71st Congress, 2d Session - - - - - - - - House Document No. 478

REFUNDS AND CREDITS OF INTERNAL REVENUE TAXES 1929

REPORT

OF

THE JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

Pursuant to Section 710 of the Revenue Act of 1928

AND

REPORT OF THE STAFF OF THE JOINT COMMITTEE TO THE COMMITTEE

JUNE 20, 1930.—Referred to the Committee on Ways and Means and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1930

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

SENATE

REED SMOOT, Utah.
JAMES E. WATSON, Indiana.
DAVID A. REED, Pennsylvania.
F. M. SIMMONS, North Carolina.
PAT HARRISON, Mississippi.

HOUSE OF REPRESENTATIVES

WILLIS C. HAWLEY, Oregon, *Chairman.*
ALLEN T. TREADWAY, Massachusetts.
ISAAC BACHARACH, New Jersey.
JOHN N. GARNER, Texas.
JAMES W. COLLIER, Mississippi.

B. C. BROWN, *Secretary.*

L. H. PARKER, *Chief of Staff.*

G. D. CHESTEEN, *Assistant Chief.*

C. F. STAM, *Counsel.*

LETTER OF TRANSMITTAL

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, June 20, 1930.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: Pursuant to section 710 of the revenue act of 1928, I have the honor to submit a report by the Joint Committee on Internal Revenue Taxation, dated June 20, 1930, covering refunds and credits of internal-revenue taxes for the calendar year 1929.

Very respectfully,

WILLIS C. HAWLEY,
Chairman Joint Committee on Internal Revenue Taxation.

REPORT OF THE JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

(Pursuant to the revenue act of 1928)

WASHINGTON, D. C., *June 20, 1930.*

Section 710 of the revenue act of 1928 requires that all refunds and credits in excess of $75,000 shall be reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue. This section also requires a report to be made by the committee annually to the Congress of such refunds and credits, including the names of all persons or corporations to whom amounts were credited or payments made, together with the amounts credited or paid to each. This is the second annual report on refunds and credits, the first report having been made under date of June 8, 1929.

In accordance with this provision in the revenue act of 1928, the joint committee has caused its staff to examine all refunds reported by the commissioner and to submit a report thereon to the committee.

A complete copy of the report submitted by the staff is attached hereto. Part I of this report includes the names of all persons and corporations to whom refunds or credits have been made and shows the amounts paid or credited to each. The committee approves this list, which agrees with the records of the Treasury Department.

While it is not required by law, the committee deems it wise also to submit to the Congress Part II of the staff report, which covers a general survey of the overassessments and which includes an analysis of overassessments prepared by the Treasury Department. The committee does not specifically approve or disapprove of Part II of the report.

Respectfully,

WILLIS C. HAWLEY,
Chairman Joint Committee on Internal Revenue Taxation.

LETTER OF SUBMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, March 11, 1930.

Hon. WILLIS C. HAWLEY,
Chairman Joint Committee on Internal Revenue Taxation,
Washington, D. C.

MY DEAR CHAIRMAN: There is submitted herewith a report on refunds and credits of internal revenue taxes as required by section 710 of the revenue act of 1928. The report covers the calendar year 1929 and is the second report on refunds and credits.

The first report covered the 7-month period June 1, 1928, to December 31, 1928, with a supplement covering the 14-month period March 1, 1927, to April 24, 1928.

The present report can be summed up in three sentences, as follows:

1. The rate of overassessment has decreased 58 per cent for the calendar year 1929 over the rate for the preceding 7-month period.
2. No serious question can be raised as to the propriety of the allowances consummated.
3. The Treasury Department has cooperated in every way with the staff and is making a review of two cases where certain questions were raised.

Respectfully submitted.

L. H. PARKER, *Chief of Staff.*

REPORT ON REFUNDS AND CREDITS, CALENDAR YEAR 1929

FOREWORD AND SUMMARY

In any case where the amount of a tax refund or a tax credit exceeds $75,000, the Commissioner of Internal Revenue submits a report thereon to the Joint Committee on Internal Revenue Taxation. This procedure is in accordance with section 710 of the revenue act of 1928, which provides as follows:

> SEC. 710. *Refunds and credits to be referred to joint committee.*—No refund or credit of any income, war-profits, estate, or gift tax, in excess of $75,000, shall be made after the enactment of this act, until after the expiration of thirty days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and a summary of the facts and the decision of the Commissioner of Internal Revenue is submitted to the Joint Committee on Internal Revenue Taxation. A report to Congress shall be made annually by such committee of such refunds and credits, including the names of all persons and corporations to whom amounts are credited or payments are made, together with the amounts credited or paid to each.

In conformity with the above provision, on June 19, 1929, a report was submitted to the Congress entitled "Refunds and Credits of Internal Revenue Taxes," (H. Doc. 43, 71st Cong., 1st sess.). This report covered a 7-month period from May 29, 1928, the effective date of the provision, to December 31, 1928, the end of the calendar year. However, there was included in the report in Part IV an analysis of the refunds made and reported to the committee under the authority of the urgent deficiency bill (H. R. 1642) which covered the 14-month period February 28, 1927, to April 24, 1928.

The general purposes of the Congress in enacting this legislation were analyzed in the report above referred to and need not be repeated here. It will suffice to say that there has been no change in the policy of the committee since the publication of the first report.

In the case of this second report now being presented, it is possible to consider one complete calendar year, and the further opportunity is available of comparing the results in the calendar year 1929 with those in the periods covered by the first report.

The most important facts and conclusions which will be presented may be summarized as follows:

1. The total overassessments with interest allowed, in cases of over $75,000 each, amount to $75,672,888.17 in the calendar year 1929. The rate of refundment was $6,306,074 per month, which is 58 per cent less than the preceding 7-month period and 41 per cent less than the preceding 21-month period.

2. The principal single causes of the 1929 refunds are as follows:

	Per cent of total
Supreme Court decision, life insurance companies	12
Expiration of statute	9
Depreciation	8
Inventory adjustment	6

3. In the former report on refunds and credits the most frequent criticism was directed at special assessment allowances. For the year 1929 no question is raised in this respect. Attention is drawn to the very material reduction in the allowances under this troublesome provision as shown by the following figures which speak for themselves:

	Per cent of total
14-month period, Feb. 28, 1927, to Apr. 24, 1928, $18,440,835	18. 9
7-month period, May 29, 1928, to Dec. 31, 1928, $9,875,926	9
12-month period, Jan. 1, 1929, to Dec. 31, 1929, $2,617,706	4. 2

4. After raising certain questions in numerous cases with the department as to the propriety of the individual refunds in 1929, only two cases were deemed open to serious objection. One of these cases is being corrected on the point complained of, the other is still being considered. As neither of these refunds have been paid, they are not included in the official list given in this report.

5. As to the list of refunds paid and reported on as required by law, in 1929, it can be confidently stated that they represent careful and accurate determinations and are fair to both Government and taxpayer.

This report will be divided into two parts, as follows:

PART I.—Tables showing the names of all persons and corporations to whom amounts have been credited and/or paid, together with the amounts credited and/or paid to each, as required by section 710 of the revenue act of 1928 and covering the calendar year 1929. The arrangement of these tables is alphabetically by months. There is also included in this part of the report a summary of these overassessments and a classification of same, the whole prepared by Mr. W. L. Tucker, auditor for this committee.

PART II.—General survey of overassessments in excess of $75,000. This survey discusses the refunds in general and draws certain conclusions, which would appear to be helpful to the legislative branch of the Government. There is also included as a supplement to this part of the report a complete analysis of overassessments for the year 1929 prepared by the Treasury Department and covering, from March, 1929, refunds and credits of $20,000 or more.

PART I

LIST OF CREDITS AND REFUNDS OF OVER $75,000 EACH

(AS REQUIRED BY SECTION 710, REVENUE ACT 1928)

PART I

LIST OF CREDITS AND REFUNDS OF OVER $75,000 EACH

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928

JANUARY, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Alien Property Custodian trust No. 537 (E. Merck).	Washington, D. C.	1919		$681,261.71	$1,393,227.38	$2,074,489.09	$2,074,489.09
(2)	American Window Glass Co. and subsidiaries. (1) [a]	Pittsburgh, Pa.	1917 to 1919, inclusive	$214,937.23	800,027.31	1,116,273.43	2,884,272.88	2,131,237.97
(3)	Ball Bros. Co.[b]	Muncie, Ind.	1917, 1918, 1920, 1921, and 1922			105,829.49	3,460,166.27	105,829.49
(4)	Barnsdall Corporation (2)	New York	1914 to 1917, inclusive	7,301.14	19,936.53	212,407.49	366,837.71	239,645.16
(5)	Bankers Life Co.	Des Moines, Iowa	1926 and 1927			106,773.09	182,855.92	106,773.09
(6)	Burns Bros. (N. J.) and subsidiaries (3)	New York	1918, 1919, 1920, and 1926		16,859.40	220,384.96	1,560,440.80	237,244.36
(7)	Consolidated Rendering Co.	Boston, Mass.	1918		15,535.56	81,738.91	140,876.63	97,274.47
(8)	Cooke, Leslie L.	Chicago, Ill.	1924		123,737.92	50,827.19	300,890.08	174,565.11
(9)	Copper Range Co (4)	Boston, Mass.	1916, 1918, and 1919	16,970.25	252,409.02	265.07	390,382.25	269,044.34
(10)	Dunson Mills	Lagrange, Ga.	1919 and 1921		100,798.70		312,845.62	100,798.70
(11)	Edison Electric Illuminating Co. of Boston.	Boston, Mass.	1925 and 1926			86,449.36	1,604,700.67	86,449.36
(12)	Electric Controller & Manufacturing Co.	Cleveland, Ohio	1918 to 1920			148,878.85	967,750.70	148,878.85
(13)	Fidelity Savings & Loan Association [c]	Los Angeles, Calif.	1917 to 1920, inclusive			155,128.37	176,552.71	155,128.37
(14)	Fisk Rubber Co.	Chicopee Falls, Mass.	1920			110,721.21	225,855.08	110,721.21
(15)	John Hancock Mutual Life Insurance Co.	Boston, Mass.	1923			170,199.02	340,398.05	170,199.02
(16)	National Lead Co.	New York	1919 and 1921		629,408.36		1,806,349.34	629,408.36
(17)	National Power & Light Co (5)	do	1922 to 1924, inclusive		84,875.73	1,782.55	91,215.08	86,658.28
(18)	New England Mutual Life Insurance Co.	Boston, Mass.	1923			101,387.00	135,183.97	101,387.00
(19)	Norfolk & Western Railway Co.	Roanoke, Va.	1915, 1916, and 1917		308,864.94		3,798,985.95	308,864.94
(20)	North Boston Lighting Properties	Boston, Mass.	1923 to 1926, inclusive			107,951.39	303,387.90	107,951.39
(21)	Union Trust Co. of Pittsburgh (6)	Pittsburgh, Pa.	1925 and 1926	10,000.00		338,241.03	1,069,510.61	348,241.03
	Total			249,208.62	3,033,715.18	4,508,465.79	22,193,947.31	7,791,389.59

[a] Includes excess interest collection of $756.09.

[b] Includes excess interest collection of $1,269.83.

[c] Includes excess interest collection of $790.82.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

JANUARY, 1929—Continued

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds
(1)	American Window Glass Co	Pittsburgh, Pa	1917 to 1919, inclusive	$169,155.25	$800,027.31	$1,116,273.43
	Western Pennsylvania Natural Gas Co	do	1917	45,781.98		
(2)	Barnsdall Oil Co	New York	1917			205,265.94
	East Texas Gas Co	do	1916		69.13	
	Pittsburgh Investment Co	do	1916 and 1917		16,085.65	7,141.55
	United Investment Co	do	1916		3,613.04	
	Victor Oil Co	do	1914 to 1916, inclusive		168.71	
	Waco Mining Co	do	1917	7,301.14		
(3)	Burns Bros	do	1918 and 1920		16,859.40	217,559.67
	Schuykill Fuel Corporation	do	1926			21.11
	Steamship Fuel Corporation	do	1926			2,804.18
(4)	Baltic Mining Co	Boston, Mass	1916			265.07
	Copper Range Co	do	1918 and 1919	16,970.25	252,409.02	
(5)	National Power & Light Co	New York	1922 to 1924, inclusive		84,875.73	
	Jackson Railway & Light Co	Jackson, Tenn	1924			1,782.55
(6)	Union Trust Co. of Pittsburgh	Pittsburgh, Pa	1925 and 1926	10,000.00		334,613.68
	Union Savings Bank of Pittsburgh	do	1925 and 1926			3,627.35

	Previously allowed	Barred by statute	Withheld deficiency	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)						100.00	Trust found to be partnership, taxable to individual partners.*	$2,074,489.09	218 (a)	1918
(2)			$197,510.56	$555,524.35	$683,942.49	80.74	Depreciation, increase in allowance for	373,961.23		
							Payment of royalties; allowance of extraordinary repairs to plant equipment.*	1,954,787.30		
(3)	$137,041.29			3,217,295.49	21,591.52	7.02	Depreciation on patents	105,829.49	284 (b)	1926
(4)				127,192.55	137,038.21	65.33	Affiliation	205,265.94		
							Depreciation, increase in allowance for	34,379.22		
(5)				76,082.83	5,339.93	58.39	Supreme Court decision, insurance company.	106,773.09	National Life Insurance Co. *v.* U. S. 274 U. S. 734.	
(6)	62,224.55	$117,952.26		1,143,019.63	71,145.79	19.19	Invested capital	237,244.36		
(7)				43,602.16	44,705.15	69.05	Amortization	97,274.47	252	1918
(8)				126,324.97	34,385.89	58.02	Change in accounting period	174,565.11	212 (d)	1926
(9)	113.80			120,624.11	91,414.36	69.10	Affiliation	269,379.27		
							Inventory adjustment	265.07		
(10)				212,046.92		32.22	Inventory adjustment	99,693.97	10 B. T. A. 1150	
							Invested capital	1,104.73		
(11)				1,518,251.31	8,349.04	5.39	Depreciation, increase in allowance for	86,449.36	234 (a) (7)	1924, 1926
(12)	47,089.57			771,782.28	77,168.10	15.38	Invested capital	148,878.85		

(13)	21, 424. 34				37, 716. 20	100. 00	Building and Loan Association, nontaxable*	155, 128. 37	11 (a)	1916
(14)	9, 585. 18		105, 548. 69		48, 836. 66	53. 27	Inventory adjustment	216, 269. 90		
(15)	9, 600. 47	91, 919. 28		68, 679. 28	44, 479. 54	52. 82	Supreme Court decision, insurance company.	170, 199. 02	National Life Insurance Co. *v.* U. S., 274 U. S. 734.	
(16)				1, 176, 940. 98	119, 432. 89	34. 84	Inventory adjustment	533, 935. 52	Art. 1582 (a), Reg. 62.	
							Foreign taxes	95, 472. 84	284 (g)	1926
(17)				4, 556. 80	22, 918. 45	95. 00	Affiliation	86, 658. 28	240	1921
(18)		33, 796. 97			26, 716. 18	75. 00	Supreme Court decision, insurance company.	101, 387. 00	National Life Insurance Co. *v.* U. S., 274 U. S. 734.	
(19)	231, 646. 15			3, 258, 474. 86		14. 23	Invested capital	288, 525. 63		
							Depreciation, increase in allowance for	20, 339. 31		
(20)				195, 436. 51	21, 188. 54	35. 58	Affiliation (companies eliminated from affiliated group).	107, 951. 39	240	1926
(21)				721, 269. 58	44, 149. 69	32. 56	Affiliation	296, 171. 65	240	1926
							Loss on sale of bonds*	49, 923. 57	Art. 1591, Reg. 69	
							Reduction of profit reported on reorganization of company.*	2, 145. 81		
	518, 725. 35	243, 668. 51	303, 059. 25	13, 337, 104. 61	1, 540, 518. 63			8, 094, 448. 84		

* Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

FEBRUARY, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Columbus Dental Manufacturing Co.	Columbus, Ohio	1920 and 1921			$79,395.49	$253,729.33	$79,395.49
(2)	Eagle, John H	Los Angeles, Calif	1926		$119,535.92		124,253.42	119,535.92
(3)	Equity Savings & Loan Co	Cleveland, Ohio	1918 to 1926, inclusive	$17,928.61		118,166.21	136,094.82	136,094.82
(4)	Kolb, George O	Beverly Hills, Calif	1926		172,570.30		186,545.69	172,570.30
(5)	Kolb, Robt. C	Baltimore, Md	1926		172,242.56		172,657.30	172,242.56
(6)	Lancaster Cotton Mills and subsidiaries. (1)	Lancaster, S. C	1920		163,609.40	54,457.78	1,560,756.67	218,067.18
(7)	McFadden, George	Philadelphia, Pa	1924 to 1926, inclusive		44,237.51	53,153.07	307,686.06	97,390.58
(8)	Michigan Alkali Co	Wyandotte, Mich	1918 and 1919	124,350.51	57,654.18	67,626.95	5,135,330.84	249,631.64
(9)	New York Life Insurance Co	New York	1927			504,082.76	1,993,533.92	504,082.76
(10)	Pacific Coast Biscuit Co. and subsidiaires. (2) [a]	Seattle, Wash	1917, 1919, 1920, 1921, 1922	24,975.67	73,504.60	198,598.95	503,340.77	297,079.22
(11)	Penn Mutual Life Insurance Co	Philadelphia, Pa	1925 and 1926			314,470.17	1,064,743.69	314,470.17
(12)	do	do	1923 and 1924			370,996.05	886,138.06	370,996.05
(13)	Pittock, H. L., estate of	Portland, Oreg	1922 and 1923			76,273.89	146,296.74	76,273.89
(14)	Plankinton Packing Co	Milwaukee, Wis	1917			101,180.58	347,089.78	101,180.58
(15)	St. Helens Petroleum Co. (Ltd.)	Los Angeles, Calif	1917 to 1920, inclusive	28,758.55	383,574.83		472,313.52	412,333.38
(16)	Standard Gas & Electric Co	Chicago, Ill	1918 and 1919	49,407.00		487,392.16	545,232.08	536,799.16
(17)	Westinghouse Air Brake Co. and subsidiaries.	Wilmerding, Pa	1917 to 1920, inclusive, and 1922		10,884.17	1,181,154.33	6,683,728.48	1,192,038.50
(18)	Youngstown Sheet & Tube Co	Youngstown, Ohio	1918		273,723.99	815,129.96	9,231,386.51	1,088,853.95
	Total			245,420.34	1,471,537.46	4,422,078.35	29,750,857.68	6,139,036.15

