

COMPARISON OF  
THE INTERNAL REVENUE CODE  
BEFORE AND AFTER ITS AMENDMENT BY THE  
REVENUE BILL OF 1943  
AS PASSED BY THE  
HOUSE OF REPRESENTATIVES

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



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CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,  
*Washington, November 30, 1943.*

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

DEAR SENATOR: In accordance with your request, I am submitting herewith a comparative print of the Internal Revenue Code as it now exists and as it is proposed to be amended by the revenue bill now before the Finance Committee. This print was prepared by Mr. Lynn L. Stratton, of the staff of this committee.

It is hoped that the comparison will be found useful to the Committee on Finance in its consideration of the House bill.

Respectfully yours,

COLIN F. STAM, *Chief of Staff.*



CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,  
Washington, November 30, 1943.

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

DEAR MR. STAM: At your direction, a comparison of the Internal Revenue Code as it now exists and as it is proposed to be amended by the House revenue bill of 1943 has been prepared and is submitted herewith.

The comparison is confined to sections of the Code expressly amended, added, or repealed by the House bill.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 Unchanged language appears in roman, new language in italic, and repealed language in stricken-through type.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

The text is preceded by a parallel reference table indicating by what sections of the bill the express amendments, additions, and repeals are to be effected.

Respectfully yours,

LYNN L. STRATTON.



PARALLEL REFERENCE TABLE OF THE SECTIONS OF THE INTERNAL REVENUE CODE EXPRESSLY AMENDED, ADDED, OR REPEALED BY THE HOUSE REVENUE BILL OF 1943 (H. R. 3687)

\*—Amended in full  
a—Added  
r—Repealed  
No symbol—Amended in part

Code	Sym- bol	Bill	Page	Code	Sym- bol	Bill	Page
3		105 (c) (1)	13	781 (b)	*	250 (d)	65
11	*	102	7	781 (d)	*	250 (e)	66
12 (b)	*	103	8	811 (k)	a	501	91
16	a	105 (b)	13	811 (k)		501	91
23 (c) (1) (F)	a	110	26	1000 (e)	a	502	92
23 (y)	a	111	27	1114		503	93
25 (a) (3)	r	108 (a)	21	1114 (b)	a	503	93
25 (a) (4)	r	108 (a)	21	1601 (a) (3)	*	601 (a)	95
25 (b)		106 (a)	15	1601 (a) (5)	r	601 (b)	96
25 (b) (3)	r	106 (b)	16	1601 (d)	a	601 (c)	96
25 (c)	a	106 (c)	17	1621 (g)	*	151 (a)	38
25 (d)	a	106 (c)	17	1621 (h)	*	151 (a)	38
26 (e)		202 (b)	52	1621 (i)	*	151 (a)	38
34	r	105 (c) (2)	13	1621 (k)		151 (b)	39
45		115 (b)	34	1622 (a)		152 (a)	39
47 (d)	r	108 (a)	21	1622 (b) (1) (A)	*	152 (b)	40
47 (e)	r	106 (d)	18	1622 (b) (1) (B)	*	152 (c)	41
51 (a)	*	107 (a)	19	1622 (c)		152 (d)	41
51 (b)		107 (b)	20	1622 (h) (1)	*	152 (e) (1)	51
54 (f)	a	112 (a)	28	1622 (h)		152 (e) (2)	51
56 (f)		105 (c) (3)	13	1650	a	302 (a)	68
58 (a) (2) (B)		105 (c) (4)	14	1651	a	302 (a)	68
58 (b) (1)		105 (c) (5)	14	1652	a	302 (a)	68
58 (b) (2)		105 (c) (5)	14	1653	a	302 (a)	68
103		105 (c) (6)	14	1654	a	302 (a)	68
108	*	109 (a)	22	1655	a	302 (a)	68
110	a	113 (a)	29	1656	a	302 (a)	68
114 (b) (2)		114 (b)	31	1657	a	302 (a)	68
114 (b) (4)		114 (a)	30	1700 (a)		302 (a)	68
116 (a) (1)		108 (b)	21	1700 (b)		302 (a)	68
116 (a) (2)		108 (b)	21	1700 (c)		302 (a)	68
116 (a) (3)	a	108 (b)	21	1700 (e)		302 (a)	68
129	a	115 (a)	32	1710 (a) (1)		302 (a)	68
131 (a)		105 (c) (7)	14	1710 (a) (2)		302 (a)	68
131 (j)		105 (c) (8)	14	2400		302 (a)	68
141 (c)		204 (c)	55	2400		310	87
142 (a)		107 (c) (1)	20	2401		302 (a)	68
142 (a) (3)		107 (c) (2)	21	2401		303	76
142 (a) (4)		107 (c) (2)	21	2402		302 (a)	68
142 (a) (5)		107 (c) (2)	21	2406 (a)	*	307 (a) (1)	78
145 (e)	*	105 (c) (9)	14	2700 (b) (1)	*	307 (a) (2)	78
163 (a) (1)	*	106 (e)	18	2800 (a) (1)		302 (a)	68
167 (c)	a	116 (a)	34	2800 (a) (3)		302 (a)	68
185	r	108 (a)	21	2800 (k)	a	308 (a)	33
214		106 (f) (1)	19	2887		309 (a)	87
251 (f)		106 (f) (2)	19	3030 (a) (1)		302 (a)	68
291 (b)	r	105 (c) (10)	15	3030 (a) (2)		302 (a)	68
294 (a) (5)		105 (c) (11)	15	3150		302 (a)	68
322 (a) (2)		105 (c) (12)	15	3150 (f)	a	308 (b)	84
322 (e)		105 (c) (13)	15	3194	a	308 (c)	85
400	*	104 (a)	9	3250 (1) (5)	a	309 (b)	87
404		104 (b)	12	3268		302 (a)	68
Ch 1D	r	105 (a)	13	3268 (c)	a	305	77
710 (a) (1) (A)	*	202 (a)	52	3400 (c)	a	306	77
710 (a) (3)	*	203 (b)	53	3406 (a) (2)		304	77
710 (a) (6)	a	203 (a)	52	3406 (a) (10)		302 (a)	68
710 (b) (1)		204 (a)	54	3407		307 (a) (3)	78
711 (a) (1) (I)	*	208 (d)	61	3411 (c)		307 (a) (4)	79
711 (a) (2) (K)	*	208 (e)	62	3442 (3)	*	307 (a) (5)	79
714	*	205	55	3443 (a) (3) (A) (i)	*	307 (a) (6)	79
722 (g)	a	206	56	3465 (a) (1) (A)		302 (a)	68
729 (b) (2)		204 (b)	55	3465 (a) (1) (B)		302 (a)	68
731		207 (a)	56	3465 (a) (2) (A)		302 (a)	68
735		208 (a)	57	3465 (a) (2) (B)		302 (a)	68
735 (a) (1)	*	208 (b) (1)	57	3465 (a) (3)		302 (a)	68
735 (a) (2)	*	208 (b) (1)	57	3466 (a)	*	307 (a) (7)	79
735 (a) (3)	*	208 (b) (1)	57	3469 (a)		302 (a)	68
735 (a) (4)	*	208 (b) (1)	57	3469 (c)		302 (a)	68
735 (a) (5)	*	208 (b) (1)	57	3469 (f) (1)	*	307 (a) (8)	80
735 (a) (9)	*	208 (b) (2)	60	3475 (b)	*	307 (a) (9)	80
735 (a) (12)	*	208 (b) (3)	60	3806 (a) (1) (B)		701 (c) (1)	129
735 (b) (4), (5)	a	208 (c)	61	3806 (a) (1) (C)		701 (c) (1)	129
780 (c)		250 (a)	64	3806 (b) (1)		701 (c) (2)	129
780 (d)		250 (b)	64	3806 (b) (2)		701 (c) (2)	129
780 (f), (g)	a	250 (c)	64				



# CHAPTER I—INCOME TAX

## SUBCHAPTER A—INTRODUCTORY PROVISIONS

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### SEC. 3. CLASSIFICATION OF PROVISIONS.

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

Subchapter A—Introductory provisions,

Subchapter B—General provisions, divided into Parts and sections,

Subchapter C—Supplemental provisions, divided into Supplements and sections.

Subchapter D—Victory tax on individuals, divided into parts and sections.

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## SUBCHAPTER B—GENERAL PROVISIONS

### Part I—Rates of Tax

#### SEC. 11. NORMAL TAX ON INDIVIDUALS.

(a) *GENERAL RULE.*—There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 6 10 per centum of the amount of the net income in excess of the credits against net income provided in section 25 (a) and (b).

(b) *MINIMUM TAX.*—If 3 per centum of the amount of the net income in excess of the credits against net income provided in section 25 (a) and (c) is greater than the tax imposed by subsection (a) and section 12, there shall be levied, collected, and paid, in lieu of the tax imposed by subsection (a) and section 12, a normal tax of 3 per centum of the amount of the net income in excess of the credits against net income so provided.

(c) *ALTERNATIVE TAX.*—(For alternative tax, if gross income from certain sources is \$3,000 or less, see section 400.)

