

COMPARISON OF  
THE INTERNAL REVENUE CODE  
BEFORE AND AFTER ITS AMENDMENT BY THE  
INDIVIDUAL INCOME TAX BILL  
OF 1944  
AS REPORTED BY THE  
FINANCE COMMITTEE

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SUBMITTED TO THE COMMITTEE ON FINANCE  
OF THE UNITED STATES SENATE  
BY THE  
STAFF OF THE JOINT COMMITTEE ON  
INTERNAL REVENUE TAXATION



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CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,  
*Washington, May 17, 1944.*

HON. WALTER F. GEORGE,  
*Chairman, Committee on Finance,*  
*United States Senate.*

DEAR SENATOR: I am submitting herewith a comparative print of the Internal Revenue Code as it now exists and as it is proposed to be amended by H. R. 4646, the Individual Income Tax Bill of 1944, as reported by the Finance Committee yesterday. The comparison is confined to sections of the Code expressly amended, added, or repealed by the bill.

It is hoped that you will find the document useful in presenting the measure to the Senate.

Respectfully yours,

COLIN F. STAM, *Chief of Staff.*



CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,  
Washington, May 17, 1944.

MR. COLIN F. STAM, *Chief of Staff,*  
*Joint Committee on Internal Revenue Taxation,*  
*Congress of the United States.*

DEAR MR. STAM: A comparison of the Internal Revenue Code as it now exists and as it is proposed to be amended by H. R. 4646, the Individual Income Tax Bill of 1944, as reported by the Finance Committee yesterday is submitted herewith.

The comparison is confined to sections of the Code expressly amended, added, or repealed by the bill. In general, sections amended only in part are printed in full. Omissions of sections or parts thereof are indicated by lines of stars. Unchanged language appears in roman; new House language in italic; and language repealed by the House in stricken-through type. Matter stricken out by the Finance Committee is enclosed in black brackets; matter added by them is printed in bold face type. Language that is not in fact new is printed in roman, notwithstanding the fact that the amending section of the bill may purport to amend in full.

The text is preceded by a parallel reference table indicating by what sections of the bill express amendments, additions, and repeals are to be effected. Sections initially or further amended by the Finance Committee are indicated by italic type.

Respectfully yours,

LYNN L. STRATTON.



PARALLEL REFERENCE TABLE OF THE SECTIONS OF THE INTERNAL REVENUE CODE EXPRESSLY AMENDED, ADDED, OR REPEALED BY H. R. 4646, THE INDIVIDUAL INCOME TAX BILL OF 1944, AS REPORTED BY THE FINANCE COMMITTEE ON MAY 16, 1944

\*—Amended in full  
a—Added  
r—Repealed  
No symbol—Amended in part  
Italic half line—New amendment  
Italic code section number—House amendment amended

Code section	Sym- bol	Bill section	Bill page	Code section	Sym- bol	Bill section	Bill page
3		6 (b) (1)	7	215 (b)		10 (g)	22
4 (l)		5 (b)	7	251 (f)	*	10 (h)	23
11	*	3	2	271	*	14 (a)	38
12 (b)	*	4 (a)	2	291 (b)	r	6 (b) (7)	8
12 (g)	*	4 (b)	4	292 (a)		14 (c)	41
12 (h)	a	4 (b)	4	294 (d) (1) (A)		13 (b)	36
22 (b) (4)		11 (d)	27	294 (d) (2)		6 (b) (8)	8
22 (m)	a	7	9	322 (a) (2)		6 (b) (9)	8
22 (n)	a	8 (a)	10	322 (d)		14 (d)	41
23 (o)		8 (b)	11	322 (e)		6 (b) (10)	8
23 (x)	*	8 (c)	12	400	*	5 (a)	4
23 (aa)	a	9 (a)	13	401	*	5 (a)	6
25 (a) (3)	a	10 (a)	17	402	*	5 (a)	6
25 (b)	*	10 (b)	18	403	*	5 (a)	6
47 (c)		10 (c)	21	404	*	5 (a)	6
51 (a)	*	11 (a)	23	450	r	6 (a)	7
51 (b)	*	11 (a)	24	451	r	6 (a)	7
51 (f)	*	11 (b)	24	452	r	6 (a)	7
56 (f)		6 (b) (2)	7	455	r	6 (a)	7
56 (i)	a	12	27	456	r	6 (a)	7
58	*	13 (a)	28	465	r	6 (a)	7
59	*	13 (a)	33	466	r	6 (a)	7
60	*	13 (a)	35	467	r	6 (a)	7
103		6 (b) (3)	7	468	r	6 (a)	7
117 (a) (10) (B)		8 (d) (1)	12	469	r	6 (a)	7
117 (d) (2)		8 (d) (2)	13	470	r	6 (a)	7
131 (a)		6 (b) (4)	8	475	r	6 (a)	7
131 (i)		6 (b) (5)	8	476	r	6 (a)	7
142 (a) (1)	*	11 (c)	27	1621 (e)	*	22 (a)	42
142 (a) (2)	r	11 (c)	27	1621 (f)	r	22 (a)	42
142 (a) (3)		11 (c)	27	1621 (g)	r	22 (a)	42
142 (a) (4)		11 (c)	27	1621 (h)	r	22 (a)	42
142 (a) (5)		11 (c)	27	1621 (i)	r	22 (a)	42
143 (a) (2)		10 (d)	21	1621 (j)	r	22 (a)	42
145 (e)	*	6 (b) (6)	8	1621 (k)	r	22 (a)	42
162 (f)	a	9 (b) (1)	16	1622 (a)	*	22 (b)	43
163 (a) (1)	*	10 (e)	21	1622 (b) (1)	*	22 (b)	44
169 (d) (4)	a	9 (b) (2)	16	1622 (c) (1)	*	22 (c)	44
183 (a)		9 (e) (1)	17	1622 (h)	*	22 (d)	50
183 (d)	a	9 (c) (2)	17	3797 (a) (17)		10 (i)	23
213 (d)	a	9 (d)	17	3801 (d)		14 (b)	40
214	*	10 (f)	22	3806 (b) (3)		14 (b)	40



# Subtitle A—Taxes Subject to the Jurisdiction of The Tax Court of the United States

## CHAPTER I—INCOME TAX

### SUBCHAPTER A—INTRODUCTORY PROVISIONS

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#### SEC. 3. CLASSIFICATION OF PROVISIONS.

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

Subchapter A—Introductory provisions,  
Subchapter B—General provisions, divided into Parts and sections,  
Subchapter C—Supplemental provisions, divided into Supplements and sections.

~~Subchapter D—Victory tax on individuals, 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 domestic corporations, satisfying the conditions of section 251 by reason of deriving a large portion of their gross income from sources within a possession of the United States,—Supplement J.

(h) China Trade Act corporations,—Supplement K.

(i) Foreign personal holding companies and their shareholders,—Supplement P.

(j) Regulated investment companies,—Supplement Q.

(k) Shareholders of Personal Service Corporations,—Supplement S.

(l) Individuals with *adjusted* gross income ~~from certain sources~~ of \$3,000 or less than \$5,000,—Supplement T.

### SUBCHAPTER B—GENERAL PROVISIONS

#### Part I—Rates of Tax

#### SEC. 11. 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 of 3 per centum of the amount of the net income in excess of the credits against net

income provided in section 25 (a). (For alternative tax, if gross income from certain sources is \$3,000 or less, see section 400 which may be elected if adjusted gross income is less than \$5,000, see Supplement T.)

## SEC. 12. SURTAX ON INDIVIDUALS.

(a) DEFINITION OF "SURTAX NET INCOME".—As used in this section the term "surtax net income" means the amount of the net income in excess of the credits against net income provided in section 25 (b).

(b) RATES OF SURTAX.—There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual the surtax shown in the following table:

### If the surtax net income is:

Not over \$2,000-----

Over \$2,000 but not over \$4,000-----

Over \$4,000 but not over \$6,000-----

Over \$6,000 but not over \$8,000-----

Over \$8,000 but not over \$10,000-----

Over \$10,000 but not over \$12,000-----

Over \$12,000 but not over \$14,000-----

Over \$14,000 but not over \$16,000-----

Over \$16,000 but not over \$18,000-----

Over \$18,000 but not over \$20,000-----

Over \$20,000 but not over \$22,000-----

Over \$22,000 but not over \$26,000-----

Over \$26,000 but not over \$32,000-----

Over \$32,000 but not over \$38,000-----

Over \$38,000 but not over \$44,000-----

Over \$44,000 but not over \$50,000-----

Over \$50,000 but not over \$60,000-----

Over \$60,000 but not over \$70,000-----

Over \$70,000 but not over \$80,000-----

Over \$80,000 but not over \$90,000-----

Over \$90,000 but not over \$100,000-----

Over \$100,000 but not over \$150,000-----

Over \$150,000 but not over \$200,000-----

Over \$200,000-----

### The surtax shall be:

13 20% of the surtax net income.

\$260 \$400, plus 16 22% of excess over \$2,000.

\$580 \$840, plus 20 26% of excess over \$4,000.

\$980 \$1,360, plus 24 30% of excess over \$6,000.

\$1,460 \$1,960, plus 28 34% of excess over \$8,000.

\$2,020 \$2,640, plus 32 38% of excess over \$10,000.

\$2,660 \$3,400, plus 36 43% of excess over \$12,000.

\$3,380 \$4,260, plus 40 47% of excess over \$14,000.

\$4,180 \$5,200, plus 43 50% of excess over \$16,000.

\$5,040 \$6,200, plus 46 53% of excess over \$18,000.

\$5,960 \$7,260, plus 49 56% of excess over \$20,000.

\$6,940 \$8,380, plus 52 59% of excess over \$22,000.

\$9,020 \$10,740, plus 55 62% of excess over \$26,000.

\$12,320 \$14,460, plus 58 65% of excess over \$32,000.

\$15,800 \$18,360, plus 61 69% of excess over \$38,000.

\$19,460 \$22,500, plus 63 72% of excess over \$44,000.

\$23,240 \$26,820, plus 66 75% of excess over \$50,000.

\$29,840 \$34,320, plus 69 78% of excess over \$60,000.

\$36,740 \$42,120, plus 72 81% of excess over \$70,000.

\$43,940 \$50,220, plus 75 84% of excess over \$80,000.

\$51,440 \$58,620, plus 77 87% of excess over \$90,000.

\$59,140 \$67,320, plus 79 89% of excess over \$100,000.

\$98,640 \$111,820, plus 81 90% of excess over \$150,000.

\$139,140 \$156,820, plus 82 91% of excess over \$200,000.

\* \* \* \* \*

(g) For alternative tax if gross income from certain sources is \$3,000 or less, see section 400. **LIMITATION ON TAX.**—The tax imposed by this section and section 11, computed without regard to the credits provided

in sections 31, 32, and 35, shall in no event exceed in the aggregate 90 per centum of the net income of the taxpayer for the taxable year.

(h) *ALTERNATIVE TAX.*—For alternative tax which may be elected if adjusted gross income is less than \$5,000, see Supplement T.

\* \* \* \* \*

## Part II—Computation of Net Income

\* \* \* \* \*

### SEC. 22. GROSS INCOME.

\* \* \* \* \*

(b) *EXCLUSIONS FROM GROSS INCOME.*—The following items shall not be included in gross income and shall be exempt from taxation under this chapter:

\* \* \* \* \*

(4) *TAX-FREE INTEREST.*—Interest upon (A) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (B) obligations of a corporation organized under Act of Congress, if such corporation is an instrumentality of the United States; or (C) the obligations of the United States or its possessions. Every person owning any of the obligations enumerated in clause (A), (B), or (C) shall, ~~in the return required by this chapter~~ when so required by regulations prescribed by the Commissioner with the approval of the Secretary, submit in the return required by this chapter a statement showing the number and amount of such obligations owned by him and the income received therefrom, in such form and with such information as ~~the Commissioner may require~~ such regulations may prescribe. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit to the extent they represent deposits made before March 1, 1941) and in the case of obligations of a corporation organized under Act of Congress, the interest shall be exempt only if and to the extent provided in the respective Acts authorizing the issue thereof as amended and supplemented, and shall be excluded from gross income only if and to the extent it is wholly exempt from the taxes imposed by this chapter;

\* \* \* \* \*

### (m) *SERVICES OF CHILD.*—

(1) *Amounts received in respect of the services of a child shall be included in his gross income and not in the gross income of the parent, even though such amounts are not received by the child.*

(2) *All expenditures by the parent or the child attributable to amounts which are includible in the gross income of the child and not of the parent solely by reason of paragraph (1) shall be deemed to have been paid or incurred by the child.*

(3) *For the purposes of this subsection, the term "parent" includes an individual who is entitled to the services of a child by reason of having parental rights and duties in respect of the child.*

(4) [In the case of income includible in the gross income of the child and not of the parent solely by reason of paragraph (1), the parent shall be considered as acting in a fiduciary capacity for the purposes of the tax imposed by this chapter attributable to such income; and all provisions of law applicable in respect of a fiduciary shall be applicable to such parent] Any tax assessed against the child, to the extent attributable to amounts includible in the gross income of the child and not of the parent solely by reason of paragraph (1), shall, if not paid by the child, for all purposes be considered as having also been properly assessed against the parent.

(n) DEFINITION OF "ADJUSTED GROSS INCOME."—As used in this chapter the term "adjusted gross income" means the gross income minus—

(1) TRADE AND BUSINESS DEDUCTIONS.—The deductions allowed by section 23 which are attributable to a trade or business carried on by the taxpayer, if such trade or business does not consist of the performance of services by the taxpayer as an employee;

(2) EXPENSES OF TRAVEL AND LODGING IN CONNECTION WITH EMPLOYMENT.—The deductions allowed by section 23 which consist of expenses of travel, meals, and lodging while away from home, paid or incurred by the taxpayer in connection with the performance by him of services as an employee;

(3) REIMBURSED EXPENSES IN CONNECTION WITH EMPLOYMENT.—The deductions allowed by section 23 (other than expenses of travel, meals, and lodging while away from home) which consist of expenses paid or incurred by the taxpayer, in connection with the performance by him of services as an employee, under a reimbursement or other expense allowance arrangement with his employer;

(4) DEDUCTIONS ATTRIBUTABLE TO RENTS AND ROYALTIES.—The deductions (other than those provided in paragraph (1), (5), or (6)) allowed by section 23 which are attributable to property held for the production of rents or royalties;

(5) CERTAIN DEDUCTIONS OF LIFE TENANTS AND INCOME BENEFICIARIES OF PROPERTY.—The deductions (other than those provided in paragraph (1)) for depreciation and depletion, allowed by section 23 (l) and (m) to a life tenant of property or to an income beneficiary of property held in trust; and

(6) LOSSES FROM SALES OR EXCHANGE OF PROPERTY.—The deductions (other than those provided in paragraph (1)) allowed by section 23 as losses from the sale or exchange of property.

## SEC. 23. DEDUCTIONS FROM GROSS INCOME.

In computing net income there shall be allowed as deductions:

\* \* \* \* \*

(o) CHARITABLE AND OTHER CONTRIBUTIONS.—In the case of an individual, contributions or gifts payment of which is made within the taxable year to or for the use of:

(1) The United States, any State, Territory, or any political subdivision thereof or the District of Columbia, or any possession of the United States, for exclusively public purposes;

(2) A corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States or of any State or Territory or of any possession of the United States, organized

and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

(3) the special fund for vocational rehabilitation authorized by section 12 of the World War Veterans' Act, 1924, 43 Stat. 611 (U. S. C., Title 38, §440);

(4) posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units, or societies are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual; or

(5) a domestic fraternal society, order, or association, operating under the lodge system, but only if such contributions or gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals;

to an amount which in all the above cases combined does not exceed 15 per centum of the taxpayer's net income as computed without the benefit of this subsection or of subsection (x) adjusted gross income. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner, with the approval of the Secretary.

For unlimited deduction if contributions and gifts exceed 90 per centum of the net income, see section 120.

\* \* \* \* \*

(X) MEDICAL, DENTAL, ETC., EXPENSES.—~~Except as limited under paragraph (1) or (2);~~ Expenses paid during the taxable year, not compensated for by insurance or otherwise, for medical care of the taxpayer, his spouse, or a dependent specified in section 25 (b) (2) (A) (3) of the taxpayer, to the extent that such expenses exceed 5 per centum of the adjusted gross income. If only one surtax exemption is allowed under section 25 (b) for the taxable year, the maximum deduction for the taxable year shall be not in excess of \$1,250. If more than one surtax exemption is so allowed, the maximum deduction shall be not in excess of \$2,500. The term "medical care", as used in this subsection, shall include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body (including amounts paid for accident or health insurance).

(1) A husband and wife who file a joint return may deduct only such expenses as exceed 5 per centum of the aggregate net income of such husband and wife, computed without the benefit of this subsection; and the maximum deduction for the taxable year shall be not in excess of \$2,500 in the case of such husband and wife.

(2) An individual who files a separate return may deduct only such expenses as exceed 5 per centum of the net income of the taxpayer, computed without the benefit of this subsection; and the maximum deduction for the taxable year shall be not

in excess of \$2,500 in the case of the head of a family, and not in excess of \$1,250 in the case of all other such individuals.

\* \* \* \* \*

(aa) *OPTIONAL STANDARD DEDUCTION FOR INDIVIDUALS.*—

(1) *ALLOWANCE.*—*In the case of an individual, at his election a standard deduction as follows:*

(A) *Adjusted Gross Income \$5,000 or More.*—*If his adjusted gross income is \$5,000 or more, the standard deduction shall be \$500.*

(B) *Adjusted Gross Income Less Than \$5,000.*—*If his adjusted gross income is less than \$5,000, the standard deduction shall be an amount equal to 10 per centum of the adjusted gross income upon the basis of which the tax applicable to the adjusted gross income of the taxpayer is determined under the tax table provided in section 400.*

(2) *IN LIEU OF CERTAIN DEDUCTIONS AND CREDITS.*—*The standard deduction shall be in lieu of: (A) all deductions other than those which under section 22 (n) are to be subtracted from gross income in computing adjusted gross income, (B) all credits with respect to taxes of foreign countries and possessions of the United States, (C) all credits with respect to taxes withheld at the source under section 143 (a) (relating to interest on tax-free covenant bonds), and (D) all credits against net income with respect to interest on certain obligations of the United States and Government corporations of the character specified in section 25 (a) (1) and (2).*

(3) *METHOD AND EFFECT OF ELECTION.*—

(A) *If the adjusted gross income shown on the return is \$5,000 or more, the standard deduction shall be allowed only if the taxpayer so elects in his return, and the Commissioner, with the approval of the Secretary, shall by regulations prescribe the manner of signifying such election in the return.*

(B) *If the adjusted gross income shown on the return is less than \$5,000, the standard deduction shall be allowed only if the taxpayer elects, in the manner provided in Supplement T, to pay the tax imposed by such supplement.*

(C) *If the taxpayer does not signify, in the manner provided by subparagraph (A) or (B), his election to take the standard deduction, it shall not be allowed. If he does so signify, such election shall be irrevocable.*

(D) *If the adjusted gross income shown on the return is \$5,000 or more, but the correct adjusted gross income is less than \$5,000, then an election by the taxpayer under subparagraph (A) to take the standard deduction shall be considered as his election to pay the tax imposed by Supplement T; and his failure to make under subparagraph (A) an election to take the standard deduction shall be considered his election not to pay the tax imposed by Supplement T. If the adjusted gross income shown on the return is less than \$5,000, but the correct adjusted gross income is \$5,000 or more, then an election by the taxpayer under subparagraph (B) to pay the tax imposed by Supplement T shall be considered as his election to take the*

standard deduction; and his failure to elect under subparagraph (B) to pay the tax imposed by Supplement T shall be considered his election not to take the standard deduction.

(4) *HUSBAND AND WIFE.*—In the case of husband and wife living together, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction. For the purposes of this paragraph the determination of whether an individual is married and living with his spouse shall be made as of the last day of the taxable year, unless his spouse dies during the taxable year, in which case such determination shall be made as of the date of such spouse's death.

(5) *SHORT PERIOD.*—In the case of a taxable year of less than twelve months on account of a change in the accounting period, the standard deduction shall not be allowed.

\* \* \* \* \*

## SEC. 25. CREDITS OF INDIVIDUAL AGAINST NET INCOME.

(a) *CREDITS FOR NORMAL TAX ONLY.*—There shall be allowed for the purpose of the normal tax, but not for the surtax, the following credits against the net income:

(1) *INTEREST ON UNITED STATES OBLIGATIONS.*—The amount received as interest upon obligations of the United States, if such interest is included in gross income under section 22, and if, under the Act authorizing the issue of such obligations, as amended and supplemented, such interest is exempt from normal tax.

(2) *INTEREST ON OBLIGATIONS OF INSTRUMENTALITIES OF THE UNITED STATES.*—The amount received as interest on obligations of a corporation organized under Act of Congress, if (A) such corporation is an instrumentality of the United States; and (B) such interest is included in gross income under section 22; and (C) under the Act authorizing the issue thereof, as amended and supplemented, such interest is exempt from normal tax. (For reduction of credit under paragraph (1) or (2) on account of amortizable bond premium, see section 125.)

(3) *NORMAL-TAX EXEMPTION.*—A normal-tax exemption of \$500. In the case of a joint return by husband and wife under section 51, the normal-tax exemption shall be \$1,000, except that if the adjusted gross income of one spouse is less than \$500, the normal-tax exemption shall be \$500 plus the adjusted gross income of such spouse.

(b) *CREDITS FOR BOTH NORMAL TAX AND SURTAX ONLY.*—

(1) *CREDITS.*—There shall be allowed for the purposes of the normal tax and the surtax, but not for the normal tax, the following credits against net income:

(1) *PERSONAL EXEMPTION.*—In the case of a single person or a married person not living with husband or wife, a personal exemption of \$500; or in the case of the head of a family or a married person living with husband or wife, a personal exemption of \$1,200. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be \$1,200. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them:

(A) A surtax exemption of \$500 for the taxpayer;

(B) A surtax exemption of \$500 for the spouse of the taxpayer if—

(i) a joint return is made by the taxpayer and his spouse under section 51, in which case the surtax exemption of the spouses under subparagraph (A) and this subparagraph shall be only \$1,000 in the aggregate, or

(ii) a separate return is made by the taxpayer, and his spouse has no gross income for the calendar year in which the taxable year of the taxpayer begins and is not the dependent of another taxpayer;

(2) CREDIT FOR DEPENDENTS.—

(A) Allowance in General.—\$350 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under eighteen years of age or is incapable of self-support because mentally or physically defective. A payment to a wife which is includible under section 22 (k) or section 171 in the gross income of such wife shall not be considered a payment by her husband for the support of any dependent.

(B) Exception for Certain Heads of Families.—If the taxpayer would not occupy the status of head of a family except by reason of there being one or more dependents for whom he would be entitled to credit under subparagraph (A), the credit under such subparagraph shall be disallowed with respect to one of such dependents.

(C) A surtax exemption of \$500 for each dependent whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than \$500, except that if such dependent is married the exemption in respect of such dependent shall not be allowed if such dependent has made a joint return with the other spouse under section 51 for a taxable year beginning in such calendar year.

(3) (2) DETERMINATION OF STATUS.—For the purpose of determining the amount of the personal exemption and credit for dependents, the status of the taxpayer shall be determined as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such status shall be determined as of the last day of the taxable year. The determination of whether an individual is married shall be made as of the last day of the taxable year, unless his spouse dies during the taxable year, in which case such determination shall be made as of the date of his spouse's death.

(3) DEFINITION OF DEPENDENT.—As used in this chapter the term "dependent" means any of the following persons over half of whose [support for the taxable year] support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer:

(A) a son or daughter of the taxpayer, or a descendant of either,

(B) a stepson or stepdaughter of the taxpayer,

(C) a brother, sister, stepbrother, or stepsister of the taxpayer,

(D) the father or mother of the taxpayer, or an ancestor of either,

(E) a stepfather or stepmother of the taxpayer,

(F) a son or daughter of a brother or sister of the taxpayer,

(G) a brother or sister of the father or mother of the taxpayer,  
 (H) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer.

As used in this paragraph, the terms "brother" and "sister" include a brother or sister by the half-blood. For the purposes of determining whether any of the foregoing relationships exist, a legally adopted child of a person shall be considered a child of such person by blood. The term "dependent" does not include any individual who is a citizen or subject of a foreign country unless such individual is a resident of the United States or of a country contiguous to the United States. A payment to a wife which is includible under section 22 (k) or section 171 in the gross income of such wife shall not be considered a payment by her husband for the support of any dependent.

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Part IV--Accounting Periods and Methods of Accounting

\* \* \* \* \*

SEC. 47. RETURNS FOR A PERIOD OF LESS THAN TWELVE MONTHS

\* \* \* \* \*

(e) Reduction of Credits Against Net Income.—In the case of a return made for a fractional part of a year under section 146 (a) (1), the personal exemption and credit for dependents normal tax exemption and surtax exemptions shall be reduced respectively to amounts which bear the same ratio to the full credits provided normal tax exemption (in the case of the normal tax) and the full surtax exemptions (in the case of the surtax) as the number of months in the period for which return is made bears to twelve months.