[a] Includes excess interest collection of $324.56.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds
(1)	Fort Mill Manufacturing Co	Lancaster, S. C	1920		$54,309.28	
	Lancaster Cotton Mill	do	1920		109,300.12	$54,457.78
(2)	American Biscuit Co	San Francisco, Calif	1917	$10,127.66		
	Capital Candy & Cracker Co	Seattle, Wash	1917	1,145.18		
	Connecticut Improvement Co	do	1917	952.73		
	Pacific Coast Biscuit Co	do	1917, 1919, 1920, 1921, 1922	12,750.10	73,504.60	198,598.95

	Previously allowed	Barred by statute	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments—	Amount	Section	Revenue act
(1)	$14,071.69	$25,281.70	$134,980.45	$27,400.85	36.84	Special assessment	$79,395.49	327 and 328	1918.
(2)			4,717.50	13,424.05	96.20	Profits on sale of capital stock erroneously reported on installment basis which profits have been taxed in year sales were consummated.*	119,535.92		
(3)				18,488.64	100.00	Building and loan association, nontaxable.*	136,094.82	213 (4)	1918, 1921, 1924, 1926.
(4)			13,975.39	15,688.41	92.51	Reallocation of income	172,570.50	208	1924.
(5)			414.74	15,352.12	99.76	do	172,242.56	208	1924.
(6)			1,342,689.49	99,321.28	13.97	Inventory adjustment	218,067.18	203	1918, 1921.
(7)			210,295.48	10,130.31	31.65	Loss on amount invested in stock of German company.*	97,303.46		
						Exclusion of nontaxable income	87.12		
(8)	213,232.11		4,672,467.09	13,932.76	9.01	Invested capital	249,631.64		
(9)			1,489,451.16	8,143.91	25.28	Supreme Court decision, insurance company.	504,082.76	(National Life Insurance Co. *v.* U. S., 274, U. S. 734.)	
(10)			206,261.55	85,127.55	59.02	Special assessment	297,079.22	201, 301	1917, 1918.
(11)			750,273.52	34,101.20	29.53	Supreme Court decision, insurance company.	314,470.17	(National Life Insurance Co. *v.* U. S. 274, U. S. 734.)	
(12)			515,142.01	85,339.94	41.87	do	370,996.05	do	
(13)			70,022.85	23,062.70	52.14	Estate tax	76,273.89	703	1928.
(14)	82,622.32		163,286.88	33,066.64	52.96	Expiration of statutory period of limitation.	101,180.58	607	1928.
(15)	2,054.03		57,926.11	133,303.90	87.74	Reallocation of income	412,333.38	(G. C. M. 1505, C. B. VI-1, p. 208.)	
(16)			8,432.92	248,064.30	98.45	Affiliation	392,462.04	240	1918.
						Depreciation, increase in allowance for	144,337.12		
(17)	169,412.41	43,298.89	5,278,978.68	548,281.68	20.37	Depreciation on patents	1,192,038.50	(Appeal of Union Metal Manufacturing Co., 1 B. T. A., p. 395.)	
(18)			8,142,532.56	461,738.04	11.80	Amortization	1,088,853.95	(Appeal of Manville-Jenckes, (4 B. T. A. 765.	
	481,392.56	68,580.59	23,061,848.38	1,873,968.28			6,139,036.15		

* Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

MARCH, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Arbuthnot-Stephenson Co	Pittsburgh, Pa	1918		$88,984.56	$55,587.46	$607,515.35	$144,572.02
(2)	Federal Pressed Steel Co	Milwaukee, Wis	1916 and 1918	$6,051.24	100,828.40	44,323.14	868,391.31	151,202.78
(3)	John Hancock Mutual Life Insurance Co.	Boston, Mass	1924, 1925, 1926			692,947.86	1,268,958.59	692,947.86
(4)	Kingston-Pocahontas Coal Co	Syracuse, N. Y	1914 to 1919, inclusive	129,873.67	1,873.28	120,867.19	382,943.31	252,614.14
(5)	Minneapolis, St. Paul & Sault Ste. Marie Ry. Co.	Minneapolis, Minn	1920		66,431.99	111,644.29	286,150.41	178,076.28
(6)	United Fuel Gas Co	Charleston, W. Va	1916 and 1917			131,197.20	1,798,486.21	131,197.20
	Total			135,924.91	258,118.23	1,156,567.14	5,212,445.18	1,550,610.28

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds
Kingston Land Co	Syracuse, N. Y	1917	$921.65		$1,838.06
Kingston-Pocahontas Coal Co	do	1914 to 1919, inclusive	128,952.02	$1,873.28	119,029.13

	Previously allowed	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)	$98,518.45	$364,424.88	$23,205.86	14.67	Inventory adjustment	$88,943.02	Art. 1584, Reg. 45	
					Special assessment	55,629.00	327, 328	1918
(2)	1,991.84	715,196.69	24,482.86	17.64	Special assessment	151,202.78	210, 328	1917, 1918
(3)	50,506.40	525,504.33	113,796.79	58.59	Supreme Court decision, insurance company	692,947.86	National Life Insurance Co. *v.* U. S. 277 U. S. 508.	
(4)	2,254.08	128,075.09	71,849.15	66.36	Depreciation, increase in allowance for	87,560.42	12 (a) (2)	1916
							234 (a) (7)	1918
					Amortization	23,990.66	234 (a) (8)	1918
					Depletion	1,567.90	234 (a) (9)	1918
					Apportionment of tax*	2,346.63	Art. 78, Reg. 41	
					Sundry minor adjustments*	11,014.22		
					Abatement of jeopardy assessment*	126,134.31	250 (d)	1921

(5)		108,074.13	76,371.92	62.23	Adjustments in connection with accounting during period of Federal control.	117,334.56	Sec. 209, transportation act, 1920
					Amortization of bond discount *	9,936.56	G. C. M. 3832, C. B. VII-1, 123
					Accounting for accrued liability *	50,805.16	Art. III, Reg. 45
(6)	970,780.92	696,508.09	85,582.36	61.27	Loss of useful value	131,197.20	T. D. 3760, C. B. IV-2-154, and IT 1985, C. B. III-1-191.
	1,124,051.69	2,537,783.21	395,288.94		*	1,550,610.28	

* Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

APRIL, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Alien Property Custodian Trust No. 23907 (Chemische Fabrikvon Heyden).	Washington, D. C	1919			$342,952.29	$503,206.46	$342,952.29
(2)	American Ship Building Co	Cleveland, Ohio	1918, 1920, and 1921	$631,800.90	$1,984,442.54		8,682,113.56	2,616,243.44
(3)	Botany Worsted Mills	Passaic, N. J	1918		4,324.68	641,589.84	4,901,568.30	645,914.52
(4)	Emery, John J, estate of (a)	Philadelphia, Pa	1920 to 1923, inclusive	688,161.79		569,231.90	1,355,734.44	1,257,393.69
(5)	Jason Navigation Co	New York	1918	376,376.64	83,477.56		1,510,643.69	459,854.20
(6)	Lavino, Edward J	Philadelphia, Pa	1917			184,791.99	812,952.04	184,791.99
(7)	Lehigh Coal & Navigation Co. and subsidiaries. (1)	do	1917, 1918, 1919, and 1922		148,892.16	115,047.50	1,146,500.12	263,939.66
(8)	Lehigh Power Securities Corporation	New York	1923 and 1924			93,547.83	105,427.99	93,547.83
(9)	Lorillard, P., Co	do	1920		85,002.88	151,552.05	1,199,727.85	236,554.93
(10)	Manville, Thos. Franklyn, estate of	do	1925			149,772.31	3,047,406.74	149,772.31
(11)	National Fire Proofing Co	Pittsburgh, Pa	1923 to 1926, inclusive			84,210.20	327,698.13	84,210.20
(12)	Phelps Dodge Corporation	New York	1917		132,116.33		2,798,937.69	132,116.33
(13)	Plant, Morton F., estate of	do	1918			103,279.24	4,475,472.34	103,279.24
(14)	Prudential Insurance Co. of America	Newark, N. J	1923 and 1927	474,387.12		996,756.42	3,059,727.52	1,471,143.54
(15)	Visayan Refining Co. (Inc.)	New York	1918 and 1919			427,248.42	2,625,448.48	427,248.42
(16)	West Point Manufacturing Co	Boston, Mass	1918			99,751.19	2,069,804.63	99,751.19
	Total			2,170,726.45	2,438,256.15	3,959,731.18	38,622,369.98	8,568,713.78

(a) Includes excess interest collection of $70,688.56.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

APRIL, 1929—Continued

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds
(1)	Lehigh Coal & Navigation Co.	Philadelphia, Pa.	1918, 1919, 1922		$148,892.16	$114,850.38
	Panther Valley Water Co.	do	1917			175.69
	Wilkes-Barre & Scranton Ry. Co.	do	1917			21.43

	Previously allowed	Barred by statute	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)			$160,254.17		68.15	Valuation: Decreasing gain by allowing Mar. 1, 1913, value for stock sold by Alien Property Custodian.	$167,458.07	202 (a)	1918
						Computation of tax liability under provisions of Art. V of T. D. 4168, I. R. B. VII, 27-11.*	175,494.22		
(2)			6,065,870.12	$7,799.84	30.13	Change in accounting period	429,845.63	226	1918
						Inventory adjustment	443,595.86	Arts. 1581-1584, Reg. 45	
						Depreciation, increase in allowance for	59,109.69	234 (a) (7)	1918, 1921
						Affiliation	22,707.35	240	1918
						Additional allowance for business expenses and accrued taxes.*	12,267.86		
						Redetermination of long-term contract income.*	1,648,717.05	Art. 36, Regs. 45 and 62	
(3)	$336,507.72	$136,181.42	3,782,964.64	366,181.12	20.04	Special assessment	645,914.52	210, 327, 328	1917, 1918
(4)		109.02	98,231.73	89,928.60	92.75	Court judgment: Income from trust estate transferred to beneficiaries and taxed as separate entity.	1,186,705.13	U. S. Circuit Court of Appeals for Third Circuit (19 Fed. (2d) 218).	
						Delinquency interest*	70,688.56		
(5)			1,050,789.49	6,922.71	30.44	Expiration of statutory period of limitation	459,854.20	607	1928
(6)			628,160.05	64,723.46	22.73	Allowance to individual partner of share of excess profits tax paid by partnership.*	184,791.99	1211	1917
(7)			882,560.46	103,115.50	23.02	Depletion, increase in allowance for	209,382.61	234 (a) (9)	1918, 1921
						Amortization	5,672.91	234 (a) (8)	1918
						Inventory adjustment	6,631.94		
						Adjustment of accrued taxes*	35,099.95	Art. III, Regs. 45 and 62	
						Overstatement of gain on sale of assets	2,541.50	Art. 1561, Reg. 45	
						Exclusion of 2 per cent tax on 1918 income paid by U. S. Railroad Administration.*	1,996.83	Appeal of New York, Ontario & Western Rwy. Co., 1 B. T. A. 1172.	
						Allowance of deduction for an amount credited to Director General of Railroads at time of final settlement.	2,592.49		
						Amortization of bond discount*	21.43	284 (g)	1926

(8)			11,880.16	24,206.56	88.73	Affiliation	59,686.57	240	1921
						Depreciation, increase in allowance for	30,618.91	234 (a) (7)	1921
						Amortization of leasehold	3,242.35	Arts. 110 and 561, Reg. 65	
(9)			963,172.92	45,350.99	19.72	Inventory adjustment	235,828.71		
						Loss of useful value	726.22	234 (a) (4)	1918
(10)	44,819.59		2,852,814.84	23,337.80	6.39	Inheritance tax paid the State of New York	149,772.31	301 (b)	1924
(11)			243,487.93	13,197.25	25.70	Depreciation, increase in allowance for	56,140.00	234	1921, 1924
						Depletion, increase in allowance for	28,070.20	234	1921, 1924
(12)	44,051.54		2,622,769.82		6.29	Expiration of statutory period of limitation	132,116.33	607	1928
(13)	4,675.43		4,367,517.67	35,386.57	2.41	Inheritance and estate taxes paid to the States of Connecticut, New York, and Utah.	103,279.24	203 as amended	1916
(14)	26,445.34		1,562,138.64	231,838.71	48.95	Supreme Court decision—Insurance company	1,471,143.54	National Life Insurance Co. *v.* U. S., 274 U. S. 634.	
(15)	30,417.25		2,167,782.81	242,197.82	17.43	Special assessment	427,248.42	210, 327, 328	1917, 1918
(16)	536,641.85		1,433,411.59	25,085.37	30.75	Inventory adjustment	99,751.19	Appeal of the Thomas Shoe Co., 1 B. T. A. 124.	
	1,023,558.72	136,290.44	28,893,807.04	1,279,272.30			8,568,713.78		

* Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

MAY, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Alabama Power Co	Birmingham, Ala	1923 and 1924			$91,606.00	$176,849.37	$91,606.00
(2)	Alaska Packers Association	San Francisco, Calif	1917 and 1919		$198,827.89		2,405,301.42	198,827.89
(3)	Alien Property Custodian (trust No. 2274), (Schaeffer & Budenberg G.M.B.H.).	Washington, D. C	1919			148,104.00	167,874.04	148,104.00
(4)	Alien Property Custodian (trust No. 6781) (Carl Duisburg).	do	1918			1,087,422.97	1,087,422.97	1,087,422.97
(5)	Alien Property Custodian (trust No. 6781) (Christian Hess).	do	1918			1,087,422.97	1,087,422.97	1,087,422.97
(6)	Alien Property Custodian (trust No. 6781) (Rudolph Mann).	do	1918			1,087,422.97	1,087,422.97	1,087,422.97
(7)	Barber & Co. (Inc.) (1)	New York City	1917 to 1920, inclusive	$102,176.30	991.41	83,328.13	1,039,808.18	186,495.84
(8)	Crimmins & Peirce Co	Boston, Mass	1919			522,990.95	846,312.51	522,990.95
(9)	Dixie Oil Co	Shreveport, La	1926			77,811.34	104,534.94	77,811.34
(10)	Donahue, Mrs. Jessie W	New York City	1924			319,979.09	384,444.28	319,979.09
(11)	Durfee Mills	Fall River, Mass	1918			253,562.41	879,615.40	253,562.41
(12)	Edison Electric Appliance Co	Chicago, Ill	1923			133,227.35	133,227.35	133,227.35
(13)	Equitable Life Assurance Society of the United States.	New York City	1922, 1923, and 1927			564,829.70	2,670,120.19	564,829.70
(14)	Field, Stanley	Chicago, Ill	1917			206,741.39	384,109.19	206,741.39
(15)	Foundation Co	New York City	1917, 1919, 1920, 1921		248,505.64		1,052,596.16	248,505.64
(16)	Frick, Henry C., estate of	Pittsburgh, Pa	1917			244,163.70	1,660,320.94	244,163.70
(17)	Fry, John H	New York City	1923 and 1924		39,456.10	52,640.07	172,244.88	92,096.17
(18)	General Gas & Electric Co	do	1920 to 1922, inclusive		88,469.81	81,556.74	326,804.46	170,026.55
(19)	Globe Grain & Milling Co. (2)	Los Angeles, Calif	1918	23.94	64,841.60	118,155.75	676,668.07	183,021.29
(20)	Ingersol-Rand Co. 3	New York City	1917 and 1919	1,980.00	306,343.71	186,332.75	5,286,491.06	494,656.46
(21)	Lever Brothers Co. (a)	Cambridge, Mass	1925 and 1926			156,079.56	483,216.90	156,079.56
(22)	Marshall Field & Co	Chicago, Ill	1922		86,993.44		1,771,890.80	86,993.44
(23)	McCann, Mrs. Helena W	New York City	1924			322,030.59	383,415.46	322,030.59
(24)	Moran, John A., estate of	do	1926			98,190.70	170,499.69	98,190.70
(25)	Mutual Life Insurance Co. of New York.	do	1926			534,733.83	883,602.33	534,733.83
(26)	National Refining Co	Cleveland, Ohio	1920 and 1921	143.96		124,747.02	305,909.27	124,890.98
(27)	New River Co	McDonald, W. Va	1925 and 1926			76,486.67	93,205.00	76,486.67
(28)	Pacific Gas & Electric Co	San Francisco, Calif	1920 to 1923, inclusive			436,074.41	2,557,264.30	436,074.41
(29)	Philadelphia Electric Co	Philadelphia, Pa	1924 and 1925		1,276.84	239,911.15	2,447,003.77	241,187.99
(30)	Postum Cereal Co. (Inc.)	Battle Creek, Mich	1918 to 1921, inclusive		728.37	387,362.99	3,316,491.46	388,091.36
(31)	Procter & Gamble Co. & Sub	Cincinnati, Ohio	1919		398,772.90		687,666.88	398,772.90
(32)	Provident Mutual Life Insurance Co	Philadelphia, Pa	1924 to 1926, inclusive		367.98	292,758.48	628,718.77	293,126.46
(33)	Stone, Galen L., estate of	Brookline, Mass	1927			134,715.19	150,742.49	134,715.19
(34)	Synthetic Patents Co	New York City	1913 to 1917, inclusive			278,934.47	344,102.58	278,934.47

(35)	United North & South Oil Co	Luling, Tex	1927		293,604.42		333,896.94	293,604.42
(36)	Weld, Rudolph	Boston, Mass	1918 to 1921, inclusive	3,831.91	124,678.59	49,017.71	535,097.21	177,528.21
(37)	West Virginia Pulp & Paper Co	New York City	1919 and 1922		25,480.81	65,495.25	1,591,855.38	90,976.06
	Total			108,156.11	1,879,339.51	9,543,836.30	38,314,170.58	11,531,331.92

(a) Includes excess interest collection of $468.38.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds
(1)	Atlantic Stevedoring Co. (Inc.)	New York City	1920			$49,887.75
	Barber & Co. (Inc.)	do	do			33,440.38
	New York & Oriental Steamship Co	do	1917 to 1920, inclusive	$102,176.30	$991.41	
(2)	Globe Grain & Milling Co	Los Angeles, Calif	1918, 1919		64,841.60	118,155.75
	San Barnardino Milling Co	do	1918	23.94		
(3)	A. S. Cameron Steam Pump Works	New York	1917	1,980.00		
	Ingersoll-Rand Co	do	1917 and 1919		306,343.71	186,332.75