#### SEC. 12. SURTAX ON INDIVIDUALS.

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

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

If the surtax net income is:	The surtax shall be:
Not over \$2,000-----	13% percent of the surtax net income.
Over \$2,000 but not over \$4,000-----	\$260, plus 16% percent of excess over \$2,000.
Over \$4,000 but not over \$6,000-----	\$580, plus 20% percent of excess over \$4,000.
Over \$6,000 but not over \$8,000-----	\$980, plus 24 23% percent of excess over \$6,000.

<b>If the surtax net income is—Continued.</b>	<b>The surtax shall be—Continued.</b>
Over \$8,000 but not over \$10,000----	\$1,460 \$1,440, plus 28 27% percent of excess over \$8,000.
Over \$10,000 but not over \$12,000---	\$2,020 \$1,980, plus 32 31% percent of excess over \$10,000.
Over \$12,000 but not over \$14,000---	\$2,660 \$2,600, plus 36% percent of excess over \$12,000.
Over \$14,000 but not over \$16,000---	\$3,280 \$3,320, plus 40% percent of excess over \$14,000.
Over \$16,000 but not over \$18,000---	\$4,180 \$4,120, plus 43% percent of excess over \$16,000.
Over \$18,000 but not over \$20,000---	\$5,040 \$4,980, plus 46% percent of excess over \$18,000.
Over \$20,000 but not over \$22,000---	\$5,960 \$5,900, plus 49% percent of excess over \$20,000.
Over \$22,000 but not over \$26,000---	\$6,940 \$6,880, plus 52% percent of excess over \$22,000.
Over \$26,000 but not over \$32,000---	\$9,020 \$8,960, plus 55% percent of excess over \$26,000.
Over \$32,000 but not over \$38,000---	\$12,320 \$12,260, plus 58% percent of excess over \$32,000.
Over \$38,000 but not over \$44,000---	\$15,800 \$15,740, plus 61% 62 percent of excess over \$38,000.
Over \$44,000 but not over \$50,000---	\$19,460 \$19,400, plus 63% 65 percent of excess over \$44,000.
Over \$50,000 but not over \$60,000---	\$23,240 \$23,360, plus 66% 68 percent of excess over \$50,000.
Over \$60,000 but not over \$70,000---	\$29,840 \$30,160, plus 69% 71 percent of excess over \$60,000.
Over \$70,000 but not over \$80,000---	\$36,740 \$37,260, plus 72% 74 percent of excess over \$70,000.
Over \$80,000 but not over \$90,000---	\$43,940 \$44,660, plus 75% 77 percent of excess over \$80,000.
Over \$90,000 but not over \$100,000--	\$51,440 \$52,360, plus 77% 80 percent of excess over \$90,000.
Over \$100,000 but not over \$150,000.	\$59,140 \$60,360, plus 79% 82 percent of excess over \$100,000.
Over \$150,000 but not over \$200,000.	\$98,640 \$101,360, plus 81% 83 percent of excess over \$150,000.
Over \$200,000-----	\$139,140 \$142,860, plus 82% 84 percent of excess over \$200,000.

\* \* \* \* \*

## SEC. 16. LIMITATION ON TAX OF INDIVIDUALS.

*If the tax imposed by this chapter (computed without regard to this section, and without regard to the credits provided in sections 31, 32, and 35) exceeds 90 per centum of the net income of an individual for the taxable year, the tax (before the allowance of such credits) shall not exceed 90 per centum of the net income of such individual for such taxable year.*

## Part II—Computation of Net Income

\* \* \* \* \*

## SEC. 23. DEDUCTIONS FROM GROSS INCOME.

In computing net income there shall be allowed as deductions:

\* \* \* \* \*

### (c) TAXES GENERALLY.—

(1) ALLOWANCE IN GENERAL.—Taxes paid or accrued within the taxable year, except—

(A) Federal income taxes;

(B) war-profits and excess-profits taxes imposed by Title II of the Revenue Act of 1917, Title III of the Revenue Act

of 1918, Title III of the Revenue Act of 1921, section 216 of the National Industrial Recovery Act, section 702 of the Revenue Act of 1934, or Subchapter E of Chapter 2, or by any such provisions as amended or supplemented;

(C) income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States, if the taxpayer chooses to take to any extent the benefits of section 131;

(D) estate, inheritance, legacy, succession, and gift taxes; and

(E) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges; and

(F) Federal import duties, and Federal excise and stamp taxes (not described in subparagraph (A), (B), (D), or (E)), but this subsection shall not prevent such duties and taxes from being deducted under subsection (a).

\* \* \* \* \*

(y) *SPECIAL DEDUCTION FOR BLIND INDIVIDUALS.*—

(1) *IN GENERAL.*—*In the case of a blind individual, \$500. For the purposes of this subsection, the status of the individual, insofar as it affects the application of this subsection to such individual, shall be determined as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such status shall be determined as of the last day of the taxable year.*

(2) *DEFINITION.*—*For the purposes of this subsection, the term "blind individual" means an individual whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.*

\* \* \* \* \*

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

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

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

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

(3) **EARNED INCOME CREDIT.**—10 per centum of the amount of the earned net income, but not in excess of 10 per centum of the amount of the net income.

(4) **EARNED INCOME DEFINITIONS.**—For the purposes of this section—

(A) “**Earned income**” means wages, salaries, professional fees, and other amounts received as compensation for personal services actually rendered, but does not include any amount not included in gross income, nor that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income producing factors, a reasonable allowance as compensation for the personal services actually rendered by the taxpayer, not in excess of 20 per centum of his share of the net profits of such trade or business, shall be considered as earned income.

(B) “**Earned income deductions**” means such deductions as are allowed by section 23 for the purpose of computing net income, and are properly allocable to or chargeable against earned income.

(C) “**Earned net income**” means the excess of the amount of the earned income over the sum of the earned income deductions. If the taxpayer’s net income is not more than \$3,000, his entire net income shall be considered to be earned net income, and if his net income is more than \$3,000, his earned net income shall not be considered to be less than \$3,000. In no case shall the earned net income be considered to be more than \$14,000.

(b) **CREDITS FOR BOTH NORMAL TAX AND SURTAX.**—There shall be allowed for the purposes of the normal tax, *if computed under section 11 (a)*, and the surtax the following credits against net income:

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

(A) *Single Person.*—In the case of a single person, a personal exemption of \$500.

(B) *Head of Family*—In the case of the head of a family (not a married person living with husband or wife), a personal exemption of \$1,200.

(C) *Married Person Not Living With Husband or Wife.*—In the case of a married person not living with husband or wife, a personal exemption of \$500.

(D) *Married Person Living With Husband or Wife.*—In the case of a married person living with husband or wife if a joint return is filed or if one spouse has no gross income, a personal exemption of \$1,200; or if each has gross income and no joint return is filed, a personal exemption of \$500. If a joint return is filed the husband and wife shall receive but one personal exemption of \$1,200 in the aggregate.

(2) CREDIT FOR DEPENDENTS.—

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

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

(3) *CHANGE OF STATUS.*—If the status of the taxpayer, insofar as it affects the personal exemption or credit for dependents, changes during the taxable year, the personal exemption and credit shall be apportioned, under rules and regulations prescribed by the Commissioner with the approval of the Secretary, in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional part of a month shall be disregarded unless it amounts to more than half a month in which case it shall be considered as a month.

(c) *CREDITS FOR MINIMUM NORMAL TAX.*—There shall be allowed for the purposes of the normal tax, if computed under section 11 (b), the following credits against net income:

(1) *PERSONAL EXEMPTION.*—

(A) *Single Person.*—In the case of a single person, a personal exemption of \$500;

(B) *Head of Family.*—In the case of the head of a family (not a married person living with husband or wife), a personal exemption of \$700;

(C) *Married Person Not Living With Husband or Wife.*—In the case of a married person not living with husband or wife, a personal exemption of \$500;

(D) *Married Person Living With Husband or Wife.*—In the case of a married person living with husband or wife if a joint return is filed or if one spouse has no gross income, a personal exemption of \$700; or if each has gross income and no joint return is filed, a personal exemption of \$500. If a joint return is filed the husband and wife shall receive but one personal exemption of \$700 in the aggregate;

(2) *CREDIT FOR DEPENDENTS.*—For each dependent (as defined in subsection (b) (2) (A)) of the taxpayer there shall be allowed an

*additional credit of \$100, excluding as a dependent, in the case of a head of a family, one who would be excluded under section 25 (b) (2) (B).*

(d) *DETERMINATION OF STATUS.*—For the purposes of the personal exemption and credit for dependents, the status of the taxpayer shall be determined as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such status shall be determined as of the last day of the taxable year.