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Part V—Returns and Payment of Tax

SEC. 51. INDIVIDUAL RETURNS.

(a) REQUIREMENT.—The following individuals shall each make a return, which shall contain or be verified by a written declaration that it is made under the penalties of perjury, stating specifically the items of his gross income and the deductions and credits allowed under this chapter and such other information for the purpose of carrying out the provisions of this chapter as the Commissioner with the approval of the Secretary may by regulations prescribe—

(1) Every individual who is single or who is married but not living with husband or wife, if having a gross income for the taxable year of \$500 or over.

(2) Every individual who is married and living with husband or wife, if no joint return is made under subsection (b) and if—

(A) Such individual has for the taxable year a gross income of \$1,200 or over, and the other spouse has no gross income; or

(B) Such individual and his spouse each has for the taxable year a gross income and the aggregate gross income is \$1,200 or over.

Every individual having for the taxable year a gross income of \$500 or more shall make a return, which shall contain or be verified by a written

declaration that it is made under the penalties of perjury. Such return shall set forth in such cases, and to such extent, and in such detail, as the Commissioner with the approval of the Secretary may by regulations prescribe, the items of gross income and the deductions and credits allowed under this chapter and such other information for the purpose of carrying out the provisions of this chapter as may be prescribed by such regulations.

(b) **HUSBAND AND WIFE.**—In the case of a husband and wife living together the income of each (even though one has no gross income) may be included in a single return made by them jointly, in which case the tax shall be computed on the aggregate income; and the liability with respect to the tax shall be joint and several. No joint return may be made if either the husband or wife is a nonresident alien or if husband and wife have different taxable years. A husband and wife may make a single return jointly. Such a return may be made even though one of the spouses has neither gross income nor deductions. If a joint return is made the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several. No joint return may be made if either the husband or wife is a nonresident alien or if the husband and wife have different taxable years. The status of individuals as husband and wife shall be determined as of the last day of the taxable year.

(c) **PERSONS UNDER DISABILITY.**—If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

(d) **SIGNATURE PRESUMED CORRECT.**—The fact that an individual's name is signed to a filed return shall be prima facie evidence for all purposes that the return was actually signed by him.

(e) **FIDUCIARIES.**—

For returns to be made by fiduciaries, see section 142.

(f) **DETERMINATION OF STATUS. TAX COMPUTED BY COLLECTOR IN CASE OF WAGE EARNERS.**—For the purposes of this section and section 142 (a), the determination of whether an individual is married and living with husband or wife shall be made as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such determination shall be made as of the last day of the taxable year.

(1) **RETURN REQUIREMENTS.**—An individual entitled to elect to pay the tax imposed by Supplement T whose gross income is less than \$5,000 and is entirely from one or more of the following sources: Remuneration for services performed by him as an employee, dividends, or interest; and whose gross income from sources other than wages, as defined in section 1621 (a), does not exceed \$100, shall at his election be relieved, by using the form prescribed as the form for the return for the purposes of this subsection, from showing on the return the tax imposed by this chapter. In such case the tax shall be computed by the collector.

(2) **RESULT OF COMPUTATION.**—After the collector has computed the tax, he shall mail to the taxpayer a notice stating the amount determined by the collector as payable and making demand therefor.

(3) **REGULATIONS.**—The Commissioner with the approval of the Secretary shall prescribe regulations for carrying out this subsection, and such regulations may provide for the application of the rules of this subsection to cases where the gross income includes items other

than those enumerated in paragraph (1), to cases where the gross income from sources other than wages on which the tax has been withheld at the source is more than \$100 but not more than \$200, and to cases where the gross income is \$5,000 or more but not more than \$5,200. Such regulations shall provide (A) for the application of this subsection in the case of husband and wife, including provisions determining when a joint return under this subsection may be permitted or required and what constitutes a joint return, whether the liability shall be joint and several, and whether one spouse may make return under this subsection and the other without regard to this subsection, and (B) whether and the extent to which the benefits of this subsection may be availed of, in the case of taxable years beginning in the calendar year 1944, by persons required to make or making payments of estimated tax with respect to any such taxable year.

(4) *METHOD OF ELECTION.*—The election to have the benefits of this subsection shall be made by making return on the form prescribed as the form for the return for the purposes of this subsection. An election so made shall constitute an election to pay the tax imposed by Supplement T.

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#### SEC. 56. PAYMENT OF TAX.

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(f) *TAX WITHHELD AT SOURCE.*—For requirement of withholding tax at source, see sections 143; and 144; and Part II of Subchapter D.

\* \* \* \* \*

(i) *PAYMENT OF TAX IF NOT COMPUTED BY TAXPAYER.*—Where under section 51 (f) a taxpayer who is an individual is permitted to file return without showing the tax thereon, and the tax is to be computed by the collector, the amount determined by the collector as payable shall be paid within thirty days after the mailing by the collector to the taxpayer of a notice stating such amount and making demand therefor.

\* \* \* \* \*

#### SEC. 58. DECLARATION OF ESTIMATED TAX BY INDIVIDUALS.

(a) *REQUIREMENT OF DECLARATION.*—Every individual (other than an estate or trust and other than a nonresident alien with respect to whose wages, as defined in section 1621 (a), withholding under Subchapter D of Chapter 9 is not made applicable) shall, at the time during the taxable year prescribed in subsection (d), make a declaration of his estimated tax for the taxable year if—

(1) his gross income from wages (as defined in section 1621) (A) in case such individual is single or married but not living with husband or wife: can reasonably be expected to exceed \$2,700 for the taxable years; or did exceed \$2,700 for the preceding taxable year; the sum of \$5,000 plus \$500 with respect to each surtax exemption (except his own) provided in section 25 (b); or

(B) in case such individual is married and living with husband or wife: can, when added to the gross income which can reasonably be expected to be received by such husband or wife from wages (as so defined), reasonably be expected to exceed \$3,500

for the taxable year; or did when added to the gross income of such husband or wife from wages (as so defined) for the preceding taxable year, exceed \$2,500 for such preceding taxable year; or

(2) his gross income from sources other than wages (as defined in section 1621) (A) in case such individual is single or married but not living with husband or wife; can reasonably be expected to exceed \$100 for the taxable year and his gross income to be \$500 or more such as will require the making of a return for the taxable year under section 51; or did exceed \$100 for the preceding taxable year and such individual either was required to make a return under section 51 or 455 for such preceding taxable year or would have been so required if he had been single during the whole of such preceding taxable year; or

(B) in case such individual is married and living with husband or wife: can, when added to the gross income which can reasonably be expected to be received by husband or wife from such sources; reasonably be expected to exceed \$100 for the taxable year and the aggregate gross income of such husband and wife can reasonably be expected to be such as will require the making of a return under section 51 or 455; or did, when added to the gross income of such husband or wife from such sources for the preceding taxable year, exceed \$100 for such preceding taxable year and such individual would have been required to make a return under section 51 or 455 for such preceding taxable year if he had been married and living with husband or wife during the whole of such preceding taxable year; or

(3) in case such taxable year is the taxable year beginning in 1943, such individual was required to make a return under section 51 for the taxable year beginning in 1942, and his gross income from wages (as defined in section 1621) for such taxable year is greater than the gross income which can reasonably be expected to be received from wages for the taxable year beginning in 1943.

(b) CONTENTS OF DECLARATION.—In the declaration required under subsection (a) the individual shall state—

(1) the amount which he estimates as the amount of tax under this chapter for the taxable year, without regard to any credits under sections 32; and 35; and 466 (e) for taxes withheld at source;

(2) the amount which he estimates as the credits for the taxable year under sections 32; and 35; and 466 (e); and

(3) the excess of the amount estimated under paragraph (1) over the amount estimated under paragraph (2), which excess for the purposes of this chapter shall be held and considered the estimated tax for the taxable year.

The declaration shall also contain such other information for the purposes of carrying out the provisions of this chapter as the Commissioner, with the approval of the Secretary, may by regulations prescribe, and shall contain or be verified by a written statement that it is made under the penalties of perjury.

(c) JOINT DECLARATION BY HUSBAND AND WIFE.—In the case of a husband and wife living together, a single declaration under this section may be made by them jointly, in which case the liability with respect to the estimated tax shall be joint and several. No joint declaration may be made if either the husband or wife is a nonresident

alien. If a joint declaration is made but a joint return is not made for the taxable year, the estimated tax for such year may be treated as the estimated tax of either the husband or the wife, or may be divided between them.

(d) TIME AND PLACE FOR FILING.—

(1) *IN GENERAL.*—The declaration required under subsection (a) shall be filed on or before ~~the fifteenth day of the third month~~ *March 15* of the taxable year, except that if the requirements of subsection 58 (a) are first met

(A) after ~~such date~~ *March 1 and before June 2* of the taxable year, the declaration shall be filed on or before ~~the fifteenth day~~ *June 15* of the last month of the quarter of the taxable year in which such requirements are first met, or

(B) after *June 1 and before September 2* of the taxable year, the declaration shall be filed on or before *September 15* of the taxable year, or

(C) after *September 1* of the taxable year, the declaration shall be filed on or before *January 15* of the succeeding taxable year.

(2) *AMENDMENT OF DECLARATION.*—An individual may make amendments ~~or revisions~~ of a declaration filed *during the taxable year* under this subsection, under regulations prescribed by the Commissioner with the approval of the Secretary. If so made, such amendments ~~or revisions shall~~ *may* be filed on or before the fifteenth day of the last month of any quarter of the taxable year subsequent to that in which the declaration was filed and in which no previous amendments ~~or revisions have been made or has been~~ filed, *except that in the case of an amendment filed after September 15 of the taxable year, it may be filed on or before January 15 of the succeeding taxable year.* Declarations and amendments ~~and revisions~~ thereof shall be filed with the collector specified in section 53 (b) (1).

(3) *RETURN AS DECLARATION OR AMENDMENT.*—If on or before *January 15* of the succeeding taxable year the taxpayer files a return, for the taxable year for which the declaration is required, and pays in full the amount computed on the return as payable, then, under regulations prescribed by the Commissioner with the approval of the Secretary—

(A) If the declaration is not required to be filed during the taxable year, but is required to be filed on or before such *January 15*, such return shall, for the purposes of this chapter, be considered as such declaration; and

(B) If the tax shown on the return (reduced by the credits under sections 32 and 35) is greater than the estimated tax shown in a declaration previously made, or in the last amendment thereof, such return shall, for the purposes of this chapter, be considered as the amendment of the declaration permitted by paragraph (2) to be filed on or before such *January 15*.

(e) *EXTENSION OF TIME.*—The Commissioner may grant a reasonable extension of the time for filing declarations and paying the estimated tax, under such rules and regulations as he shall prescribe with the approval of the Secretary. Except in the case of taxpayers who are abroad, no such extension shall be for more than six months.

(f) **PERSONS UNDER DISABILITY.**—If the taxpayer is unable to make his own declaration, the declaration shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

(g) **SIGNATURE PRESUMED CORRECT.**—The fact that an individual's name is signed to a filed declaration shall be prima facie evidence for all purposes that the declaration was actually signed by him.

(h) **PUBLICITY OF DECLARATION.**—For the purposes of section 55 (relating to publicity of returns), a declaration of estimated tax shall be held and considered a return under this chapter.

[Section 13 (d) of the bill reads as follows:

"(d) **SPECIAL RULE FOR 1944.**—The provisions of sections 58 and 59 of such Code, as amended by this Act, shall be subject to the following modifications with respect to declaration and payment of estimated tax for the calendar year 1944:

(1) **TIME FOR FILING DECLARATION.**—If the requirements of section 58 (a) of such Code, without regard to its amendment by this Act, are first met before April 1, 1944, the declaration shall be filed on or before April 15, 1944, and if such requirements are first met after March 31, 1944, and before June 2, 1944, the declaration shall be filed on or before June 15, 1944.

(2) **PAYMENT OF ESTIMATED TAX.**—If the declaration is filed on or before April 15, 1944, then (even though such declaration under existing law or under paragraph (1) of this subsection was not required to be filed before June 15, 1944) the estimated tax shall be paid in four equal installments and at the times provided in section 59 (a) (1) of such Code, as amended by this Act. If the declaration is filed after April 15, 1944, and not after June 15, 1944 (and is not required by paragraph (1) to be filed on or before April 15), the estimated tax shall be paid in three equal installments and at the times provided in section 59 (a) (2) of such Code, as amended by this Act. The rule provided in section 59 (a) (5) of such Code, as amended by this Act, shall apply with respect to declarations filed after the time prescribed in paragraph (1) of this subsection." ]

## SEC. 59. PAYMENT OF ESTIMATED TAX.

(a) **IN GENERAL.**—The estimated tax shall be paid in four equal installments except that as follows:

(1) If the declaration is filed (otherwise than pursuant to an extension of time) after the fifteenth day of the third month on or before March 15 of the taxable year, the estimated tax shall be paid in four equal installments the number of which is equal to the number of quarters remaining in the taxable year (including the quarter in which the declaration is filed); and. The first installment shall be paid at the time of the filing of the declaration, the second and third on June 15 and September 15, respectively, of the taxable year, and the fourth on January 15 of the succeeding taxable year.

(2) If the declaration is filed after March 15 and not after June 15 of the taxable year, and is not required by section 58 (d) to be filed on or before March 15 of the taxable year, the estimated tax shall be paid in three equal installments. The first installment shall be paid at the time of the filing of the declaration, the second on September 15 of the taxable year, and the third on January 15 of the succeeding taxable year.

(3) If the declaration is filed after June 15 and not after September 15 of the taxable year, and is not required by section 58 (d) to be filed on or before June 15 of the taxable year, the estimated tax shall be paid in two equal installments. The first installment shall be paid at the time of the filing of the declaration, and the second on January 15 of the succeeding taxable year.

(4) If the declaration is filed after September 15 of the taxable year, and is not required by section 58 (d) to be filed on or before September 15 of the taxable year, the estimated tax shall be paid in full at the time of the filing of the declaration.

(5) If the declaration is filed after the time prescribed in section 58 (d) (including cases in which an extension of time for filing the

declaration has been granted under section 58 (e)), paragraphs (2), (3), and (4) of this subsection shall not apply, and there shall be paid at the time of such filing all installments of estimated tax which would have been payable on or before such time if the declaration had been filed within the time prescribed in section 58 (d), and the remaining installments shall be paid at the times at which, and in the amounts in which, they would have been payable if the declaration had been so filed.

(b) *AMENDMENTS OF DECLARATION.*—If any amendment or revision of a declaration is filed, the remaining installments, if any, shall be ratably increased or decreased, as the case may be, to reflect the increase or decrease, as the case may be, in the estimated tax by reason of such amendment or revision; and if any amendment is made after September 15 of the taxable year, any increase in the estimated tax by reason thereof shall be paid at the time of making such amendment.

(3) (c) *INSTALLMENTS PAID IN ADVANCE.*—At the election of the individual, any installment of the estimated tax may be paid prior to the date prescribed for its payment. One installment of the estimated tax shall be paid at the time of making the declaration, and an installment thereof shall be paid on the fifteenth day of the last month of each succeeding quarter of the taxable year.

(d) *PAYMENT AS PART OF TAX FOR TAXABLE YEAR.*—Payment of the estimated tax, or any installment of the estimated tax thereof, shall be considered payment on account of the tax for the taxable year.

(b) *ASSESSMENT.*—The estimated tax shall be assessed only to the extent paid. Assessment in respect of the estimated tax shall be limited to the amount paid.

## SEC. 60. SPECIAL RULES FOR APPLICATION OF SECTIONS 58 AND 59.

(a) *FARMERS.*—In the case of an individual whose estimated gross income from farming for the taxable year is at least 80 per centum two-thirds of the total estimated gross income from all sources for the taxable year, in lieu of the time prescribed in section 58 (d), the declaration for the taxable year may be made at any time on or before the fifteenth day of the last month of the January 15 of the succeeding taxable year.

(b) *APPLICATION TO SHORT TAXABLE YEARS.*—The application of sections 58, 59, and 294 (d), and of subsection (a) of this section, to taxable years of less than twelve months shall be as prescribed in regulations prescribed by the Commissioner with the approval of the Secretary.

(c) *APPLICATION TO TAXABLE YEARS BEGINNING IN 1943.*—If the taxable year is the calendar year 1943, the fifteenth day of September, 1943, shall be substituted for the fifteenth day of March for the purposes of section 58 (d). If the taxable year begins in 1943 after January 1, the date which shall be substituted for the fifteenth day of the third month of the taxable year for the purposes of section 58 (d) shall be prescribed by regulations prescribed by the Commissioner with the approval of the Secretary. In either case installments of the estimated tax for such taxable year payable after September 1, 1943, shall be ratably decreased to reflect the payments on account of a taxable year beginning in 1942 which are treated as payments on account of the estimated tax for a taxable year beginning in 1943.

*FISCAL YEARS.*—In the application of sections 58 and 59, and subsection

(a) of this section, to the case of a taxable year beginning on any date other than January 1, there shall be substituted, for the months specified therein, the months which correspond thereto.

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## SUBCHAPTER C—SUPPLEMENTAL PROVISIONS

### Supplement A—Rates of Tax

[Supplementary to Subchapter B, Part I]

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#### SEC. 103. RATES OF TAX ON CITIZENS AND CORPORATIONS OF CERTAIN FOREIGN COUNTRIES.

Whenever the President finds that, under the laws of any foreign country, citizens or corporations of the United States are being subjected to discriminatory or extraterritorial taxes, the President shall so proclaim and the rates of tax imposed by sections 11, 12, 13, 14, 201 (a), 204 (a), 207, 211 (a), 231 (a), 362, and ~~450~~ 400 shall, for the taxable year during which such proclamation is made and for each taxable year thereafter, be doubled in the case of each citizen and corporation of such foreign country; but the tax at such doubled rate shall be considered as imposed by sections 11, 12, 13, 14, 201 (a), 204 (a), 207, 211 (a), 231 (a), 362, and ~~450~~ 400, as the case may be. In no case shall this section operate to increase the taxes imposed by such sections (computed without regard to this section) to an amount in excess of 80 per centum of the net income of the taxpayer. Whenever the President finds that the laws of any foreign country with respect to which the President has made a proclamation under the preceding provisions of this section have been modified so that discriminatory and extraterritorial taxes applicable to citizens and corporations of the United States have been removed, he shall so proclaim, and the provisions of this section providing for doubled rates of tax shall not apply to any citizen or corporation of such foreign country with respect to any taxable year beginning after such proclamation is made.

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### Supplement B—Computation of Net Income

[Supplementary to Subchapter B, Part II]

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#### SEC. 117. CAPITAL GAINS AND LOSSES.

(a) DEFINITIONS.—As used in this chapter—

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(10) NET CAPITAL GAIN.—

(A) CORPORATIONS.—In the case of a corporation, the term “net capital gain” means the excess of the gains from sales or exchanges of capital assets over the losses from such sales or exchanges; and

(B) OTHER TAXPAYERS.—In the case of a taxpayer other than a corporation, the term “net capital gain” means the excess of (i) the sum of the gains from sales or exchanges of

capital assets, plus net income of the taxpayer or \$1,000, whichever is smaller, over (ii) the losses from such sales or exchanges. For purposes of this subparagraph, net income shall be computed without regard to gains or losses from sales or exchanges of capital assets. **If the tax is to be computed under Supplement T, "net income" as used in this subparagraph shall be read as "adjusted gross income".**

\* \* \* \* \*

(d) **LIMITATION ON CAPITAL LOSSES.—**

(1) **CORPORATIONS.—**In the case of a corporation, losses from sales or exchanges of capital assets shall be allowed only to the extent of gains from such sales or exchanges.

(2) **OTHER TAXPAYERS.—**In the case of a taxpayer, other than a corporation, losses from sales or exchanges of capital assets shall be allowed only to the extent of the gains from such sales or exchanges, plus the net income of the taxpayer of \$1,000, whichever is smaller. For purposes of this paragraph, net income shall be computed without regard to gains or losses from sales or exchanges of capital assets. **If the tax is to be computed under Supplement T, "net income" as used in this paragraph shall be read as "adjusted gross income".**

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**Supplement C—Credits Against Tax**

[Supplementary to Subchapter B, Part III]

**SEC. 131. TAXES OF FOREIGN COUNTRIES AND POSSESSIONS OF UNITED STATES.**

(a) **ALLOWANCE OF CREDIT.—**If the taxpayer chooses to have the benefits of this section, the tax imposed by this chapter, except the tax imposed under section 102 ~~or section 450~~, shall be credited with:

(1) **CITIZENS AND DOMESTIC CORPORATIONS.—**In the case of a citizen of the United States and of a domestic corporation, the amount of any income, war-profits, and excess-profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States; and

(2) **RESIDENT OF UNITED STATES.—**In the case of a resident of the United States, the amount of any such taxes paid or accrued during the taxable year to any possession of the United States; and

(3) **ALIEN RESIDENT OF UNITED STATES.—**In the case of an alien resident of the United States, the amount of any such taxes paid or accrued during the taxable year to any foreign country, if the foreign country of which such alien resident is a citizen or subject, in imposing such taxes, allows a similar credit to citizens of the United States residing in such country; and

(4) **PARTNERSHIPS AND ESTATES.—**In the case of any such individual who is a member of a partnership or a beneficiary of an estate or trust, his proportionate share of such taxes of the partnership or the estate or trust paid or accrued during the taxable year to a foreign country or to any possession of the United States, as the case may be.

Such choice may be made or changed at any time prior to the expiration of the period prescribed for making a claim for credit or refund of the tax imposed by this chapter.

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(i) **TAX WITHHELD AT SOURCE.**—For the purposes of this supplement the tax imposed by this chapter shall be the tax computed without regard to the credit provided in section 32 and section 466 (e) 35.

### Supplement D—Returns and Payment of Tax

[Supplementary to Subchapter B, Part V]

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#### SEC. 142. FIDUCIARY RETURNS.

(a) **REQUIREMENT OF RETURN.**—Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for any of the following individuals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this chapter and such other information for the purpose of carrying out the provisions of this chapter as the Commissioner with the approval of the Secretary may by regulations prescribe—

(1) Every individual having a gross income for the taxable year of \$500 or over; if single, or if married and not living with husband or wife;

(2) Every individual having a gross income for the taxable year of \$1,200 or over, if married and living with husband or wife;

(3) (2) Every estate the gross income of which for the taxable year is \$500 or over;

(4) (3) Every trust the net income of which for the taxable year is \$100 or over, or the gross income of which for the taxable year is \$500 or over, regardless of the amount of the net income; and

(5) (4) Every estate or trust of which any beneficiary is a nonresident alien.

\* \* \* \* \*

#### SEC. 143. WITHHOLDING OF TAX AT SOURCE.

(a) **TAX-FREE COVENANT BONDS.**—

(1) **REQUIREMENT OF WITHHOLDING.**—In any case where bonds, mortgages, or deeds of trust, or other similar obligations of a corporation, issued before January 1, 1934, contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this chapter upon the obligee, or to reimburse the obligee for any portion of the tax, or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon, or to retain therefrom under any law of the United States, the obligor shall deduct and withhold a tax equal to 2 per centum of the interest upon such bonds, mortgages, deeds of trust, or other obligations, whether such interest is payable annually or at shorter or longer periods, if payable to an individual, a partnership, or a foreign corporation not engaged in trade or business within the United States:

*Provided*, That if the liability assumed by the obligor does not exceed 2 per centum of the interest, then the deduction and withholding shall be at the following rates: (A) 30 per centum in the case of a nonresident alien individual (except that such rate shall be reduced, in the case of a resident of any country in North, Central, or South America, or in the West Indies, or of Newfoundland, to such rate, not less than 5 per centum, as may be provided by treaty with such country), or of any partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens, (B) in the case of such a foreign corporation, 30 per centum, and (C) 2 per centum in the case of other individuals and partnerships: *Provided further*, That if the owners of such obligations are not known to the withholding agent the Commissioner may authorize such deduction and withholding to be at the rate of 2 per centum, or, if the liability assumed by the obligor does not exceed 2 per centum of the interest, then at the rate of 30 per centum.

(2) BENEFIT OF CREDITS AGAINST NET INCOME.—Such deduction and withholding shall not be required in the case of a citizen or resident entitled to receive such interest, if he files with the withholding agent on or before February 1 a signed notice in writing claiming the benefit of the ~~credits normal tax exemption provided in section 25 (a) (3) and the surtax exemptions provided in section 25 (b)~~; nor in the case of a nonresident alien individual if so provided for in regulations prescribed by the Commissioner under section 215.

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SEC. 145. PENALTIES.

\* \* \* \* \*

(e) CROSS REFERENCE.—

(1) For penalties for failure to file information returns with respect to foreign personal holding companies and foreign corporations, see section 340.

(2) For additional penalties for fraudulent receipts or failure to furnish receipts required by section 460; see section 470.

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Supplement E—Estates and Trusts

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SEC. 162. NET INCOME.

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(f) *The standard deduction provided in section 23 (aa) shall not be allowed.*

SEC. 163. CREDITS AGAINST NET INCOME.