	Previously allowed	Barred by statute	Withheld deficiency	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue Act
(1)				$85,243.37	$22,373.72	51.80	Depreciation, increase in allowance for.	$89,078.27	234 (a) (7)	1921, 1924
							Exclusion of nontaxable income	2,527.73		
(2)				2,206,473.53	12,132.08	8.27	Invested capital	144,381.41	Arts. 44, 53 & 64, Reg. 41	
							Depreciation, increase in allowance for.	1,159.23	Appeal of Even Realty Co. 1 B. T. A. 355.	
							Inventory adjustment	53,287.25	234 (a) (1)	1918
(3)				19,770.04		88.22	Valuation; reduction in amount of taxable profits derived from sale of shares of capitol stock.	140,430.54	202	1918
							Special assessment	7,673.46	327, 328	1918
(4)						100.00	Tax erroneously assessed against alien individual on sale of stock and paid by Alien Property Custodian.	1,087,422.97	284 (b) and sec. 24 (f) trading with the enemy act, as amended.	1926
(5)						100.00	do	1,087,422.97	do	1926
(6)						100.00	do	1,087,422.97	do	1926
(7)	$57,657.60		$21,970.36	773,684.38	40,419.41	23.51	Affiliation	208,466.20	240	1918
(8)	10,414.39			312,907.17	260,115.81	63.03	Inventory adjustment	522,990.95	234 (a) (1)	1918

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP—continued

MAY, 1929—Continued

	Previously allowed	Barred by statute	Withheld deficiency	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue Act
(9)				$26,723.60	$8,191.67	74.44	Allowance of development expenses in connection with oil and gas properties.*	$77,655.72	T. D. 4025, C. B. VI-1-75	
							Adjustment resulting from mere book entries.*	155.62		
(10)				64,465.19	37,218.39	83.23	Inheritance taxes paid to the State of New York.	319,979.09	703	1928
(11)				626,052.99	73,182.28	28.83	Expiration of statutory period of limitation.	253,562.41	607	1928
(12)					39,138.66	100.00	Statutory net loss sustained in 1921.*	133,227.35	204	1921
(13)		$460,118.67	$54,923.13	1,590,248.69	125,212.79	21.15	Supreme Court decision, insurance company.	619,752.83	National Life Insurance Co. *v.* U. S. 277 U. S. 508.	
(14)				177,367.80	65,123.54	53.82	Expiration of statutory period of limitation.	206,741.39	607	1928
(15)	$37,948.28			766,142.24		27.21	Special assessment	75,148.37	327, 328	1918
							Depreciation, increase in allowance for.	42,436.87	234 (a) (7)	1918
							Inventory adjustment	69,881.42	232 & 234 (a) (1)	1918
							Invested capital	25,260.69	284 (e)	1926
							Foreign taxes	35,778.29	238	1918
(16)	17,373.63			1,398,783.61	26,508.89	15.75	Reallocation of income	244,163.70	31 (b)	1916
(17)			28,202.78	51,945.93	21,293.06	53.47	Overstatement of amount of dividends received on stock of domestic corporations.*	120,298.95	212, 213	1924
(18)				156,777.91	54,173.57	52.03	Depreciation, increase in allowance for.	86,268.46	234 (a) (7)	1918, 1921
							Affiliation	54,589.78	240	
							Additional minor adjustments *	29,168.31	234 (a) (1) (4)	
(19)			82,167.83	411,478.95	62,483.96	27.05	Affiliation	118,295.48	240	1918
							Inventory adjustment	69,841.68	Art. 1582. Reg. 45	
							Amortization	13,223.48	234 (a) (8)	1918
							Depreciation, increase in allowance for.	4,329.12	234 (a) (7)	1918
							United States Food Administration payment.*	41,587.75	Art. 111, Reg. 45	
							Additional minor adjustments *	17,911.61	234 (a) (1) (4)	1918, 1921

							Amortization	10,084.63	234 (a) (8)	1918
							Foreign taxes	26,718.03	12 (a) (4); 234 (a) (3)	1916, 1918
(20)	477,142.35			4,313,692.25	97,956.90	18.40	Income from bookkeeping transactions eliminated.*	412,593.04	234 (a) (1)	1918
							Bad debts *	43,280.76	12 (a) (2); 234 (a) (5)	1916, 1918
							Loss on sale of capital assets	1,980.00	12 (a) (2)	1916
							Depreciation, increase in allowance for.	11,120.95	234 (a) (7)	1926
(21)				327,137.34	23,426.92	32.30	Additional advertising expenses *	129,796.83	232, 233, 234 (a) (1)	1926
							Exclusion of capital contribution *	6,566.86	Art. 544 Reg. 69	
							Operating expenses *	8,594.92	234 (a) (1)	1926
							Inventory adjustment	84,590.33	203	1921
(22)				1,684,897.36	26,577.54	4.91	Gain eliminated on sale of capital assets.	2,064.63	234 (a)	1921
							Adjustment resulting from mere book entries.*	338.48		
(23)				61,384.87	36,005.66	83.99	Inheritance taxes paid to the State of New York.	322,030.59	703 (a) (2)	1928
(24)	9,399.42			62,909.57	9,295.15	63.10	Estate taxes	98 190.70	301 (b)	1926
(25)				348,868.50	53,575.59	60.52	Supreme Court decision—insurance company.	534 733.83	National Life Insurance Co. *v.* U. S., 277 U. S. 508.	
							Depletion, increase in allowance for.	113,346.83	234 (a) (9)	1918, 1921.
(26)		36,973.42		144,044.87	56,483.39	40.83	Invested capital	11,129.91	North Iowa Brick & Tile Co. *v.* Commissioner, 10 B. T. A. 1290.	
							Depreciation, increase in allowance for.	414.24	234 (a) (7)	1921
							Depreciation, increase in allowance for.	12,345.05	234 (a) (7)	1926.
							Depletion, increase in allowance for.	5,503.89	234 (a) (8)	1926.
(27)				16,718.33	9,653.01	82.06	Net loss sustained in 1924 and verified by field examiners against net income for the two succeeding years.*	57,717.93	206 (e)	1926.
							Minor deductions for ordinary and necessary business expense.*	919.80	234 (a) (1)	1926.
(28)				2,121,189.89	146,502.55	17.05	Depreciation, increase in allowance for.	436,074.41	234 (a) (7)	1918, 1921.
							Depreciation, increase in allowance for.	89,531.11	234 (a) (7)	1924, 1926.
							Affiliation	397.11	240	1926.
							Elimination of amounts representing interest added to construction account.*	115,118.54	O. D. 246 (C. B. 1, p. 212)	
(29)				2,205,815.78	42,697.52	9.86	Bonuses paid to employees *	10,285.95	234 (a) (1)	1924, 1926.
							Bond premium paid in purchasing own bonds for purpose of retiring them.*	4,453.84	Art. 545, regs. 65 and 39	
							Minor business expenses and costs of incidental repairs.*	21,401.44	Arts. 104 and 561, reg. 69	

* Miscellaneous classification.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP—continued

MAY, 1929—Continued

	Previously allowed	Barred by statute	Withheld deficiency	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue Act
(30)	$1,412.17			$2,926,987.93	$193,578.81	11.74	Special assessment	$184,250.74	327 and 328	1918.
							Depreciation on patents	198,067.73	Appeals of Union Met. Manufacturing Co. 1 B. T. A. 395; Nice Ballbearing Co. 5 B. T. A. 484.	
							Loss sustained from involuntary demolition of a building originally capitalized.*	4,613.63	Art. 142, reg. 45	
(31)				288,893.98		57.99	Invested capital	1,159.26	Art. 845, reg. 45, 1207	1926.
							Inventory adjustment	229,157.54	Arts. 1582 to 1584, incl., reg. 45.	
							Amortization	169,615.36	234 (a) (8)	1918.
(32)				335,592.31	53,413.87	46.62	Supreme Court decision—insurance company.	288,493.63	National Life Insurance Co. *v.* U. S., 277 U. S. 508.	
							Depreciation, increase in allowance for.	4,632.83	245 (a) (7)	1924, 1926.
(33)				16,027.30	6,958.95	89.37	Valuation; reduction in amount of of taxable profits reported from sale of assets, resulting from using value at date of decedent's death instead of cost to decedent.	134,715.19	702 (a)	1928.
(34)				65,168.11	172,553.44	81.06	Tax liability computed as a withholding agent at corporation rates instead of individual rates.*	278,934.47		
(35)				40,292.52	6,747.11	87.93	Decrease in taxable profit accruing in 1927 under a deferred-payment sale of oil leases in 1926.*	293,604.42	Art. 46, reg. 69	
(36)	18,177.98			339,391.02	23,033.93	36.57	Failure to include operating losses sustained in operation of a foreign branch.*	174,961.72	218 and 212	1918, 1921.
							Valuation; sale of property	2,248.83	202	1918.
							Increase in deduction for interest on indebtedness.*	317.66	214 (a) (2)	1918, 1921.
(37)			$10,015.06	1,490,864.26	22,076.81	6.34	Inventory adjustment	94,950.57	203	1918, 1921.
							Amortization	1,288.39	234 (a) (8)	1918.
							Depreciation, increase in allowance for.	1,490.78	234 (a) (7)	1918.
							Loss of useful value	1,437.32	234 (a) (4)	1918.
							Invested capital	1,824.06	Art. 838, reg. 45	
	630,525.82	$497,092.09	197,279.16	25,457,941.59	1,828,104.98			11,728,611.08		

* Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

JUNE, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Aetna Life Insurance Co	Hartford, Conn	1927	$74,605.38		$24,868.46	$99,473.84	$99,473.84
(2)	Atchison, Topeka & Santa Fe Ry. Co	Topeka, Kans	1921		$407,832.66		4,103,886.90	407,832.66
(3)	Grace, Michael P., estate of	New York	1917			147,675.81	303,948.35	147,675.81
(4)	Harbison Walker Refractories Co	Pittsburgh, Pa	1921 to 1925, inclusive	7,065.66		193,394.73	1,977,382.20	200,460.39
(5)	Monument Mills	Housatonic, Mass	1918	106,868.81	113,668.14	9,500.44	335,927.96	230,037.39
(6)	Penfield, Anne W. (Mrs.)	Philadelphia, Pa	1916 and 1917			88,801.16	212,969.46	88,801.16
(7)	Public Service Electric Co	Newark, N. J	1917			211,249.78	503,162.54	211,249.78
(8)	Reo Motor Car Co (1)	Lansing, Mich	1914 to 1918, inclusive	120,695.19	71,443.34	24,166.26	870,781.11	216,304.79
(9)	Strong Carlisle & Hammond Co. and subsidiaries. (2)	Cleveland, Ohio	1909 to 1915, inclusive; 1918 to 1920, inclusive.	76,310.70	612.83	85,238.43	797,168.22	162,161.96
(10)	Travelers Insurance Co	Hartford, Conn	1924			213,622.54	215,885.79	213,622.54
(11)	Truscon Steel Co	Youngstown, Ohio	1919, 1920, 1922, and 1923			79,741.22	526,474.99	79,741.22
	Total			385,545.74	593,556.97	1,078,258.83	9,947,061.36	2,057,361.54

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

	Name of taxpayer	Address	Years involved	Abatement	Credits	Refunds
(1)	Reo Motor Car Co	Lansing, Mich	1914 to 1918, inclusive	$110,575.05	$71,443.34	$23,927.42
	Reo Motor Car Co. (Inc.)	New York	1916 and 1917	10,120.14		155.52
	Do	Chicago, Ill	1917			83.32
(2)	Clark Manufacturing Co	Cleveland, Ohio	1918 and 1920			981.31
	Strong Carlisle & Hammond Co	do	1909 to 1912, inclusive; 1915 and 1918 to 1920, inclusive.	76,310.70	612.83	84,257.12

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP—continued

JUNE, 1929—Continued

	Previously allowed	Barred by statute	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)				$2,034.44	100.00	Supreme Court decision—Insurance company.	$99,473.84	National Life Insurance Co. *v.* U. S. (277 U. S. 508).	
(2)			$3,696,054.24	53,975.53	9.94	Excluding amounts received for use of railroad properties by Government.	213,663.53	Federal control act, Mar. 21, 1918.	
						Income of prior years excluded *	181,403.97	212 (b) 213, 232, 234 (a) (1)	1921.
						Amortization of cost of leaseholds *	8,809.19	234(a)(1)	1921.
						Depreciation, increase in allowance for	2,373.58	234(a)(7)	1921.
						Exclusion of nontaxable income	1,199.79	213(b)(4)	1921.
						Loss of useful value	382.60	234(a)(4)	1921.
(3)	$26,517.89		129,754.65	33,192.67	57.31	Expiration of statutory period of limitation.	147,675.81	607	1928.
(4)	1,377.97		1,775,543.84	55,106.31	10.21	Depreciation, increase in allowance for	154,733.45	234(a)(7)	1921, 1924, 1926.
						Depletion, increase in allowance for	14,047.88	234(a)(9)	1921.
						Reallocation of income	2,282.98	212, 232	1921 and 1924.
						Affiliation	3,219.13	240	1921.
						Exclusion of nontaxable income	5,366.32	213(b)(4)	1921.
						Loss on sale of capital assets	20,615.84	234(a)(4)	1924.
						Increase in operating expenses *	194.79	234(a)(1)	1921 and 1924.
(5)			105,890.57	19,717.73	68.48	Change in accounting period	170,653.13	212, 226, 232	1918.
						Inventory adjustment	53,451.46	Arts. 1581 to 1583 inclusive as amended by T. D. 3296; C. B. I-1 40.	
						Invested capital	5,932.80	326	1928.
(6)		$63,470.60	60,697.70	36,539.84	41.70	Loss on sale of capital assets	59,491.49	5(a)(4)	1916.
						Elimination of items not included in returns but erroneously added to reported income in a prior audit.*	28,076.00	2(a)	1916.
						Elimination of amounts representing normal tax paid by debtor corporation on bonds containing tax-free covenant clause.*	1,233.67	Pitney *v.* Duffy; 2 Fed. (2d) 230.	
(7)	40,881.77		251,030.99	140,223.55	50.11	Depreciation, increase in allowance for	160,232.96	12(a)(2d)	1916.
						Cost of repairs to leased properties *	51,016.82		
(8)	2,995.30		651,481.02	17,265.07	25.18	Invested capital	191,305.18	326(a)(2)	1918.
						Depreciation, increase in allowance for	11,378.57	12(a)(2d)	1916.
						Allocation of tax liability on consolidated returns.*	10,203.46	Art. 78, Reg. 41	
						Losses sustained in destruction of materials.*	3,417.58	284(c)	1926.

(9)	92,607.34		542,398.92	43,918.56	31.96	Invested capital	122,994.01	326 and 234(a)(7)	1918.
						Affiliation	29,497.01	240	1918.
						Inventory adjustment	9,670.94	Art. 1584, Reg. 45, as amended by T. D. 3296; C. B. 1-1 p. 40.	
(10)	2,263.25			50,952.62	100.00	Supreme Court decision—Insurance company.	47,210.58	National Life Insurance Co. *v.* U. S. (277 U. S. 508).	
						Exclusion of nontaxable income	166,411.96	245(a)(1)	1924.
(11)		1,886.15	444,847.62	38,317.19	15.15	Depreciation, increase in allowance for	20,263.67	234(a)(7)	1918.
						Adjustment resulting from mere book entries.*	29,874.16		
						Inventory adjustment	9,057.63	203	1918.
						Allowance for deduction of bad debts *	4,211.32	234(a)(5)	1918.
						Allowances as a deduction in 1922 of amount of net losses sustained in 1921.*	13,892.44	204	1921.
						Loss of useful value	1,473.02	234(a)(4)	1918.
						Exclusion of nontaxable income	906.36	213(b)(4) and 233(a)	1918.
						Amortization	62.62	Arts. 181 and 561, Reg. 45	
	$166,643.52	$65,356.75	$7,657,699.55	$491,243.51			$2,057,361.54		

* Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

JULY, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Baldwin Locomotive Works (1)	Philadelphia, Pa	1912 to 1924, inclusive, and 1926.	$638,592.21	$1,505,979.04	$1,628,106.50	$19,291,856.60	$3,772,677.75
(2)	General Electric Co. (1)	Schenectady, N. Y	1923 to 1925, inclusive		26,098.80	530,818.41	20,346,298.17	556,917.21
(3)	Insurance Co. of North America (a)	Philadelphia, Pa	1920 and 1921			188,455.54	342,788.52	188,455.54
(4)	Murphy, Margaret, estate of	do	1920			99,352.71	152,721.91	99,352.71
(5)	Mutual Life Insurance Co. of New York.	New York	1923 to 1925, inclusive			674,286.93	2,583,544.89	674,286.93
(6)	Nolde & Horst Co	Reading, Pa	1920 to 1922, inclusive			349,050.34	1,627,817.97	349,050.34
(7)	Phelps Dodge Corporation	New York	1919		237,536.64		269,270.89	237,536.64
(8)	United Publishers Corporation (b)	do	1919, 1921, and 1922	40,006.35		111,572.43	757,166.64	151,578.78
(9)	Western United Corporation (c)	Aurora, Ill	1920 to 1924, inclusive			75,946.87	155,139.60	75,946.87
	Total			678,598.56	1,769,614.48	3,657,589.73	45,526,605.19	6,105,802.77

(a) Includes excess interest collection of $11,976.61. (b) Includes excess interest collection of $663.20. (c) Includes excess interest collection of $4,551.48.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

JULY, 1929—Continued

	Name of taxpayer	Address	Year involved	Abatements	Credits	Refunds
(1)	Baldwin Locomotive Works	Philadelphia, Pa.	1912 to 1924, inclusive, and 1926.	$638,592.21	$1,505,979.04	$1,601,659.28
	Standard Steel Works Co.	do	1926			26,447.22

	Previously allowed	Barred by statute	Withheld deficiency	Final tax collected	Interest	Percent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)	$331,489.49			$15,187,689.36	$500,900.03	21.27	Expiration of statutory period of limitation.	$2,494,162.94	609	1928.
							Invested capital	27,223.65	Art. 845, Reg. 62	
							Depreciation, increase in allowance for.	343,435.71	234 (a) (7)	1918, 1921, 1924.
							Reallocation of income	237,110.85	212, 232	1918.
							Inventory adjustment	127,190.99	Art. 1582, Reg. 45	
							Duplicate assessment *	400,674.39		
							Additional allowances for ordinary business expenses.*	20,196.87	234 (a) (1), 213, 233	1918, 1921, 1924.
							Exclusion of nontaxable income.	12,324.46		
							Loss on sale of capital assets.	20,627.19	Art. 1561, Reg. 45, as amended.	
							Retirement of bonds *	8,829.47	Art. 544, Reg. 45, and Art. 545, Regs. 62 and 65.	
(2)				19,789,380.96	114,877.04	2.74	Affiliation	63,715.12	240	1918.
							Amortization	17,186.11	234 (a) (8)	1918.
							Depreciation, increase in allowance for.	29,657.94	234 (a) (7)	1924, 1926.
							Inventory adjustment	213,317.98	205	1924.
							Depreciation on patents	291,779.92	234 (a) (7)	1924, 1926.
							Exlcusion of nontaxable income.	489.96	213 (b) (4)	1924.
									233 (a)	1926.
							Affilitation	17,458.97	240 (b)	1921.
							Allowance of accrued State taxes.*	4,212.44	234 (a) (3)	1924.
(3)				154,332.98	71,634.14	54.98	Adjustment of losses incurred, but unpaid.*	158,284.69	246 (b) (6)	1921.
							Corrections of amounts reported to reflect items on accrual basis.*	18,194.24	212, 232	1918.
							Delinquency interest *	11,976.61		

							Valuation: Decrease in gain on sale of assets.	82,466.77	Art. 1563, Reg. 45	
(4)				53,369.20	19,831.07	65.05	Exclusion of nontaxable income.	15,043.10	Art. 1549, Reg. 45, as amended.	
							Reduction in income on account of taxes.*	1,842.84	Art. 31, Reg. 45	
(5)			$1,147,077.09	762,180.87	120,214.20	70.50	Supreme Court decision—Insurance company.	1,821,364.02	National Life Insurance Co. v. U. S. 277 U. S. 508.	
(6)				1,278,767.63	145,903.71	21.44	Invested capital	349,050.34	326	1921.
(7)				31,734.25		88.21	Depletion, increase in allowance for.	237,536.64	234 (a) (9)	1918.
(8)			[2] 306.05	605,281.81	28,342.11	20.06	Loss sustained on bonds of bankrupt corporation.*	151,221.63		
							Delinquency interest *	663.20		
(9)	134.48	$27,153.70		51,904.55	22,573.94	59.48	Depreciation, increase in allowance for.	71,395.39	234 (a) (7)	1921, 1924.
							Deliquency interest*	4,551.48		
	331,623.97	27,153.70	1,147,383.14	37,914,641.61	1,024,276.24			7,253,185.91		

* Miscellaneous classification.