#### SEC. 26. CREDITS OF CORPORATIONS.

In the case of a corporation the following credits shall be allowed to the extent provided in the various sections imposing tax—

\* \* \* \* \*

(e) *INCOME SUBJECT TO EXCESS-PROFITS TAX.*—In the case of any corporation subject to the tax imposed by Subchapter E of Chapter 2, an amount equal to its adjusted excess-profits net income (as defined in section 710 (b)). In the case of any corporation computing such tax under section 721 (relating to abnormalities in income in the taxable period), section 726 (relating to corporations completing contracts under the Merchant Marine Act of 1936), section 731 (relating to corporations engaged in mining strategic minerals), or section 736 (b) (relating to corporations with income from long-term contracts), the credit shall be the amount of which the tax imposed by such subchapter is 99 95 per centum. For the purpose of the preceding sentence the term “tax imposed by Subchapter E of Chapter 2” means the tax computed without regard to the limitation provided in section 710 (a) (1) (B) (the 80 per centum limitation), without regard to the credit provided in section 729 (c) and (d) for foreign taxes paid, and without regard to the adjustments provided in section 734. This subsection shall not apply to any corporation exempt from such tax under section 725 or section 727.

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### Part III—Credits Against Tax

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#### SEC. 34. CREDITS AGAINST VICTORY TAX.

For credits against victory tax, see section 453.

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### Part IV—Accounting Periods and Methods of Accounting

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#### SEC. 45. ALLOCATION OF INCOME AND DEDUCTIONS.

In any case of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the United States, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the Commissioner is authorized to distribute, apportion, or allocate ~~gross income or deductions~~ *gross income, deductions, credits, or allowances* between or among such organizations, trades, or businesses, if he determines that such distribution, apportionment, or allocation is necessary in order to prevent

evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses.

\* \* \* \* \*

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

(a) RETURNS FOR SHORT PERIOD RESULTING FROM CHANGE OF ACCOUNTING PERIOD.—If a taxpayer, with the approval of the Commissioner, changes the basis of computing net income from fiscal year to calendar year a separate return shall be made for the period between the close of the last fiscal year for which return was made and the following December 31. If the change is from calendar year to fiscal year, a separate return shall be made for the period between the close of the last calendar year for which return was made and the date designated as the close of the fiscal year. If the change is from one fiscal year to another fiscal year a separate return shall be made for the period between the close of the former fiscal year and the date designated as the close of the new fiscal year.

\* \* \* \* \*

(d) EARNED INCOME.—The Commissioner with the approval of the Secretary shall by regulations prescribe the method of applying the provisions of subsections (b) and (c) (relating to computing income on the basis of a short period, and placing such income on an annual basis) to cases where the taxpayer makes a separate return under subsection (a) on account of a change in the accounting period, and it appears that for the period for which the return is so made he has received earned income.

(e) REDUCTION OF CREDITS AGAINST NET INCOME.—In the case of a return made for a fractional part of a year, except a return made under subsection (a), on account of a change in the accounting period, the personal exemption and credit for dependents shall be reduced respectively to amounts which bear the same ratio to the full credits provided as the number of months in the period for which return is made bears to twelve months.

\* \* \* \* \*

### Part V—Returns and Payment of Tax

#### SEC. 51. INDIVIDUAL RETURNS.

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

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

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

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

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

*A return, which shall contain or be verified by a written declaration that it is made under the penalties of perjury, stating specifically the items of gross income and the deductions and credits allowed under this chapter and such other information for the purpose of carrying out the provisions of this chapter as the Commissioner with the approval of the Secretary may by regulations prescribe, shall be made by every individual having for the taxable year a gross income of \$500 or more, unless such individual is married and living with husband or wife and is permitted to make a joint return with his spouse under subsection (b) and the aggregate gross income of husband and wife is less than \$700. For the purposes of this section, the determination of whether an individual is married and living with husband or wife shall be made as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such determination shall be made as of the last day of the taxable year.*

(b) **HUSBAND AND WIFE.**—In the case of a husband and wife living together the income of each (even though one has no gross income) may be included in a single return made by them jointly, in which case the tax shall be computed on the aggregate income, and the liability with respect to the tax shall be joint and several. No joint return may be made if either the husband or wife is a nonresident alien or if husband and wife have different taxable years.

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#### **SEC. 54. RECORDS AND SPECIAL RETURNS.**

(a) **BY TAXPAYER.**—Every person liable to any tax imposed by this chapter or for the collection thereof, shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations, as the Commissioner, with the approval of the Secretary, may from time to time prescribe.

(b) **TO DETERMINE LIABILITY TO TAX.**—Whenever in the judgment of the Commissioner necessary he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records, as the Commissioner deems sufficient to show whether or not such person is liable to tax under this chapter.

(c) **INFORMATION AT THE SOURCE.**—

For requirement of statements and returns by one person to assist in determining the tax liability of another person, see sections 147 to 150.

(d) **COPIES OF RETURNS.**—If any person, required by law or regulations made pursuant to law to file a copy of any income return for any taxable year, fails to file such copy at the time required, there shall be due and assessed against such person \$5 in the case of an individual return or \$10 in the case of a fiduciary, partnership, or corporation return, and the collector with whom the return is filed shall prepare such copy. Such amount shall be collected and paid, without interest, in the same manner as the amount of tax due in excess of that shown by the taxpayer upon a return in the case of a mathematical error appearing on the face of the return. Copies of returns filed or prepared pursuant to this subsection shall remain on file for a period of not less than two years from the date they are required to be filed, and may be destroyed at any time thereafter under the direction of the Commissioner.

## (e) FOREIGN PERSONAL HOLDING COMPANIES.—

For information returns by officers, directors, and large shareholders, with respect to foreign personal holding companies, see sections 338, 339, and 340.

For information returns by attorneys, accountants, and so forth, as to formation, and so forth, of foreign corporations, see section 3604.

(f) *Every organization, except as hereinafter provided, exempt from taxation under section 101 shall file an annual return, which shall contain or be verified by a written declaration that it is made under the penalties of perjury, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the provisions of this chapter as the Commissioner, with the approval of the Secretary, may by regulations prescribe, and shall keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Commissioner, with the approval of the Secretary, may from time to time prescribe. No such annual return need be filed under this subsection by any organization exempt from taxation under the provisions of section 101—*

(1) *which is a religious organization duly exempted by ruling of the Commissioner under section 101 (6); or*

(2) *which is an educational organization duly exempted by ruling of the Commissioner under section 101 (6), if such organization maintains a regular faculty and curriculum and has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on; or*

(3) *which is a charitable organization duly exempted by ruling of the Commissioner under section 101 (6), if such organization is supported, in whole or in part, by funds contributed by the United States or any State or political subdivision thereof, or is primarily supported by contributions of the general public; or*

(4) *which is an organization duly exempted by ruling of the Commissioner under section 101 (6), if such organization is operated, supervised, or controlled by or in connection with a religious organization described in paragraph (1).*

\* \* \* \* \*

## SEC. 56. PAYMENT OF TAX.

\* \* \* \* \*

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

\* \* \* \* \*

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

(a) REQUIREMENT OF DECLARATION.—Every individual (other than an estate or trust and other than a nonresident alien with respect to whose wages, as defined in section 1621 (a), withholding under Subchapter D of Chapter 9 is not made applicable) shall, at the time

during the taxable year prescribed in subsection (d), make a declaration of his estimated tax for the taxable year if—

- (1) his gross income from wages (as defined in section 1621)
  - (A) in case such individual is single or married but not living with husband or wife: can reasonably be expected to exceed \$2,700 for the taxable year; or did exceed \$2,700 for the preceding taxable year; or
  - (B) in case such individual is married and living with husband or wife: can, when added to the gross income which can reasonably be expected to be received by such husband or wife from wages (as so defined), reasonably be expected to exceed \$3,500 for the taxable year; or did when added to the gross income of such husband or wife from wages (as so defined) for the preceding taxable year, exceed \$3,500 for such preceding taxable year; or
- (2) his gross income from sources other than wages (as defined in section 1621)
  - (A) in case such individual is single or married but not living with husband or wife: can reasonably be expected to exceed \$100 for the taxable year and his gross income to be such as will require the making of a return for the taxable year under section 51; or did exceed \$100 for the preceding taxable year and such individual either was required to make a return under section 51 or 455 for such preceding taxable year or would have been so required if he had been single during the whole of such preceding taxable year; or
  - (B) in case such individual is married and living with husband or wife: can, when added to the gross income which can reasonably be expected to be received by husband or wife from such sources, reasonably be expected to exceed \$100 for the taxable year and the aggregate gross income of such husband and wife can reasonably be expected to be such as will require the making of a return under section 51 or 455; or did, when added to the gross income of such husband or wife from such sources for the preceding taxable year, exceed \$100 for such preceding taxable year and such individual would have been required to make a return under section 51 or 455 for such preceding taxable year if he had been married and living with husband or wife during the whole of such preceding taxable year; or
- (3) in case such taxable year is the taxable year beginning in 1943, such individual was required to make a return under section 51 for the taxable year beginning in 1942, and his gross income from wages (as defined in section 1621) for such taxable year is greater than the gross income which can reasonably be expected to be received from wages for the taxable year beginning in 1943.