(a) CREDITS OF ESTATE OR TRUST.—

(1) For the purpose of the normal tax and the surtax an estate shall be allowed the same ~~personal normal tax exemption~~ as is allowed to a single person under section 25 (b) (1); (a) (3) and a trust shall be allowed (in lieu of the personal exemption under section 25 (b) (1)) a credit of \$100 against net income. For the purpose of the surtax an estate shall be allowed the same surtax exemption as is allowed to an individual under section 25 (b) (1)

(A). *A trust shall be allowed a credit of \$100 against net income for the purpose of the normal tax and a credit of \$100 against net income for the purpose of the surtax. Such credits shall be in lieu of the normal tax exemption under section 25 (a) (3) and the surtax exemption under section 25 (b) (1) (A).*

(2) If no part of the income of the estate or trust is included in computing the net income of any legatee, heir, or beneficiary, then the estate or trust shall be allowed the same credits against net income for interest as are allowed by section 25 (a).

\* \* \* \* \*

#### SEC. 169. COMMON TRUST FUNDS.

(a) **DEFINITIONS.**—The term “common trust fund” means a fund maintained by a bank (as defined in section 104)—

(1) exclusively for the collective investment and reinvestment of moneys contributed thereto by the bank in its capacity as a trustee, executor, administrator, or guardian; and

(2) in conformity with the rules and regulations, prevailing from time to time, of the Board of Governors of the Federal Reserve System pertaining to the collective investment of trust funds by national banks.

(b) **TAXATION OF COMMON TRUST FUNDS.**—A common trust fund shall not be subject to taxation under this chapter, subchapters A or B of chapter 2, or section 105 or 106 of the Revenue Act of 1935, 49 Stat. 1017, 1019, or chapter 6 and for the purposes of such chapters and subchapters shall not be considered a corporation.

(c) **INCOME OF PARTICIPANTS IN FUND.**—

(1) **INCLUSIONS IN NET INCOME.**—Each participant in the common trust fund in computing its net income shall include, whether or not distributed and whether or not distributable—

(A) As part of its gains and losses from sales or exchanges of capital assets held for not more than 6 months, its proportionate share of the gains and losses of the common trust fund from sales or exchanges of capital assets held for not more than 6 months.

(B) As part of its gains and losses from sales or exchanges of capital assets held for more than 6 months, its proportionate share of the gains and losses of the common trust fund from sales or exchanges of capital assets held for more than 6 months.

(C) Its proportionate share of the ordinary net income or the ordinary net loss of the common trust fund, computed as provided in subsection (d).

(2) **CREDIT FOR PARTIALLY EXEMPT INTEREST.**—The proportionate share of each participant in the amount of interest specified in section 25 (a) received by the common trust fund shall for the purposes of this Supplement be considered as having been received by such participant as such interest.

If the common trust fund elects under section 125 to treat the premium on bonds, the interest on which is allowable as a credit under section 25 (a) (1) or (2), as amortizable, for the purposes of the preceding sentence the proportionate share of the participant of such interest received by the common trust fund shall

be his proportionate share of such interest (determined without regard to this sentence) reduced by so much of the deduction under section 23 (v) as is attributable to such share.

(d) **COMPUTATION OF COMMON TRUST FUND INCOME.**—The net income of the common trust fund shall be computed in the same manner and on the same basis as in the case of an individual, except that—

(1) There shall be segregated the gains and losses from sales or exchanges of capital assets;

(2) After excluding all items of gain and loss from sales or exchanges of capital assets, there shall be computed—

(A) An ordinary net income which shall consist of the excess of the gross income over deductions; or

(B) An ordinary net loss which shall consist of the excess of the deductions over the gross income;

(3) The so-called “charitable contribution” deduction allowed by section 23 (o) shall not be allowed.

(4) *The standard deduction provided in section 23 (aa) shall not be allowed.*

(e) **ADMISSION AND WITHDRAWAL.**—No gain or loss shall be realized by the common trust fund by the admission or withdrawal of a participant. The withdrawal of any participating interest by a participant shall be treated as a sale or exchange of such interest by the participant.

(f) **RETURNS BY BANK.**—Every bank (as defined in section 104) maintaining a common trust fund shall make a return under oath for each taxable year, stating specifically, with respect to such fund, the items of gross income and the deductions allowed by this chapter, and shall include in the return the names and addresses of the participants who would be entitled to share in the net income if distributed and the amount of the proportionate share of each participant. The return shall be sworn to as in the case of a return filed by the bank under section 52.

(g) **DIFFERENT TAXABLE YEARS OF COMMON TRUST FUND AND PARTICIPANT.**—If the taxable year of the common trust fund is different from that of a participant, the inclusions with respect to the net income of the common trust fund, in computing the net income of the participant for its taxable year shall be based upon the net income of the common trust fund for any taxable year of the common trust fund (whether beginning on, before, or after January 1, 1939) ending within or with the taxable year of the participant.

\* \* \* \* \*

### Supplement F—Partnerships

\* \* \* \* \*

## SEC. 183. COMPUTATION OF PARTNERSHIP INCOME.

(a) **GENERAL RULE.**—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 as provided in subsections (b), ~~and~~ (c) and (d).

(b) **SEGREGATION OF ITEMS.**—

(1) **CAPITAL GAINS AND LOSSES.**—There shall be segregated the gains and losses from sales or exchanges of capital assets.

(2) **ORDINARY NET INCOME OR LOSS.**—After excluding all items of gain and loss from sales or exchanges of capital assets, there shall be computed—

(A) An ordinary net income which shall consist of the excess of the gross income over the deductions; or

(B) An ordinary net loss which shall consist of the excess of the deductions over the gross income.

(c) **CHARITABLE CONTRIBUTIONS.**—In computing the net income of the partnership the so-called “charitable contribution” deduction allowed by section 23 (o) shall not be allowed; but each partner shall be considered as having made payment, within his taxable year, of his distributive portion of any contribution or gift, payment of which was made by the partnership within its taxable year, of the character which would be allowed to the partnership as a deduction under such section if this subsection had not been enacted.

(d) **STANDARD DEDUCTION.**—*In computing the net income of the partnership, the standard deduction provided in section 23 (aa) shall not be allowed.*

\* \* \* \* \*

#### Supplement H—Nonresident Alien Individuals

\* \* \* \* \*

### SEC. 213. DEDUCTIONS.

(a) **GENERAL RULE.**—In the case of a nonresident alien individual the deductions shall be allowed only if and to the extent that they are connected with income from sources within the United States; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the United States shall be determined as provided in section 119, under rules and regulations prescribed by the Commissioner with the approval of the Secretary.

(b) **LOSSES.**—

(1) The deduction, for losses not connected with the trade or business if incurred in transactions entered into for profit, allowed by section 23 (e) (2) shall be allowed whether or not connected with income from sources within the United States, but only if the profit, if such transaction had resulted in a profit, would be taxable under this chapter.

(2) The deduction for losses of property not connected with the trade or business if arising from certain casualties or theft, allowed by section 23 (e) (3), shall be allowed whether or not connected with income from sources within the United States, but only if the loss is of property within the United States.

(c) **CHARITABLE, ETC., CONTRIBUTIONS.**—The so-called “charitable contribution” deduction allowed by section 23 (o) shall be allowed whether or not connected with income from sources within the United States, but only as to contributions or gifts made to domestic corporations, or to community chests, funds, or foundations, created in the United States, or to the vocational rehabilitation fund.

(d) **STANDARD DEDUCTION.**—*The standard deduction provided in section 23 (aa) shall not be allowed.*

## SEC. 214. CREDITS AGAINST NET INCOME [EXEMPTION FOR DEPENDENTS] CREDITS AGAINST NET INCOME.

In the case of a nonresident alien individual *who is not a resident of a contiguous country*, the ~~personal normal tax exemption~~ allowed by section 25 (b) (1) (a) (3) of this chapter shall, except as hereinafter provided in the case of a resident of a contiguous country, be only \$500 and the surtax exemptions allowed by section 25 (b) (1) (B) and (C) shall not be allowed. In the case of a nonresident alien individual residing in a contiguous country who is married and living with husband or wife or who is the head of a family, the personal exemption shall be that specified in section 25 (b); if such contiguous country allows to citizens of the United States not residing in such country who are married and living with husband or wife and to citizens of the United States not residing in such country who are heads of families the same personal exemption as that allowed citizens of such country who are married and living with husband or wife or who are heads of families; as the case may be. The credit for dependents allowed by section 25 (b) (2) shall not be allowed in the case of a nonresident alien individual unless he is a resident of a contiguous country.

## SEC. 215. ALLOWANCE OF DEDUCTIONS AND CREDITS.

(a) RETURN TO CONTAIN INFORMATION.—A nonresident alien individual shall receive the benefit of the deductions and credits allowed to him in this chapter only by filing or causing to be filed with the collector a true and accurate return of his total income received from all sources in the United States, in the manner prescribed in this chapter; including therein all the information which the Commissioner may deem necessary for the calculation of such deductions and credits.

(b) TAX WITHHELD AT SOURCE.—The benefit of the ~~personal normal tax exemption and credit for dependents~~ the surtax exemptions may, in the discretion of the Commissioner and under regulations prescribed by him with the approval of the Secretary, be received by a nonresident alien individual entitled thereto, by filing a claim therefor with the withholding agent.

\* \* \* \* \*

## Supplement J—Possessions of the United States

### SEC. 251. INCOME FROM SOURCES WITHIN POSSESSIONS OF UNITED STATES.

(a) GENERAL RULE.—In the case of citizens of the United States or domestic corporations, satisfying the following conditions, gross income means only gross income from sources within the United States—

(1) If 80 per centum or more of the gross income of such citizen or domestic corporation (computed without the benefit of this section), for the three-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession of the United States; and

(2) If, in the case of such corporation, 50 per centum or more of its gross income (computed without the benefit of this section) for such period or such part thereof was derived from the active conduct of a trade or business within a possession of the United States; or

(3) If, in case of such citizen, 50 per centum or more of his gross income (computed without the benefit of this section) for such period or such part thereof was derived from the active conduct of a trade or business within a possession of the United States either on his own account or as an employee or agent of another.

(b) AMOUNTS RECEIVED IN UNITED STATES.—Notwithstanding the provisions of subsection (a) there shall be included in gross income all amounts received by such citizens or corporations within the United States, whether derived from sources within or without the United States.

(c) TAX IN CASE OF CORPORATIONS.—

(1) CORPORATION TAX.—A domestic corporation entitled to the benefits of this section shall be subject to tax under section 13 or section 14 (b), and under section 15.

(2) CROSS REFERENCE.—

For inclusion in computation of tax of amount specified in shareholder's consent, see section 28.

(d) DEFINITION.—As used in this section the term "possession of the United States" does not include the Virgin Islands of the United States.

(e) DEDUCTIONS.—

(1) Citizens of the United States entitled to the benefits of this section shall have the same deductions as are allowed by Supplement H in the case of a nonresident alien individual engaged in trade or business within the United States.

(2) Domestic corporations entitled to the benefits of this section shall have the same deductions as are allowed by Supplement I in the case of a foreign corporation engaged in trade or business within the United States.

(f) CREDITS AGAINST NET INCOME.—A citizen of the United States entitled to the benefits of this section shall be allowed a ~~personal~~ *normal tax* exemption of only \$500 and shall not be allowed the ~~credit for dependents provided in~~ *surtax exemptions allowed by section 25*  
(b) ~~(2)~~ (1) (B) and (C).

(g) 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 chapter only by filing or causing to be filed with the collector a true and accurate return of their total income received from all sources in the United States, in the manner prescribed in this chapter; including therein all the information which the Commissioner may deem necessary for the calculation of such deductions and credits.

(h) 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.

## Supplement L—Assessment and Collection of Deficiencies

### SEC. 271. DEFINITION OF DEFICIENCY.

(a) **In General.**—As used in this chapter in respect of a tax imposed by this chapter, “deficiency” means—

(a) **T**] the amount by which the tax imposed by this chapter exceeds the excess of—

(1) **the sum of (A)** the amount shown as the tax by the taxpayer upon his return [; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or ], **if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus (B)** the amounts previously assessed (or collected without assessment) as a deficiency, over—

(2) **the amount of rebates, as defined in subsection (b) (2), made.**

(b) [ 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. ]

**RULES FOR APPLICATION OF SUBSECTION (a).**—For the purposes of this section—

(1) The tax imposed by this chapter and the tax shown on the return shall both be determined without regard to payments on account of estimated tax, without regard to the credit under section 35, and without regard to so much of the credit under section 32 as exceeds 2 per centum of the interest on obligations described in section 143 (a);

(2) The term “rebate” means so much of an abatement, credit, refund, or other repayment, as was made on the ground that the tax imposed by this chapter was less than the excess of the amount specified in subsection (a) (1) over the amount of rebates previously made; and

(3) The computation by the collector, pursuant to section 51 (f), of the tax imposed by this chapter shall be considered as having been made by the taxpayer and the tax so computed considered as shown by the taxpayer upon his return.

\* \* \* \* \*

## Supplement M—Interest and Additions to the Tax

### SEC. 291. FAILURE TO FILE RETURN.

(a) In case of any failure to make and file return required by this chapter, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the tax: 5 per centum if the failure is for not more than thirty days with an additional 5 per centum for each additional thirty days or fraction thereof during which such failure continues, not

exceeding 25 per centum in the aggregate. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax. The amount added to the tax under this section shall be in lieu of the 25 per centum addition to the tax provided in section 3612 (d) (1).

(b) ~~For minimum addition to the tax for failure of withholding agent to make and file return required by Part II of Subchapter D; see section 470 (e).~~

#### SEC. 292. INTEREST ON DEFICIENCIES.

(a) GENERAL RULE.—Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 6 per centum per annum from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed, or, in the case of a waiver under section 272 (d), to the thirtieth day after the filing of such waiver or to the date the deficiency is assessed whichever is the earlier. If any portion of the deficiency assessed is not to be collected by reason of a prior satisfaction, in whole or in part, of the tax, proper adjustment shall be made with respect to the interest on such portion.

(b) DEFICIENCY RESULTING FROM RELIEF UNDER SECTION 722.—If any part of a deficiency for a taxable year beginning prior to January 1, 1942, is determined by the Commissioner to be attributable to the final determination of an application for relief or benefit under section 722 for any taxable year, no interest shall be assessed or paid with respect to such part of the deficiency. If any part of a deficiency for a taxable year beginning after December 31, 1941, is determined by the Commissioner to be attributable to the final determination of an application for relief or benefit under section 722 for any taxable year (excluding any portion of a deficiency of excess-profits taxes constituting a deficiency by reason of deferment of tax under section 710 (a) (5), and excluding, in case the taxpayer has availed itself of the benefits of section 710 (a) (5), such portion of a deficiency under Chapter 1 as may be determined by the Commissioner to exceed any refund or credit of excess-profits tax arising from the operation of section 722), no interest shall be assessed or paid with respect to such part of the deficiency for any period prior to one year after the filing of such application, or September 16, 1945, whichever is the later.

\* \* \* \* \*

#### SEC. 294. ADDITIONS TO THE TAX IN CASE OF NONPAYMENT.

\* \* \* \* \*

(d) ESTIMATED TAX.—

(1) FAILURE TO FILE DECLARATION OR PAY INSTALLMENT OF ESTIMATED TAX.—

(A) Failure to File Declaration.—In the case of a failure to make and file a declaration of estimated tax within the time prescribed, unless such failure is shown to the satisfaction of the Commissioner to be due to reasonable cause and not to

willful neglect, there shall be added to the tax 5 per centum of each installment due but unpaid, and in addition, with respect to each such installment due but unpaid, 1 per centum of the unpaid amount thereof for each month (except the first) or fraction thereof during which such amount remains unpaid. In no event shall the aggregate addition to the tax under this subparagraph with respect to any installment due but unpaid, exceed 10 per centum of the unpaid portion of such installment. For the purposes of this subparagraph *the amount and due date of each installment shall be considered to be an amount equal to the amount that would have been due and payable the same as if a declaration had been filed within the time prescribed showing an estimated tax in the amount of equal to the correct tax had been timely filed, and one such installment shall be considered due on the fifteenth day of the last month of that quarter of the taxable year in which the declaration is required to be filed, and another such installment shall be considered due on the fifteenth day of the last month of each succeeding quarter of the taxable year reduced by the credits under sections 32 and 35.*

(B) Failure to Pay Installments of Estimated Tax Declared.—Where a declaration of estimated tax has been made and filed within the time prescribed, or where a declaration of estimated tax has been made and filed after the time prescribed and the Commissioner has found that failure to make and file such declaration within the time prescribed was due to reasonable cause and not to willful neglect, in the case of a failure to pay an installment of the estimated tax within the time prescribed, unless such failure is shown to the satisfaction of the Commissioner to be due to reasonable cause and not to willful neglect, there shall be added to the tax 5 per centum of the unpaid amount of such installment, and in addition 1 per centum of such unpaid amount for each month (except the first) or fraction thereof during which such amount remains unpaid. In no event shall the aggregate addition to the tax under this subparagraph with respect to any installment due but unpaid, exceed 10 per centum of the unpaid portion of such installment.

(2) SUBSTANTIAL UNDERESTIMATE OF ESTIMATED TAX.—If 80 per centum of the tax (determined without regard to the credits under sections 32, and 35, and 466 (e)), in the case of individuals other than farmers exercising an election under section 60 (a), or 66½ per centum of such tax so determined in the case of such farmers, exceeds the estimated tax (increased by such credits), there shall be added to the tax an amount equal to such excess, or equal to 6 per centum of the amount by which such tax so determined exceeds the estimated tax so increased, whichever is the lesser. This paragraph shall not apply to the taxable year in which falls the death of the taxpayer, nor, under regulations prescribed by the Commissioner with the approval of the Secretary, shall it apply to the taxable year in which the taxpayer makes a timely payment of estimated tax within or before each quarter (excluding, in case the taxable year begins in 1943, any

quarter beginning prior to July 1, 1943) of such year (or in the case of farmers exercising an election under section 60 (a), within the last quarter) in an amount at least as great as though computed (under such regulations) on the basis of the taxpayer's status with respect to the personal exemption and credit for dependents on the date of the filing of the declaration for such taxable year (or in the case of any such farmer, or in case the fifteenth day of the third month of the taxable year occurs after July 1, on July 1 of the taxable year) but otherwise on the basis of the facts shown on his return for the preceding taxable year.

[Section 13 (e) of the bill reads as follows:

"(e) PENALTY FOR UNDERESTIMATE FOR 1944.—For the purposes of section 294 (d) (2) (relating to underestimate of estimated tax), in the case of a taxpayer filing a declaration for a taxable year beginning in the calendar year 1944 the term '80 per centum of the tax' as appearing in such subsection shall be taken to refer to 80 per centum of whichever of the following is the lesser: (1) a tax computed under the law applicable to such taxable year without regard to the amendments made by this Act, and (2) a tax computed under such law as amended by this Act."]

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### Supplement O—Overpayments

\* \* \* \* \*

## SEC. 322. REFUNDS AND CREDITS.

### (a) AUTHORIZATION.—

(1) OVERPAYMENT.—Where there has been an overpayment of any tax imposed by this chapter, the amount of such overpayment shall be credited against any income, war-profits, or excess-profits tax or installment thereof then due from the taxpayer, and any balance shall be refunded immediately to the taxpayer.

(2) EXCESSIVE WITHHOLDING.—Where the amount of the tax withheld at the source under ~~Part II of Subchapter D or Subchapter D of Chapter 9~~ exceeds the taxes imposed by this chapter against which the tax so withheld may be credited under section 35 ~~or 466 (e)~~, the amount of such excess shall be considered an overpayment.

(3) CREDITS AGAINST ESTIMATED TAX.—The Commissioner is authorized to prescribe, with the approval of the Secretary, regulations providing for the crediting against the estimated tax for any taxable year of the amount determined by the taxpayer or the Commissioner to be an overpayment of the tax for a preceding taxable year.

\* \* \* \* \*

(d) OVERPAYMENT FOUND BY BOARD.—If the Board finds that there is no deficiency and further finds that the taxpayer has made an overpayment of tax in respect of the taxable year in respect of which the Commissioner determined the deficiency, **or finds that there is a deficiency but that the taxpayer has made an overpayment of tax in respect of such taxable year**, the Board shall have jurisdiction to determine the amount of such overpayment, and such amount shall, when the decision of the Board has become final, be credited or refunded to the taxpayer. No such credit or refund shall be made of any portion of the tax unless the Board determines as part of its decision (1) that such portion was paid (A) within two years before the filing of the claim, the mailing of the notice of deficiency, or the execution of an agreement by both the Commissioner

and the taxpayer pursuant to section 276 (b) to extend beyond the time prescribed in section 275 the time within which the Commissioner might assess the tax, whichever is earliest, or (B) within three years before the filing of the claim, the mailing of the notice of deficiency, or the execution of the agreement, whichever is earliest, if the claim was filed, the notice of deficiency mailed, or the agreement executed within three years from the time the return was filed by the taxpayer, or (C) after the execution of such an agreement and before the expiration of the period within which the Commissioner might make an assessment pursuant to such agreement or any extension thereof, or (D) after the mailing of the notice of deficiency; or (2), if such portion was not paid within the period described in clause (1), but the notice of deficiency was mailed within seven years from the time prescribed for the filing of the return, or a claim described in subsection (b) (5) was filed, that such portion does not exceed the amount of the overpayment attributable to the deductibility of items described in subsection (b) (5).

(e) PRESUMPTION AS TO DATE OF PAYMENT.—For the purposes of this section, any tax actually deducted and withheld at the source during any calendar year ~~under Part II of Subchapter D or under Subchapter D of Chapter 9~~ shall, in respect of the recipient of the income, be deemed to have been paid by him not earlier than the fifteenth day of the third month following the close of his taxable year with respect to which such tax is allowable as a credit under section 35 ~~or section 466 (e)~~. For the purposes of this section, any amount paid as estimated tax for any taxable year shall be deemed to have been paid not earlier than the fifteenth day of the third month following the close of such taxable year.