[2] Pending investigation.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

AUGUST, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net overassessments allowed
(1)	Alien Property Custodian, trust No. 2749, William Schmeider.	Washington, D. C	1918	$83,934.19		$32,029.65	$222,321.62	$115,963.84
(2)	American Pipe & Construction Co. (a)	Philadelphia, Pa	1921 and 1922			110,798.64	130,410.71	110,798.64
(3)	Berger Manufacturing Co. (Inc.) (b)	Canton, Ohio	1917 and 1919			177,868.07	1,248,883.38	177,868.07
(4)	Black River Woolen Co	Ludlow, Vt	1917 and 1918			101,660.07	490,743.52	101,660.07
(5)	Bull, A. H., Steamship Co	New York	1917, 1920, and 1921		$251,546.73	28,149.44	1,450,283.28	279,696.17
(6)	Carbon Steel Co. (c)	Pittsburgh, Pa	1918 and 1919			243,584.77	5,097,173.46	243,584.77
(7)	Gans Steamship Line	New York	1919			163,971.67	1,078,087.76	163,971.67
(8)	Marathon Paper Mills Co	Rothschild, Wis	1917 and 1919	8,006.52	115,875.67		780,688.96	123,882.19
(9)	Nippon Yusen Kaisha	New York	1917			359,436.40	1,124,335.80	359,436.40
(10)	Sprunt, James, estate of (d)	Wilmington, N. C	1919 and 1921			119,308.44	213,291.49	119,308.44
(11)	Superior Oil Corporation	Lexington, Ky	1920			82,933.14	107,104.50	82,933.14
(12)	Symington Corporation	Baltimore, Md	1919			176,736.53	546,078.64	176,736.53
(13)	Ware Shoals Manufacturing Co. (e)	Ware Shoals, S. C	1918 to 1920, inclusive			143,726.59	1,645,840.24	143,726.59
	Total			91,940.71	367,422.40	1,740,203.41	14,135,243.36	2,199,566.52

(a) Includes excess interest collection of $6,138.20.
(b) Notices of refund to correct erroneous credits.
(c) Includes notice of refund of $237,085.43 to correct erroneous credit.
(d) Notices of refund to correct erroneous credits.
(e) Notices of refund of $66,739.80 to correct erroneous credits.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

AUGUST, 1929—Continued

	Previously allowed	Withheld deficiency	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)	$4,657.77		$101,700.01		54.26	Computing tax as provided by sec. 24 (c) of trading with the enemy act as amended.	$115,963.84		
						Valuation: Loss sustained on sale and other disposition of bonds, notes, and other property.	88,276.54	234 (a) (4) and 202	1921
						Depreciation, increase in allowance for	5,194.89	234 (a) (7)	1921
						Affiliation	7,307.16	240	1921
(2)			19,612.07	$34,216.01	84.96	Exclusion of amounts deposited by customers to obtain construction of water mains.*	3,881.85	(Appeal of Liberty Light & Power Co., 4 B. T. A. 155; Wisconsin Hydro-Electric Co. *v.* Comm., 10 B. T. A. 933.)	
						Delinquency interest*	6,138.20		
(3)	21,889.14		1,049,126.17	48,019.79	15.99	Expiration of statutory period of limitation.	177,868.07	607 and 609	1928
(4)			389,083.45	31,474.24	20.72	do	101,660.07	607	1928
						Special assessment	136,353.82	210	1917
(5)			1,170,587.11	12,507.99	19.29	Invested capital	43,370.50	326 (a) (3)	1918 and 1921
						Additional deductions of incidental repairs.*	99,971.85	234 (a) (1)	1918 and 1921
(6)	564,301.66	$203.47	4,289,083.56	95,935.78	15.85	Expiration of statutory period of limitation.	243,788.24	609	1928
						Special assessment	133,403.18	327 and 328	1918
(7)			914,116.09	35,357.71	15.21	Valuation: Losses incurred on sale of assets.	3,823.03	202	1918
						Contractual amortization*	26,745.46	234 (a) (7)	1918
						Special assessment	49,712.05	210	1917
						Inventory adjustment	44,361.24	13 (b)	1916
(8)			656,806.77	4,689.57	15.87	Invested capital	2,728.27	326	1918
						Accrual of State income and property taxes.*	27,080.63	12 (a) (4)	1916
(9)			764,899.40	236,258.03	31.97	Reallocation of income	359,436.40	10 (as amended by 1206 revenue act of 1917).	1916
(10)			93,983.05	62,371.20	55.94	Expiration of statutory period of limitation.	119,308.44	609	1928
						Depletion, increase in allowance for	36,667.17	234 (a) (9)	1918
(11)			24,171.36	38,917.65	77.43	Depreciation, increase in allowance for	9,371.32	234 (a) (7)	1918
						Affiliation	8,557.55	212 and 232	1918
						Sale of capital stock*	28,337.10	233	1918

(12)		104,253.54	265,088.57	93,745.17	32.36	Reallocation of income	153,063.28	(Art. 51, Reg. 62, and Arts. 714, 715, Reg. 45.)	
						Deduction for State franchise tax accrued to State of New York.*	127,926.79	(Appeal of Jamestown Worsted Mills, 1 B. T. A. 659.)	
(13)	202,107.80		1,300,005.85	42,611.77	21.01	Expiration of statutory period of limitation.	143,726.59	607, 609	1928
	792,956.37	104,457.01	11,038,263.46	736,104.91			2,304,023.53		

* Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

SEPTEMBER, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Crompton & Knowles Loom Works (a)	Worcester, Mass	1917, 1918, 1920, and 1921	$2,964.60	$61,717.66	$81,056.09	$2,627,157.82	$145,738.35
(2)	Electric Bond & Share Co	New York	1923 and 1925			102,854.94	2,526,992.91	102,854.94
(3)	Erie Railroad Co	do	1925			93,371.22	93,371.22	93,371.22
(4)	Jones, David H. E., estate of	do	1919		124,280.30		307,306.00	124,280.30
(5)	Los Angeles Gas & Electric Corporation.	Los Angeles, Calif	1923 and 1924		82,973.17	34,838.38	673,623.91	117,811.55
(6)	Manufacturers' Light & Heat Co. (b)	Pittsburgh, Pa	1918 and 1919			81,005.90	728,551.42	81,005.90
(7)	McCord Co. and subsidiary	Chicago, Ill	1917, 1918, and 1919			101,316.38	396,801.79	101,316.38
(8)	Reo Motor Car Co. and subsidiaries	Lansing, Mich	1920			91,508.30	2,467,833.45	91,508.30
(9)	Studebaker Corporation	South Bend, Ind	1925 and 1926		24,183.43	106,948.04	4,007,093.59	131,131.47
	Total			2,964.60	293,154.56	692,899.25	13,828,732.11	989,018.41

(a) Includes excess interest collection of $5,882.34.

(b) Notices of refund to correct erroneous credits.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

SEPTEMBER, 1929—Continued

	Previously allowed	Barred by statute	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)	$272,990.72	$20,542.49	$2,187,886.26	$45,105.21	15.94	Invested capital	$64,992.77	207	1917
								326	1918, 1921
						Depreciation on patents	71,870.69	12 (a) second act	1916
								234 (a) (7)	1918, 1921
						Additional ordinary and necessary expenses *	8,874.89	234 (a) (1)	1918, 1921
(2)			2,424,137.97	20,780.49	4.07	Loss on sale of capital assets	29,804.04	202 (c) (1)	1921
						Exclusion of nontaxable income	73,050.90	203 (d) (2)	1926
(3)				17,765.79	100.00	Depreciation, increase in allowance for	40,317.69	234 (a) (7)	1926
						Correction of accounting errors *	45,966.66	213 and 233	1926
						Amortization of bond discount *	6,162.50	Art. 545, Reg. 69	
						Additional rental as lessee of four subsidiary railroads.*	924.37	Art. 110, Reg. 69	
(4)			183,025.70		40.44	Business income overstated *	88,880.91		
						Decrease in distributive share of partnership income.*	35,381.97	Arts. 111 and 322, Reg. 45	
						Tax paid at the source *	17.42	Duffy *v.* Pitney, 2 Fed. (2d) 230.	
(5)	16,582.65		539,229.71	29,798.12	19.95	Depreciation, increase in allowance for	115,889.72	234 (a) (7)	1921, 1924
						Accrued local taxes capitalized on the books and not deducted from income.*	1,921.83	234 (a) (3)	1921, 1924
(6)	42,104.63		605,440.89	47,369.69	11.12	Expiration of statutory period of limitation	81,005.90	609	1928
(7)	100,000.00		195,485.41	63,124.94	50.73	Affiliation	52,092.43	240	1918
								1331	1921
						Foreign taxes	8,880.23	238	1918
						Inventory adjustment	11,714.07	Arts. 1581 to 1584 inclusive, Reg. 45.	
						Amortization	9,628.71	234 (a) (8)	1918
						Overstated income eliminated *	11,812.73		
						Contractual amortization *	6,880.55	Frost Manufacturing Co. *v.* Commissioner, 13 B. T. A. 802.	
						Ordinary and necessary business expenses incurred but not claimed as deductions.*	307.66	234 (a) (1)	1918
(8)	95,724.46		2,280,600.69	44,775.62	3.71	Inventory adjustment	54,384.38	Art. 1582, Reg. 45	
						Invested capital	37,123.92	326	1918
(9)			3,875,962.12	14,514.92	3.27	Bonuses to employees *	130,951.58	234 (a) (1)	1926
						Correction of mathematical error *	179.89		
	527,402.46	20,542.49	12,291,768.75	283,231.78			989,018.41		

*Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

OCTOBER, 1929

	Name of taxpayer	Address	Years involved	Abatementss	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	American Linseed Co. and subsidiaries	New York	1920		$360.48	$428,185.03	$748,444.17	$428,545.51
(2)	Balaban & Katz Corporation (1)	Chicago, Ill	1923		122,845.03		183,741.55	122,845.03
(3)	Butler Bros.(a)	do	1918			140,472.00	1,600,348.65	140,472.00
(4)	Chicago, Burlington & Quincy R. R. Co.(2)	do	1917 to 1920, and 1922	$157,045.42	1,398,465.70	140,245.01	14,980,698.03	1,695,756.13
(5)	Consolidated Coal Co. of St. Louis	St. Louis, Mo	1918	16,943.10	921,322.37		1,548,344.30	938,265.47
(6)	Crown Cork & Seal Co.(b)	Baltimore, Md	1917 and 1918			180,988.30	1,345,297.47	180,988.30
(7)	Goss Printing Press Co.(c)	Chicago, Ill	1920 and 1921	81,347.58	14,206.00	14,313.76	564,355.82	109,867.34
(8)	Kolb, Frank C	Merion, Pa	1926		168,031.57		178,821.04	168,031.57
(9)	Penfield, Anne W. (Mrs.)	Philadelphia, Pa	1918, 1922, and 1923			159,782.44	443,460.43	159,782.44
(10)	Semet-Solvay Co	New York	1917			152,100.04	2,011,848.77	152,100.04
(11)	Strong, Henry G., estate of (3) (d)	Rochester, N. Y	1923			114,600.62	178,588.77	114,600.62
(12)	Western Union Telegraph Co	New York	1921 and 1923			129,276.89	2,523,386.78	129,276.89
	Total			255,336.10	2,625,231.15	1,459,964.09	26,307,335.78	4,340,531.34

(a) Notice of refund to correct erroneous credit.
(b) Notices of refund to correct erronous credits.
(c) Includes excess interest collection of $53.64.
(d) Includes excess interest collection of $1,074.25.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds
(1)	Balaban & Katz Corporation (Delaware)	Chicago, Ill	1923		$120,453.46	
	Second National Pictures of Illinois (Inc.)	do	1923		2,391.57	
(2)	Chicago, Burlington & Quincy R. R. Co	do	1917 to 1920 and 1922	$100,868.56	1,398,465.70	$140,214.78
	Spokane, Portland & Seattle Ry. Co	Portland, Oreg	1917	56,176.86		
	St. Louis & Kansas City Land Co	St. Louis, Mo	1917			30.23
(3)	Strong, Henry G., estate of	Rochester, N. Y	1923			108,499.36
	Pritchard H. Strong Trust	do	1923			6,101.26

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP—continued

OCTOBER, 1929—Continued

	Previously allowed	Barred by statute	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)			$319,898.66	$218,094.62	59.87	Inventory adjustment	$364,204.59	203	1918
						Depreciation, increase in allowance for	51,902.38	234 (a) (7)	1918
						Amortization	7,313.72	234 (a) (8)	1918
						Affiliation	660.42	240	1918
						Operating expenses *	4,464.40	234 (a) (1) (2)	1918
(2)			60,896.52	34,226.05	66.86	Affiliation	122,375.27	240	1921
						Depreciation, increase in allowance for	469.76	234 (a) (8)	1921
(3)	$42,415.09		1,417,461.56	50,339.01	11.43	Expiration of statutory period of limitation	140,472.00	609	1928
(4)	1,063,870.16		12,221,071.74	531,966.70	18.42	Affiliation	258,770.53	240	1918
						Excluding amounts received for use of railroad properties by Government.	1,231,983.89	Federal control act of Mar. 21, 1918.	
						Adjustment of expenses on accrual basis of accounting.*	143,978.52		
						Amortization of bond discount *	1,950.01	G. C. M. 3832 (C. B. VII-1, p. 123.	
						Exclusion of nontaxable income	2,896.32	Columbia Theatre Co., 3 B. T. A. 622.	
						Exclusion from income of interest accrued on bonds but not received.*	56,176.86	I. R. B. VII-46, p. 1	
(5)			610,078.83	9,419.90	60.60	Change in accounting period	938,265.47	212, 226, 232	1918
(6)	163,423.60		1,000,885.57	71,773.18	22.27	Expiration of statutory period of limitation	180,988.30	607, 609	1928
(7)	130.41		454,358.07	5,595.51	19.49	Invested capital	3,079.97	326	1921
						Income received from Government contracts executed subsequent to Nov. 11, 1918.*	106,787.37	301 (c)	1918
(8)			10,789.47	21,942.43	93.97	Reallocation of income	168,031.57	212 (b)	1926
(9)		$43,515.11	240,162.88	64,668.11	27.75	Valuation, sale of property	69,256.93	202	1921
						Depreciation, increase in allowance for	39,038.43	214 (a) (1)	1918
						Exclusion of nontaxable income	51,487.08	213 (a) 204	1918, 1921
(10)		489,120.49	1,370,628.24	54,756.01	7.56	Invested capital	152,100.04	207	1917
(11)			63,988.15	18,584.56	64.17	Transfer of distributable income under a testamentary trust which had originally been taxed to decedent's estate to beneficiaries under the will.*	108,499.36	219 (a)	1921
						Elimination of dividends which had previously been reported as income and taxed at rates applicable thereto.*	6,101.26	219 (b)	1921
(12)		7,432.36	2,386,677.53	19,170.16	5.12	Business expenses *	108,539.60	234 (a) (1) (2) (3)	1921
						Exclusion of nontaxable income	20,737.29	234 (a) (6)	1921
	1,269,839.26	540,067.96	20,156,897.22	1,100,536.24			4,340,531.34		

* Miscellaneous classification.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

NOVEMBER, 1929

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds	Original and additional assessments	Net over-assessments allowed
(1)	Central Steel Co.[a]	Massillon, Ohio	1917			$315,709.47	$1,284,037.70	$315,709.47
(2)	Eno, Amos F., estate of	New York	1916 to 1922, inclusive			239,979.85	960,809.27	239,979.85
(3)	Export Leaf Tobacco Co	do	1917 and 1918			90,023.16	1,375,665.82	90,023.16
(4)	Frick, Henry C., estate of	Pittsburgh, Pa	1919			86,807.25	113,477.28	86,807.25
(5)	Genesee Pure Food Co	Le Roy, N. Y	1918 to 1921, inclusive	$82,020.68	$17,702.59	72,666.94	2,033,601.18	172,390.21
(6)	Libby, McNeill & Libby (of Maine)	Chicago, Ill	1917		106,036.15		3,091,190.23	106,036.15
(7)	Frank J. Mackey Trust	do	1920			152,522.05	261,911.01	152,522.05
(8)	Middle States Oil Co. and subsidiaries (1)	New York	1920 to 1922, inclusive	3,963,717.38		357,051.26	5,698,201.29	4,320,768.64
(9)	Philadelphia Electric Co	Philadelphia, Pa	1924 to 1927, inclusive			775,023.36	4,965,532.54	775,023.36
(10)	Pittsburgh Steel Co. and subsidiaries (2)	Pittsburgh, Pa	1918		281,635.56	7,705.42	734,115.63	289,340.98
(11)	Southern Pacific Co	New York	1918 to 1921, inclusive		687,820.95		12,946,865.05	687,820.95
(12)	State Mutual Life Assurance Co.[b]	Worcester, Mass	1924, 1926, 1927			224,846.53	442,965.54	224,846.53
(13)	Steigerwalt, William H., estate of	Philadelphia, Pa	1925			97,984.35	237,390.18	97,984.35
(14)	Travelers Insurance Co	Hartford, Conn	1925 and 1927	121,606.50		190,261.58	311,868.08	311,868.08
	Total			4,167,344.56	1,093,195.25	2,610,581.22	34,457,630.80	7,871,121.03

[a] Notices of refund to correct payments made after expiration of statute.