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

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

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

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

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

\* \* \* \* \*

## SUBCHAPTER C—SUPPLEMENTAL PROVISIONS

### Supplement A—Rates of Tax

\* \* \* \* \*

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

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

\* \* \* \* \*

**SEC. 108. TAXABLE YEARS BEGINNING IN 1941 AND ENDING AFTER JUNE 30, 1942. FISCAL YEAR TAXPAYERS.**

(a) **GENERAL RULE TAXABLE YEARS BEGINNING IN 1941 AND ENDING AFTER JUNE 30, 1942.**—In the case of a taxable year beginning in 1941 and ending after June 30, 1942, the tax imposed by sections 11, 12, 13, 14, and 15 shall be—

(1) **CORPORATIONS.**—In the case of a corporation an amount equal to the sum of—

(A) that portion of a tentative tax, computed ~~without regard to section 140 of the Revenue Act of 1942, as if the law applicable to taxable years beginning on January 1, 1941, were applicable to such taxable year,~~ which the number of days in such taxable year before July 1, 1942, bears to the total number of days in such taxable year, plus

(B) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1941, were applicable to such taxable year, but as if the amendments made by sections 105 (a), ~~and the amendments made by sections 105 (b)~~ (other than those relating to dividends on the preferred stock of public utilities), (c), (d), and (e) (1), 202, and 206 of the Revenue Act of 1942 were applicable to such taxable year, which the number of days in such taxable year after June 30, 1942, bears to the total number of days in such taxable year.

(2) **TAXPAYERS OTHER THAN CORPORATIONS.**—In the case of a taxpayer other than a corporation, an amount equal to the sum of—

(A) that portion of a tentative tax, computed ~~without regard to section 140 of the Revenue Act of 1942, as if the law applicable to taxable years beginning on January 1, 1941, were applicable to such taxable year,~~ which the number of days in such taxable year before July 1, 1942, bears to the total number of days in such taxable year, plus

(B) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1941, were applicable to such taxable year, but as if the amendments made by sections 102 and 103 of the Revenue Act of 1942 were applicable to such taxable year, which the number of days in such taxable year after June 30, 1942, bears to the total number of days in such taxable year.

(b) **TAXABLE YEARS BEGINNING IN 1943 AND ENDING IN 1944.**—In the case of a taxable year beginning in 1943 and ending in 1944, the tax imposed by sections 11, 12, 13, 14, and 15 shall be—

(1) **CORPORATIONS.**—In the case of a corporation, an amount equal to the sum of—

(A) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1943, were applicable to such taxable year, which the number of days

in such taxable year prior to January 1, 1944, bears to the total number of days in such taxable year, plus

(B) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1944, were applicable to such taxable year, which the number of days in such taxable year after December 31, 1943, bears to the total number of days in such taxable year.

(2) **TAXPAYERS OTHER THAN CORPORATIONS.**—In the case of a taxpayer other than a corporation, an amount equal to the sum of—

(A) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1943, were applicable to such taxable year, which the number of days in such taxable year prior to January 1, 1944, bears to the total number of days in such taxable year, plus

(B) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1944, were applicable to such taxable year, which the number of days in such taxable year after December 31, 1943, bears to the total number of days in such taxable year.

(b) (c) **SPECIAL CLASSES OF TAXPAYERS.**—This section shall not apply to an insurance company subject to Supplement G, an investment company subject to Supplement Q, or a Western Hemisphere Trade Corporation, as defined in section 109.

\* \* \* \* \*

#### **SEC. 110. BACK PAY ATTRIBUTABLE TO PRIOR YEARS.**

If during the taxable year there is received or accrued by an individual any amount as back pay—

(a) arising out of any alleged unfair labor practice of his employer under the National Labor Relations Act, or

(b) arising out of any alleged violation of section 6 or 7 of the Fair Labor Standards Act of 1938, or

(c) arising out of any retroactive wage increase provided for by the National War Labor Board,

any part of which is determined under regulations prescribed by the Commissioner with the approval of the Secretary to be attributable to one or more prior taxable years, the tax attributable to such amount shall not be greater than the aggregate of the taxes attributable to such amount had the portion attributable to the prior taxable year been included in gross income for such prior taxable year, or if it is attributable to more than one prior taxable year, had the respective portions thereof attributable to such prior taxable years been included in gross income for such respective prior taxable years.

#### **Supplement B—Computation of Net Income**

(Supplementary to Subchapter B, Part II)

\* \* \* \* \*

#### **SEC. 114. BASIS FOR DEPRECIATION AND DEPLETION.**

\* \* \* \* \*

## (b) BASIS FOR DEPLETION.—

(1) GENERAL RULE.—The basis upon which depletion is to be allowed in respect of any property shall be the adjusted basis provided in section 113 (b) for the purpose of determining the gain upon the sale or other disposition of such property, except as provided in paragraphs (2), (3), and (4) of this subsection.

(2) DISCOVERY VALUE IN CASE OF MINES.—In the case of mines (other than metal, coal, fluorspar, *flake graphite*, *vermiculite*, *beryl*, *feldspar*, *mica*, *lepidolite*, *spodumene*, *potash*, ball and sagger clay, rock asphalt, or sulphur mines) discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within thirty days thereafter, if such mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost. The depletion allowance under section 23 (m) based on discovery value provided in this paragraph shall not exceed 50 per centum of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance under section 23 (m) be less than it would be if computed without reference to discovery value. Discoveries shall include minerals in commercial quantities contained within a vein or deposit discovered in an existing mine or mining tract by the taxpayer after February 28, 1913, if the vein or deposit thus discovered was not merely the uninterrupted extension of a continuing commercial vein or deposit already known to exist, and if the discovered minerals are of sufficient value and quantity that they could be separately mined and marketed at a profit.

(3) PERCENTAGE DEPLETION FOR OIL AND GAS WELLS.—In the case of oil and gas wells the allowance for depletion under section 23 (m) shall be 27½ per centum of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 per centum of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance under section 23 (m) be less than it would be if computed without reference to this paragraph.

(4) PERCENTAGE DEPLETION FOR COAL, FLUORSPAR, *FLAKE GRAPHITE*, *VERMICULITE*, *BERYL*, *FELDSPAR*, *MICA*, *LEPIDOLITE*, *SPODUMENE*, BALL AND SAGGER CLAY, ROCK ASPHALT, AND METAL MINES, *POTASH*, AND SULPHUR.—The allowance for depletion under section 23 (m) shall be, in the case of coal mines, 5 per centum, in the case of metal mines, fluorspar, *flake graphite*, *vermiculite*, *beryl*, *feldspar*, *mica*, *lepidolite*, *spodumene*, ball and sagger clay or rock asphalt mines, 15 per centum, and, in the case of sulphur or *potash* mines or deposits, 23 per centum, of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 per centum of the net income of the taxpayer

(computed without allowance for depletion) from the property, except that in no case shall the depletion allowance under section 23 (m) be less than it would be if computed without reference to this paragraph.

\* \* \* \* \*

#### SEC. 116. EXCLUSIONS FROM GROSS INCOME.

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

##### (a) EARNED INCOME FROM SOURCES WITHOUT THE UNITED STATES.—

(1) FOREIGN RESIDENT FOR ENTIRE TAXABLE YEAR.—In the case of an individual citizen of the United States, who establishes to the satisfaction of the Commissioner that he is a bona fide resident of a foreign country or countries during the entire taxable year, amounts received from sources without the United States (except amounts paid by the United States or any agency thereof) if such amounts ~~would~~ constitute earned income as defined in section 25 (a) paragraph (3) ~~if received from sources within the United States~~; but such individuals shall not be allowed as a deduction from his gross income any deductions properly allocable to or chargeable against amounts excluded from gross income under this subsection.

(2) TAXABLE YEAR OF CHANGE OF RESIDENCE TO UNITED STATES.—In the case of an individual citizen of the United States, who has been a bona fide resident of a foreign country or countries for a period of at least two years before the date on which he changes his residence from such country to the United States, amounts received from sources without the United States (except amounts paid by the United States or any agency thereof), which are attributable to that part of such period of foreign residence before such date, if such amounts ~~would~~ constitute earned income as defined in section 25 (a) paragraph (3) ~~if received from sources within the United States~~; but such individual shall not be allowed as a deduction from his gross income any deductions properly allocable to or chargeable against amounts excluded from gross income under this subsection.

(3) DEFINITION OF EARNED INCOME.—*For the purposes of this subsection, "earned income" means wages, salaries, professional fees, and other amounts received as compensation for personal services actually rendered, but does not include that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income producing factors, under regulations prescribed by the Commissioner with the approval of the Secretary, a reasonable allowance as compensation for the personal services rendered by the taxpayer, not in excess of 20 per centum of his share of the net profits of such trade or business, shall be considered as earned income.*

\* \* \* \* \*

**SEC. 129. ACQUISITIONS MADE OR AVAILED OF TO AVOID INCOME OR EXCESS PROFITS TAX.**

(a) *DISALLOWANCE OF DEDUCTION, CREDIT, OR ALLOWANCE.*—If any person or persons acquire, on or after October 8, 1940, directly or indirectly, an interest in, or control of, a corporation, or property, and the Commissioner finds that one of the principal purposes for which such acquisition was made or availed of is the avoidance of Federal income or excess profits tax by securing the benefit of a deduction, credit, or other allowance, then such deduction, credit, or other allowance shall not be allowed.

