by this act or any prior revenue act, the date on which he first signed such schedule shall be considered as the date of allowance of refund or credit in respect of such tax.
Sec. 1111. Definitions.

(a) When used in this Act—

(1) The term "person" means an individual, a trust or estate, a partnership, or a corporation.

(2) The term "corporation" includes associations, joint-stock companies, and insurance companies.

(3) The term "partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this Act, a trust or estate or a corporation; and the term "partner" includes a member in such a syndicate, group, pool, joint venture, or organization.

(4) The term "domestic" when applied to a corporation or partnership means created or organized in the United States or under the law of the United States or of any State or Territory.

(5) The term "foreign" when applied to a corporation or partnership means a corporation or partnership which is not domestic.

(6) The term "fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

(7) The term "withholding agent" means any person required to deduct and withhold any tax under the provisions of section 143 or 144.

(8) The term "stock" includes the share in an association, joint-stock company, or insurance company.

(9) The term "shareholder" includes a member in an association, joint-stock company, or insurance company.

(10) The term "United States" when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(11) The term "Secretary" means the Secretary of the Treasury.

(12) The term "Commissioner" means the Commissioner of Internal Revenue.

(13) The term "collector" means collector of internal revenue.

(14) The term "taxpayer" means any person subject to a tax imposed by this Act.

(b) The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

Sec. 1112. Separability Clause.

If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

Sec. 1113. Effective Date of Act.

Except as otherwise provided, this Act shall take effect upon its enactment.