[b] Includes excess interest collection of $238.25.

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

	Name of taxpayer	Address	Years involved	Abatements	Credits	Refunds
(1)	Central States Oil & Gas Co	New York	1920 and 1921	$9,617.03		
	Corona Oil Co	do	1921	11,953.81		
	Cotton Belt Petroleum Co	do	1922	131,472.68		
	Eureka Producing Co	do	1921	165,025.00		
	Imperial Oil Corporation	do	1921	696,219.77		
	Lealy Oil Co	do	1920 and 1921	58,259.72		
	Middle States Oil Corporation	do	1921 and 1922	2,207,228.72		$357,051.26
	Oliphant Petroleum Co	do	1920 and 1921	39,583.01		
	Peters-Lealy Oil Co	do	1920 and 1921	11,262.86		
	Texas Chief Oil Co	do	1921	611,741.60		
	Wichita Petroleum Co	do	1921	21,353.15		
(2)	Monessen Coal & Coke Co	Pittsburgh, Pa	1918		$5,628.79	
	Pittsburgh Steel Co	do	1918		276,006.77	
	Pittsburgh Steel Ore Co	do	1918			7,705.42

DISTRIBUTION OF ABOVE ABATEMENTS, CREDITS, AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP—continued.

NOVEMBER, 1929—Continued

	Previously allowed	Barred by statute	Withheld deficiency	Final tax collected	Interest	Per cent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)				$968, 328. 23	$83, 870. 60	43. 65	Expiration of statutory period of limitation.	$315, 709. 47	607	1928
(2)	$316, 385. 45	$2, 754. 29		401, 689. 68	130, 074. 85	57. 91	Redetermination of amount of income of residue of estate payable to exempt corporation.*	239, 979. 85	Bowers *v.* Slocum et al. (20 Fed. (2d) 350.)	
(3)	124, 831. 78	3, 178. 50		1, 157, 632. 38	53, 785. 75	15. 62	Invested capital	31, 642. 90	207	1917
							Exclusion from income of gain realized from involuntary conversion of a steamship.*	58, 380. 26	234 (a) (14)	1921
(4)	20, 506. 50			6, 163. 53	49, 105. 24	94. 57	Exclusion of dividends erroneously included in return.*	79, 693. 63	Nichols *v.* U. S. (64 Court Claims 241).	
							Loss sustained from sale of stock rights.*	7, 113. 62	T. D. 4145	
(5)				1, 861, 210. 97	7, 164. 97	8. 48	Special assessment	172, 390. 21	327, 328	1918, 1921
(6)	964, 433. 31	5, 364. 10	$53, 191. 52	1, 962, 165. 15	72, 540. 35	34. 63	Affiliation	159, 227. 67	Swift & Co. of West Virginia *v.* U. S. (66 Ct. Claims, decided Mar. 18, 1929.)	
(7)	109, 388. 96				31, 759. 67	100. 00	Redetermination of tax liability as a trust.*	152, 522. 05	704	1928
(8)	1, 347, 268. 63	13, 215. 78		16, 948. 24	96, 238. 56	99. 47	Depletion, increase in allowance for.	533, 820. 97	234 (a) (9)	1918, 1921
							Depreciation, increase in allowance for.	99, 721. 49	234 (a) (7)	1918, 1921
							Recomputation of excess-profits tax.*	8, 602. 86	301	1918
							Restatement of gross income *	3, 316, 515. 28	213	1918, 1921
							Reversing assessments *	296, 497. 68	G. C. M. 2774; C. B. VII-1 p. 196.	
							Operating expenses *	64, 029. 73	Art. 223, Regs. 45 and 62	
							Loss sustained *	1, 580. 63	204	1918
(9)	241, 187. 99			3, 949, 321. 19	107, 598. 53	20. 47	Loss of useful value	556, 489. 61	234	1924, 1926
							Depreciation, increase in allowance for.	193, 229. 97	234 (a) (7)	1926
							Expenses in connection with retirement of bonds.*	25, 303. 78	Art. 545, Reg. 69	
(10)			234, 109. 70	210, 664. 95	51, 931. 32	39. 41	Change in accounting period	367, 057. 81	212, 226, 232	1918
							Depletion, increase in allowance for.	72, 471. 36	234 (a) (9)	1918
							Amortization	58, 131. 28	234 (a) (8)	1918
							Invested capital	2, 198. 49	326	1918
							Loss of useful value	23, 591. 74	234 (a) (4)	1918

							Reallocation of income	545,669.87	212, 213, 232, 233	1918, 1921
							Depreciation, increase in allowance for.	32,212.85	234 (a) (7)	1918, 1921
							Depletion, increase in allowance for.	3,192.56	234 (a) (9)	1918, 1921
(11)	14,534.43		1,158,299.96	[2] 11,086,209.71	254,306.80	5.96	Affiliation	32,988.80	240	1921
							Tax paid by Director General of Railroads.	67,843.56	230 (b)	1918
							Miscellaneous operating expenses.*	5,913.31	234 (a) (1)	1918
							Supreme Court decision—insurance company.	216,541.39	National Life Insurance Co. *v.* U. S.	
(12)				218,119.01	35,367.85	50.76	Exclusion of nontaxable income	8,066.89	245 (a) (1)	1924
							Delinquency interest *	238.25		
(13)	46,189.69			93,216.14	11,035.99	60.72	Estate tax (gift held not to be in contemplation of death).	97,984.35	203 (c)	1924
							Exclusion of nontaxable income	311,234.11	245 (a) (1) (2)	1926
(14)					34,531.44	100.00	Taxable under provisions sec. 230, revenue act 1926.*	633.97	G. C. M. 5609 (I. R. B. VIII-3-6.)	
	3,184,726.74	24,512.67	1,445,601.18	21,931,669.18	1,019,311.92			8,158,422.25		

* Miscellaneous classification.

[2] Charged to Director General of Railroads.

Refunds and credits reported to the Joint Committee on Internal Revenue Taxation by the Commissioner of Internal Revenue under the provisions of section 710 of the revenue act of 1928—Continued

DECEMBER, 1929

	Name of taxpayer	Address	Years involved	Abatments	Credits	Refunds	Original and additional assessments	Net overassessments allowed
(1)	Air Nitrate Corporation	New York	1917 to 1919, inclusive			$178,411.97	$576,663.14	$178,411.97
(2)	Allied Chemical & Dye Corporation	do	1921		$73,620.22	34,244.25	785,760.11	107,864.47
(3)	American Maize Products Co	do	1917			92,311.21	320,285.64	92,311.21
(4)	Barber & Co. (1)	do	1917	$22,945.61		89,686.66	1,134,011.35	112,632.27
(5)	Central Steel Co.[a]	Massillon, Ohio	1918 and 1919			434,256.42	2,061,670.85	434,256.42
(6)	Columbus Dental Manfacturing Co	Columbus, Ohio	1918 and 1919			89,673.44	320,463.53	89,673.44
(7)	Dodge, Horace E., estate of	Detroit, Mich	1920			388,820.96	8,879,073.28	388,820.96
(8)	Flinn, William, estate of	Pittsburgh, Pa	1921			147,823.64	1,747,399.08	147,823.64
(9)	Home Life Insurance Co	New York	1923, 1925, and 1926			76,007.52	211,955.79	76,007.52
(10)	Metropolitan Life Insurance Co	do	1922			771,848.64	1,483,529.73	771,848.64
(11)	The Pullman Co	Chicago, Ill	1919 to 1921, inclusive			642,892.84	5,327,379.70	642,892.84
(12)	Schoonmaker, James M., estate of	Sewickley, Pa	1927	99,163.22		246,779.94	444,281.44	345,913.16
(13)	Tobacco Products Corporation	New York	1918 and 1919			88,427.11	1,870,874.76	88,427.11
(14)	Utah Power & Light Co	Salt Lake City, Utah	1923 and 1924		72,363.58	92,161.95	489,058.50	164,525.53
	Total			122,108.83	145,983.80	3,373,346.55	25,652,406.90	3,641,439.18

[a] Notices of refund to correct erroneous credit.

DISTRIBUTION OF ABOVE ABATEMENTS AND REFUNDS IN CASES WHERE APPORTIONMENT HAS BEEN MADE TO MEMBERS OF AN AFFILIATED GROUP

DECEMBER, 1929—Continued

	Name of taxpayer	Address	Years involved	Abatements	Refunds
(1)	Barber & Co. (Inc.)	New York	1917		$59,559.06
	Barber Steamship Lines	do	1917		30,127.60
	New Yor & Oriental Steamship Co. (Inc.)	do	1917	$22,945.61	

	Previously allowed	Barred by by statute	Final tax collected	Interest	Percent tax reduction	Causes of overassessments	Amount	Section	Revenue act
(1)			$398,251.17	$104,203.85	32.32	Affiliation	$178,411.97	1331	1921
						Depreciation, increase in allowance for	35,122.41	234 (a) (7)	1921
						Loss of useful value	32,348.41	234 (a) (4) and (7)	1921
						Inventory adjustment	18,321.49	203	1921
						Depletion, increase in allowance for	247.91	234 (a) (9)	1921
(2)	$157,152.02		520,743.62	43,399.00	33.73	Contractual amortization*	8,768.66	234 (a) (7)	1921
						Amortization on bond discount*	14.32	233 (a)	1921
						State franchise and miscellaneous local taxes*	603.37	234 (a) (3)	1921
						Exclusion of income determined to be mere book entries*.	2,293.13	Corn Exchange Bank v. Commission, 6 B. T. A. 158	
						Adjustment of reserves*	10,144.77	234 (a) (1) (3) (5)	1921
(3)	12,149.66		215,824.77	36,766.41	32.61	Expiration of statutory period of limitation	92,311.21	607	1928
(4)	172.03		1,021,207.05	57,605.01	9.95	Special assessment	112,632.27	210	1917
(5)	152,118.03		1,475,296.40	224,284.51	28.44	Expiration of statutory period of limitation	434,256.42	609	1928
(6)	28,232.72		202,557.37	34,483.24	36.79	Special assessment	89,673.44	327 and 328	1918
(7)		$5,250.00	8,485,002.32	166,782.88	4.38	Estate tax	388,820.96	402 (a)	1918
(8)			1,599,575.44	19,289.97	8.46	do	147,823.64	403 (a) (1)	1921
(9)			135,948.27	19,784.39	35.86	Supreme Court decision—Insurance company	71,778.72	National Life Insurance Co. v. U. S. 48 Sup. Ct. 591.	
						Depreciation, increase in allowance for	1,723.90	245 (a) (7)	1926
						Exclusion of nontaxable income	2,504.90	245 (a) (8)	1921, 1926
(10)			711,681.09	285,153.50	52.03	do	771,848.64	213 (b) (4)	1921
						Reallocation of income	212,526.14	212, 213, 232, 233	1918, 1921
						Invested capital	48,628.07	326	1918
						Affiliation	106,964.44	240	1921
						Arbitrary assessment*	250,757.37		
(11)	172,162.80 [2] 264,131.50	58,259.61	4,189,932.95	238,429.32	20.26	Exclusion of tax paid by Director General of Railroads.	9,770.67	Appeal of New York, Ontario & Western R. R. Co. 1 B. T. A. 1172.	
						Change in tax rates during period of Federal control.	12,855.96		
						Exclusion of compensation for use of properties pursuant to Federal control act of Mar. 21, 1918.	1,390.19	Great Northern Ry. Co. v. Commission, 8 B. T. A. 225.	

(12)			98,338.28	19,076.42	77.87	Inheritance taxes paid to States of Pennsylvania and Maine.	345,943.16	301 (b)	1926
(13)			1,782,447.65	20,794.90	4.73	Invested capital	88,427.11	326	1918
(14)			324,532.97	44,955.53	33.64	Depreciation, increase in allowance for	164,525.53	234 (a) (7)	1921, 1924
	786,118.76	63,509.61	21,161,339.35	1,315,107.93			3,641,439.18		

* Miscellaneous classification.
[1] Charged to Director General of Railroads.

Summary and classification of overassessment cases for the period January 1, 1929, to December 31, 1929, inclusive; total cases, 180

Original and additional assessments		$303, 948, 806. 23	
Previously allowed	$10, 573, 433. 72		
Charged to Director General of Railroads	1, 422, 431. 46		
Total tax collected	225, 440, 763. 95		
		237, 436, 629. 13	
Overassessments		66, 512, 177. 10	
Barred by statute	$1, 686, 774. 81		
Withheld deficiency	2, 039, 479. 78		
		3, 726, 254. 59	
Net overassessments allowed			$62, 785, 922. 51
Composed of:			
Refunds		$38, 203, 521. 84	
Credits		15, 969, 125. 14	
Abatements		8, 613, 275. 53	
			62, 785, 922. 51
Interest paid on overassessments			12, 886, 965. 66
Total of overassessments allowed and interest			75, 672, 888. 17
Reduction in original tax by net overassessments reported (per cent)			20. 66
Average percentage of interest paid on net overassessments (per cent)			20. 53

Classification of overassessments

Principal cause	Amount	Per cent of total
Supreme Court decision, insurance company	$7, 431, 348. 33	11. 46
Expiration of statute	5, 826, 388. 37	8. 99
Depreciation	5, 114, 991. 84	7. 89
Inventory adjustment	3, 973, 356. 87	6. 13
Payments made by Alien Property Custodian	3, 378, 232. 75	5. 21
Affiliation	2, 863, 277. 53	4. 42
Reallocation of income	2, 679, 431. 03	4. 13
Special assessment	2, 617, 706. 97	4. 04
Invested capital	2, 279, 938. 56	3. 52
Change in accounting period	2, 080, 387. 15	3. 21
Estate taxes	2, 050, 097. 92	3. 16
Guaranty period settlements	1, 654, 842. 36	2. 55
Amortization	1, 502, 326. 29	2. 32
Exclusion of nontaxable income	1, 446, 182. 93	2. 23
Depletion	1, 255, 855. 92	1. 94
Court judgments	1, 186, 705. 13	1. 83
Loss of useful value	747, 646. 12	1. 15
Valuations	688, 675. 90	1. 06
Foreign taxes	166, 849. 39	. 26
Gain or loss on sale of capital assets	137, 124. 69	. 21
Miscellaneous	15, 744, 036. 23	24. 29
Total overassessments	64, 825, 402. 29	100. 00
Withheld to meet possible deficiencies	2, 039, 479. 78	----------
Net overassessments allowed	62, 785, 922. 51	----------

EXPLANATION OF CAUSES OF OVERASSESSMENTS

SUPREME COURT DECISION, INSURANCE COMPANIES

It appears from the classification of the overassessments of tax made in the calendar year 1929 that $7,431,348.33, nearly 12 per cent, is the result of a decision of the United States Supreme Court in the case of the National Life Insurance Co. *v.* United States (274 U. S. 734). In that opinion the Supreme Court held that section 245 (a) (2) of the revenue act of 1921 was unconstitutional in so far as it undertook to reduce the deduction of 4 per cent of the mean of the reserve funds required by law and held during the taxable year by the amount of interest received exempt from taxation, which interest is allowed as a deduction from gross income under the provisions of section 245 (a) (1) of that act.

It has been estimated this will occasion total refunds with interest of $36,000,000 besides an annual loss in revenue of about $8,000,000. The relief from taxation enjoyed by these companies as the result of this decision has been made the subject of a special report. (See Preliminary Report on Federal Taxation of Life Insurance Companies.)

EXPIRATION OF STATUTE

Overassessments amounting to $5,826,388.37 were caused by the collection of deficiencies in tax after the expiration of the statutory period provided therefor. No claim in abatement staying collection of the deficiencies in tax beyond the statutory period having been filed, the payments made constitute overpayments within the purview of sections 607 and 609 of the revenue act of 1928.

DEPRECIATION

The allowance of depreciation ranks third as the cause of overassessments, representing $5,114,991.84 in overassessments out of a total of $62,785,922.51. The principal difficulties encountered are March 1, 1913 valuations and rates of depreciation. In many cases lump sums for depreciation are estimated and at a later date more scientific rates based on the life and extent to which depreciable assets were actually used during the particular taxable year are applied resulting in additional allowances.

INVENTORY ADJUSTMENT

The revision of reported valuations of opening and closing inventories is responsible for $3,973,356.86 of the overassessments reported. The most frequent reasons for these adjustments are changes from a cost to a market basis whichever is lower as permitted by the regulations.

PAYMENTS MADE BY ALIEN PROPERTY CUSTODIAN

Overassessments aggregating $3,378,232.75 are caused by the elimination of erroneous assessments whereby tax was assessed against the wrong party in interest and paid by the Alien Property Custodian. Settlement is in accordance with section 24 (f) of the trading with the enemy act, as amended.

AFFILIATION

The sixth important cause of overassessments lies in the application of the consolidated returns provision.