\* \* \* \* \*

### Supplement T—Individuals With *Adjusted Gross Income From Certain Sources of \$3,000 or of Less than \$5,000*

#### SEC. 400. IMPOSITION OF TAX.

In lieu of the taxes imposed ~~under by~~ sections 11 and 12, and 450, ~~an individual who makes his return on the cash basis may elect, for each taxable year, to pay the tax shown in the following table if his gross income for such taxable year is less than \$3,000 and consists wholly of one or more of the following: Salary, wages, compensation for personal services, dividends, interest, or annuities: there shall be levied, collected, and paid for each taxable year upon the net income of each individual whose adjusted gross income for such year is less than \$5,000, and who has elected to pay the tax imposed by this supplement for such year, the tax shown in the following table:~~

## COMPARISON OF INTERNAL REVENUE CODE

Single person (not head of family)

If the gross income is—		And the number of dependents is—							
		0	1	2	3	4	5	6	7 or more
At least	But less than	The tax shall be—							
\$0	\$525	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
525	550	1	0	0	0	0	0	0	0
550	575	5	0	0	0	0	0	0	0
575	600	10	0	0	0	0	0	0	0
600	625	14	0	0	0	0	0	0	0
625	650	19	0	0	0	0	0	0	0
650	675	24	1	1	1	1	1	1	1
675	700	30	2	2	2	2	2	2	2
700	725	35	3	3	3	3	3	3	3
725	750	40	3	3	3	3	3	3	3
750	775	45	4	4	4	4	4	4	4
775	800	51	5	5	5	5	5	5	5
800	825	56	6	6	6	6	6	6	6
825	850	61	6	6	6	6	6	6	6
850	875	66	7	7	7	7	7	7	7
875	900	71	8	8	8	8	8	8	8
900	925	77	10	9	9	9	9	9	9
925	950	82	15	9	9	9	9	9	9
950	975	87	21	10	10	10	10	10	10
975	1,000	92	26	11	11	11	11	11	11
1,000	1,025	97	31	12	12	12	12	12	12
1,025	1,050	103	36	12	12	12	12	12	12
1,050	1,075	108	41	13	13	13	13	13	13
1,075	1,100	113	47	14	14	14	14	14	14
1,100	1,125	118	52	15	15	15	15	15	15
1,125	1,150	124	57	15	15	15	15	15	15
1,150	1,175	129	62	16	16	16	16	16	16
1,175	1,200	134	67	17	17	17	17	17	17
1,200	1,225	139	73	18	18	18	18	18	18
1,225	1,250	144	78	18	18	18	18	18	18
1,250	1,275	150	83	19	19	19	19	19	19
1,275	1,300	155	88	22	20	20	20	20	20
1,300	1,325	160	94	27	21	21	21	21	21
1,325	1,350	165	99	32	21	21	21	21	21
1,350	1,375	170	104	37	22	22	22	22	22
1,375	1,400	176	109	43	23	23	23	23	23
1,400	1,425	181	114	48	24	24	24	24	24
1,425	1,450	186	120	53	24	24	24	24	24
1,450	1,475	191	125	58	25	25	25	25	25
1,475	1,500	197	130	64	26	26	26	26	26
1,500	1,525	202	135	69	27	27	27	27	27
1,525	1,550	207	141	74	27	27	27	27	27
1,550	1,575	212	146	79	28	28	28	28	28
1,575	1,600	217	151	84	29	29	29	29	29
1,600	1,625	223	156	90	30	30	30	30	30
1,625	1,650	228	161	95	30	30	30	30	30
1,650	1,675	233	167	100	31	31	31	31	31
1,675	1,700	238	172	105	32	32	32	32	32
1,700	1,725	244	177	111	44	33	33	33	33
1,725	1,750	249	182	116	49	33	33	33	33
1,750	1,775	254	187	121	54	34	34	34	34

Single person (not head of family)—Continued

If the gross income is—		And the number of dependents is—							
		0	1	2	3	4	5	6	7 or more
At least	But less than	The tax shall be—							
\$1,775	\$1,800	\$259	\$193	\$126	\$60	\$35	\$35	\$35	\$35
1,800	1,825	264	198	131	65	36	36	36	35
1,825	1,850	270	203	137	70	36	36	36	36
1,850	1,875	275	208	142	75	37	37	37	37
1,875	1,900	280	214	147	81	38	38	38	38
1,900	1,925	285	219	152	86	39	39	39	39
1,925	1,950	290	224	157	91	39	39	39	39
1,950	1,975	296	229	163	96	40	40	40	40
1,975	2,000	301	234	168	101	41	41	41	41
2,000	2,025	306	240	173	107	42	42	42	42
2,025	2,050	311	245	178	112	45	42	42	42
2,050	2,075	317	250	184	117	51	43	43	43
2,075	2,100	322	255	189	122	56	44	44	44
2,100	2,125	327	260	194	127	61	45	45	45
2,125	2,150	332	266	199	133	66	45	45	45
2,150	2,175	337	271	204	138	71	46	46	46
2,175	2,200	343	276	210	143	77	47	47	47
2,200	2,225	348	281	215	148	82	48	48	48
2,225	2,250	353	287	220	154	87	48	48	48
2,250	2,275	358	292	225	159	92	49	49	49
2,275	2,300	363	297	230	164	97	50	50	50
2,300	2,325	369	302	236	169	103	51	51	51
2,325	2,350	374	307	241	174	108	51	51	51
2,350	2,375	379	313	246	180	113	52	52	52
2,375	2,400	384	318	251	185	118	53	53	53
2,400	2,425	390	323	257	190	124	57	54	54
2,425	2,450	395	328	262	195	129	62	54	54
2,450	2,475	400	333	267	200	134	67	55	55
2,475	2,500	405	339	272	206	139	73	56	56
2,500	2,525	410	344	277	211	144	78	57	57
2,525	2,550	416	349	283	216	150	83	57	57
2,550	2,575	421	354	288	221	155	88	58	58
2,575	2,600	426	360	293	227	160	94	59	59
2,600	2,625	431	365	298	232	165	99	60	60
2,625	2,650	436	370	303	237	170	104	60	60
2,650	2,675	442	375	309	242	176	109	61	61
2,675	2,700	448	380	314	247	181	114	62	62
2,700	2,725	454	386	319	253	186	120	63	63
2,725	2,750	460	391	324	258	191	125	63	63
2,750	2,775	465	396	330	263	197	130	64	64
2,775	2,800	471	401	335	268	202	135	69	65
2,800	2,825	477	406	340	273	207	140	74	66
2,825	2,850	483	412	345	279	212	146	79	66
2,850	2,875	489	417	350	284	217	151	84	67
2,875	2,900	495	422	356	289	223	156	90	68
2,900	2,925	501	427	361	294	228	161	95	69
2,925	2,950	507	433	366	300	233	167	100	69
2,950	2,975	513	438	371	305	238	172	105	70
2,975	3,000	519	443	376	310	243	177	110	71

Married person making separate return

If the gross income is—		And the number of dependents is—								
		0	1	2	3	4	5	6	7 or more	
At least	But less than	The tax shall be—								
\$0	\$650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
650	675	5	1	1	1	1	1	1	1	1
675	700	11	2	2	2	2	2	2	2	2
700	725	16	3	3	3	3	3	3	3	3
725	750	21	3	3	3	3	3	3	3	3
750	775	26	4	4	4	4	4	4	4	4
775	800	32	5	5	5	5	5	5	5	5
800	825	37	6	6	6	6	6	6	6	6
825	850	42	6	6	6	6	6	6	6	6
850	875	47	7	7	7	7	7	7	7	7
875	900	52	8	8	8	8	8	8	8	8
900	925	58	9	9	9	9	9	9	9	9
925	950	63	9	9	9	9	9	9	9	9
950	975	68	10	10	10	10	10	10	10	10
975	1,000	73	11	11	11	11	11	11	11	11
1,000	1,025	78	12	12	12	12	12	12	12	12
1,025	1,050	84	17	12	12	12	12	12	12	12
1,050	1,075	89	22	13	13	13	13	13	13	13
1,075	1,100	94	28	14	14	14	14	14	14	14
1,100	1,125	99	33	15	15	15	15	15	15	15
1,125	1,150	105	38	15	15	15	15	15	15	15
1,150	1,175	110	43	16	16	16	16	16	16	16
1,175	1,200	115	48	17	17	17	17	17	17	17
1,200	1,225	120	54	18	18	18	18	18	18	18
1,225	1,250	125	59	18	18	18	18	18	18	18
1,250	1,275	131	64	19	19	19	19	19	19	19
1,275	1,300	136	69	20	20	20	20	20	20	20
1,300	1,325	141	75	21	21	21	21	21	21	21
1,325	1,350	146	80	21	21	21	21	21	21	21
1,350	1,375	151	85	22	22	22	22	22	22	22
1,375	1,400	157	90	24	23	23	23	23	23	23
1,400	1,425	162	95	20	24	24	24	24	24	24
1,425	1,450	167	101	34	24	24	24	24	24	24
1,450	1,475	172	106	30	25	25	25	25	25	25
1,475	1,500	178	111	45	26	26	26	26	26	26
1,500	1,525	183	116	50	27	27	27	27	27	27
1,525	1,550	188	122	55	27	27	27	27	27	27
1,550	1,575	193	127	60	28	28	28	28	28	28
1,575	1,600	198	132	65	20	29	29	29	29	29
1,600	1,625	204	137	71	30	30	30	30	30	30
1,625	1,650	209	142	76	30	30	30	30	30	30
1,650	1,675	214	148	81	31	31	31	31	31	31
1,675	1,700	219	153	86	32	32	32	32	32	32
1,700	1,725	225	158	92	33	33	33	33	33	33
1,725	1,750	230	163	97	33	33	33	33	33	33
1,750	1,775	235	168	102	35	34	34	34	34	34
1,775	1,800	240	174	107	41	35	35	35	35	35
1,800	1,825	245	179	112	46	36	36	36	36	36
1,825	1,850	251	184	118	51	36	36	36	36	36

Married person making separate return—Continued

If the gross income is—		And the number of dependents is—							
		0	1	2	3	4	5	6	7 or more
At least	But less than	The tax shall be—							
\$1,850	\$1,875	\$266	\$189	\$123	\$56	\$37	\$37	\$37	\$37
1,875	1,900	261	195	128	62	38	38	38	38
1,900	1,925	266	200	133	67	39	39	39	39
1,925	1,950	271	205	138	72	39	39	39	39
1,950	1,975	277	210	144	77	40	40	40	40
1,975	2,000	282	215	149	82	41	41	41	41
2,000	2,025	287	221	154	88	42	42	42	42
2,025	2,050	292	226	159	93	42	42	42	42
2,050	2,075	298	231	165	98	43	43	43	43
2,075	2,100	303	236	170	103	44	44	44	44
2,100	2,125	308	241	175	108	45	45	45	45
2,125	2,150	313	247	180	114	47	45	45	45
2,150	2,175	318	252	185	119	52	46	46	46
2,175	2,200	324	257	191	124	58	47	47	47
2,200	2,225	329	262	196	129	63	48	48	48
2,225	2,250	334	268	201	135	68	48	48	48
2,250	2,275	339	273	206	140	73	49	49	49
2,275	2,300	344	278	211	145	78	50	50	50
2,300	2,325	350	283	217	150	84	51	51	51
2,325	2,350	355	288	222	155	89	51	51	51
2,350	2,375	360	294	227	161	94	52	52	52
2,375	2,400	365	299	232	166	99	53	53	53
2,400	2,425	371	304	238	171	105	54	54	54
2,425	2,450	376	309	243	176	110	54	54	54
2,450	2,475	381	314	248	181	115	55	55	55
2,475	2,500	386	320	253	187	120	56	56	56
2,500	2,525	391	325	258	192	125	59	57	57
2,525	2,550	397	330	264	197	131	64	57	57
2,550	2,575	402	335	269	202	136	69	58	58
2,575	2,600	407	341	274	208	141	75	59	59
2,600	2,625	412	346	279	213	146	80	60	60
2,625	2,650	417	351	284	218	151	85	60	60
2,650	2,675	423	356	290	223	157	90	61	61
2,675	2,700	428	361	295	228	162	95	62	62
2,700	2,725	433	367	300	234	167	101	63	63
2,725	2,750	438	372	305	239	172	106	63	63
2,750	2,775	444	377	311	244	178	111	64	64
2,775	2,800	449	382	316	249	183	116	65	65
2,800	2,825	455	387	321	254	188	121	66	66
2,825	2,850	461	393	326	260	193	127	66	66
2,850	2,875	467	398	331	265	198	132	67	67
2,875	2,900	473	403	337	270	204	137	71	68
2,900	2,925	479	408	342	275	209	142	76	69
2,925	2,950	485	414	347	281	214	148	81	69
2,950	2,975	491	419	352	286	219	153	86	70
2,975	3,000	497	424	357	291	224	158	91	71

COMPARISON OF INTERNAL REVENUE CODE

(1) Married person whose spouse has no gross income or (2) married person making joint return or (3) head of family

And the number of dependents is—				
0	1	2	3	4 or more

At least	But less
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If the gross income is—		The tax shall be—				
\$0	\$0	1	1	1	1	1
675	675	2	2	2	2	2
700	700	3	3	3	3	3
725	750	3	3	3	3	3
750	775	4	4	4	4	4
775	800	5	5	5	5	5
800	825	5	5	5	5	5
825	850	6	6	6	6	6
850	875	6	6	6	6	6
875	900	7	7	7	7	7
900	925	8	8	8	8	8
925	950	9	9	9	9	9
950	975	10	10	10	10	10
975	1,000	11	11	11	11	11
1,000	1,025	12	12	12	12	12
1,025	1,050	12	12	12	12	12
1,050	1,075	13	13	13	13	13
1,075	1,100	14	14	14	14	14
1,100	1,125	15	15	15	15	15
1,125	1,150	15	15	15	15	15
1,150	1,175	16	16	16	16	16
1,175	1,200	17	17	17	17	17
1,200	1,225	18	18	18	18	18
1,225	1,250	18	18	18	18	18
1,250	1,275	19	19	19	19	19
1,275	1,300	20	20	20	20	20
1,300	1,325	21	21	21	21	21
1,325	1,350	21	21	21	21	21
1,350	1,375	22	22	22	22	22
1,375	1,400	22	22	22	22	22
1,400	1,425	23	23	23	23	23
1,425	1,450	24	24	24	24	24
1,450	1,475	25	25	25	25	25
1,475	1,500	26	26	26	26	26
1,500	1,525	27	27	27	27	27
1,525	1,550	27	27	27	27	27
1,550	1,575	28	28	28	28	28
1,575	1,600	29	29	29	29	29
1,600	1,625	30	30	30	30	30
1,625	1,650	30	30	30	30	30
1,650	1,675	31	31	31	31	31
1,675	1,700	32	32	32	32	32
1,700	1,725	33	33	33	33	33
1,725	1,750	33	33	33	33	33
1,750	1,775	34	34	34	34	34
1,775	1,800	35	35	35	35	35
1,800	1,825	36	36	36	36	36
1,825	1,850	36	36	36	36	36

(1) Married person whose spouse has no gross income or (2) married person making joint return or (3) head of family—Continued

If the gross income is—		And the number of dependents is—					
		0	1	2	3	4	5 or more
At least	But less	The tax shall be—					
\$1,850	\$1,875	\$142	\$75	\$37	\$37	\$37	\$37
1,875	1,900	147	81	38	38	38	38
1,900	1,925	152	86	39	39	39	39
1,925	1,950	157	91	39	39	39	39
1,950	1,975	163	96	40	40	40	40
1,975	2,000	168	101	41	41	41	41
2,000	2,025	173	107	42	42	42	42
2,025	2,050	178	112	45	42	42	42
2,050	2,075	184	117	51	43	43	43
2,075	2,100	189	122	56	44	44	44
2,100	2,125	194	127	61	45	45	45
2,125	2,150	199	133	66	45	45	45
2,150	2,175	204	138	71	46	46	46
2,175	2,200	210	143	77	47	47	47
2,200	2,225	215	148	82	48	48	48
2,225	2,250	220	154	87	48	48	48
2,250	2,275	225	159	92	49	49	49
2,275	2,300	230	164	97	50	50	50
2,300	2,325	236	169	103	51	51	51
2,325	2,350	241	174	108	51	51	51
2,350	2,375	246	180	113	52	52	52
2,375	2,400	251	185	118	53	53	53
2,400	2,425	257	190	124	57	54	54
2,425	2,450	262	195	129	62	54	54
2,450	2,475	267	200	134	67	55	55
2,475	2,500	272	206	139	73	56	56
2,500	2,525	277	211	144	78	57	57
2,525	2,550	283	216	150	83	57	57
2,550	2,575	288	221	155	88	58	58
2,575	2,600	293	227	160	94	59	59
2,600	2,625	298	232	165	99	60	60
2,625	2,650	303	237	170	104	60	60
2,650	2,675	309	242	176	109	61	61
2,675	2,700	314	247	181	114	62	62
2,700	2,725	319	253	186	120	63	63
2,725	2,750	324	258	191	125	63	63
2,750	2,775	330	263	197	130	64	64
2,775	2,800	335	268	202	135	65	65
2,800	2,825	340	273	207	140	74	66
2,825	2,850	345	279	212	146	79	66
2,850	2,875	350	284	217	151	84	67
2,875	2,900	356	289	223	156	90	68
2,900	2,925	361	294	228	161	95	69
2,925	2,950	366	300	233	167	100	69
2,950	2,975	371	305	238	172	105	70
2,975	3,000	376	310	243	177	110	71

Joint returns.—If a joint return of husband and wife is filed, the amount of tax shown in the above table shall be reduced by 3 per centum of the smaller income of the two spouses, but not by more than \$10.

If the ad-justed gross income is—		And the number of sur-tax exemptions is—					If the ad-justed gross income is—		And the number of surtax exemptions is—								
At least	But less than	1	2	3	4	5 or more	At least	But less than	1	2	3	4	5	6	7	8	9 or more
		The tax shall be							The tax shall be								
\$0	\$550	\$0	\$0	\$0	\$0	\$0	\$2,300	\$2,325	\$261	\$264	\$164	\$64	\$47	\$47	\$47	\$47	\$47
560	575	1	0	0	0	0	2,325	2,350	269	269	169	69	48	48	48	48	48
575	600	7	1	1	1	1	2,350	2,375	274	274	174	74	49	49	49	49	49
600	625	12	2	2	2	2	2,375	2,400	279	279	179	79	49	49	49	49	49
625	650	17	2	2	2	2	2,400	2,425	284	284	184	84	50	50	50	50	50
650	675	22	3	3	3	3	2,425	2,450	289	290	190	90	51	51	51	51	51
675	700	27	4	4	4	4	2,450	2,475	295	295	195	95	51	51	51	51	51
700	725	32	4	4	4	4	2,475	2,500	300	300	200	100	52	52	52	52	52
725	750	38	5	5	5	5	2,500	2,525	305	305	205	105	53	53	53	53	53
750	775	43	6	6	6	6	2,525	2,550	310	310	210	110	54	54	54	54	54
775	800	48	6	6	6	6	2,550	2,575	315	315	215	115	54	54	54	54	54
800	825	53	7	7	7	7	2,575	2,600	321	321	221	121	55	55	55	55	55
825	850	58	8	8	8	8	2,600	2,625	326	326	226	126	56	56	56	56	56
850	875	64	8	8	8	8	2,625	2,650	331	331	231	131	56	56	56	56	56
875	900	69	9	9	9	9	2,650	2,675	336	336	236	136	57	57	57	57	57
900	925	74	10	10	10	10	2,675	2,700	341	341	241	141	58	58	58	58	58
925	950	79	10	10	10	10	2,700	2,725	346	346	246	146	58	58	58	58	58
950	975	84	11	11	11	11	2,725	2,750	352	352	252	152	59	59	59	59	59
975	1,000	89	12	12	12	12	2,750	2,775	357	357	257	157	60	60	60	60	60
1,000	1,025	95	12	12	12	12	2,775	2,800	362	362	262	162	62	62	62	62	62
1,025	1,050	100	13	13	13	13	2,800	2,825	368	367	267	167	61	61	61	61	61
1,050	1,075	105	14	14	14	14	2,825	2,850	373	372	272	172	72	62	62	62	62
1,075	1,100	110	14	14	14	14	2,850	2,875	379	378	278	178	73	62	62	62	62
1,100	1,125	115	15	15	15	15	2,875	2,900	385	383	283	183	83	63	63	63	63
1,125	1,150	120	20	16	16	16	2,900	2,925	390	388	288	188	88	64	64	64	64
1,150	1,175	126	26	16	16	16	2,925	2,950	396	393	293	193	93	64	64	64	64
1,175	1,200	131	31	17	17	17	2,950	2,975	402	398	298	198	98	65	65	65	65
1,200	1,225	136	36	18	18	18	2,975	3,000	407	403	303	203	103	66	66	66	66
1,225	1,250	141	41	18	18	18	3,000	3,050	416	411	311	211	111	67	67	67	67
1,250	1,275	146	46	19	19	19	3,050	3,100	422	422	322	222	112	68	68	68	68
1,275	1,300	152	52	20	20	20	3,100	3,150	432	432	332	232	132	69	69	69	69
1,300	1,325	157	57	20	20	20	3,150	3,200	442	442	342	242	142	71	71	71	71
1,325	1,350	162	62	21	21	21	3,200	3,250	453	453	353	253	153	72	72	72	72
1,350	1,375	167	67	22	22	22	3,250	3,300	463	463	363	263	163	73	73	73	73
1,375	1,400	172	72	22	22	22	3,300	3,350	473	473	373	273	173	75	75	75	75
1,400	1,425	177	77	23	23	23	3,350	3,400	484	484	384	284	184	84	76	76	76
1,425	1,450	183	83	24	24	24	3,400	3,450	496	496	394	294	194	94	77	77	77
1,450	1,475	188	88	24	24	24	3,450	3,500	507	507	404	304	204	104	79	79	79
1,475	1,500	193	93	25	25	25	3,500	3,550	518	518	415	315	215	115	80	80	80
1,500	1,525	198	98	26	26	26	3,550	3,600	529	529	425	325	225	125	82	82	82
1,525	1,550	203	103	27	27	27	3,600	3,650	541	541	435	335	235	135	83	83	83
1,550	1,575	208	108	27	27	27	3,650	3,700	552	552	446	346	246	146	84	84	84
1,575	1,600	214	114	28	28	28	3,700	3,750	563	563	456	356	256	156	86	86	86
1,600	1,625	219	119	29	29	29	3,750	3,800	574	574	466	366	266	166	87	87	87
1,625	1,650	224	124	29	29	29	3,800	3,850	586	586	477	377	277	177	88	88	88
1,650	1,675	229	129	30	30	30	3,850	3,900	597	597	487	387	287	187	90	90	90
1,675	1,700	234	134	31	31	31	3,900	3,950	608	608	498	397	297	197	91	91	91
1,700	1,725	239	139	31	31	31	3,950	4,000	619	619	509	408	308	208	108	92	92
1,725	1,750	245	145	32	32	32	4,000	4,050	718	631	521	418	318	218	118	94	94
1,750	1,775	250	150	33	33	33	4,050	4,100	752	642	532	429	329	229	129	95	95
1,775	1,800	255	155	33	33	33	4,100	4,150	763	653	543	439	339	239	139	96	96
1,800	1,825	260	160	60	34	34	4,150	4,200	774	664	554	449	349	249	149	98	98
1,825	1,850	265	165	65	35	35	4,200	4,250	786	676	566	460	360	260	160	99	99
1,850	1,875	271	171	71	35	35	4,250	4,300	797	687	577	470	370	270	170	100	100
1,875	1,900	276	176	76	36	36	4,300	4,350	808	698	588	480	380	280	180	102	102
1,900	1,925	281	181	81	37	37	4,350	4,400	819	709	599	491	391	291	191	103	103
1,925	1,950	286	186	86	37	37	4,400	4,450	831	721	611	501	401	301	201	104	104
1,950	1,975	291	191	91	38	38	4,450	4,500	842	732	622	512	411	311	211	111	106
1,975	2,000	296	196	96	39	39	4,500	4,550	853	743	633	523	422	322	222	122	107
2,000	2,025	302	202	102	39	39	4,550	4,600	864	754	644	534	432	332	232	132	109
2,025	2,050	307	207	107	40	40	4,600	4,650	876	766	656	546	442	342	242	142	110
2,050	2,075	312	212	112	41	41	4,650	4,700	887	777	667	557	453	353	253	153	111
2,075	2,100	317	217	117	41	41	4,700	4,750	898	788	678	568	463	363	263	163	113
2,100	2,125	322	222	122	42	42	4,750	4,800	909	799	689	579	473	373	273	173	114
2,125	2,150	327	227	127	43	43	4,800	4,850	921	811	701	591	484	384	284	184	116
2,150	2,175	333	233	133	43	43	4,850	4,900	932	822	712	602	494	394	294	194	117
2,175	2,200	338	238	138	44	44	4,900	4,950	943	833	723	613	504	404	304	204	118
2,200	2,225	343	243	143	45	45	4,950	5,000	954	844	734	624	515	415	315	215	119
2,225	2,250	348	248	148	45	45											
2,250	2,275	353	253	153	53	46											
2,275	2,300	359	259	159	59	47											

Normal tax exemption in case of husband and wife: If the return includes gross income of both husband and wife, the tax shall be that determined under the table, reduced by 3 per centum of the smaller adjusted gross income, but not by more than \$15.00.

## SEC. 401. RULES FOR APPLICATION OF SECTION 400 DEFINITION OF "SURTAX EXEMPTION".

For the purposes of this Supplement—

### (a) DEFINITIONS.—

(1) "Married person" means a married person living with husband or wife on July 1 of the taxable year.

(2) "Dependent" means a person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer on July 1 of the taxable year if on such date such dependent person is under eighteen years of age or is incapable of self-support because mentally or physically defective, excluding as a dependent, in the case of a head of a family, one who would be excluded under section 25 (b) (2) (B). A payment to a wife which is includible under section 22 (k) or section 171 in the gross income of such wife shall not be considered a payment by her husband for the support of any dependent.

(b) MARRIED AND NOT LIVING WITH HUSBAND OR WIFE.—An individual not a head of a family and not living with husband or wife on July 1 of the taxable year shall be treated as a single person.

As used in the table in section 400, the term "number of surtax exemptions" means the number of the exemptions allowed under section 25 (b) as a credit against net income for the purpose of the surtax imposed by section 12.

## SEC. 402. MANNER AND EFFECT OF ELECTION.

The election referred to in section 400 shall be considered to have been made if the taxpayer files the return prescribed for this Supplement and such election shall be irrevocable. If the taxpayer for any taxable year has filed a return computing his tax without regard to this Supplement, he may not thereafter elect for such year to compute his tax under this Supplement exercised in the manner provided in regulations prescribed by the Commissioner with the approval of the Secretary. For cases in which election to take the standard deduction also constitutes an election to pay the tax imposed by this supplement, see section 23 (aa) (3) (D). For cases in which election to file a return without showing tax thereon constitutes an election to pay the tax imposed by this supplement, see section 51 (f).

## SEC. 403. CREDITS AGAINST TAX NOT ALLOWED.

Section 31 (relating to foreign tax credit) and section 32 (relating to credit for taxes withheld at source) shall not apply with respect to the tax imposed by this Supplement. For credits against tax and against net income not allowed, in the case of a taxpayer who elects to pay the tax imposed by this supplement, because of the fact that such election constitutes an election to take the standard deduction, see section 23 (aa).

## SEC. 404. CERTAIN TAXPAYERS INELIGIBLE.

This supplement shall not apply to a nonresident alien individual, to a citizen of the United States entitled to the benefits of section 251, to an estate or trust, or to an individual filing making a return for a period of less than twelve months or for any taxable year other than

a calendar year, or to a married individual married and living with husband or wife at any time during the taxable year whose spouse files return and computes tax without regard to this supplement on account of a change in the accounting period. For provisions making both husband and wife ineligible to elect to pay the tax imposed by this supplement if either does not elect to take the standard deduction, see section 23 (aa) (4).