(b) *POWER OF COMMISSIONER TO ALLOW DEDUCTION, ETC., IN PART.*—In any case to which subsection (a) is applicable the Commissioner is authorized—

(1) to allow as a deduction, credit, or allowance any part of any amount disallowed by such subsection, if he determines that such allowance will not result in the avoidance of Federal income and excess profits tax for which the acquisition was made or availed of; or

(2) to distribute, apportion, or allocate gross income, and distribute, apportion, or allocate the deductions, credits, or allowances the benefit of which was sought to be secured or availed of, between or among the corporations, or properties, or parts thereof, involved, and to allow such deductions, credits, or allowances so distributed, apportioned, or allocated, but to give effect to such allowance only to such extent as he determines will not result in the avoidance of Federal income and excess profits tax for which the acquisition was made or availed of; or

(3) to exercise his powers in part under paragraph (1) and in part under paragraph (2).

**Supplement C—Credits Against Tax**

(Supplementary to Subchapter B, Part III)

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

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

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

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

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

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

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

\* \* \* \* \*

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

\* \* \* \* \*

### Supplement D—Returns and Payment of Tax

(Supplementary to Subchapter B, Part V)

#### SEC. 141. CONSOLIDATED RETURNS.

\* \* \* \* \*

(c) COMPUTATION AND PAYMENT OF TAX.—In any case in which consolidated income-tax and excess-profits-tax returns are made or are required to be made, the taxes shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) prescribed prior to the last day prescribed by law for the filing of such returns; except that the tax imposed under section 15 or section 204 shall be increased by 2 per centum of the consolidated corporation surtax net income of the affiliated group of includible corporations. Only one specific exemption of \$5,000 \$10,000 provided in section 710 (b) (1) shall be allowed for the entire affiliated group of corporations for the purposes of the tax imposed by Subchapter E of Chapter 2.

\* \* \* \* \*

#### SEC. 142. FIDUCIARY RETURNS.

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

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

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

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

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

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

\* \* \* \* \*

#### SEC. 145. PENALTIES.

\* \* \* \* \*

#### (e) CROSS REFERENCE.—

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

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

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### Supplement E—Estates and Trusts

\* \* \* \* \*

#### SEC. 163. CREDITS AGAINST NET INCOME.

#### (a) CREDITS OF ESTATE OR TRUST.—

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

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

\* \* \* \* \*

#### SEC. 167. INCOME FOR BENEFIT OF GRANTOR.

#### (a) Where any part of the income of a trust—

(1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or

(2) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or

(3) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 23 (o), relating to the so-called "charitable contribution" deduction);

then such part of the income of the trust shall be included in computing the net income of the grantor.

(b) As used in this section, the term "in the discretion of the grantor" means "in the discretion of the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question."

(c) *Income of a trust shall not be considered taxable to the grantor under subsection (a) or any other provision of this chapter merely because such income, in the discretion of another person or the trustee, may be applied or distributed for the support or maintenance of a beneficiary whom the grantor is legally obligated to support or maintain, except to the extent that such income is so applied or distributed. In cases where the amounts so applied or distributed are paid out of corpus or out of other than income for the taxable year, such amounts shall be considered paid out of income to the extent that they do not exceed the income of the trust for such taxable year which is not paid, credited, or to be distributed under section 162.*

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### Supplement F—Partnerships

\* \* \* \* \*

### SEC. 185. EARNED INCOME.

In the case of the members of a partnership the proper part of each share of the net income which consists of earned income shall be determined under rules and regulations to be prescribed by the Commissioner with the approval of the Secretary and shall be separately shown in the return of the partnership.

\* \* \* \* \*

### Supplement H—Nonresident Alien Individuals

\* \* \* \* \*

### SEC. 214. CREDITS AGAINST NET INCOME.

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

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## Supplement J—Possessions of the United States

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

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

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

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

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

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

(c) **TAX IN CASE OF CORPORATIONS.**—

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

(2) **CROSS REFERENCE.**—

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

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

(e) **DEDUCTIONS.**—

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

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

(f) CREDITS AGAINST NET INCOME.—A citizen of the United States entitled to the benefits of this section shall be allowed a personal exemption of only \$500 and shall not be allowed the credit for dependents provided in section 25 (b) (2) or (c) (2).

(g) ALLOWANCE OF DEDUCTIONS AND CREDITS.—Citizens of the United States and domestic corporations entitled to the benefits of this section shall receive the benefit of the deductions and credits allowed to them in this chapter only by filing or causing to be filed with the collector a true and accurate return of their total income received from all sources in the United States, in the manner prescribed in this chapter; including therein all the information which the Commissioner may deem necessary for the calculation of such deductions and credits.

(h) CREDITS AGAINST TAX.—Persons entitled to the benefits of this section shall not be allowed the credits against the tax for taxes of foreign countries and possessions of the United States allowed by section 131.

\* \* \* \* \*

### Supplement M—Interest and Additions to the Tax

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

(a) In case of any failure to make and file return required by this chapter, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the tax: 5 per centum if the failure is for not more than thirty days with an additional 5 per centum for each additional thirty days or fraction thereof during which such failure continues, not exceeding 25 per centum in the aggregate. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax. The amount added to the tax under this section shall be in lieu of the 25 per centum addition to the tax provided in section 3612 (d) (1).

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

\* \* \* \* \*

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

(a) TAX SHOWN ON RETURN.—

(1) GENERAL RULE.—Where the amount determined by the taxpayer as the tax imposed by this chapter, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment, there shall be collected as a part of the tax, interest upon such unpaid amount at the rate of 6 per centum per annum from the date prescribed for its payment until it is paid.

(2) IF EXTENSION GRANTED.—Where an extension of time for payment of the amount so determined as the tax by the taxpayer, or any installment thereof, has been granted, and the amount the time for payment of which has been extended, and the

interest thereon determined under section 295, is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in paragraph (1) of this subsection, interest at the rate of 6 per centum per annum shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

(3) **FAILURE TO FILE DECLARATION OF ESTIMATED TAX.**—In the case of a failure to make and file a declaration of estimated tax within the time prescribed, there shall be added to the tax an amount equal to 10 per centum of the tax.

(4) **FAILURE TO PAY INSTALLMENT OF ESTIMATED TAX.**—In the case of the failure to pay an installment of the estimated tax within the time prescribed, there shall be added to the tax \$2.50 or 2½ per centum of the tax, whichever is the greater, for each installment with respect to which such failure occurs.

(5) **SUBSTANTIAL UNDERESTIMATE OF ESTIMATED TAX.**—If 80 per centum of the tax (determined without regard to the credits under sections 32, and 35, and 466 (e)), in the case of individuals other than farmers exercising an election under section 60 (a), or 66⅔ per centum of such tax so determined in the case of such farmers, exceeds the estimated tax (increased by such credits), there shall be added to the tax an amount equal to such excess, or equal to 6 per centum of the amount by which such tax so determined exceeds the estimated tax so increased, whichever is the lesser. This paragraph shall not apply to the taxable year in which falls the death of the taxpayer.

\* \* \* \* \*

### Supplement O—Overpayments

\* \* \* \* \*

## SEC. 322. REFUNDS AND CREDITS.

(a) **AUTHORIZATION.**—

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

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

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

\* \* \* \* \*

(e) **PRESUMPTION AS TO DATE OF PAYMENT.**—For the purposes of this section, any tax actually deducted and withheld at the source during any calendar year under Part II of Subchapter D or under

Subchapter D of Chapter 9 shall, in respect of the recipient of the income, be deemed to have been paid by him not earlier than the fifteenth day of the third month following the close of his taxable year with respect to which such tax is allowable as a credit under section 35 or ~~section~~ 466 (e). For the purposes of this section, any amount paid as estimated tax for any taxable year shall be deemed to have been paid not earlier than the fifteenth day of the third month following the close of such taxable year.

\* \* \* \* \*

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

**SEC. 400. IMPOSITION OF TAX.**

In lieu of the tax imposed under sections 11 and 12, an individual who makes his return on the cash basis may elect, for each taxable year, to pay the tax shown in the following table if his gross income for such taxable year is \$3,000 or less and consists wholly of one or more of the following: Salary, wages, compensation for personal services, dividends, interest, or annuities:

If the gross income is over—	But not over—	The tax shall be—		
		Single person (not head of a family)	Married person making separate return	(1) Married person whose spouse has no gross income or (2) Married per- son making joint return or (3) Head of family
\$0	\$525	\$0	\$0	\$0
\$525	550	1	0	0
\$550	575	4	0	0
\$575	600	7	0	0
\$600	625	11	0	0
\$625	650	15	0	0
\$650	675	20	3	0
\$675	700	24	6	0
\$700	725	28	9	0
\$725	750	33	14	0
\$750	775	37	18	0
\$775	800	41	22	0
\$800	825	46	27	0
\$825	850	50	31	0
\$850	875	54	35	0
\$875	900	59	40	0
\$900	925	63	44	0
\$925	950	67	48	0
\$950	975	71	52	0
\$975	1,000	76	57	0
\$1,000	1,025	80	61	0
\$1,025	1,050	84	65	0
\$1,050	1,075	89	70	0
\$1,075	1,100	93	74	0
\$1,100	1,125	97	78	0
\$1,125	1,150	102	83	0
\$1,150	1,175	106	87	0
\$1,175	1,200	110	91	0
\$1,200	1,225	115	96	0
\$1,225	1,250	119	100	0
\$1,250	1,275	123	104	0
\$1,275	1,300	128	109	1
\$1,300	1,325	132	113	4
\$1,325	1,350	136	117	7
\$1,350	1,375	141	122	10
\$1,375	1,400	145	126	14
\$1,400	1,425	149	130	17
\$1,425	1,450	154	135	21
\$1,450	1,475	158	139	25
\$1,475	1,500	162	143	29
\$1,500	1,525	167	148	34
\$1,525	1,550	171	152	38
\$1,550	1,575	175	156	42
\$1,575	1,600	180	161	47
\$1,600	1,625	184	165	51
\$1,625	1,650	188	169	55
\$1,650	1,675	193	174	60
\$1,675	1,700	197	178	64
\$1,700	1,725	201	182	68
\$1,725	1,750	206	187	73
\$1,750	1,775	210	191	77
\$1,775	1,800	214	195	81

If the gross income is over—	But not over—	The tax shall be—		
		Single person (not head of a family)	Married person making separate return	(1) Married person whose spouse has no gross income or (2) Married person making joint return or (3) Head of family
\$1,800	\$1,825	\$218	\$199	\$85
\$1,825	1,850	223	204	90
\$1,850	1,875	227	208	94
\$1,875	1,900	231	212	98
\$1,900	1,925	236	217	103
\$1,925	1,950	240	221	107
\$1,950	1,975	244	225	111
\$1,975	2,000	249	230	116
\$2,000	2,025	253	234	120
\$2,025	2,050	257	238	124
\$2,050	2,075	262	243	129
\$2,075	2,100	266	247	133
\$2,100	2,125	270	251	137
\$2,125	2,150	275	256	142
\$2,150	2,175	279	260	146
\$2,175	2,200	283	264	150
\$2,200	2,225	288	269	155
\$2,225	2,250	292	273	159
\$2,250	2,275	296	277	163
\$2,275	2,300	301	282	168
\$2,300	2,325	305	286	172
\$2,325	2,350	309	290	176
\$2,350	2,375	314	295	181
\$2,375	2,400	318	299	185
\$2,400	2,425	322	303	189
\$2,425	2,450	327	308	194
\$2,450	2,475	331	312	198
\$2,475	2,500	335	316	202
\$2,500	2,525	340	321	207
\$2,525	2,550	344	325	211
\$2,550	2,575	348	329	215
\$2,575	2,600	353	334	220
\$2,600	2,625	357	338	224
\$2,625	2,650	361	342	228
\$2,650	2,675	366	347	233
\$2,675	2,700	371	351	237
\$2,700	2,725	376	355	241
\$2,725	2,750	381	359	245
\$2,750	2,775	386	364	250
\$2,775	2,800	391	369	254
\$2,800	2,825	396	374	258
\$2,825	2,850	401	379	263
\$2,850	2,875	406	384	267
\$2,875	2,900	411	389	271
\$2,900	2,925	416	394	276
\$2,925	2,950	421	399	280
\$2,950	2,975	426	404	284
\$2,975	3,000	431	409	289

In applying the above schedule to determine the tax of a taxpayer with one or more dependents there shall be subtracted from his gross income \$385 for each such dependent.

And the gross income is		If the individual is a single person, or a married person making a separate return whose spouse has gross income, and has—							
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
Over	But not over	Or the individual is a married person making a joint return, or a married person making a separate return whose spouse has no gross income, or is the head of a family, and has—							
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents		
		The tax shall be—							
\$0	\$525	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
525	550	1.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00
550	575	6.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00
575	600	12.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
600	625	17.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00
625	650	22.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
650	675	28.20	0.70	0.00	0.00	0.00	0.00	0.00	0.00
675	700	33.60	1.40	0.00	0.00	0.00	0.00	0.00	0.00
700	725	39.00	2.10	0.00	0.00	0.00	0.00	0.00	0.00
725	750	44.50	2.80	0.00	0.00	0.00	0.00	0.00	0.00
750	775	49.90	3.50	0.50	0.00	0.00	0.00	0.00	0.00
775	800	55.30	4.20	1.20	0.00	0.00	0.00	0.00	0.00
800	825	60.70	4.90	1.90	0.00	0.00	0.00	0.00	0.00
825	850	66.10	5.60	2.60	0.00	0.00	0.00	0.00	0.00
850	875	71.50	6.30	3.30	0.30	0.00	0.00	0.00	0.00
875	900	76.90	7.00	4.00	1.00	0.00	0.00	0.00	0.00
900	925	82.30	7.70	4.70	1.70	0.00	0.00	0.00	0.00
925	950	87.70	8.40	5.40	2.40	0.00	0.00	0.00	0.00
950	975	93.10	9.10	6.10	3.10	0.10	0.00	0.00	0.00
975	1,000	98.50	9.80	6.80	3.80	0.80	0.00	0.00	0.00
1,000	1,025	103.90	10.50	7.50	4.50	1.50	0.00	0.00	0.00
1,025	1,050	109.30	11.20	8.20	5.20	2.20	0.00	0.00	0.00
1,050	1,075	114.70	11.90	8.90	6.00	3.00	0.00	0.00	0.00
1,075	1,100	120.10	12.60	9.60	6.70	3.70	0.70	0.00	0.00
1,100	1,125	125.50	13.30	10.30	7.40	4.40	1.40	0.00	0.00
1,125	1,150	130.90	14.00	11.00	8.10	5.10	2.10	0.00	0.00
1,150	1,175	136.30	14.70	11.70	8.80	5.80	2.80	0.00	0.00
1,175	1,200	141.70	15.40	12.40	9.50	6.50	3.50	0.50	0.00
1,200	1,225	147.10	16.10	13.10	10.20	7.20	4.20	1.20	0.00
1,225	1,250	152.50	16.80	13.80	10.90	7.90	4.90	1.90	0.00
1,250	1,275	158.00	17.50	14.50	11.60	8.60	5.60	2.60	0.00
1,275	1,300	163.40	18.20	15.20	12.30	9.30	6.30	3.30	0.30
1,300	1,325	168.80	18.90	15.90	13.00	10.00	7.00	4.00	1.00
1,325	1,350	174.20	19.60	16.60	13.70	10.70	7.70	4.70	1.70
1,350	1,375	179.60	20.30	17.30	14.40	11.40	8.40	5.40	2.40
1,375	1,400	185.00	21.00	18.00	15.10	12.10	9.10	6.10	3.10
1,400	1,425	190.40	21.70	18.70	15.80	12.80	9.80	6.80	3.80
1,425	1,450	195.80	22.40	19.40	16.50	13.50	10.50	7.50	4.50
1,450	1,475	201.20	23.10	20.10	17.20	14.20	11.20	8.20	5.20
1,475	1,500	206.60	23.80	20.80	17.90	14.90	11.90	8.90	5.90
1,500	1,525	212.00	24.50	21.50	18.60	15.60	12.60	9.60	6.60
1,525	1,550	217.40	25.20	22.20	19.30	16.30	13.30	10.30	7.30
1,550	1,575	222.80	25.90	22.90	20.00	17.00	14.00	11.00	8.00
1,575	1,600	228.20	26.60	23.60	20.70	17.70	14.70	11.70	8.70
1,600	1,625	233.60	27.30	24.30	21.40	18.40	15.40	12.40	9.40
1,625	1,650	239.00	28.00	25.00	22.10	19.10	16.10	13.10	10.10
1,650	1,675	244.40	28.70	25.70	22.80	19.80	16.80	13.80	10.80
1,675	1,700	249.80	29.40	26.40	23.50	20.50	17.50	14.50	11.50
1,700	1,725	255.20	30.10	27.10	24.20	21.20	18.20	15.20	12.20
1,725	1,750	260.60	30.80	27.80	24.90	21.90	18.90	16.00	13.00