Under section 1331 of the revenue act of 1921, retroactive to the calendar year 1917, and section 240 of the revenue act of 1918 the filing of consolidated returns was mandatory. Under section 240 of the revenue act of 1921, and corresponding sections of subsequent acts, the filing of such returns has been optional.

The determination as to which companies were affiliated within the meaning of the statute, how consolidated income and invested capital were to be determined, and the gain or loss on disposition of assets have contributed to the many difficulties encountered.

REALLOCATION OF INCOME

Approximately 4.13 per cent of all overassessments were due to the shifting of deductions for expenses and income to the year in which they were actually incurred and accrued.

SPECIAL ASSESSMENTS

Overasessments aggregating $2,617,706.97 are caused by the special assessment provisions (section 210 of the revenue act of 1917 and sections 327 and 328 of the revenue acts of 1918 and 1921).

These sections are relief provisions designed to alleviate the severity of the excess profits tax in certain cases. They have no application to years subsequent to 1921. The provisions themselves are indefinite and obscure. It will be noted, however, that this is now a minor cause of overassessments instead of a major cause, as in the case of the first refund report.

INVESTED CAPITAL

Invested capital, section 326, also ineffective since 1921, represents $2,279,938.56 in overassessments. Some of the complications encountered in the determination of invested capital are disclosed by the necessity, in some instances, of determining the cash value of property donated by stockholders, the value of tangible and intangible property paid in for stock, the correct amount of surplus earned for prior years, and restatement of the reserves to reflect proper adjustments and restorations to invested capital.

ESTATE TAXES

One of the causes of overassessments are adjustments in the estate taxes. These adjustments are of various kinds but are principally due

to the credit of State inheritance taxes paid after the Federal return was made, the revaluation of the real or personal property, and to additional administrative expenses not shown on the original return.

GUARANTY PERIOD SETTLEMENTS

Overassessments in the amount of $1,654,842.36 are due to adjustments in connection with accounting for income during the so-called guaranty period, that is, the period from March 1, to August 31, 1920, when income of the carriers was guaranteed in accordance with the provisions of section 209 of the transportation act of 1920.

CHANGE IN ACCOUNTING PERIOD

The overassessment of $2,080,387.15 is caused by adjustment of the tax liability where change is made from a calendar to a fiscal year year basis or vice versa.

AMORTIZATION

The allowance of increased deductions for amortization of war facilities under the provisions of section 234 (a) (8) of the revenue act of 1918 is responsible for $1,502,326.29 in overassessments. The amounts allowed have been determined after extensive examinations of the taxpayer's records and of the properties involved by Bureau engineers. The provision is also one which does not affect years subsequent to 1921.

EXCLUSION OF NONTAXABLE INCOME

This classification consists principally of the exclusion of Liberty bond interest nontaxable under the provisions of the revenue acts.

DEPLETION

Additional allowances for depletion due to inadequate deductions claimed in returns as authorized by sections 234 (a) (9) of the revenue acts of 1918 and 1921 and articles 201 and 561 of Regulations 45 and 62 caused $1,255,855.92 in overassessments. This is another question of valuation based on judgment, the inherent defects of which, for tax purposes, are apparent. These may be stated as, (1) lack of uniformity in computing depletion, due to the exercise of individual judgment; (2) lapse of time between the basic date and the examination of the return; (3) inability to secure sufficient evidence to establish a correct valuation; (4) excessive expense to both Government and taxpayer. Methods of simplification proposed by the staff of the joint committee are contained in a preliminary report on depletion recently published for public examination and analysis.

COURT JUDGMENT

A number of overassessments result from court judgments in the particular case. The real bases of the refunds are, of course, of a miscellaneous character.

LOSS OF USEFUL VALUE

These allowances are made after consideration of all relevant facts and circumstances such as depreciated costs of properties and the loss and time of abandonments (sections 234 (a) (4) revenue acts of 1924 and 1926).

VALUATIONS

Under this caption have been grouped overassessments resulting from the revaluation of assets which affected income or deductions from income.

FOREIGN TAXES

Of the total overassessments, $166,849.39 represents the amount due to the crediting of foreign taxes against Federal taxes.

In many instances, at the time of filing consolidated returns, no credit for taxes paid to foreign countries was claimed or deducted due to inability of the taxpayer to obtain definite information and receipts therefor from the withholding corporation in the foreign countries. If such taxes were paid, the credits were made subsequent to the filing of the original return.

GAIN OR LOSS ON SALE OF CAPITAL ASSETS

The overassessments in these cases are caused by overstatements of taxable gain, or by the elimination of profit reported on sale of certain assets, or by the increase of the capital loss originally reported.

MISCELLANEOUS

The cases included in this caption are of such diversified character that they are not assignable to any of the groupings of major classes listed in the tabulation.

CONCLUSION

The total overassessments plus interest allowed in cases of $75,000 each amounted to $75,672,888.17 for the calendar year 1929. The rate of refundment with interest was, therefore, $6,306,074.02 per month. Similar overassessments and interest allowed for the 7-month period, June 1, 1928, to December 31, 1928, amounted to $106,569,-893.99, the monthly rate of refundment for this period being $15,-224,270.57. This comparison indicates a decrease in the rate of refundment with interest of nearly 58 per cent per month for the period covered by this report.

An analysis of all overassessments reported for the calendar year 1929 shows that $44,479,583.49 of the total overassessments, or 70.84 per cent, were made on account of taxes in the excess profit tax years up to and including 1921, leaving a balance of $18,306,339.02 applicable to the years subsequent thereto. A combined analysis made for overassessments reported for the period June 1, 1928, to December 31, 1928, and March 1, 1927, to April 24, 1928, showed that 83 per cent of the total overassessments reported involved the excess profits tax years.

Part I, certified correct by

W. L. Tucker, *Auditor.*

PART II

GENERAL SURVEY OF OVERASSESSMENTS

PART II

GENERAL SURVEY OF OVERASSESSMENTS

The total refunds, shown in detail in Part I, amount to $38,203,-521.84; the total credits amount to $15,969,125.14; and the total abatements in connection with the same cases amount to $8,613,-275.33. The total net overassessments reported to the committee during the calendar year 1929 which were subsequently paid, credited, or abated amounted to the sum of the above three items, or to $62,785,922.51. On these overassessments, the sum of $12,886,965.66 was allowed in interest, making a grand total of overassessments and interest of $75,672,888.17.

In addition to the above there was reported to the committee three overassessments totaling $1,304,438.91 which have not been paid. The refund in one of these cases was withheld on the initiative of the commissioner on account of a proposed deficiency. The second case is being recomputed, and the third case is being reviewed, after conferences between the department and this office.

It is interesting to note in regard to the overassessments reported during the calendar year 1929, and paid after the expiration of the 30-day period prescribed by law, that there has been a marked decrease in the rate at which these overassessments have been allowed in comparison with the rate shown by our former reports. For the 7-month period, June 1, 1928, to December 31, 1928, the rate at which overassessments were made with interest, was $15,224,270 per month. During the calendar year 1929, this rate was only $6,306,074 per month, which represents a decrease of over 58 per cent in the rate of overassessment. For the 21-month period, March 1, 1927, to April 24, 1928, and June 1, 1928, to December 31, 1928, the rate of overassessment with interest was $10,676,188 per month, and the present rate is 41 per cent less than this rate.

In view of the above, it seems reasonable to hope that the peak of the high refund years has been passed. However, it appears important to consider two questions—first, what are the reasons for the decrease in refunds, and, second, what are the principal causes for the refunds.

In regard to the first question, it has been computed that for the calendar year 1929, 71 per cent of the adjustments were for the excess-profits tax years up to and including 1921, and that the remaining 29 per cent were for years subsequent to 1921. In the case of the preceding 21-month period, 83 per cent of the overassessments were for the excess profits tax years, and only 17 per cent for subsequent years. It is believed, therefore, that the decrease in the rate of overassessment is largely due to the fact that the bureau has closed out a large proportion of the excess-profits returns. It is evident that the refunds will be much lower when all the excess profits tax controversies are settled.

It may also be properly noted that the average interest charge dropped to 20.53 per cent in 1929 from an average interest charge of 26.72 per cent in the preceding 7-months period, so that a considerable saving in interest may also be expected for the future.

As to the causes for the refunds, this has already been shown by the classification in Part I, but it appears important to discuss these causes in some detail.

In the first place, if reference be made to the classification of overassessments shown on page 32, it will be observed that the most important single cause of the 1929 refunds is the new interpretation placed on the life-insurance provisions of the 1921 and subsequent acts by the decision of the Supreme Court of the United States in the case of the National Life Insurance Co. Nearly 12 per cent of all the overassessments result from this cause. It is not necessary to go into this matter further here, for this office has already submitted to the committee a preliminary report on Federal taxation of life-insurance companies, which covers this subject at length.

The second major single cause of this year's refunds is the expiration of the statute of limitations. Some changes were made in this provision or rather in the provisions providing for these limitations in the revenue act of 1928. It is believed that our principal troubles were due to the defects in the former acts, and that the present act will prove satisfactory. However, the operation of the new provisions will be carefully observed.

The third important cause of the refunds described in this report is depreciation. The determination of depreciation, while it is a fact question, is obviously primarily a matter of judgment. It is the cause, and undoubtedly will continue to be the cause, of considerable controversy between the Government and taxpayer, unless some arbitrary rule is devised which will be satisfactory. It is not impossible with low tax rates that some solution of the present difficulties may be found. It is the opinion of this office that with the experience that our taxpayers have had with this subject, the department should discourage changes in depreciation rates shown on current returns. It would appear that the judgment of the taxpayer, at the time of making the return on the question of depreciation would be better than his judgment four or five years after, when he is making application for a refund. There is also another matter which is very unsatisfactory in connection with the present method of depreciation. Depreciation is allowed on cost, or on March 1, 1913, value, at a certain definite rate. In many cases, however, the plant account becomes simply a sum of money, and depreciation reserves simply a sum of money, and the taxpayer keeps no adequate record of his plant in use. When this is true, the taxpayer, instead of reducing his plant account when certain items of equipment are discarded, keeps on depreciating his equipment with the result that, in place of getting 100 per cent depreciation, he may get 200 per cent. It is the opinion of this office that a complete report on depreciation will be desirable.

It will be observed from the classification of overassessments shown on page 32, that in addition to depreciation other deductions which are determined by the exercise of judgment are also troublesome. These deductions are amortization, inventory adjustment, and losses on sales of capital assets. Other allied subjects requiring the exercise

of judgment are valuations for estate tax purposes, March 1, 1913, valuations, and valuations on account of sale of capital assets. Attention is drawn to the fact that a report on depletion has already been made by the staff and is now before the committee.

Our former reports in connection with refunds and credits criticized the application of the special assessment provisions in a number of cases. At the time of making these other reports, special assessment was a major cause of the large refunds made. This situation is no longer true, special assessment having dropped from first place to eighth place in order of importance.

CONCLUSION

It must be concluded that the overassessments reported to the committee during the calendar year 1929, and paid after the 30-day period prescribed by law, represent accurate and careful determination of final tax liability.

The staff received from Hon. Robert H. Lucas, Commissioner of Internal Revenue, and from Mr. E. C. Alvord, special assistant to the Secretary of the Treasury, very satisfactory cooperation in connection with its examination of the overassessments. All issues raised have received careful consideration and full and open discussion.

Respectfully submitted.

L. H. Parker, *Chief of Staff.*

SUPPLEMENT TO PART II

APRIL 25, 1930.

ANALYSIS OF OVERASSESSMENTS PREPARED BY THE TREASURY DEPARTMENT

Hon. WILLIS C. HAWLEY,
Chairman Joint Committee on Internal Revenue Taxation,
House of Representatives.

MY DEAR MR. CHAIRMAN: In accordance with your request, I am transmitting herewith an analysis of the overassessments reported to the committee and/or made the subject of a public decision during the period January 19, 1929, through January 31, 1930. The cases reported to your committee prior to January 19, 1929, were made the subject of a previous analysis published as House Document No. 43 under date of June 19, 1929. It is believed that this report will be of interest to your committee and a useful supplement to the statistics and discussion recently made the subject of the report of your division of investigation.

As previously stated in connection with the prior report, it is generally recognized that refunds and credits are obviously a necessary incident to the administration of our tax laws. It is believed that this continuation of the analysis of the specific reasons for such refunds is a valuable aid in the framing and enactment of the revenue laws.

In this connection it is particularly interesting to note that 84.409 per cent of the overassessments of income taxes and 91.23 per cent of the overassessments of estate taxes are attributable to clerical or bookkeeping adjustments or to causes beyond the control of either the Treasury or the taxpayer; that is, to adjustments after the payment of the tax based upon causes which could not fairly be considered prior to the payment, such causes being:

	Per cent
Income taxes:	
Court and board decisions	37. 250
Duplicate and arbitrary assessments	11. 172
Depreciation and depletion adjustments	10. 083
Inventory changes	3. 891
Shifts of income	7. 567
Special assessment	3. 691
Amortization and loss adjustments	3. 962
Invested capital and affiliation changes	4. 318
Specific legislation	2. 475
Total	84. 409
Estate taxes:	
Court and board decisions	34. 89
Credit for State inheritance taxes	47. 95
Executors' fees, expenses, etc., paid subsequent to filing return	3. 96
Duplicate assessments	4. 43
Total	91. 23

Very truly yours,

E. C. ALVORD,
Special Assistant to the Secretary of the Treasury.

Analysis of overassessments

There is submitted herewith a report covering an analysis of certain overassessments made by the Bureau of Internal Revenue during the period from January 19, 1929, through January 31, 1930. The cases included are those in which the overassessments were reviewed by the office of the general counsel. Only certificates of overassessment involving credit or refund in excess of $75,000 were reviewed during the period January to March 14, 1929, and only those cases have been analyzed for that period in this report. From March 14, 1929, through January 31, 1930, certificates of overassessment in excess of $20,000, regardless of whether their disposition be by way of refund, credit, or abatement, were reviewed by the office of the general counsel pursuant to the provisions of Treasury Decision 4264 (C. B. VIII–1, p. 93), the Executive order of March 14, 1929, and commissioner's direction contained in a memorandum of April 12, 1929. Therefore, the present report includes all cases from March 14, 1929, to January 31, 1930, in which the bureau issued overassessments in excess of $20,000. There is a clear line of demarcation with respect to the cause of the overassessment and nature of the tax between the income-tax cases and the estate-tax cases, and therefore these two classes of overassessments will be separately considered herein. The income-tax cases will be first discussed.

Part I. Income Taxes

The number of the income and profits tax cases examined in connection with the present report was 622. With respect to these cases the total original tax assessed amounted to $365,612,377.74; the total additional tax amounted to $58,029,057.50; the total overassessments previously allowed amounted to $18,345,185.85 and the total overassessments approved during the period under review, the causes of which are hereinafter indicated, amounted to $86,578,276.61. It will be noted that the overassessments, present as well as those previously made, thus exceeded the total additional assessments by $46,894,813.35, so that 12.8 per cent of the tax paid on the original returns was in fact finally made the subject of refund. There was submitted an analysis of overassessments covering periods during 1927, 1928, and to January 18, 1929, which was made a part of the report of the Joint Committee on Internal Revenue Taxation and published as House Document No. 43, pursuant to the order of the Committee on Ways and Means dated June 19, 1929. The analysis of overassessments during this succeeding period of approximately one year (January 19, 1929, to January 31, 1930) is made in so far as practicable along the same lines and with respect to the same cause classifications as adopted in that prior report. The explanations there contained with respect to the cause analysis are equally applicable in explanation of the present overassessments. Where the present report indicates a change in conditions attention will be invited to the situation through reference to this prior report. Therefore, wherever hereinafter mentioned the analysis of overassessments covering the periods during 1927 and 1928 published as House Document No. 43 will be referred to as the prior report.

It is of considerable interest to note that the overassessments made during the period covered by this report involved fewer profits-tax years than those made the subject of a prior report. It is thus noted that of the total overassessments made the subject of this report those involving the profits-tax years aggregated $47,078,885.35, of which $19,978,041.49 was refunded, $10,307,681.81 credited, and $16,793,-162.05 abated. This it will be noted is approximately 54 per cent of the total of the overassessments made during the period. The falling off of overassessments during the profits-tax years is attributable largely to the decline in the percentage of the total of the overassessments due to special assessment, invested capital and amortization, causes primarily traceable to the profits-tax imposition. A schedule of these is somewhat as follows:

Percentage of total overassessment

Cause	Present period	Prior report
Invested capital	1.841	9.133
Special assessment	3.691	11.276
Amortization	1.183	7.758

It may well be anticipated that these sources of tax adjustments producing refunds will continue to decline as the profits tax years become finally closed.

Another comparison of the summary figures seems of particular importance as bearing upon the amount of overassessments traceable to sources other than the exercise of bureau discretion or administrative determination. It will thus be noted that there were a number of overassessments made which were directly traceable to court decisions, board decisions, specific legislation, and duplicate assessments. These overassessments were refundable on authority other than a decision respecting the application of the revenue act or determination of fact by the commissioner. The overassessments during the period under review were in the amounts of $23,473,897.19, $8,777,969.54, $2,142,969.43, and $4,830,595.24 with regard to court decisions, board decisions, specific legislation, and duplicate assessments, respectively. The overassessments so indicated aggregate $39,225,431.40, or 45 per cent of the total overassessments made during the period covered in this report. In this connection the amount of overassessment attributable to specific legislation is conservatively compiled. It does not include overassessments due to the retroactive effect of section 1209 of the revenue act of 1926, which during the past few years has validated a great number of amortization claims otherwise outlawed under the board's decision in the Stauffer Chemical Co. case (2 B. T. A. 841). This classification also does not include overassessments allowable because of other retroactive provisions which validated claims which would otherwise have been outlawed (see sec. 252 of the revenue acts of 1918 and 1921, as amended by the acts of March 4, 1923, and March 13, 1924; also secs. 281 (e) of the revenue act of 1924 and 284 (g) of the revenue act of 1926). In addition to the foregoing there are such retroactive provisions as section 284 (c) of the revenue act of 1926, sections 1207 to 1212 of the 1926 act, sections 506, 607, 609, 703 704 and 705 of

the revenue act of 1928. Some of these sections have been noted as producing overassessments in the present report, but where such sections merely validated the original bureau interpretation, as, for example, section 1207 of the revenue act of 1926, no refund has been ascribed thereto. In view of all the factors it is believed that it may be conservatively stated that all overassessments in the cases included in this report in excess of the additional taxes in the same cases may be attributed to such elementary and unavoidable reasons as court decisions, board decisions, specific legislation, duplicate assessments, and shifts of income.