\* \* \* \* \*

## SUBCHAPTER D—VICTORY TAX ON INDIVIDUALS

### Part I—Rate and Computation of Tax

#### SEC. 450. IMPOSITION OF TAX.

There shall be levied, collected, and paid for each taxable year beginning after December 31, 1942, a victory tax of 3 per centum upon the victory tax net income of every individual (other than a nonresident alien subject to the tax imposed by section 211 (a)).

#### SEC. 451. VICTORY TAX NET INCOME.

(a) DEFINITION.—The term "victory tax net income" in the case of any taxable year means (except as provided in subsection (c)) the gross income for such year (not including gain from the sale or exchange of capital assets as defined in section 117, or interest allowed as a credit against net income under section 25 (a) (1) and (2), or amounts received as compensation for injury or sickness which are included in gross income by reason of the exception contained in section 22 (b) (5)) minus the sum of the following deductions:

(1) EXPENSES.—The expenses allowable as a deduction by section 23 (a) (1) and (2).

(2) INTEREST.—Interest allowable as a deduction by section 23 (b), if the indebtedness in respect of which such interest is allowed was incurred in carrying on any trade or business, or was incurred for the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income.

(3) TAXES.—Amounts allowable as a deduction by section 23 (c), to the extent such amounts are paid or incurred in connection with the carrying on of a trade or business, or in connection with property used in the trade or business, or in connection with property held for the production of income.

(4) LOSSES.—Losses (other than losses from the sale or exchange of capital assets) allowable as a deduction under section 23 (e) (1), subject to the limitation provided in section 23 (h).

(5) BAD DEBTS.—The amount allowable by section 23 (k) (1).

(6) DEPRECIATION.—The amount allowable by section 23 (l).

(7) DEPLETION.—The amount allowable by section 23 (m) and (n).

(8) PENSION TRUSTS.—The amount allowable by section 23 (p).

(9) NET OPERATING LOSS.—The net operating loss deduction allowable by section 23 (s).

(10) **AMORTIZATION.**—The amount allowable by section 23 (t).

(11) **ALIMONY.**—The amount allowable by section 23 (u).

(12) **SPECIAL DEDUCTION.**—The amount allowable by section 120.

(13) **ESTATES AND TRUSTS.**—In the case of an estate or trust, the amount allowable by subsection (a) of section 162 in addition to the amounts allowable by subsections (b) and (c) of such section:

(b) **ITEMS NOT DEDUCTIBLE.**—The deductions allowable by subsection (a) shall be subject to the limitations contained in section 24 and Supplement J and, in the case of nonresident aliens subject to the victory tax, shall be subject to the limitations contained in Supplement H.

(c) **SUPPLEMENT T TAXPAYER.**—If for any taxable year a taxpayer makes his return and pays his tax under Supplement T, the term "victory tax net income" means the gross income for such year.

(d) **BASIS FOR DETERMINING LOSS.**—The basis for determining the amount of deduction for losses sustained, to be allowed under paragraph (4) of subsection (a), and for bad debts, to be allowed under paragraph (5) of subsection (a), shall be the adjusted basis provided in section 113 (b) for determining the loss from the sale or other disposition of property.

(e) **RULE APPLICABLE TO PARTICIPANTS IN A COMMON TRUST FUND.**—In the case of a participant in a common trust fund, he shall in respect of the common trust fund income include in computing his victory tax net income, whether or not distributed and whether or not distributable, only his proportionate share of the ordinary net income or the ordinary net loss of the common trust fund, computed as provided in section 169 (d).

(f) **RULE APPLICABLE TO PARTNERS.**—In the case of an individual carrying on business in partnership, he shall in respect of the partnership income include in computing his victory tax net income, whether or not distribution is made to him, only his distributive share of the ordinary net income or the ordinary net loss of the partnership, computed as provided in section 183 (b).

## SEC. 452. SPECIFIC EXEMPTION.

In the case of every individual there shall be allowed as a credit against the victory tax net income a specific exemption of \$624. In the case of a husband and wife filing a joint return under section 51 (b); if the victory tax net income of one spouse is less than \$624, the aggregate specific exemption of both spouses shall be limited to \$624 plus the victory tax net income of such spouse.

## SEC. 455. RETURNS.

(a) **INDIVIDUAL RETURNS.**—Every individual having a gross income in excess of \$624 for the taxable year, shall make, under regulations prescribed by the Commissioner with the approval of the Secretary, a return, which shall contain or be verified by a written declaration that it is made under the penalties of perjury, stating specifically the items of his gross income and the deductions and credits allowed under this subchapter.

(b) **FIDUCIARY RETURNS.**—Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make, under regulations prescribed by the Commissioner with the approval of the Secretary, a return under oath, for any individual, estate, or trust for which he acts, if the gross income of such individual, estate, or trust is in excess of \$624 for the taxable year, stating specifically the items of gross income and the deductions and credits allowed under this subchapter. The provisions of section 142 (b) shall be applicable with respect to any return required to be made under this subsection.

#### **SEC. 456. LIMITATION ON TAX.**

The tax imposed by section 450 (Victory tax) shall not exceed the excess of 90 per centum of the net income of the taxpayer for the taxable year over the tax imposed by this chapter, computed without regard to section 450 and without regard to the credits provided in sections 31, 32, and 35.

### Part II—Collection of Tax at Source on Wages

#### **SEC. 465. DEFINITIONS.**

As used in this part—

(a) **PAY-ROLL PERIOD.**—The term “pay-roll period” means a period for which a payment of wages is ordinarily made to the employee by his employer.

(b) **WAGES.**—The term “wages” means all remuneration (other than fees paid to a public official) for services performed by an employee for his employer, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include remuneration paid (1) for services performed as a member of the military or naval forces of the United States; other than pensions and retired pay; (2) for agricultural labor (as defined in section 1426 (h)); (3) for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority; (4) for casual labor not in the course of the employer’s trade or business; (5) for services as an employee of a nonresident alien individual, foreign partnership, or foreign corporation, if such individual, partnership, or corporation is not engaged in trade or business in the United States; (6) for services as an employee of a foreign government or any wholly owned instrumentality thereof; or (7) for services performed as an employee while outside the United States (as defined in section 3797 (a) (9)), unless the major part of the services performed during the calendar year by such employee for his employer are performed within the United States.

(c) **WITHHOLDING AGENT.**—The term “withholding agent” means any person required to withhold, collect, and pay the tax under section 466.

(d) **EMPLOYEE.**—The term “employee” includes an officer, employee, or elected official of the United States, a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing. The term “employee” also includes an officer of a corporation.

(c) EMPLOYER.—The term ‘‘employer’’ includes any person for whom an individual performs any service, of whatever nature, as the employee of such person.

## SEC. 466. TAX COLLECTED AT SOURCE.

(a) REQUIREMENT OF WITHHOLDING.—There shall be withheld, collected, and paid upon all wages of every person, to the extent that such wages are includible in gross income, a tax equal to 5 per centum of the excess of each payment of such wages over the withholding deduction allowable under this part. This subsection and subsection (c) shall not be applicable in any case provided for in section 143, except in the case of wages paid to residents of a contiguous country who enter and leave the United States at frequent intervals.

(b) WITHHOLDING DEDUCTION.—

(1) In computing the tax required to be withheld under subsection (a), there shall be allowed as a deduction against the wages paid for each pay-roll period an amount determined in accordance with the following schedule:

Pay-roll period:	Withholding deductions
Weekly.....	\$12
Biweekly.....	24
Semimonthly.....	26
Monthly.....	52
Quarterly.....	156
Semiannually.....	312
Annually.....	624

(2) If a pay-roll period in respect of any wages is less than one week, the excess of the aggregate of the wages paid during each calendar week over the deduction allowed by this subsection for a weekly pay-roll period shall be used in computing the tax required to be withheld.

(3) If a pay-roll period in respect of any wages, or any other period with respect to which wages are paid, is not otherwise specifically provided for in this subsection, the deduction allowable against each payment of such wages shall be the deduction allowable in the case of an annual pay-roll period divided by 365 and multiplied by the number of days in such period, including Sundays and holidays.

(4) In any case in which wages are paid by an employer without regard to any pay-roll period or other period, the deduction allowable against each payment of such wages shall be the deduction allowable in the case of an annual pay-roll period divided by 365 and multiplied by the number of days (including Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(5) The deduction allowable under this subsection in respect of any individual for any calendar year shall not exceed the total deduction which would have been allowable under paragraph (1) if the only pay-roll period of such individual had been an annual pay-roll period.

## (c) WAGE BRACKET WITHHOLDING.—

(1) At the election of the employer, if his pay-roll period with respect to an employee is weekly, biweekly, semimonthly, or monthly, there shall be withheld, collected, and paid upon the wages of such employee a tax determined in accordance with the following tables, which shall be in lieu of the tax required to be withheld under subsection (a):

For weekly pay-roll period			For biweekly pay-roll period		
If the wages are over	But not over	The amount of tax to be withheld shall be	If the wages are over	But not over	The amount of tax to be withheld shall be
\$12	\$16	\$0.10	\$24	\$30	\$0.10
16	20	.30	30	40	.50
20	24	.50	40	50	1.00
24	28	.70	50	60	1.50
28	32	.90	60	70	2.00
32	36	1.10	70	80	2.50
36	40	1.30	80	100	3.30
40	50	1.60	100	120	4.30
50	60	2.10	120	140	5.30
60	70	2.60	140	160	6.30
70	80	3.10	160	180	7.30
80	90	3.60	180	200	8.30
90	100	4.10	200	220	9.30
100	110	4.60	220	240	10.30
110	120	5.10	240	260	11.30
120	130	5.60	260	280	12.30
130	140	6.10	280	300	13.30
140	150	6.60	300	320	14.30
150	160	7.10	320	340	15.30
160	170	7.60	340	360	16.30
170	180	8.10	360	380	17.30
180	190	8.60	380	400	18.30
190	200	9.10	400	420	19.30
200	-----	\$9.40 plus 5% of the excess over \$200.	420	440	20.30
			440	460	21.30
			460	480	22.30
			480	500	23.30
			500	-----	\$23.80 plus 5% of the excess over \$500.

For semimonthly pay-roll period			For monthly pay-roll period		
If the wages are over	But not over	The amount of tax to be withheld shall be	If the wages are over	But not over	The amount of tax to be withheld shall be
\$26	\$30	\$0.10	\$52	\$60	\$0.20
30	40	.40	60	80	.90
40	50	.90	80	100	1.90
50	60	1.40	100	120	2.90
60	70	1.90	120	140	3.90
70	80	2.40	140	160	4.90
80	100	3.20	160	200	6.40
100	120	4.20	200	240	8.40
120	140	5.20	240	280	10.40
140	160	6.20	280	320	12.40
160	180	7.20	320	360	14.40
180	200	8.20	360	400	16.40
200	220	9.20	400	440	18.40
220	240	10.20	440	480	20.40
240	260	11.20	480	520	22.40
260	280	12.20	520	560	24.40
280	300	13.20	560	600	26.40
300	320	14.20	600	640	28.40
320	340	15.20	640	680	30.40
340	360	16.20	680	720	32.40
360	380	17.20	720	760	34.40
380	400	18.20	760	800	36.40
400	420	19.20	800	840	38.40
420	440	20.20	840	880	40.40
440	460	21.20	880	920	42.40
460	480	22.20	920	960	44.40
480	500	23.20	960	1,000	46.40
500	-----	\$23.70 plus 5% of the excess over \$500.	1,000	-----	\$47.40 plus 5% of the excess over \$1,000.

(d) **TAX PAID BY RECIPIENT.**— If any tax required under this part to be withheld and collected is paid by the recipient of the income, it shall not be re-collected from the withholding agent; but such payment shall in no case relieve the withholding agent from liability for interest or additions to the tax otherwise applicable in respect of the tax imposed by this chapter.

(e) **CREDIT FOR TAX WITHHELD AT SOURCE.**— The tax withheld and collected under this part shall not be allowed as a deduction either to the withholding agent or to the recipient of the income in computing net income; but the amount of the tax so withheld and collected shall be allowed as a credit against the tax imposed by this chapter upon

the recipient of the income. Such credit shall be allowed first against the victory tax imposed by section 450 (adjusted for the credit allowed by section 453) and the excess of such credit, if any, over the victory tax, so adjusted, shall be allowed against the tax imposed by sections 11 and 12 or section 400, as the case may be.

(f) **REFUNDS.**—Where there has been an overpayment of tax under this part, any refund or credit made under the provisions of section 322 shall be made to the recipient of the income; but, in any case in which such tax was not so withheld by the withholding agent, such refund or credit shall be made to the withholding agent.

(g) **INCLUDED AND EXCLUDED WAGES.**—If the remuneration paid by an employer to an employee for services performed during one-half or more of any pay-roll period constitutes wages, all the remuneration paid by such employer to such employee for such period shall be deemed to be wages; but if the remuneration paid by an employer to an employee for services performed during more than one-half of any such pay-roll period does not constitute wages, then none of the remuneration paid by such employer to such employee for such period shall be deemed to be wages.

#### **SEC. 467. WITHHOLDING AGENT.**

(a) **COLLECTION OF TAX.**—The tax required to be withheld by section 466 shall be collected by the person having control of the payment of such wages by deducting such amount from such wages as and when paid. As used in this subsection, the term "person" includes officers and employees of the United States, or of a State, Territory, or any political subdivision thereof, or of the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(b) **INDEMNIFICATION OF WITHHOLDING AGENT.**—Every person required to withhold and collect any tax under this part shall be liable for the payment of such tax, and shall not be liable to any person for the amount of any such payment.

(c) **ADJUSTMENTS.**—If more or less than the correct amount of tax is withheld or paid for any quarter in any calendar year, proper adjustments, with respect both to the tax withheld or the tax paid, may be made in any subsequent quarter of such calendar year, without interest, in such manner and at such times as may be prescribed by regulations made by the Commissioner, with the approval of the Secretary.

#### **SEC. 468. RETURN AND PAYMENT BY WITHHOLDING AGENT.**

In lieu of the time prescribed in sections 53 and 56 for the return and payment of the tax imposed by this chapter, every person required to withhold and collect any tax under section 466 shall make a return and pay such tax on or before the last day of the month following the close of each quarter of each calendar year. Every such person shall include with the final return for the calendar year a duplicate copy of each receipt required to be furnished under section 469. Every such person shall also keep such records and render under oath such statements with respect to the tax so withheld and collected as may be required under regulations prescribed by the Commissioner, with the approval of the Secretary.

**SEC. 469. RECEIPTS.**

(a) **WAGES.**—Every employer required to withhold and collect a tax in respect of the wages of an employee shall furnish to each such employee in respect of his employment during the calendar year, on or before January 31 of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of wages is made, a written statement showing the period covered by the statement, the wages paid by the employer to such employee during such period, and the amount of the tax withheld and collected under this part in respect of such wages.

(b) **REGULATIONS.**—The statements required to be furnished by this section shall be in lieu of the return required to be furnished by the employer with respect to his employee under section 147 and shall be furnished at such other times, shall contain such other information, and shall be in such form as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

(c) **EXTENSION OF TIME.**—The Commissioner, under such regulations as he may prescribe with the approval of the Secretary, may grant to any employer a reasonable extension of time (not in excess of 30 days) with respect to the statements required to be furnished to employees on the day on which the last payment of wages is made.

**SEC. 470. PENALTIES.**

(a) **PENALTIES FOR FRAUDULENT RECEIPT OR FAILURE TO FURNISH RECEIPT.**—In lieu of any other penalty provided by law (except the penalty provided by subsection (b) of this section), any person required under the provisions of section 469 to furnish a receipt in respect of tax withheld pursuant to this part who wilfully furnishes a false or fraudulent receipt, or who wilfully fails to furnish a receipt in the manner, at the time, and showing the information required under section 469, or regulations prescribed thereunder, shall for each such failure, upon conviction thereof, be fined not more than \$1,000, or imprisoned for not more than one year, or both.

(b) **ADDITIONAL PENALTY.**—In addition to the penalty provided by subsection (a) of this section, any person required under the provisions of section 469 to furnish a receipt in respect of tax withheld pursuant to this part who wilfully furnishes a false or fraudulent receipt, or who wilfully fails to furnish a receipt in the manner, at the time, and showing the information required under section 469, or regulations prescribed thereunder, shall for each such failure be subject to a civil penalty of not more than \$50.

(c) **FAILURE OF WITHHOLDING AGENT TO FILE RETURN.**—In case of any failure to make and file return required by this part, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to wilful neglect, the addition to the tax provided for in section 201 shall not be less than \$5.

## Part III—Expiration Date and Definitions

**SEC. 475. DEFINITIONS.**

(a) **NET INCOME.**—When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, the term “net income” shall be construed to mean “victory tax net income” for the purposes of this subchapter.

(b) **DATE OF CESSATION OF HOSTILITIES IN THE PRESENT WAR.**—As used in this subchapter, the term “date of cessation of hostilities in the present war” means the date on which hostilities in the present war between the United States and the governments of Germany, Japan, and Italy cease, as fixed by proclamation of the President or by concurrent resolution of the two Houses of Congress, whichever date is earlier, or in case the hostilities between the United States and such governments do not cease at the same time, such date as may be so fixed as an appropriate date for the purposes of this subchapter.

**SEC. 476. EXPIRATION DATE.**

The tax imposed by Part I of this subchapter shall not apply with respect to any taxable year commencing after the date of cessation of hostilities in the present war. The tax imposed by Part II of such subchapter shall not apply with respect to any wages paid after June 30, 1943, unless paid during the calendar year 1943 with respect to a payroll period beginning on or before such date.

## CHAPTER 9—EMPLOYMENT TAXES

\* \* \* \* \*

## SUBCHAPTER D—COLLECTION OF INCOME TAX AT SOURCE ON WAGES

**SEC. 1621. DEFINITIONS.**

As used in this subchapter—

(a) **WAGES.**—The term “wages” means all remuneration (other than fees paid to a public official) for services performed by an employee for his employer, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include remuneration paid—

(1) for services performed as a member of the military or naval forces of the United States, other than pensions and retired pay includible in gross income under Chapter 1, or

(2) for agricultural labor (as defined in section 1426 (h)), or

(3) for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, or

(4) for casual labor not in the course of the employer’s trade or business, or

(5) for services by a citizen or resident of the United States for a foreign government or for the government of the Commonwealth of the Philippines, or

(6) for services performed by a nonresident alien individual, other than a resident of a contiguous country who enters and leaves the United States at frequent intervals, or

(7) for such services, performed by a nonresident alien individual who is a resident of a contiguous country and who enters and leaves the United States at frequent intervals, as may be designated by regulations prescribed by the Commissioner with the approval of the Secretary, or

(8) for services for an employer performed by a citizen or resident of the United States while outside the United States (as defined in section 3797 (a) (9)) if the major part of the services for such employer during the calendar year is to be performed outside the United States, or

(9) for services performed as a minister of the gospel.

For the purpose of paragraph (8) services performed on or in connection with an American vessel (as defined in section 1426 (g)) under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, or on or in connection with any vessel as an employee of the United States employed through the War Shipping Administration, shall not constitute services performed outside the United States.

(b) **PAYROLL PERIOD.**—The term “payroll period” means a period for which a payment of wages is ordinarily made to the employee by his employer, and the term “miscellaneous payroll period” means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(c) **EMPLOYEE.**—The term “employee” includes an officer, employee, or elected official of the United States, a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing. The term “employee” also includes an officer of a corporation.

(d) **EMPLOYER.**—The term “employer” means the person for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that—

(1) if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term “employer” (except for the purposes of subsection (a)) means the person having control of the payment of such wages; and

(2) in the case of a person paying wages on behalf of a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, the term “employer” (except for the purposes of subsection (a)) means such person.

(e) **SINGLE PERSON NUMBER OF WITHHOLDING EXEMPTIONS CLAIMED.**—The term “single person number of withholding exemptions claimed” means a person with respect to whom the number of withholding exemptions claimed in a withholding exemption certificate is in effect under section 1622 (h), except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero stating that such person is single, or is married and not living with husband or wife, and is not the head of a family.

(f) **MARRIED PERSON.**—The term “married person” means a person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) stating that he is married and living with husband or wife.

(g) **MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING.**—The term “married person claiming all of personal exemption for withholding” means a married person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) stating that for the purposes of this subchapter such person claims all of the personal exemption and that for the purposes of this subchapter his spouse is claiming none of the personal exemption.

(h) **MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING.**—The term “married person claiming half of the personal exemption for withholding” means a married person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) stating that for the purposes of this subchapter such person claims half of the personal exemption and that for the purposes of this subchapter his spouse is claiming not more than half of such exemption.

(i) **MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING.**—The term “married person claiming none of the personal exemption for withholding” means a married person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) making no claim with respect to the personal exemption for the purposes of this subchapter.

(j) **HEAD OF FAMILY.**—The term “head of a family” means a person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) stating that he is the head of a family.

(k) **DEPENDENT.**—The term “dependent” means a person included in a withholding exemption certificate in effect under section 1622 (h) as a person dependent upon and receiving his chief support from the employee and either under eighteen years of age or incapable of self-support because mentally or physically defective.

## SEC. 1622. INCOME TAX COLLECTED AT SOURCE.

(a) **REQUIREMENT OF WITHHOLDING.**—Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to the greater of sum of the following:

(1) 20 2.7 per centum of the excess of each payment of such wages over the family status amount by which the wages exceed the amount of one withholding exemption allowable under subsection (b) (1) (A); or, the amount of such exemption for various payroll periods being shown in the table in subsection (b) (1) of this section;

(2) 3 per centum of the excess of each payment of such wages over the Victory tax withholding exemption allowable under subsection (b) (1) (B). 18 per centum of whichever of the following is the lesser:

(A) the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); or

(B) the amount shown in the last column in the table in subsection (b) (1);

(3) 19.8 per centum of the amount by which the wages exceed the sum of:

(A) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

(B) the amount shown in the last column in the table in subsection (b) (1).

(b) WITHHOLDING EXEMPTION.—

(1) In computing the tax required to be deducted and withheld under subsection (a), there shall be allowed as a withholding exemption with respect to the wages paid for each payroll period—

(A) in computing the tax required to be deducted and withheld under subsection (a) (1), a family status withholding exemption determined in accordance with the following schedule:

Family Status Withholding Exemption

Payroll period	Single person	Married person claiming whole of personal exemption for withholding or head of family	Married person claiming half of personal exemption for withholding	Married person claiming none of personal exemption for withholding	Each dependent, other than the first dependent in the case of the head of a family
Weekly.....	\$12	\$24	\$12	0	\$6
Biweekly.....	\$24	\$48	\$24	0	\$12
Semimonthly.....	\$26	\$52	\$26	0	\$13
Monthly.....	\$52	\$104	\$52	0	\$26
Quarterly.....	\$156	\$312	\$156	0	\$78
Semiannual.....	\$312	\$624	\$312	0	\$156
Annual.....	\$624	\$1,248	\$624	0	\$312
Daily or miscellaneous (per day of such period).....	\$1.70	\$3.40	\$1.70	0	\$.85

(B) in computing the tax required to be deducted and withheld under subsection (a) (2), a Victory tax withholding exemption determined in accordance with the following schedule:

Payroll Period	Victory Tax Withholding Exemption
Weekly.....	\$12.00
Biweekly.....	24.00
Semimonthly.....	26.00
Monthly.....	52.00
Quarterly.....	156.00
Semiannual.....	312.00
Annual.....	624.00
Daily or Miscellaneous (per day of such period).....	1.70

(1) *The table referred to in subsection (a) is as follows:*

*Percentage Method Withholding Table*

<i>Payroll period</i>	<i>Amount of one withholding exemption</i>	<i>Maximum amount subject to 18 per centum rate</i>
<i>Weekly</i> -----	\$11. 00	\$44. 00
<i>Biweekly</i> -----	22. 00	88. 00
<i>Semi-monthly</i> -----	23. 00	92. 00
<i>Monthly</i> -----	46. 00	184. 00
<i>Quarterly</i> -----	139. 00	556. 00
<i>Semi-annual</i> -----	278. 00	1, 112. 00
<i>Annual</i> -----	556. 00	2, 224. 00
<i>Daily or miscellaneous (per day of such period)</i> ---	1. 50	6. 00

(2) If wages are paid with respect to a period which is not a payroll period, the withholding exemption allowable with respect to each payment of such wages shall be the exemption allowed for a miscellaneous payroll period containing a number of days (including Sundays and holidays) equal to the number of days in the period with respect to which such wages are paid.

(3) In any case in which wages are paid by an employer without regard to any payroll period or other period, the withholding exemption allowable with respect to each payment of such wages shall be the exemption allowed for a miscellaneous payroll period containing a number of days equal to the number of days (including Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(4) In any case in which the period, or the time described in paragraph (3), in respect of any wages is less than one week, the Commissioner, under regulations prescribed by him with the approval of the Secretary, may authorize an employer, in computing the tax required to be deducted and withheld, to use the excess of the aggregate of the wages paid to the employee during the calendar week over the withholding exemption allowed by this subsection for a weekly payroll period.