And the gross income is		If the individual is a single person, or a married person making a separate return whose spouse has gross income, and has—								
		No de- pendents	One de- pendent	Two de- pendents	Three de- pendents	Four de- pendents	Five de- pendents	Six de- pendents	Seven de- pendents	
Over	But not over	Or the individual is a married person making a joint return, or a married person making a separate return whose spouse has no gross income, or is the head of a family, and has—								
		No de- pendents	One de- pendent	Two de- pendents	Three de- pendents	Four de- pendents	Five de- pendents	Six de- pendents	Seven de- pendents	
The tax shall be—										
1, 750	\$1, 775	\$266. 10	\$185. 60	\$105. 10	\$25. 70	\$22. 70	\$19. 70	\$16. 70	\$13. 70	
1, 775	1, 800	271. 50	191. 00	110. 50	30. 00	23. 40	20. 40	17. 40	14. 40	
1, 800	1, 825	276. 90	196. 40	115. 90	35. 40	24. 10	21. 10	18. 10	15. 10	
1, 825	1, 850	282. 30	201. 80	121. 30	40. 80	24. 80	21. 80	18. 80	15. 80	
1, 850	1, 875	287. 70	207. 20	126. 70	46. 20	25. 50	22. 50	19. 50	16. 50	
1, 875	1, 900	293. 10	212. 60	132. 10	51. 60	26. 20	23. 20	20. 20	17. 20	
1, 900	1, 925	298. 50	218. 00	137. 50	57. 00	26. 90	23. 90	20. 90	17. 90	
1, 925	1, 950	303. 90	223. 40	142. 90	62. 40	27. 60	24. 60	21. 60	18. 60	
1, 950	1, 975	309. 30	228. 80	148. 30	67. 80	28. 30	25. 30	22. 30	19. 30	
1, 975	2, 000	314. 70	234. 20	153. 70	73. 20	29. 00	26. 00	23. 00	20. 00	
2, 000	2, 025	320. 10	239. 60	159. 10	78. 60	29. 80	26. 80	23. 80	20. 80	
2, 025	2, 050	325. 50	245. 00	164. 50	84. 00	30. 50	27. 50	24. 50	21. 50	
2, 050	2, 075	330. 90	250. 40	169. 90	89. 40	31. 20	28. 20	25. 20	22. 20	
2, 075	2, 100	336. 30	255. 80	175. 30	94. 80	31. 90	28. 90	25. 90	22. 90	
2, 100	2, 125	341. 70	261. 20	180. 70	100. 20	32. 60	29. 60	26. 60	23. 60	
2, 125	2, 150	347. 10	266. 60	186. 10	105. 60	33. 30	30. 30	27. 30	24. 30	
2, 150	2, 175	352. 50	272. 00	191. 50	111. 00	34. 00	31. 00	28. 00	25. 00	
2, 175	2, 200	357. 90	277. 40	196. 90	116. 40	35. 90	31. 70	28. 70	25. 70	
2, 200	2, 225	363. 30	282. 80	202. 30	121. 80	41. 30	32. 40	29. 40	26. 40	
2, 225	2, 250	368. 70	288. 20	207. 70	127. 20	46. 70	33. 10	30. 10	27. 10	
2, 250	2, 275	374. 20	293. 70	213. 20	132. 70	52. 20	33. 80	30. 80	27. 80	
2, 275	2, 300	379. 60	299. 10	218. 60	138. 10	57. 60	34. 50	31. 50	28. 50	
2, 300	2, 325	385. 00	304. 50	224. 00	143. 50	63. 00	35. 20	32. 20	29. 20	
2, 325	2, 350	390. 40	309. 90	229. 40	148. 90	68. 40	35. 90	32. 90	29. 90	
2, 350	2, 375	395. 80	315. 30	234. 80	154. 30	73. 80	36. 60	33. 60	30. 60	
2, 375	2, 400	401. 20	320. 70	240. 20	159. 70	79. 20	37. 30	34. 30	31. 30	
2, 400	2, 425	406. 60	326. 10	245. 60	165. 10	84. 60	38. 00	35. 00	32. 00	
2, 425	2, 450	412. 00	331. 50	251. 00	170. 50	90. 00	38. 70	35. 70	32. 70	
2, 450	2, 475	417. 40	336. 90	256. 40	175. 90	95. 40	39. 40	36. 40	33. 40	
2, 475	2, 500	422. 80	342. 30	261. 80	181. 30	100. 80	40. 10	37. 10	34. 10	
2, 500	2, 525	428. 20	347. 70	267. 20	186. 70	106. 20	40. 90	37. 90	34. 90	
2, 525	2, 550	433. 60	353. 10	272. 60	192. 10	111. 60	41. 60	38. 60	35. 60	
2, 550	2, 575	439. 00	358. 50	278. 00	197. 50	117. 00	42. 30	39. 30	36. 30	
2, 575	2, 600	444. 40	363. 90	283. 40	202. 90	122. 40	43. 00	40. 00	37. 00	
2, 600	2, 625	449. 80	369. 30	288. 80	208. 30	127. 80	47. 30	40. 70	37. 70	
2, 625	2, 650	455. 20	374. 70	294. 20	213. 70	133. 20	52. 70	41. 40	38. 40	
2, 650	2, 675	460. 60	380. 10	299. 60	219. 10	138. 60	58. 10	42. 10	39. 10	
2, 675	2, 700	466. 80	385. 50	305. 00	224. 50	144. 00	63. 50	42. 80	39. 80	
2, 700	2, 725	472. 90	390. 90	310. 40	229. 90	149. 40	68. 90	43. 50	40. 50	
2, 725	2, 750	479. 00	396. 30	315. 80	235. 30	154. 80	74. 30	44. 20	41. 20	
2, 750	2, 775	485. 20	401. 80	321. 30	240. 80	160. 30	79. 80	44. 90	41. 90	
2, 775	2, 800	491. 30	407. 20	326. 70	246. 20	165. 70	85. 20	45. 60	42. 60	
2, 800	2, 825	497. 40	412. 60	332. 10	251. 60	171. 10	90. 60	46. 30	43. 30	
2, 825	2, 850	503. 50	418. 00	337. 50	257. 00	176. 50	96. 00	47. 00	44. 00	
2, 850	2, 875	509. 60	423. 40	342. 90	262. 40	181. 90	101. 40	47. 70	44. 70	
2, 875	2, 900	515. 70	428. 80	348. 30	267. 80	187. 30	106. 80	48. 40	45. 40	
2, 900	2, 925	521. 80	434. 20	353. 70	273. 20	192. 70	112. 20	49. 10	46. 10	
2, 925	2, 950	527. 90	439. 60	359. 10	278. 60	198. 10	117. 60	49. 80	46. 80	
2, 950	2, 975	534. 00	445. 00	364. 50	284. 00	203. 50	123. 00	50. 50	47. 50	
2, 975	3, 000	540. 10	450. 40	369. 90	289. 40	208. 90	128. 40	51. 20	48. 20	

*If the number of dependents is in excess of the largest number of dependents shown, the tax shall be the amount applicable in the case of the largest number of dependents shown, reduced by \$3.00 for each dependent over the largest number shown.*

**SEC. 404. CERTAIN TAXPAYERS INELIGIBLE.**

This supplement shall not apply to a nonresident alien individual, to a citizen of the United States entitled to the benefits of section 251, to an estate or trust, to an individual filing a return for a period of less than twelve months or for any taxable year other than a calendar year, or to a married individual married and living with husband or wife at any time during the taxable year whose spouse files return and computes tax without regard to this supplement.

**SUBCHAPTER D—VICTORY TAX ON INDIVIDUALS**

**Part I—Rate and Computation of Tax**

**SEC. 450. IMPOSITION OF TAX.**

There shall be levied, collected, and paid for each taxable year beginning after December 31, 1942, a victory tax of 5 per centum upon the victory tax net income of every individual (other than a nonresident alien subject to the tax imposed by section 241 (a)).

**SEC. 451. VICTORY TAX NET INCOME.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SEC. 452. SPECIFIC EXEMPTION.

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

**SEC. 453. CREDITS AGAINST VICTORY TAX.**

(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the Victory tax for each taxable year—

(1) SINGLE PERSONS.—In the case of a single person, a married person not living with husband or wife, or an estate or trust, an amount equal to 25 per centum of the Victory tax or \$500, whichever is the lesser.

(2) HEADS OF FAMILIES.—In the case of the head of a family, an amount equal to 40 per centum of the Victory tax or \$1,000, whichever is the lesser.

(3) MARRIED PERSONS.—In the case of a married person living with husband or wife—

(A) if separate returns are filed by each spouse an amount equal to 40 per centum of the Victory tax or \$500, whichever is the lesser, or

(B) if a separate return is filed by one spouse and no return is filed by the other spouse, or if a joint return is filed under section 51 (b), only one credit not exceeding 40 per centum of the Victory tax or \$1,000, whichever is the lesser.

(4) DEPENDENTS.—For each dependent specified in section 25 (b), excluding as a dependent, in the case of a head of a family, one who would be excluded under section 25 (b) (2) (B), an amount equal to 2 per centum of the Victory tax or \$100, whichever is the lesser.

(b) CHANGE OF STATUS.—If for any taxable year the status of the taxpayer (other than a taxpayer who makes his return and pays his tax under Supplement T) with respect to his marital relationship or with respect to his dependents, changed during the taxable year, the amount of the credit provided by this section for such taxable year shall be apportioned, under rules and regulations prescribed by the Commissioner with the approval of the Secretary, in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional part of a month shall be disregarded unless it amounts to more than half a month in which case it shall be considered as a month.

(c) STATUS OF SUPPLEMENT T TAXPAYER.—If for any taxable year a taxpayer makes his return and pays his tax under Supplement T, for the purpose of the credit provided by this section, his status for such year with respect to his marital relationship or with respect to his dependents shall be determined in accordance with the provisions of section 401.

**SEC. 455. RETURNS.**

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

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

## SEC. 456. LIMITATION ON TAX.

The tax imposed by section 450 (Victory tax), computed without regard to the credits provided in sections 453 and 466 (e), shall not exceed the excess of 90 per centum of the net income of the taxpayer for the taxable year over the tax imposed by this chapter, computed without regard to section 450 and without regard to the credits provided in sections 31, 32, 35, and 466 (e).