With respect to shifts of income, it is noted that in the cases here reviewed such shifts were responsible for overassessments totaling $13,419,872.68, and these shifts in turn produced an additional tax in some other year or years totaling $13,177,382.40. There are a great many situations in which it is difficult of determination as to which taxable year a particular item of income or a particular expense or loss constitutes taxable income or a deductible expense. Whereas during the profits tax years where the tax rate fluctuated violently it was of considerable importance from a revenue standpoint to ascertain the proper year in which the item should be reflected for tax purposes, it is now noted that under the comparatively level rate of tax imposition in the later years, the determination of the precise year affected is of less importance. In view of the net loss provisions and other such factors, however, the bureau is still called upon to devote considerable attention to these items.

It will be noted that in the prior report an overassessment in favor of the United States Steel Corporation for the year 1917 was included involving amounts of original tax, additional tax and overassessments of approximately $200,000,000, $17,700,000, and $44,000,000, respectively. While not included in the instant report it will be noted that the United States Steel Corporation case for the years 1918 to 1920, inclusive, has recently been settled by the department, these years involving an aggregate of original tax paid, additional assessments, previous overassessments, and present overassessments of $303,936,509.42, $39,342,459.56, $9,943,075.45, and $21,096,879.11, respectively.

In the analysis of the overassessments during the period under review the amounts of refund, credit, and abatement have been determined with respect to cause. The classifications of causes adopted include court decisions, board decisions, specific legislation, special assessment, duplicate assessment, and "other causes." The amounts of refund, credit, and abatement have also been analyzed to indicate the proportion attributable to each specific board and court decision and each specific legislative provision contained in the above general classification. With respect to the "other causes" classification, a further subdivision has been made so as to reflect the amount of refund, credit, and abatement attributable in turn to the allowance of adjustments in depreciation, depletion, obsolescence, loss of useful value, inventories, changes in affiliation, losses, bad debt deductions, invested capital deductions, amortization, shifts of income, arbitrary assessments, and miscellaneous. While most of these classifications are self-explanatory, it is to be noted that under the arbitrary assessment group there have been included taxes collected from the Alien Property Custodian in respect of the tax liability of enemy

aliens based entirely upon a preliminary and incomplete statement of fact. Unlike a domestic taxpayer, the Alien Property Custodian paid all demands made by the Government without any attempt at determination of true tax liability. Upon the subsequent development of the true facts and determination of actual tax liability, the excess payments were refunded to the Alien Property Custodian. There was no loss of interest to the Government in these cases. Some assessments were also made against various individuals, in the absence of any satisfactory explanation of gross receipts, which treated total bank deposits or receipts as taxable income. The greater portion of these assessments was subsequently abated upon the presentation of facts establishing true income. The arbitrary assessments in both instances were made to protect the interests of the Government and with the full understanding that a subsequent adjustment would be necessary.

In determining the amount of the overassessments due to the various causes above indicated it was decided that the most equitable basis would be to apportion the total overassessment in each case among the different causes there involved on the basis of the ratio which the reduction in income due to each cause bore to the total reduction in income or increase in capital. Where the amount of overassessment was adjusted through refund, credit, and abatement or any two of these methods and where it was impossbile to trace the specific refund, credit, or abatement adjustment to any specific cause, the amount refunded, abated, and credited in each case has been apportioned ratably among the causes producing the total overassessment in each case.

The following summary of the result obtained by this analysis with respect to the income, war profits, and excess profits taxes is as follows:

Analysis of overassessments

Classification	Refund	Credit	Abatment	Total	Per cent
Court decisions	$14, 784, 922. 84	$2, 430, 006. 33	$6, 258, 968. 02	$23, 473, 897. 19	27. 112
Board decisions	3, 073, 921. 09	2, 919, 126. 73	2, 784, 921. 72	8, 777, 969. 54	10. 138
Specific legislation	1, 865, 946. 05	39, 523. 71	237, 499. 67	2, 142, 969. 43	2. 475
Special assessment	2, 194, 885. 17	337, 024. 57	664, 179. 61	3, 196, 089. 35	3. 691
Duplicate assessment	854, 702. 43	1, 005, 483. 78	2, 970, 409. 03	4, 830, 595. 24	5. 579
Other causes	20, 155, 631. 44	10, 251, 398. 31	13, 749, 726. 11	44, 156, 755. 86	51. 005
Total	42, 930, 009. 02	16, 982, 563. 43	26, 665, 704. 16	86, 578, 276. 61	100. 000

Analysis of subclassification, "other causes"

	Refund	Credit	Abatement	Total	Per cent of "other causes"	Per cent of total refund
Depreciation	$4, 038, 868. 08	$1, 093, 095. 63	$1, 413, 581. 52	$6, 545, 545. 23	14. 823	7. 560
Depletion	819, 844. 50	445, 047. 86	919, 574. 30	2, 184, 466. 66	4. 947	2. 523
Obsolescence	78, 813. 79	73, 023. 90	80, 022. 24	231, 859. 93	. 525	. 267
Inventory changes	1, 665, 526. 00	1, 462, 903. 75	241, 096. 48	3, 369, 526. 23	7. 630	3. 891
Affiliation changes	541, 424. 59	878, 014. 71	725, 167. 39	2, 144, 606. 69	4. 856	2. 477
Losses	1, 485, 048. 05	315, 822. 51	605, 516. 58	2, 406, 387. 14	5. 449	2. 779
Invested capital changes	474, 741. 75	331, 199. 59	788, 290. 38	1, 594, 231. 72	3. 610	1. 841
Amortization	138, 087. 54	716, 669. 06	169, 797. 72	1, 024, 554. 32	2. 320	1. 183
Shifts of income	2, 297, 875. 27	3, 313, 944. 28	939, 714. 70	6, 551, 534. 25	14. 836	7. 567
Arbitrary assessments	3, 445, 665. 18		1, 396, 788. 83	4, 842, 454. 01	10. 966	5. 593
Miscellaneous	5, 169, 736. 69	1, 621, 677. 02	6, 470, 175. 97	13. 261, 589. 68	30. 038	15. 324
Total	20, 155, 631. 44	10, 251, 398. 31	13, 749, 726. 11	44, 156, 755. 86	100. 000	51. 005

The adjustments classified as "other causes" pertain to matters not covered by board and court decisions and matters not specifically classified, although some of the same type of adjustments in other cases may fall under the specific classifications. For example, some of the invested capital adjustments would be reported under the board's decision in the Regal Shoe Co. case (1 B. T. A. 896), while other invested capital adjustments not affected by this or other decisions would be reported under the subheading "invested capital changes" of the "other causes" classification.

The exhibits attached to this report contain a list of board and court decisions with the amounts of refund, credit, and abatement due to each.

There seems to be no doubt but that the amounts of overassessments attributed to board and court decisions are conservatively stated. There are many board and court decisions *supporting* the bureau regulations and rulings, and the overassessments falling within this class are not reported as being due to such decisions.

The following examples illustrate the classification as between board and court decisions and those listed as "other causes." The board has sustained article 143, Regulations 45, with respect to loss of useful value (Automatic Transportation Co., 3 B. T. A. 505; Sheridan Coal Co., 4 B. T. A. 563). The board has sustained article 161, Regulations 45, pertaining to obsolescence in the case of Kilby Car & Foundry Co. (4 B. T. A. 1294). In the case of L. S. Donaldson Co. (Inc.) (12 B. T. A. 271) the board has sustained the bureau rulings published as L. O. 1108, C. B. III–1, page 412, and S. M. 3384, C. B. IV–1, page 277, which rulings treat dealings between affiliated companies prior to January 1, 1917, as dealings between separate companies. These and other similar rulings sustained by the board and the courts had a material effect in a number of cases. In a negative sense at least overassessments due to these causes could be attributed to board decisions, since if the regulations and rulings had been overruled the overassessments would not have been allowed, but since the adjustments were allowable under regulations and rulings which were not changed, they have not been classed as attributable to board decisions.

The board and the courts have also adopted the bureau's inventory regulations with respect to the right of the taxpayer to report inventories on a cost or cost or market whichever is lower basis; also the board allows amortization, depletion, depreciation, affiliation of companies, and the like. Consequently, if the matter of placing overassessments due to board and court decisions were carried far enough, practically every allowance could be attributed to such causes. As will be later indicated, the board has also sustained practically all, if not all, of the bureau's fundamental ideas of special assessment as expressed in L. O. 1109, C. B. 1–2, page 253, and other rulings, so that in a sense the present special assessment allowances could be attributed to board decisions. However, they have not been so classified except in a very few instances where the particular case under review had been before the board.

In a number of cases overassessments were allowed as a result of the settlement of litigation in those particular cases. In the class of cases here referred to the taxpayer signed an order of dismissal of the litigation which was deposited in escrow with the Department of

Justice, the same to be filed with the court upon the issuance of an overassessment in the amount specified. Overassessments in such cases as these are not in the present report classed as being attributable to court decisions. There is another closely related type of case where, instead of depositing the agreement in escrow pending the issuance of the certificate of overassessment, the taxpayer and the Government stipulated the amount of the judgment and after review of such stipulation the court or board entered a judgment. Since overassessments in these cases are based on an order of the court or board, such overassessments might have been classed (as they were in the published decisions) as being attributable to the court or board decisions "in the instant case." However, as it was believed that a more valuable concept of the causes of the overassessments could be had from an analysis of these cases they have not been so classified, but the overassessments in these stipulated cases have been attributed to the actual cause—depreciation, inventory, special assessment, etc. Only cases decided by the court or board on the merits have been classed as court or board decisions in the instant case. Again in some of the cases covered in the present report it is found that there had been a court or board order covering adjustments for one year which also affected adjustments for other years of the same taxpayer. Unless the overassessments for the other years were directly traceable to a board decision due to the principle involved, they were not listed as due to a board decision merely because of the prior year history and association.

As with the classification under court or board decision, every effort has been made to keep the overassessment due to specific legislation at a minimum. For example, as a result of the board's decision in the case of Stauffer Chemical Co. supra, it was found that a great many claims for amortization were outlawed. A few months later Congress cured practically all these outlawed claims by section 1209 of the revenue act of 1926. Some of the amortization allowances covered in the present report could be attributed to this retroactive legislation, but since claims covering such allowances would have been allowable under the bureau's interpretation of the prior acts had it not been for the board decision, allowances under such claims have not been classified as due to specific legislation. The overassessments brought within the classification of specific legislation pertain primarily to legislation affecting rates of tax retroactively, installment sales (of which very few are covered in the present report), section 703 of the revenue act of 1928 and section 24 (c) of the trading with the enemy act of 1928. Overassessments due to duplicate assessments are self-explanatory.

As in the prior report, the overassessments covered in the present report are caused primarily by the following: (1) In doubtful matters of statutory construction the taxpayers did not place the same interpretation as did the department on various provisions of the acts; (2) even if their interpretation were the same as that of the department, they could not determine valuations and gather other data necessary to compute the correct amount of tax liability until after their returns were filed; (3) the departmental interpretations of the acts were later changed either on the initiative of the department or because of court or board decisions; and (4) failure of the taxpayers to follow the plain provisions of the acts.

The experience of the bureau substantiates the observations made in the prior report as to the situations out of which the overassessments arose. The first edition of Regulations 45 pertaining to the revenue act of 1918 was not promulgated until April, 1919. Many taxpayers had already filed their returns and although others secured extensions of time for filing for a few months, an examination of the cases shows that the meaning of many provisions of the act and the regulations was not well understood. The difficulty in appreciation of the ultimate correct interpretation of the revenue acts is demonstrated by the tremendous mass of adjudicated cases—court and board decisions in thousands of cases in which the taxpayer and the Government could not reach an agreement as to law and/or facts. There are approximately 20 volumes of board reports in five years to date. Regulations 62 pertaining to the 1921 act was also not promulgated until February, 1922. The following are examples of some of the difficulties noted:

A taxpayer knew that it was entitled to depreciation and depletion based on the March 1, 1913, value of certain assets, but through lack of time necessary to determine values as of that date based depreciation or depletion on cost or on estimated March 1, 1913, value knowing that correct values would have to be determined later. Again a taxpayer deducted a lump sum for depreciation, merely estimating the amount thereof, but later made a segregation of assets and applied more scientific rates thereto based on the life thereof and the extent to which the depreciable assets were actually used during the particular taxable year under consideration. Values in connection with discovery depletion also often required time for determination extending beyond the time when returns were required to be filed.

A taxpayer probably knew that the act provided for a reasonable allowance for amortization of facilities acquired for war purposes, but whether it was of the class entitled to such an allowance and how the allowance was to be determined were probably not known at the time returns were filed or even if known the detailed data required to support the allowance had to be gathered later. The revenue acts of 1918 and 1921, section 234 (a) (8), contemplated these difficulties and provided that a taxpayer could request or the commissioner on his own initiative could reexamine the returns and other data and make a redetermination of amortization up to March 3, 1924. The allowance for amortization was, generally speaking, based on the difference between cost and sale or salvage value or postwar replacement costs, or, on a comparison of capacity with postwar value in use in order to determine the remaining usefulness of the asset. Necessarily most of these comparisons could not be made until after the returns were filed, with the result that a revision of the amortization deduction taken on the return was nearly always necessary.

During the war period many taxpayers entered into contracts with various branches of the Government and war agencies, particularly the War and Navy Departments, Shipping Board, and the Railroad Administration. After the war ended settlements under these contracts were necessary and tax liability could not be determined until after such settlements were made. Settlement of tax liability in many oil cases was also delayed due to the impoundment of funds growing out of the President's withdrawal order of 1909, subsequent litigation

in connection therewith, and settlement under the leasing act of 1920. Some of the difficulties encountered in this respect are covered in L. O. 1110, C. B. II-1, page 104, and G. C. M. 1505, C. B. VI-1, page 208. Various taxpayers also had difficulty in determining where they stood with respect to their foreign accounts following the war period. Furthermore, during the war period taxpayers were encouraged by the Government to pay their taxes and settle doubtful points afterwards since the Government needed the money. An example of this is found in section 1009 of the 1917 act and T. D. 2622, interpreting the same, which gave taxpayers a discount of 3 per cent on payments made within four and one-half months after the close of the taxable year.

Congress has from time to time since the passage of the 1918 act passed legislation extending the time within which companies could file claims for refund or credit, in cases where they had previously filed waivers. Compare section 252 of the 1918 and 1921 acts as amended by acts of March 4, 1923, and March 13, 1924—281 (e), 1924 act, 284 (g), 1926 act. These provisions of the various acts have revived or made possible the filing of many valid claims and consequently made possible many refunds and credits which would otherwise have been outlawed. Overassessments which have been made possible only because of these provisions belong strictly under the classification of specific legislation. However, the basic cause of the overassessment was the additional depreciation, special assessment, depletion, etc., and the claims feature a procedural or limitations adjunct, so to better present the real cause of overassessments, no segregation has been made with reference to the statutory limitations provisions.

Sections 327 and 328 also provided for relief in taxes in certain cases if a comparison with representative concerns showed that the taxpayer was entitled to such relief, but whether certain taxpayers were entitled to the benefits of these sections was not made clear until later interpretations of the sections were published. Again, even if the taxpayer knew that it were entitled to relief it had no means of knowing the amount thereof, since the rates of tax paid by its competitors were not usually available to it. The average taxpayer computed and paid its tax and then filed a claim asking for the benefit of the relief provision where it thought that it might be entitled to such a benefit.

Section 240 provided that companies which were affiliated within the meaning of the section should file a consolidated return. Much confusion existed as to which companies were affiliated within the meaning of the statute and as to how the consolidated income and invested capital were to be determined even if they were affiliated. There was also confusion in determining the amount of gain or loss on disposition of assets from both a valuation point of view and because March 1, 1913, values figured in the basis to be used. Also, an examination of the returns filed has disclosed that, although the net loss provisions of the 1918 and 1921 acts (sec. 204) were fairly clear, they were often misconstrued and many taxpayers neglected to take advantage of them altogether. Similarly such review has indicated that in pricing inventories many taxpayers did not follow the provisions set forth in the bureau regulations. Some of the methods used by the taxpayers which were not approved by the

bureau regulations were the deductions of reserves for price changes; the deduction of an estimated depreciation in value of inventories; the valuation of the inventory on a selling market basis; the valuation of part of the inventory on a cost basis and another part at cost or market whichever was lower basis, although the value of both parts of the inventory may have been greater or less than cost; the valuation of inventories at nominal prices or at a constant price and the inclusion in inventories of stock in transit, title to which was not in the taxpayer. Such practices as these are contrary to bureau regulations 1581 to 1588, Regulations 45 and 62.

There was confusion under the 1918 and 1921 acts as to whether the estate or the beneficiary should deduct inheritance or death taxes paid to the various States and also as to the correct manner of making returns in States having community property rights. Both of these issues arising under the 1918 and 1921 acts were only finally settled through congressional action—see sections 703 and 1212 of the revenue acts of 1928 and 1926, respectively.

Many other errors arose in the preparation of the original returns. Thus, for example, taxpayers filed returns for different periods of time from those on which the books were kept or made returns on a cash basis when the books were on an accrual basis contrary to the provisions of articles 23 to 26, Regulations 45; profits or losses were reported on the sale of a company's own stock contrary to the provisions of article 542, Regulations 45; an individual who incorporated his business during the year reported as corporation income the income of the business for the entire year; taxpayers forgot to deduct the various taxes, other than income, war profits, and excess profits taxes (art. 31, Regulations 45), or deducted the same in the wrong year; taxpayers deducted from income additions to reserves for bad debts, losses, injuries, or damages whereas the 1918 act does not provide for such deductions; taxpayers did not take advantage of the provisions of articles 143 and 161, Regulations 45, which permit a deduction for obsolescence and loss of useful value; taxpayers did not take advantage of credit allowed for foreign taxes paid or if a credit were taken the foreign taxes were later revised which made necessary a revision of American taxes (art. 381, Regulations 45); a good many overassessments were caused by the abatement of jeopardy assessments made as the result of a superficial audit and in other instances the full amount of tax liability was assessed both on the original and on the amended return, causing a duplication of assessments; profit or loss on sale of stock rights was often miscomputed prior to the issuance of bureau rulings (see T. D. 3403, C. B. I-2, p. 64); there was erroneously included in returns income from tax-exempt securities or income which accrued prior to March 1, 1913; taxpayers determined that income from Government contracts was derived in a certain year pursuant to the provisions of article 52, Regulations 45, with a different rule prescribed by article 51, Regulations 62; or a company computed its taxes at the ordinary corporation rates but found that it was entitled to personal service classification which made necessary an elimination of the corporation's and a recomputation of the shareholders' tax liabilities.