(5) In determining the amount to be deducted and withheld under this subsection, the wages may, at the election of the employer, be computed to the nearest dollar.

(c) **WAGE BRACKET WITHHOLDING.**—

(1) At the election of the employer with respect to any employee, the employer shall deduct and withhold upon the wages paid to such employee a tax determined in accordance with the following tables, which shall be in lieu of the tax required to be deducted and withheld under subsection (a):

If the payroll period with respect to an employee is weekly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—											
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents		
At least		But less than		Or, (2) such person is a married person claiming half of personal exemption for withholding and has—									
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
At least		But less than		Or, (3) such person is a single person and has—									
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
At least		But less than		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—									
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents				
At least		But less than		Or, (5) such person is head of a family and has—									
				No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents				
The amount of tax to be withheld shall be—													
\$0	\$10	\$1.00											
10	15	2.50	\$1.30	\$0.10									
15	20	3.50	2.30	1.10	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20		
20	25	4.50	3.30	2.10	.90	.30	.30	.30	.30	.30	.30		
25	30	5.50	4.20	3.10	1.00	.70	.50	.50	.50	.50	.50		
30	40	7.00	5.80	4.60	3.40	2.20	1.00	.70	.70	.70	.70		
40	50	9.00	7.80	6.60	5.40	4.20	3.00	1.80	1.00	1.00	1.00		
50	60	11.00	9.80	8.60	7.40	6.20	5.00	3.80	2.60	1.40	1.30		
60	70	13.00	11.80	10.60	9.40	8.20	7.00	5.80	4.60	3.40	2.20		
70	80	15.00	13.80	12.60	11.40	10.20	9.00	7.80	6.60	5.40	4.20		
80	90	17.00	15.80	14.60	13.40	12.20	11.00	9.80	8.60	7.40	6.20		
90	100	19.00	17.80	16.60	15.40	14.20	13.00	11.80	10.60	9.40	8.20		
100	110	21.00	19.80	18.60	17.40	16.20	15.00	13.80	12.60	11.40	10.20		
110	120	23.00	21.80	20.60	19.40	18.20	17.00	15.80	14.60	13.40	12.20		
120	130	25.00	23.80	22.60	21.40	20.20	19.00	17.80	16.60	15.40	14.20		
130	140	27.00	25.80	24.60	23.40	22.20	21.00	19.80	18.60	17.40	16.20		
140	150	29.00	27.80	26.60	25.40	24.20	23.00	21.80	20.60	19.40	18.20		
150	160	31.00	29.80	28.60	27.40	26.20	25.00	23.80	22.60	21.40	20.20		
160	170	33.00	31.80	30.60	29.40	28.20	27.00	25.80	24.60	23.40	22.20		
170	180	35.00	33.80	32.60	31.40	30.20	29.00	27.80	26.60	25.40	24.20		
180	190	37.00	35.80	34.60	33.40	32.20	31.00	29.80	28.60	27.40	26.20		
190	200	39.00	37.80	36.60	35.40	34.20	33.00	31.80	30.60	29.40	28.20		
\$200 or over.		20% of the excess over \$200 plus											
		\$40.00	\$38.80	\$37.60	\$36.40	\$35.20	\$34.00	\$32.80	\$31.60	\$30.40	\$29.20		

If the number of dependents is in excess of the largest number of dependents shown; the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$1.20 for each dependent over the largest number shown; except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are \$200 or over, of the excess of the wages) over \$12; computed, in case such amount is not a multiple of \$0.10; to the nearest multiple of \$0.10.

If the payroll period with respect to an employee is biweekly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—											
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents		
At least		But less than		Or, (2) such person is a married person claiming half of personal exemption for withholding and has—									
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
At least		But less than		Or, (3) such person is a single person and has—									
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
At least		But less than		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—									
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents				
At least		But less than		Or, (5) such person is head of a family and has—									
				No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents				
The amount of tax to be withheld shall be—													
\$0	\$20	\$2.00											
20	30	5.00	\$2.60	\$0.20									
30	40	7.00	4.60	2.20	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30		
40	50	9.00	6.60	4.20	1.80	.60	.60	.60	.60	.60	.60		
50	60	11.00	8.60	6.80	3.80	1.40	.90	.90	.90	.90	.90		
60	80	14.00	11.60	9.20	6.80	4.40	2.00	1.40	1.40	1.40	1.40		
80	100	18.00	15.60	13.20	10.80	8.40	6.00	3.60	2.00	2.00	2.00		
100	120	22.00	19.60	17.20	14.80	12.40	10.00	7.60	5.20	2.80	2.60		
120	140	26.00	23.60	21.20	18.80	16.40	14.00	11.60	9.20	6.80	4.40		
140	160	30.00	27.60	25.20	22.80	20.40	18.00	15.60	13.20	10.80	8.40		
160	180	34.00	31.60	29.20	26.80	24.40	22.00	19.60	17.20	14.80	12.40		
180	200	38.00	35.60	33.20	30.80	28.40	26.00	23.60	21.20	18.80	16.40		
200	220	42.00	39.60	37.20	34.80	32.40	30.00	27.60	25.20	22.80	20.40		
220	240	46.00	43.60	41.20	38.80	36.40	34.00	31.60	29.20	26.80	24.40		
240	260	50.00	47.60	45.20	42.80	40.40	38.00	35.60	33.20	30.80	28.40		
260	280	54.00	51.60	49.20	46.80	44.40	42.00	39.60	37.20	34.80	32.40		
280	300	58.00	55.60	53.20	50.80	48.40	46.00	43.60	41.20	38.80	36.40		
300	320	62.00	59.60	57.20	54.80	52.40	50.00	47.60	45.20	42.80	40.40		
320	340	66.00	63.60	61.20	58.80	56.40	54.00	51.60	49.20	46.80	44.40		
340	360	70.00	67.60	65.20	62.80	60.40	58.00	55.60	53.20	50.80	48.40		
360	380	74.00	71.60	69.20	66.80	64.40	62.00	59.60	57.20	54.80	52.40		
380	400	78.00	75.60	73.20	70.80	68.40	66.00	63.60	61.20	58.80	56.40		
\$400 or over		20% of the excess over \$400 plus											
		\$80.00	\$77.60	\$75.20	\$72.80	\$70.40	\$68.00	\$65.60	\$63.20	\$60.80	\$58.40		

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$2.40 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 2 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are \$400 or over, of the excess of the wages) over \$24, computed, in case such amount is not a multiple of \$0.10, to the nearest multiple of \$0.10.

If the payroll period with respect to an employee is semimonthly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
At least	But less than	Or, (2) such person is a married person claiming half of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (3) such person is a single person and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—									
Or, (5) such person is head of a family and has—											
		No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents				
The amount of tax to be withheld shall be—											
\$0	\$20	\$2.00	-----	-----	-----	-----	-----	-----	-----	-----	-----
20	30	5.00	\$2.40	-----	-----	-----	-----	-----	-----	-----	-----
30	40	7.00	4.40	\$1.80	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
40	50	9.00	6.40	3.80	1.20	.60	.60	.60	.60	.60	.60
50	60	11.00	8.40	5.80	3.20	.90	.90	.90	.90	.90	.90
60	80	14.00	11.40	8.80	6.20	3.60	1.30	1.30	1.30	1.30	1.30
80	100	18.00	15.40	12.80	10.20	7.60	5.00	2.40	1.90	1.90	1.90
100	120	22.00	19.40	16.80	14.20	11.60	9.00	6.40	3.80	2.50	2.50
120	140	26.00	23.40	20.80	18.20	15.60	13.00	10.40	7.80	5.20	3.10
140	160	30.00	27.40	24.80	22.20	19.60	17.00	14.40	11.80	9.20	6.60
160	180	34.00	31.40	28.80	26.20	23.60	21.00	18.40	15.80	13.20	10.60
180	200	38.00	35.40	32.80	30.20	27.60	25.00	22.40	19.80	17.20	14.60
200	220	42.00	39.40	36.80	34.20	31.60	29.00	26.40	23.80	21.20	18.60
220	240	46.00	43.40	40.80	38.20	35.60	33.00	30.40	27.80	25.20	22.60
240	260	50.00	47.40	44.80	42.20	39.60	37.00	34.40	31.80	29.20	26.60
260	280	54.00	51.40	48.80	46.20	43.60	41.00	38.40	35.80	33.20	30.60
280	300	58.00	55.40	52.80	50.20	47.60	45.00	42.40	39.80	37.20	34.60
300	320	62.00	59.40	56.80	54.20	51.60	49.00	46.40	43.80	41.20	38.60
320	340	66.00	63.40	60.80	58.20	55.60	53.00	50.40	47.80	45.20	42.60
340	360	70.00	67.40	64.80	62.20	59.60	57.00	54.40	51.80	49.20	46.60
360	380	74.00	71.40	68.80	66.20	63.60	61.00	58.40	55.80	53.20	50.60
380	400	78.00	75.40	72.80	70.20	67.60	65.00	62.40	59.80	57.20	54.60
\$400 or over		20% of the excess over \$400 plus									
		\$80.00	\$77.40	\$74.80	\$72.20	\$69.60	\$67.00	\$64.40	\$61.80	\$59.20	\$56.60

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$2.60 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are \$400 or over, of the excess of the wages) over \$26; computed in case such amount is not a multiple of \$0.10, to the nearest multiple of \$0.10.

If the payroll period with respect to an employee is monthly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—										
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents	
At least		Or, (2) such person is a married person claiming half of personal exemption for withholding and has—										
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents			
But less than		Or, (3) such person is a single person and has—										
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents			
		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—										
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents			
		Or, (5) such person is head of a family and has—										
		No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents					
The amount of tax to be withheld shall be—												
\$0	\$40	\$4.00										
40	50	9.00										
50	60	11.00	5.80	\$0.60	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
60	70	13.00	7.80	2.60	.40	.40	.40	.40	.40	.40	.40	.40
70	80	15.00	9.80	4.60	.70	.70	.70	.70	.70	.70	.70	.70
80	100	18.00	12.80	7.60	2.40	1.10	1.10	1.10	1.10	1.10	1.10	1.10
100	120	22.00	16.80	11.60	6.46	1.70	1.70	1.70	1.70	1.70	1.70	1.70
120	140	26.00	20.80	15.60	10.40	5.20	2.30	2.30	2.30	2.30	2.30	2.30
140	160	30.00	24.80	19.60	14.40	9.20	4.00	2.90	2.90	2.90	2.90	2.90
160	200	36.00	30.80	25.60	20.40	15.20	10.00	4.80	3.80	3.80	3.80	3.80
200	240	44.00	38.80	33.60	28.40	23.00	18.00	12.80	7.60	5.00	5.00	5.00
240	280	52.00	46.80	41.60	36.40	31.20	26.00	20.80	15.60	10.40	6.20	6.20
280	320	60.00	54.80	49.60	44.40	39.20	34.00	28.80	23.60	18.40	13.20	13.20
320	360	68.00	62.80	57.60	52.40	47.20	42.00	36.80	31.60	26.40	21.20	21.20
360	400	76.00	70.80	65.60	60.40	55.20	50.00	44.80	39.60	34.40	29.20	29.20
400	440	84.00	78.80	73.60	68.40	63.20	58.00	52.80	47.60	42.40	37.20	37.20
440	480	92.00	86.80	81.60	76.40	71.20	66.00	60.80	55.60	50.40	45.20	45.20
480	520	100.00	94.80	89.60	84.40	79.20	74.00	68.80	63.60	58.40	53.20	53.20
520	560	108.00	102.80	97.60	92.40	87.20	82.00	76.80	71.60	66.40	61.20	61.20
560	600	116.00	110.80	105.60	100.40	95.20	90.00	84.80	79.60	74.40	69.20	69.20
600	640	124.00	118.80	113.60	108.40	103.20	98.00	92.80	87.60	82.40	77.20	77.20
640	680	132.00	126.80	121.60	116.40	111.20	106.00	100.80	95.60	90.40	85.20	85.20
680	720	140.00	134.80	129.60	124.40	119.20	114.00	108.80	103.60	98.40	93.20	93.20
720	760	148.00	142.80	137.60	132.40	127.20	122.00	116.80	111.60	106.40	101.20	101.20
760	800	156.00	150.80	145.60	140.40	135.20	130.00	124.80	119.60	114.40	109.20	109.20
\$800 or over		20% of the excess over \$800 plus										
		160.00	154.80	149.60	144.40	139.20	134.00	128.80	123.60	118.40	113.20	113.20

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$5.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages paid fall (or if the wages paid are \$800 or over, of the excess of the wages) over \$52, computed, in case such amount is not a multiple of \$0.10, to the nearest multiple of \$0.10

If the payroll period with respect to an employee is a daily payroll period or a miscellaneous payroll period

And the wages divided by the number of days in such period are—		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
		Or, (2) such person is a married person claiming half of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (3) such person is a single person and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents			
		Or, (5) such person is head of a family and has—									
		No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents				

The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period

At least	But less than	No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
\$0	\$1	\$0.10									
1	2	.30	\$0.15								
2	3	.50	.35	\$0.15							
3	4	.70	.55	.55	\$0.20	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
4	5	.90	.75	.65	.40	.20	.10	.10	.10	.10	.10
5	6	1.10	.95	.75	.60	.40	.25	.10	.10	.10	.10
6	7	1.30	1.15	.95	.80	.60	.45	.30	.15	.15	.15
7	8	1.50	1.35	1.15	1.00	.80	.65	.50	.30	.15	.15
8	9	1.70	1.55	1.35	1.20	1.00	.85	.70	.50	.35	.20
9	10	1.90	1.75	1.55	1.40	1.20	1.05	.90	.70	.55	.35
10	12	2.20	2.05	1.85	1.70	1.50	1.35	1.20	1.00	.85	.65
12	14	2.60	2.45	2.25	2.10	1.90	1.75	1.60	1.40	1.25	1.05
14	16	3.00	2.85	2.65	2.50	2.30	2.15	2.00	1.80	1.65	1.45
16	18	3.40	3.25	3.05	2.90	2.70	2.55	2.40	2.20	2.05	1.85
18	20	3.80	3.65	3.45	3.30	3.10	2.95	2.80	2.60	2.45	2.25
20	22	4.20	4.05	3.85	3.70	3.50	3.35	3.20	3.00	2.85	2.65
22	24	4.60	4.45	4.25	4.10	3.90	3.75	3.60	3.40	3.25	3.05
24	26	5.00	4.85	4.65	4.50	4.30	4.15	4.00	3.80	3.65	3.45
26	28	5.40	5.25	5.05	4.90	4.70	4.55	4.40	4.20	4.05	3.85
28	30	5.80	5.65	5.45	5.30	5.10	4.95	4.80	4.60	4.45	4.25

\$30 or over--	20% of the excess over \$30 plus									
	\$6.00	\$5.85	\$5.65	\$5.50	\$5.30	\$5.15	\$5.00	\$4.80	\$4.65	\$4.45

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$0.15 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the product of the median wage in the bracket in which the wages fall and the number of days in the period (or if the wages paid are \$30 or over, of the excess of the wages) over the product of \$1.70 and the number of days in the period; computed, in case such amount is not a multiple of \$0.05, to the nearest multiple of \$0.05.

If the pay-roll period with respect to an employee is weekly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$0	\$11	18% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$11	\$12	\$2.10	.20	0	0	0	0	0	0	0	0	0
\$12	\$13	2.30	.40	0	0	0	0	0	0	0	0	0
\$13	\$14	2.50	.60	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$14	\$15	2.70	.80	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$15	\$16	2.90	1.00	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$16	\$17	3.10	1.20	.20	.20	.20	.20	.20	.20	.20	.20	.20
\$17	\$18	3.30	1.40	.20	.20	.20	.20	.20	.20	.20	.20	.20
\$18	\$19	3.50	1.60	.20	.20	.20	.20	.20	.20	.20	.20	.20
\$19	\$20	3.70	1.80	.20	.20	.20	.20	.20	.20	.20	.20	.20
\$20	\$21	4.00	2.00	.30	.30	.30	.30	.30	.30	.30	.30	.30
\$21	\$22	4.20	2.20	.30	.30	.30	.30	.30	.30	.30	.30	.30
\$22	\$23	4.40	2.40	.50	.30	.30	.30	.30	.30	.30	.30	.30
\$23	\$24	4.60	2.70	.70	.30	.30	.30	.30	.30	.30	.30	.30
\$24	\$25	4.80	2.90	.90	.40	.40	.40	.40	.40	.40	.40	.40
\$25	\$26	5.00	3.10	1.10	.40	.40	.40	.40	.40	.40	.40	.40
\$26	\$27	5.20	3.30	1.40	.40	.40	.40	.40	.40	.40	.40	.40
\$27	\$28	5.40	3.50	1.60	.50	.50	.50	.50	.50	.50	.50	.50
\$28	\$29	5.60	3.70	1.80	.50	.50	.50	.50	.50	.50	.50	.50
\$29	\$30	5.80	3.90	2.00	.50	.50	.50	.50	.50	.50	.50	.50
\$30	\$31	6.00	4.10	2.20	.50	.50	.50	.50	.50	.50	.50	.50
\$31	\$32	6.20	4.30	2.40	.60	.60	.60	.60	.60	.60	.60	.60
\$32	\$33	6.40	4.50	2.60	.70	.60	.60	.60	.60	.60	.60	.60
\$33	\$34	6.60	4.70	2.80	.90	.60	.60	.60	.60	.60	.60	.60
\$34	\$35	6.90	4.90	3.00	1.10	.60	.60	.60	.60	.60	.60	.60
\$35	\$36	7.10	5.10	3.20	1.30	.70	.70	.70	.70	.70	.70	.70
\$36	\$37	7.30	5.30	3.40	1.50	.70	.70	.70	.70	.70	.70	.70
\$37	\$38	7.50	5.60	3.60	1.70	.70	.70	.70	.70	.70	.70	.70
\$38	\$39	7.70	5.80	3.80	1.90	.80	.80	.80	.80	.80	.80	.80
\$39	\$40	7.90	6.00	4.00	2.10	.80	.80	.80	.80	.80	.80	.80
\$40	\$41	8.10	6.20	4.20	2.30	.80	.80	.80	.80	.80	.80	.80
\$41	\$42	8.30	6.40	4.50	2.50	.80	.80	.80	.80	.80	.80	.80
\$42	\$43	8.50	6.60	4.70	2.70	.90	.90	.90	.90	.90	.90	.90
\$43	\$44	8.70	6.80	4.90	2.90	1.00	.90	.90	.90	.90	.90	.90
\$44	\$45	9.00	7.00	5.10	3.20	1.20	.90	.90	.90	.90	.90	.90
\$45	\$46	9.20	7.20	5.30	3.40	1.40	.90	.90	.90	.90	.90	.90
\$46	\$47	9.40	7.40	5.50	3.60	1.60	1.00	1.00	1.00	1.00	1.00	1.00
\$47	\$48	9.60	7.60	5.70	3.80	1.90	1.00	1.00	1.00	1.00	1.00	1.00
\$48	\$49	9.90	7.80	5.90	4.00	2.10	1.00	1.00	1.00	1.00	1.00	1.00
\$49	\$50	10.10	8.00	6.10	4.20	2.30	1.00	1.00	1.00	1.00	1.00	1.00
\$50	\$51	10.30	8.20	6.30	4.40	2.50	1.10	1.10	1.10	1.10	1.10	1.10
\$51	\$52	10.50	8.40	6.50	4.60	2.70	1.10	1.10	1.10	1.10	1.10	1.10
\$52	\$53	10.80	8.70	6.70	4.80	2.90	1.10	1.10	1.10	1.10	1.10	1.10
\$53	\$54	11.00	8.90	6.90	5.00	3.10	1.20	1.20	1.20	1.20	1.20	1.20
\$54	\$55	11.20	9.10	7.10	5.20	3.30	1.40	1.20	1.20	1.20	1.20	1.20
\$55	\$56	11.40	9.30	7.40	5.40	3.50	1.60	1.20	1.20	1.20	1.20	1.20
\$56	\$57	11.70	9.50	7.60	5.60	3.70	1.80	1.20	1.20	1.20	1.20	1.20

If the pay-roll period with respect to an employee is weekly—Continued

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$57	\$58	\$11.90	\$9.80	\$7.80	\$5.80	\$3.90	\$2.00	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
\$58	\$59	12.10	10.00	8.00	6.10	4.10	2.20	1.30	1.30	1.30	1.30	1.30
\$59	\$60	12.30	10.20	8.20	6.30	4.30	2.40	1.30	1.30	1.30	1.30	1.30
\$60	\$62	12.70	10.60	8.50	6.60	4.60	2.70	1.40	1.40	1.40	1.40	1.40
\$62	\$64	13.10	11.00	8.90	7.00	5.10	3.10	1.40	1.40	1.40	1.40	1.40
\$64	\$66	13.60	11.50	9.50	7.40	5.50	3.60	1.60	1.50	1.50	1.50	1.50
\$66	\$68	14.00	11.90	9.80	7.80	5.90	4.00	2.00	1.50	1.50	1.50	1.50
\$68	\$70	14.50	12.40	10.20	8.20	6.30	4.40	2.50	1.60	1.60	1.60	1.60
\$70	\$72	14.90	12.80	10.70	8.60	6.70	4.80	2.90	1.60	1.60	1.60	1.60
\$72	\$74	15.40	13.30	11.10	9.10	7.10	5.20	3.30	1.70	1.70	1.70	1.70
\$74	\$76	15.80	13.70	11.60	9.50	7.50	5.60	3.70	1.80	1.70	1.70	1.70
\$76	\$78	16.30	14.20	12.00	9.90	8.00	6.00	4.10	2.20	1.80	1.80	1.80
\$78	\$80	16.70	14.60	12.50	10.40	8.40	6.40	4.50	2.60	1.80	1.80	1.80
\$80	\$82	17.20	15.10	12.90	10.80	8.80	6.90	4.90	3.00	1.90	1.90	1.90
\$82	\$84	17.60	15.50	13.40	11.30	9.20	7.30	5.40	3.40	2.00	2.00	2.00
\$84	\$86	18.10	16.00	13.80	11.70	9.60	7.70	5.80	3.80	2.00	2.00	2.00
\$86	\$88	18.50	16.40	14.30	12.20	10.10	8.10	6.20	4.30	2.30	2.10	2.10
\$88	\$90	19.00	16.90	14.70	12.60	10.50	8.50	6.60	4.70	2.30	2.10	2.10
\$90	\$92	19.40	17.30	15.20	13.10	11.00	8.90	7.00	5.10	3.20	2.20	2.20
\$92	\$94	19.90	17.80	15.60	13.50	11.40	9.30	7.40	5.50	3.60	2.20	2.20
\$94	\$96	20.30	18.20	16.10	14.00	11.90	9.80	7.80	5.90	4.00	2.30	2.30
\$96	\$98	20.80	18.70	16.50	14.40	12.30	10.20	8.30	6.30	4.40	2.50	2.30
\$98	\$100	21.20	19.10	17.00	14.90	12.80	10.60	8.70	6.70	4.80	2.90	2.40
\$100	\$105	22.00	19.90	17.80	15.70	13.50	11.40	9.40	7.50	5.50	3.60	2.50
\$105	\$110	23.10	21.00	18.90	16.80	14.70	12.60	10.40	8.50	6.60	4.70	2.70
\$110	\$115	24.30	22.10	20.00	17.90	15.80	13.70	11.60	9.50	7.60	5.70	3.80
\$115	\$120	25.40	23.30	21.10	19.00	16.90	14.80	12.70	10.60	8.60	6.70	4.80
\$120	\$125	26.50	24.40	22.30	20.20	18.00	15.90	13.80	11.70	9.70	7.80	5.80
\$125	\$130	27.60	25.50	23.40	21.30	19.20	17.10	14.90	12.80	10.70	8.80	6.90
\$130	\$135	28.80	26.60	24.50	22.40	20.30	18.20	16.10	13.90	11.80	9.80	7.90
\$135	\$140	29.90	27.80	25.60	23.50	21.40	19.30	17.20	15.10	13.00	10.90	8.90
\$140	\$145	31.00	28.90	26.80	24.70	22.50	20.40	18.30	16.20	14.10	12.00	10.00
\$145	\$150	32.10	30.00	27.90	25.80	23.70	21.60	19.40	17.30	15.20	13.10	11.00
\$150	\$160	33.80	31.70	29.60	27.50	25.40	23.20	21.10	19.00	16.90	14.80	12.70
\$160	\$170	36.10	34.00	31.80	29.70	27.60	25.50	23.40	21.30	19.10	17.00	14.90
\$170	\$180	38.30	36.20	34.10	32.00	29.90	27.70	25.60	23.50	21.40	19.30	17.20
\$180	\$190	40.60	38.50	36.30	34.20	32.10	30.00	27.90	25.80	23.60	21.50	19.40
\$190	\$200	42.80	40.70	38.60	36.50	34.40	32.20	30.10	28.00	25.90	23.80	21.70
\$200 and over		2.5 percent of the excess over \$200 plus										
		43.90	41.80	39.70	37.60	35.50	33.40	31.30	29.10	27.00	24.90	22.80



If the pay-roll period with respect to an employee is biweekly—Continued

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$114	\$116	\$23.80	\$19.50	\$15.50	\$11.70	\$7.80	\$4.00	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
\$116	\$118	24.20	20.00	16.00	12.10	8.30	4.40	2.60	2.60	2.60	2.60	2.60
\$118	\$120	24.70	20.40	16.40	12.50	8.70	4.80	2.60	2.60	2.60	2.60	2.60
\$120	\$124	25.30	21.10	17.00	13.10	9.30	5.40	2.70	2.70	2.70	2.70	2.70
\$124	\$128	26.20	22.00	17.80	14.00	10.10	6.30	2.80	2.80	2.80	2.80	2.80
\$128	\$132	27.10	22.90	18.70	14.80	10.90	7.10	3.30	2.90	2.90	2.90	2.90
\$132	\$136	28.00	23.80	19.60	15.60	11.80	7.90	4.10	5.00	3.00	3.00	3.00
\$136	\$140	28.90	24.70	20.50	16.50	12.60	8.80	4.90	3.20	3.20	3.20	3.20
\$140	\$144	29.80	25.60	21.40	17.30	13.40	9.60	5.70	3.30	3.30	3.30	3.30
\$144	\$148	30.70	26.50	22.30	18.10	14.30	10.40	6.60	3.40	3.40	3.40	3.40
\$148	\$152	31.60	27.40	23.20	18.90	15.10	11.20	7.40	3.60	3.50	3.50	3.50
\$152	\$156	32.50	28.30	24.10	19.80	15.90	12.10	8.20	4.40	3.60	3.60	3.60
\$156	\$160	33.40	29.20	25.00	20.70	16.70	12.90	9.10	5.20	3.70	3.70	3.70
\$160	\$164	34.30	30.10	25.90	21.60	17.60	13.70	9.90	6.00	3.80	3.80	3.80
\$164	\$168	35.20	31.00	26.80	22.50	18.40	14.60	10.70	6.90	3.90	3.90	3.90
\$168	\$172	36.10	31.90	27.70	23.40	19.20	15.40	11.50	7.70	4.00	4.00	4.00
\$172	\$176	37.00	32.80	28.60	24.30	20.10	16.20	12.40	8.50	4.70	4.10	4.10
\$176	\$180	37.90	33.70	29.50	25.20	21.00	17.00	13.20	9.30	5.50	4.20	4.20
\$180	\$184	38.80	34.60	30.40	26.10	21.90	17.90	14.00	10.20	6.30	4.30	4.30
\$184	\$188	39.70	35.50	31.30	27.00	22.80	18.70	14.80	11.00	7.20	4.40	4.40
\$188	\$192	40.60	36.40	32.20	27.90	23.70	19.50	15.70	11.80	8.00	4.60	4.60
\$192	\$196	41.50	37.30	33.10	28.80	24.60	20.40	16.50	12.70	8.50	5.00	4.70
\$196	\$200	42.40	38.20	34.00	29.70	25.50	21.30	17.50	13.50	9.60	5.80	4.80
\$200	\$210	44.00	39.80	35.50	31.30	27.10	22.90	18.80	14.90	11.10	7.20	5.00
\$210	\$220	46.30	42.00	37.80	33.60	29.30	25.10	20.90	17.00	13.20	9.30	5.50
\$220	\$230	48.50	44.30	40.00	35.80	31.60	27.40	23.10	19.10	15.20	11.40	7.50
\$230	\$240	50.80	46.60	42.30	38.10	33.80	29.60	25.40	21.10	17.30	13.50	9.60
\$240	\$250	53.00	48.80	44.50	40.30	36.10	31.90	27.60	23.40	19.40	15.50	11.70
\$250	\$260	55.30	51.00	46.80	42.60	38.30	34.10	29.90	25.60	21.40	17.60	13.70
\$260	\$270	57.50	53.30	49.00	44.80	40.60	36.40	32.10	27.90	23.70	19.70	15.80
\$270	\$280	59.80	55.50	51.30	47.10	42.80	38.60	34.40	30.10	25.90	21.70	17.90
\$280	\$290	62.00	57.80	53.50	49.30	45.10	40.90	38.80	32.40	28.20	23.90	20.00
\$290	\$300	64.30	60.00	55.80	51.60	47.30	43.10	38.90	34.60	30.40	26.20	22.00
\$300	\$320	67.60	63.40	59.20	54.90	50.70	46.50	42.30	38.00	33.80	29.60	25.30
\$320	\$340	72.10	67.90	63.70	59.40	55.20	51.00	46.80	42.50	38.30	34.10	29.80
\$340	\$360	76.60	72.40	68.20	63.90	59.70	55.50	51.30	47.00	42.80	38.60	34.30
\$360	\$380	81.10	76.90	72.70	68.40	64.20	60.00	55.80	51.50	47.30	43.10	38.80
\$380	\$400	85.60	81.40	77.20	72.90	68.70	64.50	60.30	56.00	51.80	47.60	43.30
\$400 or over		22.5 percent of the excess over \$400 plus										
		87.90	83.70	79.40	75.20	71.00	66.70	62.50	58.30	54.00	49.80	45.60



If the pay-roll period with respect to an employee is semimonthly—Continued

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$118	\$120	\$24.50	\$19.90	\$15.70	\$11.50	\$7.30	\$3.20	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60
\$120	\$124	25.20	20.60	16.30	12.10	8.00	3.80	2.70	2.70	2.70	2.70	2.70
\$124	\$128	26.10	21.50	17.10	13.00	8.80	4.60	2.80	2.80	2.80	2.80	2.80
\$128	\$132	27.00	22.40	18.00	13.80	9.60	5.50	2.90	2.90	2.90	2.90	2.90
\$132	\$136	27.90	23.30	18.80	14.60	10.40	6.30	3.00	3.00	3.00	3.00	3.00
\$136	\$140	28.80	24.20	19.60	15.40	11.30	7.10	3.10	3.10	3.10	3.10	3.10
\$140	\$144	29.70	25.10	20.50	16.30	12.10	7.90	3.20	3.20	3.20	3.20	3.20
\$144	\$148	30.60	26.00	21.40	17.10	12.90	8.80	4.60	3.30	3.30	3.30	3.30
\$148	\$152	31.50	26.90	22.30	17.90	13.80	9.60	5.40	3.40	3.40	3.40	3.40
\$152	\$156	32.40	27.80	23.20	18.80	14.60	10.40	6.30	3.50	3.50	3.50	3.50
\$156	\$160	33.30	28.70	24.10	19.60	15.40	11.20	7.10	3.60	3.60	3.60	3.60
\$160	\$164	34.20	29.60	25.00	20.40	16.20	12.10	7.90	3.70	3.70	3.70	3.70
\$164	\$168	35.10	30.50	25.90	21.30	17.10	12.90	8.70	4.60	3.90	3.90	3.90
\$168	\$172	36.00	31.40	26.80	22.20	17.90	13.70	9.60	5.40	4.00	4.00	4.00
\$172	\$176	36.90	32.30	27.70	23.10	18.70	14.60	10.40	6.20	4.10	4.10	4.10
\$176	\$180	37.80	33.20	28.60	24.00	19.60	15.40	11.20	7.10	4.20	4.20	4.20
\$180	\$184	38.70	34.10	29.50	24.90	20.40	16.20	12.00	7.90	4.30	4.30	4.30
\$184	\$188	39.60	35.00	30.40	25.80	21.20	17.00	12.90	8.70	4.50	4.40	4.40
\$188	\$192	40.50	35.90	31.30	26.70	22.10	17.90	13.70	9.50	5.40	4.50	4.50
\$192	\$196	41.40	36.80	32.20	27.60	23.00	18.70	14.50	10.40	6.20	4.60	4.60
\$196	\$200	42.30	37.70	33.10	28.50	23.90	19.50	15.40	11.20	7.00	4.70	4.70
\$200	\$210	43.80	39.30	34.70	30.10	25.50	21.00	16.80	12.60	8.50	4.90	4.90
\$210	\$220	46.10	41.60	36.90	32.30	27.80	23.20	18.90	14.70	10.50	6.40	5.20
\$220	\$230	48.30	43.80	39.20	34.60	30.00	25.40	21.00	16.80	12.60	8.50	5.50
\$230	\$240	50.60	46.00	41.40	36.80	32.50	27.70	23.10	18.90	14.70	10.50	6.40
\$240	\$250	52.80	48.30	43.70	39.10	34.50	29.90	25.30	20.90	16.80	12.60	8.40
\$250	\$260	55.10	50.60	45.90	41.30	36.80	32.20	27.60	23.00	18.80	14.70	10.50
\$260	\$270	57.30	52.80	48.20	43.60	39.00	34.40	29.80	25.30	20.90	16.70	12.60
\$270	\$280	59.60	55.00	50.40	45.80	41.30	36.70	32.10	27.50	23.00	18.80	14.60
\$280	\$290	61.80	57.30	52.70	48.10	43.50	38.90	34.30	29.80	25.20	20.90	16.70
\$290	\$300	64.10	59.60	54.90	50.30	45.80	41.20	36.60	32.00	27.40	22.90	18.80
\$300	\$320	67.50	62.90	58.30	53.70	49.10	44.50	40.00	35.40	30.80	26.20	21.90
\$320	\$340	72.00	67.40	62.80	58.20	53.60	49.00	44.50	39.90	35.30	30.70	26.10
\$340	\$360	76.50	71.90	67.30	62.70	58.10	53.50	49.00	44.40	39.80	35.20	30.60
\$360	\$380	81.00	76.40	71.80	67.20	62.60	58.00	53.50	48.90	44.30	39.70	35.10
\$380	\$400	85.50	80.90	76.30	71.70	67.10	62.50	58.00	53.40	48.80	44.20	39.60
\$400	\$420	90.00	85.40	80.80	76.20	71.60	67.00	62.50	57.90	53.30	48.70	44.10
\$420	\$440	94.50	89.90	85.30	80.70	76.10	71.50	67.00	62.40	57.80	53.20	48.60
\$440	\$460	99.00	94.40	89.80	85.20	80.60	76.00	71.50	66.90	62.50	57.70	53.10
\$460	\$480	103.50	98.90	94.30	89.70	85.10	80.50	76.00	71.40	66.80	62.20	57.60
\$480	\$500	108.00	103.40	98.80	94.20	89.60	85.00	80.50	75.90	71.30	66.70	62.10
\$500 and over		22.5 percent of the excess over \$500 plus										
		110.20	105.60	101.00	96.50	91.90	87.30	82.70	78.10	73.50	69.00	64.40



If the pay-roll period with respect to an employee is monthly—Continued

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$228	\$232	\$47.20	\$38.00	\$29.70	\$21.40	\$13.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
\$252	\$236	48.10	38.90	30.60	22.20	13.90	5.50	5.10	5.10	5.10	5.10	5.10
\$256	\$240	49.00	39.80	31.30	23.00	14.70	6.30	5.20	5.20	5.20	5.20	5.20
\$240	\$248	50.30	41.20	32.60	24.50	15.90	7.60	5.50	5.30	5.30	5.30	5.30
\$248	\$256	52.10	43.00	34.20	25.90	17.60	9.20	5.60	5.60	5.60	5.60	5.60
\$256	\$264	53.90	44.80	35.90	27.60	19.20	10.90	5.80	5.80	5.80	5.80	5.80
\$264	\$272	55.70	46.60	37.60	29.20	20.90	12.60	6.00	6.00	6.00	6.00	6.00
\$272	\$280	57.50	48.40	39.20	30.90	22.50	14.20	6.20	6.20	6.20	6.20	6.20
\$280	\$288	59.30	50.20	41.00	32.50	24.20	15.90	7.50	6.40	6.40	6.40	6.40
\$288	\$296	61.10	52.00	42.80	34.20	25.90	17.50	9.20	6.60	6.60	6.60	6.60
\$296	\$304	62.90	53.80	44.60	35.80	27.50	19.20	10.50	6.90	6.90	6.90	6.90
\$304	\$312	64.70	55.60	46.40	37.50	29.20	20.80	12.50	7.10	7.10	7.10	7.10
\$312	\$320	66.50	57.40	48.20	39.20	30.80	22.50	14.20	7.30	7.30	7.30	7.30
\$320	\$328	68.30	59.20	50.00	40.80	32.50	24.20	15.80	7.50	7.50	7.50	7.50
\$328	\$336	70.10	61.00	51.80	42.60	34.10	25.80	17.50	9.10	7.70	7.70	7.70
\$336	\$344	71.90	62.80	53.60	44.40	35.80	27.50	19.10	10.80	7.90	7.90	7.90
\$344	\$352	73.70	64.60	55.40	46.20	37.50	29.10	20.80	12.50	8.10	8.10	8.10
\$352	\$360	75.50	66.40	57.20	48.00	39.10	30.80	22.40	14.10	8.40	8.40	8.40
\$360	\$368	77.30	68.20	59.00	49.80	40.80	32.40	24.10	15.80	8.60	8.60	8.60
\$368	\$376	79.10	70.00	60.80	51.60	42.50	34.10	25.80	17.40	9.10	8.80	8.80
\$376	\$384	80.90	71.80	62.60	53.40	44.50	35.70	27.40	19.10	10.70	9.00	9.00
\$384	\$392	82.70	73.60	64.40	55.20	46.10	37.40	29.10	20.70	12.40	9.20	9.20
\$392	\$400	84.50	75.40	66.20	57.00	47.90	39.10	30.70	22.40	14.10	9.40	9.40
\$400	\$408	87.70	78.50	69.30	60.20	51.00	42.00	33.60	25.30	17.00	9.80	9.80
\$420	\$440	92.20	88.00	78.80	64.70	55.50	46.30	37.80	29.40	21.10	12.80	10.40
\$440	\$480	96.70	87.50	78.30	69.20	60.00	60.80	41.90	33.60	25.20	16.90	10.90
\$460	\$480	101.20	92.00	82.80	73.70	64.50	55.30	46.20	37.70	29.40	21.00	12.70
\$480	\$500	105.70	96.50	87.30	78.20	69.00	69.80	50.70	41.80	33.50	25.20	16.80
\$500	\$520	110.20	101.00	91.80	82.70	78.50	64.30	55.20	46.00	37.70	29.30	21.00
\$520	\$540	114.70	105.50	96.30	87.50	78.00	68.80	59.70	50.50	41.80	33.50	25.10
\$540	\$560	119.20	110.00	100.80	91.70	82.50	73.30	64.20	55.00	45.90	37.60	29.30
\$560	\$580	123.70	114.50	105.30	96.20	87.00	77.80	68.70	59.50	50.30	41.70	33.40
\$580	\$600	128.20	119.00	109.80	100.70	91.50	82.30	73.20	64.00	54.80	45.90	37.60
\$600	\$640	134.90	125.80	116.60	107.40	98.30	89.10	79.90	70.80	61.60	52.40	43.80
\$640	\$680	143.90	134.80	125.60	116.40	107.30	98.10	88.90	79.80	70.60	61.40	52.80
\$680	\$720	152.90	143.80	134.60	125.40	116.30	107.10	97.90	88.80	79.60	70.40	61.30
\$720	\$760	161.90	152.80	143.60	134.40	125.30	116.10	106.90	97.80	88.60	79.40	70.30
\$760	\$800	170.90	161.80	152.60	143.40	134.30	125.10	116.90	106.80	97.60	88.40	79.30
\$800	\$840	179.90	170.80	161.60	152.40	143.30	134.10	124.90	115.80	106.60	97.40	88.30
\$840	\$880	188.90	179.80	170.60	161.40	152.30	143.10	133.90	124.80	115.60	106.40	97.30
\$880	\$920	197.90	188.80	179.60	170.40	161.30	152.10	142.90	133.80	124.60	115.40	106.30
\$920	\$960	206.90	197.80	188.60	179.40	170.30	161.10	151.90	142.80	133.60	124.40	115.20
\$960	\$1,000	215.90	206.80	197.60	188.40	179.30	170.10	160.90	151.80	142.60	133.40	124.30
\$1,000 and over		22.5 percent of the excess over \$1,000 plus										
		\$20.40	\$11.30	\$20.10	\$19.20	\$18.30	\$17.40	\$16.50	\$15.60	\$14.70	\$13.80	\$12.90

If the pay-roll period with respect to an employee is a daily pay-roll period or a miscellaneous pay-roll period

And the wages divided by the number of days in such period are—		And the number of withholding exemptions claimed is—												
		0	1	2	3	4	5	6	7	8	9	10 or more		
		The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period												
At least	But less than	18% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$1.50	\$0.30	0	0	0	0	0	0	0	0	0	0	0	0
\$1.50	\$1.75	.35	.05	0	0	0	0	0	0	0	0	0	0	0
\$1.75	\$2.00	.40	.10	0	0	0	0	0	0	0	0	0	0	0
\$2.00	\$2.25	.45	.20	0	0	0	0	0	0	0	0	0	0	0
\$2.25	\$2.50	.50	.25	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
\$2.50	\$2.75	.55	.30	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
\$2.75	\$3.00	.60	.35	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
\$3.00	\$3.25	.65	.40	.10	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
\$3.25	\$3.50	.70	.45	.15	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
\$3.50	\$3.75	.75	.50	.20	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
\$3.75	\$4.00	.80	.55	.25	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
\$4.00	\$4.25	.85	.60	.30	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$4.25	\$4.50	.90	.65	.35	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$4.50	\$4.75	.95	.70	.40	.15	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$4.75	\$5.00	1.00	.75	.45	.20	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$5.00	\$5.25	1.05	.80	.50	.25	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$5.25	\$5.50	1.10	.85	.60	.30	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$5.50	\$5.75	1.20	.90	.65	.35	.10	.10	.10	.10	.10	.10	.10	.10	.10
\$5.75	\$6.00	1.25	.95	.70	.40	.15	.10	.10	.10	.10	.10	.10	.10	.10
\$6.00	\$6.25	1.30	1.00	.75	.45	.20	.15	.15	.15	.15	.15	.15	.15	.15
\$6.25	\$6.50	1.35	1.05	.80	.50	.25	.15	.15	.15	.15	.15	.15	.15	.15
\$6.50	\$6.75	1.40	1.10	.85	.55	.30	.15	.15	.15	.15	.15	.15	.15	.15
\$6.75	\$7.00	1.45	1.15	.90	.60	.35	.15	.15	.15	.15	.15	.15	.15	.15
\$7.00	\$7.25	1.50	1.20	.95	.65	.40	.15	.15	.15	.15	.15	.15	.15	.15
\$7.25	\$7.50	1.55	1.25	1.00	.70	.45	.15	.15	.15	.15	.15	.15	.15	.15
\$7.50	\$7.75	1.60	1.30	1.05	.75	.50	.20	.15	.15	.15	.15	.15	.15	.15
\$7.75	\$8.00	1.70	1.40	1.10	.80	.55	.25	.20	.20	.20	.20	.20	.20	.20
\$8.00	\$8.25	1.75	1.45	1.15	.85	.60	.30	.20	.20	.20	.20	.20	.20	.20
\$8.25	\$8.50	1.80	1.50	1.20	.90	.65	.35	.20	.20	.20	.20	.20	.20	.20
\$8.50	\$8.75	1.85	1.55	1.25	.95	.70	.45	.20	.20	.20	.20	.20	.20	.20
\$8.75	\$9.00	1.90	1.60	1.30	1.05	.75	.50	.20	.20	.20	.20	.20	.20	.20
\$9.00	\$9.25	1.95	1.65	1.35	1.10	.80	.55	.25	.20	.20	.20	.20	.20	.20
\$9.25	\$9.50	2.00	1.70	1.40	1.15	.85	.60	.30	.20	.20	.20	.20	.20	.20
\$9.50	\$9.75	2.05	1.75	1.45	1.20	.90	.65	.35	.25	.25	.25	.25	.25	.25
\$9.75	\$10.00	2.15	1.85	1.55	1.25	1.00	.70	.45	.25	.25	.25	.25	.25	.25
\$10.00	\$10.50	2.25	1.95	1.65	1.35	1.10	.80	.55	.25	.25	.25	.25	.25	.25
\$10.50	\$11.00	2.40	2.10	1.80	1.50	1.20	.90	.65	.35	.25	.25	.25	.25	.25
\$11.00	\$11.50	2.50	2.20	1.90	1.60	1.30	1.00	.75	.45	.30	.30	.30	.30	.30
\$11.50	\$12.00	2.60	2.30	2.00	1.70	1.40	1.15	.85	.60	.30	.30	.30	.30	.30
\$12.00	\$12.50	2.70	2.40	2.10	1.80	1.50	1.25	.95	.70	.40	.30	.30	.30	.30
\$12.50	\$13.00	2.85	2.55	2.25	1.95	1.65	1.35	1.05	.80	.50	.30	.30	.30	.30
\$13.00	\$13.50	2.95	2.65	2.35	2.05	1.75	1.45	1.15	.90	.60	.35	.35	.35	.35
\$13.50	\$14.00	3.05	2.75	2.45	2.15	1.85	1.55	1.25	1.00	.70	.45	.35	.35	.35
\$14.00	\$14.50	3.15	2.85	2.55	2.25	1.95	1.65	1.35	1.10	.80	.55	.35	.35	.35
\$14.50	\$15.00	3.30	3.00	2.70	2.40	2.10	1.75	1.45	1.20	.90	.65	.40	.40	.40
\$15.00	\$15.50	3.40	3.10	2.80	2.50	2.20	1.90	1.60	1.30	1.05	.75	.50	.50	.50
\$15.50	\$16.00	3.50	3.20	2.90	2.60	2.30	2.00	1.70	1.40	1.15	.85	.60	.60	.60
\$16.00	\$16.50	3.60	3.30	3.00	2.70	2.40	2.10	1.80	1.50	1.25	.95	.70	.70	.70
\$16.50	\$17.00	3.75	3.45	3.15	2.85	2.55	2.20	1.90	1.60	1.35	1.05	.80	.80	.80
\$17.00	\$17.50	3.85	3.55	3.25	2.95	2.65	2.35	2.05	1.75	1.45	1.15	.90	.90	.90
\$17.50	\$18.00	3.95	3.65	3.35	3.05	2.75	2.45	2.15	1.85	1.55	1.25	1.00	1.00	1.00
\$18.00	\$18.50	4.05	3.75	3.45	3.15	2.85	2.55	2.25	1.95	1.65	1.35	1.10	1.10	1.10

If the pay-roll period with respect to an employee is a daily pay-roll period or a miscellaneous pay-roll period—Continued

And the wages divided by the number of days in such period are—		And the number of withholding exemptions claimed is—										
		0	1	2	3	4	5	6	7	8	9	10 or more
At least	But less than	The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period										
\$19.00	\$19.50	\$4.20	\$3.90	\$3.60	\$3.30	\$3.00	\$2.65	\$2.35	\$2.05	\$1.75	\$1.50	\$1.20
\$19.50	\$20.00	4.30	4.00	3.70	3.40	3.10	2.80	2.50	2.20	1.90	1.60	1.30
\$20.00	\$21.00	4.45	4.15	3.85	3.55	3.25	2.95	2.65	2.35	2.05	1.75	1.45
\$21.00	\$22.00	4.70	4.40	4.10	3.80	3.50	3.20	2.90	2.60	2.30	1.95	1.65
\$22.00	\$23.00	4.90	4.60	4.30	4.00	3.70	3.40	3.10	2.80	2.50	2.20	1.90
\$23.00	\$24.00	5.15	4.85	4.55	4.25	3.95	3.65	3.35	3.05	2.75	2.40	2.10
\$24.00	\$25.00	5.35	5.05	4.75	4.45	4.15	3.85	3.55	3.25	2.95	2.65	2.35
\$25.00	\$26.00	5.60	5.30	5.00	4.70	4.40	4.10	3.80	3.50	3.20	2.85	2.55
\$26.00	\$27.00	5.80	5.50	5.20	4.90	4.60	4.30	4.00	3.70	3.40	3.10	2.80
\$27.00	\$28.00	6.05	5.75	5.45	5.15	4.85	4.55	4.25	3.95	3.65	3.30	3.00
\$28.00	\$29.00	6.25	5.95	5.65	5.35	5.05	4.75	4.45	4.15	3.85	3.55	3.25
\$29.00	\$30.00	6.60	6.20	5.90	5.60	5.30	5.00	4.70	4.40	4.10	3.75	3.45
\$30.00 and over		22.5 percent of the excess over \$39 plus										
		6.60	6.30	6.00	5.70	5.40	5.10	4.80	4.50	4.20	3.90	3.60

(2) If wages are paid with respect to a period which is not a pay-roll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days (including Sundays and holidays) equal to the number of days in the period with respect to which such wages are paid.

(3) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days (including Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(4) In any case in which the period, or the time described in paragraph (3), in respect of any wages is less than one week, the Commissioner, under regulations prescribed by him with the approval of the Secretary, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(5) If the wages exceed the highest wage bracket, in determining the amount to be deducted and withheld under this subsection, the wages may, at the election of the employer, be computed to the nearest dollar.