It is obvious that most of the mistakes above referred to (which are cited merely as examples of the more general class of mistakes) worked both ways and probably as often resulted in additional taxes

as in overassessments. For example, matters of depreciation, depletion, gain, and loss on sale of assets and inventories often being difficult of proper determination, many taxpayers through their lack of understanding of the matters reported too small a tax and were later assessed additional taxes, while others reported too great a tax and were later allowed overassessments. *It should be kept in mind that we are here dealing primarily with those taxpayers who overpaid their taxes and where a correction of the type of mistakes above referred to usually worked to the taxpayer's advantage.*

An examination of the cases included in this report shows that approximately 3.7 per cent of the total of the overassessments is caused by the application of the special assessment provisions of the 1917 and 1918 acts (sec. 210, revenue act of 1917; secs. 327–328, revenue act of 1918). The amount of overassessment due to this cause as shown by the present report is $3,196,089.35. While the amount of overassessment attributable to this source is not very great during the period under review, there has been considerable misapprehension as to the bureau administration of these sections so the following comment is made. A more complete discussion was contained in the prior report when the overassessments due to this cause totaled $18,920,663.84 or 10.5 per cent of the total overassessments.

It should first be noted that special assessment is mandatory where, under the provisions of section 327 (a), the commissioner is unable to determine the invested capital as provided in section 326 and under the provisions of section 327 (b) where a foreign corporation is involved and under the provisions of section 327 (c) where a mixed aggregate of tangible and intangible property has been paid in for stock or for stock and bonds and the commissioner is unable satisfactorily to determine the respective values of the several classes of property at the time of payment or to distinguish the classes of property paid in for stock and bonds, respectively. Many of the overassessments covered in the present report fall within subdivisions (a) and (c) and a few within (b). The language and intent of these provisions of the act are quite clear. The type of case falling under (a) or (c), supra, involves primarily a matter of judgment as to whether the facts in a particular case are such as to bring the taxpayer within the meaning and intent of the statute.

As stated in the prior report in this connection it should be noted that in view of the provisions of subdivisions (a) and (c) of section 327 much time and effort both on the part of the taxpayer and the Government have been saved in reconstructing capital accounts to meet the requirements of section 326. In a great many of these cases it is quite apparent that capital could have been built up under section 326 to a point greater than that shown on the return which would have produced substantial overassessments even though it may have been known that there was still considerable capital which could not be proven. Overassessments which would have resulted from these reconstructed capital accounts should theoretically at least be offset against the overassessments due to special assessment. It is believed that this point is often overlooked in reviewing the administration of the special assessment provisions. It is also not inconceivable that had it not been for the abnormal condition provisions found in section 327 (d) of the 1918 act retroactive legislation would have been passed

following the war period giving relief in some manner to those companies which were inequitably taxed under the complicated provisions of the excess and war profits tax laws.

In one sense practically all of the overassessments due to special assessment are sustained by the board decisions since the board has adopted practically all, if not all, of the bureau's fundamental principles covering special assessment and even in some instances extended the relief provisions beyond the bureau's interpretation thereof.

For the purpose of the present report, however, the overassessments due to special assessment have not been listed as due to board decisions. The argument might be made that although the board has adopted the fundamental principles of the bureau in matters of special assessment, nevertheless this type of case might be judged on its own particular facts so that the matter is one largely in the discretion of the commissioner. This is true but when the very large number of taxpayers which have been granted special assessment by the board after the bureau has disallowed special assessment in these same cases is considered it seems reasonably safe to say that the indications are that the board is more liberal in such matters than the bureau.

In the prior report, pages 38 to 40 of the published record, a very complete comparison between the bureau and board rulings with respect to special assessment was made. This comparison is not here repeated, but it is noted that the conclusion there established has been strengthened by board decisions rendered in the intervening period.

It will be noted from the attached Exhibit A that interest paid on amounts refunded or credited in income-tax cases amounted to $16,045,295.79 or 26.74 per cent of the amounts refunded and credited.

An analysis of the overassessments of income taxes by cause classification has been given above. There are attached herewith Schedules A and B, which contain detailed statements of the amounts of refund, credit, and abatement due to each board and court decision grouped in the general classifications of board and court decisions in the analysis of overassessments previously made. There is also attached Exhibit C, in which are listed the specific legislative provisions and the amounts of refund, credit, and abatement in respect of each such provision, which overassessments are summarized in the preceding analysis of overassessments under the heading of Specific Legislation.

Part II. Estate Taxes

The following report is intended to cover causes resulting in overassessments of estate taxes in excess of $20,000, which have been reviewed during the period from January 19, 1929, to January 31, 1930, and in respect to which decisions for public record have been prepared. Included in such overassessments are those which have been submitted to the Joint Committee on Internal Revenue Taxation pursuant to the provisions of section 710 of the revenue act of 1928.

The number of estate tax cases examined in connection with the present report was 162; the total tax originally assessed in these cases was $70,308,628.13; the total additional or deficiency tax assessed was $27,769,261.75; and the amount of the overassessment

was $21,121,542.71, of which latter named amount $8,494,027.17 was refunded and $12,627,515.54 was disposed of through abatements. A summary of the causes of the overassessments and the allocations of the amounts of the refunds and abatements is as follows:

Analysis of estate tax overassessments

Classification	Refund	Abatement	Total	Per cent
Court decisions	$5, 484, 538. 17	$38, 509. 07	$5, 523, 047. 24	26. 15
Board decisions	1, 133, 528. 00	707, 830. 93	1, 841, 358. 93	8. 72
Credit for State inheritance taxes	494, 742. 95	9, 633, 117. 05	10, 127, 860. 00	47. 95
Other causes	1, 381, 218. 05	2, 248, 058. 49	3, 629, 276. 54	17. 18
Total	8, 494, 027. 17	12, 627, 515. 54	21, 121, 542. 71	100. 00

The overassessments resulting from court decisions may be summarized as follows:

Decisions in instant case	$5, 265, 799. 90
Nichols *v.* Coolidge (274 U. S. 531)	63, 454. 15
Keith *v.* Johnson (271 U. S. 1)	165, 364. 11
Russell *v.* United States (278 U. S. 181)	28, 429. 08
Total	5, 523, 047. 24

The entire amounts of the refunds and abatements caused by decisions of the United States Board of Tax Appeals are due to decisions of the board in the instant cases.

The proportionately large amount of overassessment as compared with the total of the tax originally assessed and the additional tax assessed is due primarily to the cause listed as "credit for State inheritance taxes." Approximately 50 per cent of the overassessments made the subject of this report are attributable to the administrative procedure incident to the allowance of the credits provided in section 301 (b) of the revenue acts of 1924 and 1926. These sections provide for credits against the Federal estate tax for the estate, inheritance, legacy, and succession taxes actually paid to any State, Territory, or the District of Columbia in respect of property included in the statutory gross estate.

It has been found in the administration of the Federal estate tax law that in a great majority of cases, and particularly in respect to large estates, the administration and final settlement of estates in the local courts of probate are necessarily slow and extended due to various causes. Under the circumstances, the determinations and collections by the States of estate, inheritance, legacy, or succession taxes are delayed and as a result the representatives of the estates are unable to furnish the evidence which will entitle the estate to the credit under the provisions of section 301 (b) of the revenue acts of 1924 and 1926, for State estate, inheritance, legacy, or succession taxes against the Federal estate taxes until determination thereof by the States. Thus the final credit is unknown as to amount when the Federal-tax return must be filed.

Since the passage of the revenue act of 1926, allowing the 80 per cent credit, approximately 20 of the States have enacted legislation, which provides substantially for the collection of an estate tax by the States in an amount sufficient to make the total estate, inheritance,

legacy, and succession taxes paid to the States equal 80 per cent of the Federal estate tax determined in the case of any decedent dying a resident of the particular State enacting such legislation. In such cases the taxpayer and the State taxing authorities are unable to fix the amount of the estate taxes to be collected by the State until after the final determination of the Federal estate tax liability. Accordingly, when the tax shown by the executors on the return filed on behalf of the estate is assessed by the collector, and when the additional or deficiency tax determined in respect to a particular estate is assessed by the bureau, the evidence required to establish the estate's right to the credit has not been furnished by the representatives of the estate, and therefore, in order to meet the requirements and limitations on the assessment and collection of the Federal estate tax as provided by statute, it is necessary to assess and in some instances to collect the full amount of the returned and deficiency or additional tax liabilities determined.

As a result of this situation when the evidence required by the regulations is furnished to establish the estate's right to the credit for taxes paid to the States, it is necessary to clear the records of any excess assessments of estate tax which have been made because of the inability of the taxpayer at the time of the assessment of the tax to establish his right to the credit. Since the credit in the great majority of the cases equals the full 25 or 80 per cent of the Federal estate tax liability determined, as the case may be, it will be readily seen that the inability to allow such credit prior to the assessment of the tax causes an excess assessment of tax in large amounts. As previously stated 47.95 per cent of the overassessment shown herein results from this cause alone.

A summary of the refunds and abatements resulting from other causes is as follows:

Analysis of subclassification, "other causes"

Classification	Amount	Per cent of "other causes"	Per cent of total overassessment
Duplicate assessments	$935,031.33	25.763	4.43
Executors' commissions, attorneys' fees, miscellaneous administration expenses and claims against the estate	837,588.80	23.078	3.96
Valuations	55,261.83	1.522	.26
Miscellaneous	1,801,394.58	49.637	8.53
Total	3,629,276.54	100.000	17.18

Of the duplicate assessments, less than $20,000 of the amount of overassessments caused thereby was refunded. Duplication of assessments results largely from the inability of the taxpayer to file a completed and proper return on the due date. In such cases when the taxpayer files his incompleted return showing an estimated tax liability the bureau is nevertheless faced with the necessity of taking some immediate action. The collector's office therefore assesses the full amount of the estimated tax liability and thereafter when the completed return is filed the full amount of the tax shown on the completed return is also often assessed, resulting in duplications of the assessments. The removal of such assessments for the purposes

of clearing the collectors' records does not in any wise affect payments or collections of corrected liabilities.

The refunds and abatements for executors' commissions, attorneys' fees, miscellaneous administration expenses and claims against the estate are largely due to the fact that they were paid and allowed by the probate courts after the filing of the return and the payment of the Federal estate tax. It has been found that at the time of the filing of the Federal estate-tax returns and often at the time of the examination of the return by the Government, it was impossible for either the taxpayers or the representatives of the Government to determine the expense of administration of the estate which would be incurred and paid and to ascertain all of the claims against the estate which were enforceable obligations of the estate on the date of death. This is particularly true with respect to the large estates, especially where the residuary estate is to be left in trust for a period of years or where the assets of the estate of the decedent result from limited estates. Suspensions of the determination and collection of the tax liabilities can not be postponed indefinitely and, accordingly, adjustments of the correct tax when later determinable must necessarily be made.

The overassessments of tax attributed to changes in valuations of assets in the taxable estate are due to various causes not ascertainable at the time of the assessment and collection of the tax liability.

The overassessments listed under "Miscellaneous" result from various causes such as the retroactive rates imposed by sections 322 and 324 of the revenue act of 1926; the exemption accorded estates of decedents who died from injury received or disease contracted in line of duty while serving in the military or naval forces of the United States and any country associated with the United States in the war against the German Government, as provided in section 401 of the revenue act of 1921; transfers excluded from the gross estate arising from settlement of cases in litigation and from various unavoidable administrative errors which naturally enter into the administration of the complex statute.

In conclusion it is noteworthy that as to the estate taxes the total additional taxes assessed in cases covered by this report exceed the total amounts of the abatements and refunds by more than $6,000,000 and that the refunds in these cases were approximately $7,000,000 ess than the additional taxes collected and not refunded.

Exhibit A

Income tax—Court decisions

Name of case	Citation	Refund	Credit	Abatement
Alworth-Stephens Co. *v.* Lynch	267 U. S. 364		$6,115.32	$185,750.67
Bankers Trust Co. *v.* Bowers	295 Fed. 89	$46,943.50		
Blodgett *v.* Holden	275 U. S. 142	25,748.94		
Boston & Maine R. R. *v.* U. S	279 U. S. 732	21,851.99		
Cambridge Loan & Bldg. Co. *v.* U. S	278 U. S. 55	379,334.52		208,476.17
Corona Coal Co. *v.* U. S	23 Fed. (2d) 673	1,182.10		
Kentucky Tobacco Products Co. *v.* Lucas.	5 Fed. (2d) 723		2,646.49	80,386.27
Marr *v.* U. S	268 U. S. 536	30,927.39	25,391.39	1,219.67
Mason *v.* Routzahn	275 U. S. 175	233,614.96		
National Life Insurance Co. *v.* U. S	277 U. S. 508	6,342,746.88	1,147,439.25	1,123,155.88
New York & Albany Lighterage Co. *v.* Bowers.	273 U. S. 346	2,566,763.79	997,492.81	1,334,454.80

Income tax—Court decisions—Continued

Name of case	Citation	Refund	Credit	Abatement
Nichols *v.* U. S	64 Ct. Cl. 241	$56, 998. 19		
Pitney *v.* Duffy	2 Fed. (2d) 230	766. 40	$113. 12	
Reid *v.* Rafferty	15 Fed. (2d) 264	301, 974. 19		
Robbins et al. *v.* U. S	269 U. S. 315	20, 901. 43	38, 025. 93	
Russell et al. *v.* U. S	278 U. S. 181	877, 366. 33	221, 496. 67	$2, 211, 866. 84
Slocum *v.* Bowers	20 Fed. (2d) 350	242, 734. 14		
Supplee-Biddle Hardware Co. *v.* U. S	265 U. S. 189	23, 886. 65		
Swift & Co. (of West Virginia) *v.* U. S	67 Ct. Cl. 322	25, 211. 97		
Toxaway Mills *v.* U. S	63 Ct. Cl. 646	232, 010. 97		
Untermeyer, executrix et al. *v.* Anderson	276 U. S. 440	34, 070. 33		
Westerfield *v.* Rafferty	4 Fed. (2d) 590	23, 102. 08	1, 353. 52	
Sections 607 and 609		854, 330. 72	24, 085. 03	80, 123. 93
Instant case		2, 442, 455. 37	261, 670. 10	1, 033, 533. 79
Total		14, 784, 922. 84	2, 725, 829. 63	6, 258, 968. 02

Exhibit B

Income tax, overassessments due to United States Board of Tax Appeals Decisions

Name	Citation		Refund	Credit	Abatement
	Volume	Page			
Aldrich, Roscoe H	3	911	$12, 752. 20	$1, 142. 56	
American LaDentelle (Inc.)	1	575	24, 665. 26		
Atlantic Coast Line R. R. Co	9	1193		19, 297. 96	
James Brown et al	10	1036	69, 233. 84		
J. W. Butler (Inc.)	1	1105	297. 78	3, 091. 23	$214. 22
Chicago Rock Island & Pacific Ry. Co	13	988	161. 16	1, 672. 92	115. 93
Coghlin Electric Co	3	1071	20, 837. 33	772, 020. 73	183, 084. 70
Columbia Theater Co	3	622	238. 23	2, 472. 98	171. 37
Donaldson Iron Co	9	1081		13, 536. 56	
Dudley, W. S	15	570			48, 975. 87
Fibre Yarn Co	10	479		5, 587. 31	
Goodell-Pratt Co	3	30	5, 697. 90	40. 97	5, 101. 11
Greenville Coal Co	3	1323	11, 925. 96		
Great Northern Railway Co	8	225	187, 301. 23	294, 323. 93	18, 615. 60
Grosvenor Atterbury	1	169	27, 514. 48	698. 52	
Herald-Despatch Co	4	1096			64, 621. 72
Illinois Terminal Co	5	15		213, 663. 53	
Isse Koch & Co	1	624	83, 328. 13	991. 41	102, 176. 30
Jamestown Worsted Mills	1	659	88, 041. 54	39, 885. 25	
Kilby Car and Foundry Co	4	1294	21, 133. 26		
Lehigh & Hudson River Ry. Co	13	1154	78, 742. 08	817, 403. 30	56, 645. 83
Liberty Light & Power Co	4	155	3, 881. 85		
MacAdam & Foster (Inc.)	8	967	831. 08	901. 53	
Mackay, Milton A	11	569	1, 567. 31	3, 725. 85	14, 914. 27
Mackechnie Bread Co	5	883	7, 307. 16		
Manville Jenckes Co	4	765	7, 307. 57	6. 15	
Mead Cycle Co	10	887	80, 484. 34	8, 809. 19	
New York, Ontario & Western Ry. Co	1	1172	25, 560. 48	49, 567. 16	186. 07
Regal Shoe Co	1	896	200, 825. 60	60, 282. 67	101, 840. 53
Retailers Fire Insurance Co	3	1186	158, 284. 69		
Richmond Light & Railroad Co	4	91	11, 317. 89	117, 488. 35	8, 141. 91
Standard Marine Insurance Co. (Ltd.)	4	853	287. 59	644. 85	
Superior Pocahontas Coal Co	7	380		10, 315. 12	
Union Metal Manufacturing Co	1	395	839, 587. 40	75, 398. 48	37, 606. 62
United States Fidelity & Guaranty Co	5	23	21, 581. 75		
Uvalde Co	1	932		228, 489. 75	
Estate W. K. Vanderbilt	11	291	79, 693. 63		
Instant case			1, 003, 532. 37	177, 668. 47	2, 142, 509. 67
Total			3, 073, 921. 09	2, 919, 126. 73	2, 784, 921. 72

Exhibit C

Income tax, specific legislation

Section	Revenue act	Refund	Credit	Abatement
704 (a)	1928	$217,484.24		
704 (b)	1928			$98,558.53
204	1921	133,227.35		
702 (a)	1928	45,466.14	$1,372.25	
1208	1926	123,946.01	36,514.26	53,770.13
703	1928	1,098,426.37	1,637.20	
24 (c)	Trading with the enemy act of 1928	206,287.05		85,171.01
	Joint congressional resolution 82, effective June 6, 1929	41,108.89		
	Total	1,865,946.05	39,523.71	237,499.67

O