(d) **TAX PAID BY RECIPIENT.**—If the employer, in violation of the provisions of this subchapter, fails to deduct and withhold the tax under this subchapter, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the employer; but this subsection shall in no case relieve the employer from liability for any penalties or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

(e) **NONDEDUCTIBILITY OF TAX IN COMPUTING NET INCOME.**—The tax deducted and withheld under this subchapter shall not be allowed as a deduction either to the employer or to the recipient of the income in computing net income for the purpose of any tax on income imposed by Act of Congress.

(f) **REFUNDS OR CREDITS.**—

(1) **EMPLOYERS.**—Where there has been an overpayment of tax under this subchapter, refund or credit shall be made to the employer only to the extent that the amount of such overpayment was not deducted and withheld under this subchapter by the employer.

(2) **EMPLOYEES.**—For refund or credit in cases of excessive withholding, see section 322 (a).

(g) **INCLUDED AND EXCLUDED WAGES.**—If the remuneration paid by an employer to an employee for services performed during one-half or more of any payroll period of not more than thirty-one consecutive days constitutes wages, all the remuneration paid by such employer to such employee for such period shall be deemed to be wages; but if the remuneration paid by an employer to an employee for services performed during more than one-half of any such payroll period does not constitute wages, then none of the remuneration paid by such employer to such employee for such period shall be deemed to be wages.

(h) **WITHHOLDING EXEMPTIONS CERTIFICATES.**—*Every (1) IN GENERAL.*—An employee receiving wages shall furnish his employer a signed withholding exemption certificate relating to his status for the purpose of computing the withholding exemption, or if the employer exercises his election under section 1622 (c) (relating to wage bracket withholding), for the purpose of computing the amount to be deducted and withheld under such subsection. In case of a change of status, a new certificate shall be furnished not later than ten days after such change occurs. The certificate shall be in such form and contain such information as the Commissioner may, with the approval of the Secretary, by regulations prescribe. Such certificate—

(1) If furnished after the date of commencement of employment with the employer by reason of a change of status, shall take effect with respect to the first payment of wages made on or after the first status determination date which occurs at least thirty days from the date on which such certificate is furnished to the employer, except that at the election of the employer such certificate, if furnished by reason of a change of status occurring on or before July 1 of the calendar year, may be made effective with respect to any previous payment of wages made on or after the date of the furnishing of such certificate. For the purposes of

this paragraph the term "status determination date" means January 1 and July 1 of each year.

(2) If furnished otherwise than by reason of a change of status, shall take effect as of the beginning of the first payroll period ending, or the first payment of wages made without regard to a payroll period, on or after the date on which such certificate is furnished to the employer.

A certificate which takes effect under this subsection shall continue in effect with respect to the employer until another such certificate furnished by the employee takes effect under this subsection. If no certificate is in effect under this subsection, with respect to an employee, such employee shall be treated, for the purposes of the withholding exemption, or in case the employer exercises his election under section 1622 (e) (relating to wage bracket withholding), for the purpose of computing the amount to be deducted and withheld under such subsection, as a married person claiming none of the personal exemption for withholding and having no dependents:

*on any day be entitled to the following withholding exemptions:*

(A) *An exemption for himself.*

(B) *If the employee is married, an exemption with respect to his spouse, unless his spouse has in effect a withholding exemption certificate claiming a withholding exemption under subparagraph (A).*

(C) *An exemption for each individual with respect to whom, on the basis of facts existing [on] at the beginning of such day, [a surtax exemption under section 25 (b) (3) for the taxable year in which such day falls,] there may reasonably be expected to be allowable a surtax exemption under section 25 (b) (3) for the taxable year under Chapter 1 in respect of which amounts deducted and withheld under this subchapter in the calendar year in which such day falls are allowed as a credit.*

(2) **EXEMPTION CERTIFICATES.—**

(A) *On Commencement of Employment.—On or before the date of the commencement of employment with an employer, the employee shall furnish the employer with a signed withholding exemption certificate relating to the number of withholding exemptions which he claims, which shall in no event exceed the number to which he is entitled.*

(B) *Change of Status, Etc.—If, on any day during the calendar year, the number of withholding exemptions to which the employee is entitled is less than the number of withholding exemptions claimed by the employee on the withholding exemption certificate then in effect with respect to him, the employee shall within ten days thereafter furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employee then claims, which shall in no event exceed the number to which he is entitled on such day. If, on any day during the calendar year, the number of withholding exemptions to which the employee is entitled is greater than the number of withholding exemptions claimed, the employee may furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employee then claims, which shall in no event exceed the number to which he is entitled on such day.*

(C) **Change of Status, Etc., Which Affects Next Calendar Year.**—If on any day during the calendar year the number of withholding exemptions to which the employee will be, or may reasonably be expected to be, entitled at the beginning of his next taxable year under Chapter 1 is different from the number to which the employee is entitled on such day, the employee shall, in such cases and at such times as the Commissioner, with the approval of the Secretary, may by regulations prescribe, furnish the employer with a withholding exemption certificate relating to the number of withholding exemptions which he claims with respect to such next taxable year, which shall in no event exceed the number to which he will be, or may reasonably be expected to be, so entitled.

(3) **WHEN CERTIFICATE TAKES EFFECT.**—

(A) *First Certificate Furnished.*—A withholding exemption certificate furnished the employer in cases in which no previous such certificate is in effect shall take effect as of the beginning of the first payroll period ending, or the first payment of wages made without regard to a payroll period, on or after the date on which such certificate is so furnished.

(B) *Furnished to Take Place of Existing Certificate.*—A withholding exemption certificate furnished the employer in cases in which a previous such certificate is in effect shall take effect with respect to the first payment of wages made on or after the first status determination date which occurs at least thirty days from the date on which such certificate is so furnished, except that at the election of the employer such certificate may be made effective with respect to any payment of wages made on or after the date on which such certificate is so furnished ; but a certificate furnished pursuant to paragraph (2) (C) shall not take effect, and may not be made effective, with respect to any payment of wages made in the calendar year in which the certificate is furnished. For the purposes of this subparagraph the term “status determination date” means January 1 and July 1 of each year.

(4) **PERIOD DURING WHICH CERTIFICATE REMAINS IN EFFECT.**—A withholding exemption certificate which takes effect under this subsection shall continue in effect with respect to the employer until another such certificate takes effect under this subsection.

(5) **CONTENTS OF CERTIFICATE.**—Withholding exemption certificates shall be in such form and contain such information as the Commissioner may, with the approval of the Secretary, by regulations prescribe.

(i) **OVERLAPPING PAY PERIODS, AND SO FORTH.**—If a payment of wages is made to an employee by an employer—

(1) with respect to a payroll period or other period, any part of which is included in a payroll period or other period with respect to which wages are also paid to such employee by such employer, or

(2) without regard to any payroll period or other period, but on or prior to the expiration of a payroll period or other period with respect to which wages are also paid to such employee by such employer, or

(3) with respect to a period beginning in one and ending in another calendar year, or

(4) through an agent, fiduciary, or other person who also has the control, receipt, custody, or disposal of, or pays, the wages payable by another employer to such employee,

the manner of withholding and the amount to be deducted and withheld under this subchapter shall be determined in accordance with regulations prescribed by the Commissioner with the approval of the Secretary under which the withholding exemption allowed to the employee in any calendar year shall approximate the withholding exemption allowable with respect to an annual payroll period.

(j) WITHHOLDING ON BASIS OF AVERAGE WAGES.—The Commissioner may, under regulations prescribed by him with the approval of the Secretary, authorize employers (1) to estimate the wages which will be paid to any employee in any quarter of the calendar year, (2) to determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid, and (3) to deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon the wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this subsection.

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## Subtitle D—General Administrative Provisions

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### CHAPTER 38—MISCELLANEOUS PROVISIONS

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#### SEC. 3797. DEFINITIONS.

(a) When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof—

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(17) HUSBAND AND WIFE.—As used in sections 22 (k), 23 (u), 25 (b) (2) (A), [and] 171, and the last sentence of section 401 (a) (2), and the last sentence of section 25 (b) (3), if the husband and wife therein referred to are divorced, wherever appropriate to the meaning of such sections, the term “wife” shall be read “former wife” and the term “husband” shall be read “former husband”; and, if the payments described in such sections are made by or on behalf of the wife or former wife to the husband or former husband instead of vice versa, wherever appropriate to the meaning of such sections, the term “husband” shall be read “wife” and the term “wife” shall be read “husband”.

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#### SEC. 3801. MITIGATION OF EFFECT OF LIMITATION AND OTHER PROVISIONS IN INCOME TAX CASES.

(a) DEFINITIONS.—For the purpose of this section—

(1) DETERMINATION.—The term “determination under the income tax laws” means—

(A) A closing agreement made under section 3760;

(B) A decision by the Board of Tax Appeals or a judgment, decree, or other order by any court of competent jurisdiction, which has become final; or

(C) A final disposition by the Commissioner of a claim for refund. For the purposes of this section a claim for refund shall be deemed finally disposed of by the Commissioner—

(i) as to items with respect to which the claim was allowed, upon the date of allowance of refund or credit or upon the date of mailing notice of disallowance (by reason of offsetting items) of the claim for refund, and

(ii) as to items with respect to which the claim was disallowed, in whole or in part, or as to items applied by the Commissioner in reduction of the refund or credit, upon expiration of the time for instituting suit with respect thereto (unless suit is instituted prior to the expiration of such time).

Such term shall not include any such agreement made, or decision, judgment, decree, or order which became final, or claim for refund finally disposed of, prior to August 27, 1938.

(2) **TAXPAYER.**—Notwithstanding the provisions of section 3797 the term "taxpayer" means any person subject to a tax under the applicable Revenue Act.

(3) **RELATED TAXPAYER.**—The term "related taxpayer" means a taxpayer who, with the taxpayer with respect to whom a determination specified in subsection (b) (1), (2), (3), or (4) is made, stood, in the taxable year with respect to which the erroneous inclusion, exclusion, omission, allowance, or disallowance therein referred to was made, in one of the following relationships: (A) husband and wife; (B) grantor and fiduciary; (C) grantor and beneficiary; (D) fiduciary and beneficiary, legatee, or heir; (E) decedent and decedent's estate; or (F) partner.

(b) **CIRCUMSTANCES OF ADJUSTMENT.**—When a determination under the income tax laws—

(1) Requires the inclusion in gross income of an item which was erroneously included in the gross income of the taxpayer for another taxable year or in the gross income of a related taxpayer; or

(2) Allows a deduction or credit which was erroneously allowed to the taxpayer for another taxable year or to a related taxpayer; or

(3) Requires the exclusion from gross income of an item with respect to which tax was paid and which was erroneously excluded or omitted from the gross income of the taxpayer for another taxable year or from the gross income of a related taxpayer; or

(4) Allows or disallows any of the additional deductions allowable in computing the net income of estates or trusts, or requires or denies any of the inclusions in the computation of net income of beneficiaries, heirs, or legatees, specified in section 162 (b) and (c) of chapter 1, and corresponding sections of prior revenue Acts, and the correlative inclusion or deduction, as the case may be, has been erroneously excluded, omitted, or included, or disallowed, omitted, or allowed, as the case may be, in respect of the related taxpayer; or

(5) Determines the basis of property for depletion, exhaustion, wear and tear, or obsolescence, or for gain or loss on a sale or exchange, and in respect of any transaction upon which such basis depends there was an erroneous inclusion in or omission from the gross income of, or an erroneous recognition or nonrecognition of gain or loss to, the taxpayer or any person who acquired title to such property in such transaction and from whom mediately or immediately the taxpayer derived title subsequent to such transaction—

and, on the date the determination becomes final, correction of the effect of the error is prevented by the operation (whether before, on, or after May 28, 1938) of any provision of the internal-revenue laws other than this section and other than section 3761 (relating to compromises), then the effect of the error shall be corrected by an adjust-

ment made under this section. Such adjustment shall be made only if there is adopted in the determination a position maintained by the Commissioner (in case the amount of the adjustment would be refunded or credited in the same manner as an overpayment under subsection (c)) or by the taxpayer with respect to whom the determination is made (in case the amount of the adjustment would be assessed and collected in the same manner as a deficiency under subsection (c)), which position is inconsistent with the erroneous inclusion, exclusion, omission, allowance, disallowance, recognition, or nonrecognition, as the case may be. In case the amount of the adjustment would be assessed and collected in the same manner as a deficiency, the adjustment shall not be made with respect to a related taxpayer unless he stands in such relationship to the taxpayer at the time the latter first maintains the inconsistent position in a return, claim for refund, or petition (or amended petition) to the Board of Tax Appeals for the taxable year with respect to which the determination is made, or if such position is not so maintained, then at the time of the determination.

(c) **METHOD OF ADJUSTMENT.**—The adjustment authorized in subsection (b) shall be made by assessing and collecting, or refunding or crediting the amount thereof, to be ascertained as provided in subsection (d), in the same manner as if it were a deficiency determined by the Commissioner with respect to the taxpayer as to whom the error was made or an overpayment claimed by such taxpayer, as the case may be, for the taxable year with respect to which the error was made, and as if on the date of the determination specified in subsection (b) one year remained before the expiration of the periods of limitation upon assessment or filing claim for refund for such taxable year.

(d) **ASCERTAINMENT OF AMOUNT OF ADJUSTMENT.**—In computing the amount of an adjustment under this section there shall first be ascertained the tax previously determined for the taxable year with respect to which the error was made. The amount of the tax previously determined shall be [(1) the tax shown by the taxpayer, with respect to whom the error was made, upon his return for such taxable year, increased by the amounts previously assessed (or collected without assessment) as deficiencies, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or (2) if no amount was shown as the tax by such taxpayer upon his return, or if no return was made by such taxpayer, then the amounts previously assessed (or collected without assessment) as deficiencies, but such amounts previously assessed, or collected without assessment, shall be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax.]  
the excess of—

(1) the sum of (A) the amount shown as the tax by the taxpayer upon his return (determined as provided in section 271 (b) (1) and (3)), if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus (B) the amounts previously assessed (or collected without assessment) as a deficiency, over—

(2) the amount of rebates, as defined in section 271 (b) (2), made. There shall then be ascertained the increase or decrease in the tax previously determined which results solely from the correct exclusion, inclusion, allowance, disallowance, recognition, or nonrecognition, of the item, inclusion, deduction, credit, gain, or loss, which was the

subject of the error. The amount so ascertained (together with any amounts wrongfully collected, as additions to the tax or interest, as a result of such error) shall be the amount of the adjustment under this section.

(e) **ADJUSTMENT UNAFFECTED BY OTHER ITEMS, ETC.**—The amount to be assessed and collected in the same manner as a deficiency, or to be refunded or credited in the same manner as an overpayment, under this section, shall not be diminished by any credit or set-off based upon any item, inclusion, deduction, credit, exemption, gain, or loss other than the one which was the subject of the error. Such amount, if paid, shall not be recovered by a claim or suit for refund or suit for erroneous refund based upon any item, inclusion, deduction, credit, exemption, gain, or loss other than the one which was the subject of the error.

(f) **NO ADJUSTMENT FOR YEARS PRIOR TO 1932.**—No adjustment shall be made under this section in respect of any taxable year beginning prior to January 1, 1932.

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#### SEC. 3806. MITIGATION OF EFFECT OF RENEGOTIATION OF WAR CONTRACTS OR DISALLOWANCE OF REIMBURSEMENT.

##### (a) REDUCTION FOR PRIOR TAXABLE YEAR.—

(1) **EXCESSIVE PROFITS ELIMINATED FOR PRIOR TAXABLE YEAR.**—In the case of a contract with the United States or any agency thereof, or any subcontract thereunder, which is made by the taxpayer, if a renegotiation is made in respect of such contract or subcontract and an amount of excessive profits received or accrued under such contract or subcontract for a taxable year (hereinafter referred to as “prior taxable year”) is eliminated and, in a taxable year ending after December 31, 1941, the taxpayer is required to pay or repay to the United States or any agency thereof the amount of excessive profits eliminated or the amount of excessive profits eliminated is applied as an offset against other amounts due the taxpayer, the part of the contract or subcontract price which was received or was accrued for the prior taxable year shall be reduced by the amount of excessive profits eliminated. For the purposes of this section—

(A) The term “renegotiation” includes any transaction which is a renegotiation within the meaning of section 403 of the Sixth Supplemental National Defense Appropriation Act (Public, 528, 77th Cong., 2d sess.) or such section, as amended, any modification of one or more contracts with the United States or any agency thereof, and any agreement with the United States or any agency thereof in respect of one or more such contracts or subcontracts thereunder.

(B) The term “excessive profits” includes any amount which constitutes excessive profits within the meaning assigned to such term by subsection (a) of section 403 of the Sixth Supplemental National Defense Appropriation Act (Public, 528, 77th Cong., 2d Sess.), as amended, any part of the contract price of a contract with the United States or any agency thereof, any part of the subcontract price of a subcontract under such a contract, and any profits derived from one or more such contracts or subcontracts.

(C) The term "subcontract" includes any purchase order or agreement which is a subcontract within the meaning assigned to such term by subsection (a) of section 403 of the Sixth Supplemental National Defense Appropriation Act (Public, 528, 77th Cong., 2d Sess.), as amended.

(2) REDUCTION OF REIMBURSEMENT FOR PRIOR TAXABLE YEAR.—In the case of a cost-plus-a-fixed-fee contract between the United States or any agency thereof and the taxpayer, if an item for which the taxpayer has been reimbursed is disallowed as an item of cost chargeable to such contract and, in a taxable year beginning after December 31, 1941, the taxpayer is required to repay the United States or any agency thereof the amount disallowed or the amount disallowed is applied as an offset against other amounts due the taxpayer, the amount of the reimbursement of the taxpayer under the contract for the taxable year in which the reimbursement for such item was received or was accrued (hereinafter referred to as "prior taxable year") shall be reduced by the amount disallowed.

(3) DEDUCTION DISALLOWED.—The amount of the payment, repayment, or offset described in paragraph (1) or paragraph (2) shall not constitute a deduction for the year in which paid or incurred.

(4) EXCEPTION.—The foregoing provisions of this subsection shall not apply in respect of any contract if the taxpayer shows to the satisfaction of the Commissioner that a different method of accounting for the amount of the payment, repayment, or disallowance clearly reflects income, and in such case the payment, repayment, or disallowance shall be accounted for with respect to the taxable year provided for under such method, which for the purposes of subsections (b) and (c) shall be considered a prior taxable year.

(b) CREDIT AGAINST REPAYMENT ON ACCOUNT OF RENEGOTIATION OR ALLOWANCE.—

(1) GENERAL RULE.—There shall be credited against the amount of excessive profits eliminated the amount by which the tax for the prior taxable year under Chapter 1, Chapter 2A, Chapter 2B, Chapter 2D, and Chapter 2E, is decreased by reason of the application of paragraph (1) of subsection (a); and there shall be credited against the amount disallowed the amount by which the tax for the prior taxable year under Chapter 1, Chapter 2A, Chapter 2B, Chapter 2D, and Chapter 2E, is decreased by reason of the application of paragraph (2) of subsection (a).

(2) SPECIAL RULES AS TO INDIVIDUALS FOR 1942 AND 1943.—In the case of an individual subject to the provisions of sections 58, 59, and 60 of Chapter 1 and to the provisions of section 6 of the Current Tax Payment Act of 1943—

(A) No credit shall be allowed under paragraph (1) of this subsection for any amount by which the tax for the taxable year 1942 under Chapter 1 is decreased by the application of

paragraph (1) or paragraph (2) of subsection (a). If, contrary to the foregoing provisions of this subparagraph, any part of the amount shown on the return as such tax for the taxable year 1942 or any part of an amount assessed as such tax for such year or as an addition to such tax is credited against excessive profits eliminated for such year or against an amount disallowed for such year, the individual shall pay into the Treasury an amount equal to the amount of such credit, and if such amount is not voluntarily paid, the Commissioner shall, despite the provisions of the Current Tax Payment Act of 1943, collect the same under the usual methods employed to collect the tax imposed by Chapter 1. For the purposes of this section the amount required by this subparagraph to be paid into the Treasury shall be considered as an amount of excessive profits eliminated for the taxable year 1942, or an amount disallowed for such year, as the case may be; and despite the provisions of the Current Tax Payment Act of 1943, the payment of such amount shall not be considered as payment on account of the tax or estimated tax for the taxable year 1943.

(B) In the case of a renegotiation with respect to the taxable year 1942 which is made after the enactment of the Current Tax Payment Act of 1943 and prior to the date on which the individual files his return for the taxable year 1943 and with respect to which payment or repayment of the excessive profits eliminated or any part thereof is deferred by agreement, if the amount shown as the tax on the return for the taxable year 1943 reflects the application of paragraph (1) of subsection (a) with respect to the taxable year 1942 and is computed in accordance with the provisions of section 6 of the Current Tax Payment Act of 1943, there shall be credited against the excessive profits eliminated for the taxable year 1942 the amount by which the sum of the estimated tax previously paid for the taxable year 1943 and the payments on account of the taxable year 1942 which are treated as payments on account of the estimated tax for the taxable year 1943, exceeds the amount shown as the tax on the return for the taxable year 1943: *Provided*, That the amount allowable as a credit under the foregoing provisions of this subparagraph shall not exceed (i) the amount of credit of overpayment of tax provided for in the agreement deferring payment or repayment of excessive profits eliminated or (ii) the amount of excessive profits eliminated for the taxable year 1942 which, at the time the credit is allowed, have not been paid or repaid to the United States or an agency thereof or applied as an offset against other amounts due the individual. If any credit is allowed under this subparagraph, no other credit or refund under the internal revenue laws shall be made on account of the amount so allowed with respect to the taxable year 1943. Any credit of overpayment of tax allowed pursuant to the agreement deferring payment or repayment of excessive profits eliminated shall be considered as a credit allowed under this subparagraph.

(C) Except as prevented by the provisions of the foregoing subparagraph (B), there shall be credited against the amount of excessive profits eliminated for the taxable year 1942 the amount by which the tax for the taxable year 1943 as computed under section 6 of the Current Tax Payment Act of 1943 is decreased by reason of the application of paragraph (1) of subsection (a) with respect to the taxable year 1942; and there shall be credited against the amount disallowed for the taxable year 1942 the amount by which the tax for the taxable year 1943 as computed under section 6 of the Current Tax Payment Act of 1943 is decreased by reason of the application of paragraph (2) of subsection (a) with respect to the taxable year 1942.

For the purposes of the foregoing provisions of this paragraph, the terms "taxable year 1942" and "taxable year 1943" shall have the meanings assigned to them by section 6 (g) of the Current Tax Payment Act of 1943.

(3) CREDIT FOR BARRED YEAR.—If at the time of the payment, repayment, or offset described in paragraph (1) or paragraph (2) of subsection (a), refund or credit of tax under Chapter 1, Chapter 2A, Chapter 2B, Chapter 2D, or Chapter 2E, for the prior taxable year, is prevented (except for the provisions of section 3801) by any provision of the internal-revenue laws other than section 3761, or by rule of law, the amount by which the tax for such year under such chapters is decreased by the application of paragraph (1) or paragraph (2) of subsection (a) shall be computed under this paragraph. There shall first be ascertained the tax previously determined for the prior taxable year. The amount of the tax previously determined shall be [(A) the tax shown by the taxpayer upon his return for such taxable year, increased by the amounts previously assessed (or collected without assessment) as deficiencies, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or (B) if no amount was shown as the tax by such taxpayer upon his return, or if no return was made by such taxpayer, then the amounts previously assessed (or collected without assessment) as deficiencies, but such amounts previously assessed, or collected without assessment, shall be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax] the excess of—

(1) the sum of (A) the amount shown as the tax by the taxpayer upon his return (determined as provided in section 271 (b) (1) and (3)), if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus (B) the amounts previously assessed (or collected without assessment) as a deficiency, over—

(2) the amount of rebates, as defined in section 271 (b) (2), made.

There shall then be ascertained the decrease in tax previously determined which results solely from the application of paragraph (1) or paragraph (2) of subsection (a) to the prior taxable year. The amount so ascertained, together with any amounts collected

as additions to the tax or interest, as a result of paragraph (1) or paragraph (2) of subsection (a) not having been applied to the prior taxable year shall be the amount by which such tax is decreased.

(4) INTEREST.—In determining the amount of the credit under this subsection no interest shall be allowed with respect to the amount ascertained under paragraph (1) or paragraph (2); except that if interest is charged by the United States or the agency thereof on account of the disallowance for any period before the date of the payment, repayment, or offset, the credit shall be increased by an amount equal to interest on the amount ascertained under either such paragraph at the same rate and for the period (prior to the date of the payment, repayment, or offset) as interest is so charged.

(c) CREDIT IN LIEU OF OTHER CREDIT OR REFUND.—If a credit is allowed under subsection (b) with respect to a prior taxable year no other credit or refund under the internal-revenue laws founded on the application of subsection (a) shall be made on account of the amount allowed with respect to such taxable year. If the amount allowable as a credit under subsection (b) exceeds the amount allowed under such subsection, the excess shall, for the purposes of the internal-revenue laws relating to credit or refund of tax, be treated as an overpayment for the prior taxable year which was made at the time the payment, repayment, or offset was made.

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