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

### SEC. 465. DEFINITIONS.

As used in this part—

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

(b) **WAGES.**—The term “wages” means all remuneration (other than fees paid to a public official) for services performed by an employee for his employer, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include remuneration paid (1) for services performed as a member of the military or naval forces of the United States, other than pensions and retired pay, (2) for agricultural labor (as defined in section 1426 (h)), (3) for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, (4) for casual labor not in the course of the employer's trade or business, (5) for services as an employee of a nonresident alien individual, foreign partnership, or foreign corporation, if such individual, partnership, or corporation is not engaged in trade or business in the United States, (6) for services as an employee of a foreign government or any wholly owned instrumentality thereof, or (7) for services performed as an employee while outside the United States (as defined in section 3707 (a) (9)), unless the major part of the services performed during the calendar year by such employee for his employer are performed within the United States.

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

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

agency or instrumentality of any one or more of the foregoing. The term "employee" also includes an officer of a corporation.

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

#### SEC. 466. TAX COLLECTED AT SOURCE.

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

(b) WITHHOLDING DEDUCTION.—

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

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

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

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

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

(5) The deduction allowable under this subsection in respect of any individual for any calendar year shall not exceed the

total deduction which would have been allowable under paragraph (1) if the only pay-roll period of such individual had been an annual pay-roll period.

(e) WAGE BRACKET WITHHOLDING.—

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

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

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

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

(e) **CREDIT FOR TAX WITHHELD AT SOURCE.**—The tax withheld and collected under this part shall not be allowed as a deduction either to the withholding agent or to the recipient of the income in computing net income; but the amount of the tax so withheld and collected shall be allowed as a credit against the tax imposed by this chapter upon the recipient of the income. Such credit shall be allowed first against the victory tax imposed by section 450 (adjusted for the credit allowed by section 453) and the excess of such credit, if any, over the victory tax, so adjusted, shall be allowed against the tax imposed by sections 11 and 12 or section 400, as the case may be.

(f) **REFUNDS.**—Where there has been an overpayment of tax under this part, any refund or credit made under the provisions of section 322 shall be made to the recipient of the income; but, in any

ease in which such tax was not so withheld by the withholding agent, such refund or credit shall be made to the withholding agent.

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

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

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

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

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

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

In lieu of the time prescribed in sections 53 and 56 for the return and payment of the tax imposed by this chapter, every person required to withhold and collect any tax under section 466 shall make a return and pay such tax on or before the last day of the month following the close of each quarter of each calendar year. Every such person shall include with the final return for the calendar year a duplicate copy of each receipt required to be furnished under section 460. Every such person shall also keep such records and render under oath such statements with respect to the tax so withheld and collected as may be required under regulations prescribed by the Commissioner, with the approval of the Secretary.

### **SEC. 469. RECEIPTS.**

(a) **WAGES.**—Every employer required to withhold and collect a tax in respect of the wages of an employee shall furnish to each such employee in respect of his employment during the calendar year, on

or before January 31 of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of wages is made, a written statement showing the period covered by the statement, the wages paid by the employer to such employee during such period, and the amount of the tax withheld and collected under this part in respect of such wages.

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

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

## SEC. 470. PENALTIES.

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

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

(c) FAILURE OF WITHHOLDING AGENT TO FILE RETURN.—In case of any failure to make and file return required by this part, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to wilful neglect, the addition to the tax provided for in section 291 shall not be less than \$5.

## Part III—Expiration Date and Definitions

### SEC. 475. DEFINITIONS.

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

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

#### **SEC. 476. EXPIRATION DATE.**

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

## CHAPTER 2—ADDITIONAL INCOME TAXES

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### SUBCHAPTER E—EXCESS PROFITS TAX

#### Part I

#### SEC. 710. IMPOSITION OF TAX.

##### (a) IMPOSITION.—

(1) GENERAL RULE.—There shall be levied, collected, and paid, for each taxable year, upon the adjusted excess-profits net income, as defined in subsection (b), of every corporation (except a corporation exempt under section 727) a tax equal to whichever of the following amounts is the lesser:

(A) 99 95 per centum of the adjusted excess-profits net income, or

(B) an amount which when added to the tax imposed for the taxable year under Chapter 1 (other than section 102) equals 80 per centum of the corporation surtax net income, computed under section 15 or Supplement G, as the case may be, but without regard to the credit provided in section 26 (e) (relating to income subject to the tax imposed by this subchapter).

(3) TAXABLE YEARS BEGINNING IN 1941 AND ENDING AFTER JUNE 30, 1942.—In the case of a taxable year beginning in 1941 and ending after June 30, 1942, the tax shall be an amount equal to the sum of—

(A) that portion of a tentative tax under this subchapter, computed ~~without regard to section 203 of the Revenue Act of 1942, as if the law applicable to taxable years beginning on January 1, 1941, were applicable to such taxable year,~~ which the number of days in such taxable year before July 1, 1942, bears to the total number of days in such taxable year, plus

(B) that portion of a tentative tax under this subchapter, computed as if the law applicable to taxable years beginning on January 1, 1941, were applicable to such taxable year, but as if the amendments made by sections 105 (a), (b) (other than those relating to dividends on the preferred stock of public utilities), (c), ~~105~~ (d), and (e) (1), 202, and 206 of the Revenue Act of 1942 were applicable to such taxable year, which the number of days in such taxable year after June 30, 1942, bears to the total number of days in such taxable year.

(4) MUTUAL INSURANCE COMPANIES.—In the case of a mutual insurance company other than life or marine, if the gross amount received from interest, dividends, rents, and premiums (including deposits and assessments) is over \$75,000 but less than \$125,000, the tax imposed under this section shall be an amount which

bears the same proportion to the amount ascertained under this section, computed without reference to this paragraph, as the excess over \$75,000 of such gross amount received bears to \$50,000.

(5) DEFERMENT OF PAYMENT IN CASE OF ABNORMALITY.—If the adjusted excess profits net income (computed without reference to section 722) for the taxable year of a taxpayer which claims on its return, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, the benefits of section 722, is in excess of 50 per centum of its normal tax net income for such year, computed without the credit provided in section 26 (e) (relating to adjusted excess profits net income), the amount of tax payable at the time prescribed for payment may be reduced by an amount equal to 33 per centum of the amount of the reduction in the tax so claimed. For the purposes of section 271, if the tax payable is the tax so reduced, the tax so reduced shall be considered the amount shown on the return.

(6) TAXABLE YEARS BEGINNING IN 1943 AND ENDING IN 1944.—*In the case of a taxable year beginning in 1943 and ending in 1944, the tax shall be an amount equal to the sum of—*

(A) *that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1943, were applicable to such taxable year, which the number of days in such taxable year prior to January 1, 1944, bears to the total number of days in such taxable year, plus*

(B) *that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1944, were applicable to such taxable year, which the number of days in such taxable year after December 31, 1943, bears to the total number of days in such taxable year.*

(b) DEFINITION OF ADJUSTED EXCESS PROFITS NET INCOME.—As used in this section, the term “adjusted excess profits net income” in the case of any taxable year means the excess profits net income (as defined in section 711) minus the sum of:

(1) SPECIFIC EXEMPTION.—A specific exemption of \$5,000 \$10,000, and in the case of a mutual insurance company (other than life or marine) which is an interinsurer or reciprocal underwriter a specific exemption of \$50,000.

(2) EXCESS PROFITS CREDIT.—The amount of the excess profits credit allowed under section 712; and

(3) UNUSED EXCESS PROFITS CREDIT.—The amount of the unused excess profits credit adjustment for the taxable year, computed in accordance with subsection (c).

(c) UNUSED EXCESS PROFITS CREDIT ADJUSTMENT.—

(1) COMPUTATION OF UNUSED EXCESS PROFITS CREDIT ADJUSTMENT.—The unused excess profits credit adjustment for any taxable year shall be the aggregate of the unused excess profits credit carry-overs and unused excess profits credit carry-backs to such taxable year.

(2) DEFINITION OF UNUSED EXCESS PROFITS CREDIT.—The term “unused excess profits credit” means the excess, if any, of the excess profits credit for any taxable year beginning after December 31, 1939, over the excess profits net income for such taxable

year, computed on the basis of the excess profits credit applicable to such taxable year. For such purpose the excess profits credit and the excess profits net income for any taxable year beginning in 1940 shall be computed under the law applicable to taxable years beginning in 1941. The unused excess profits credit for a taxable year of less than twelve months shall be an amount which is such part of the unused excess profits credit determined under the first sentence of this paragraph as the number of days in the taxable year is of the number of days in the twelve months ending with the close of the taxable year.

(3) AMOUNT OF UNUSED, EXCESS PROFITS CREDIT CARRY-BACK AND CARRY-OVER.

(A) Unused Excess Profits Credit Carry-back.—If for any taxable year beginning after December 31, 1941, the taxpayer has an unused excess profits credit, such unused excess profits credit shall be an unused excess profits credit carry-back for each of the two preceding taxable years, except that the carry-back in the case of the first preceding taxable year shall be the excess, if any, of the amount of such unused excess profits credit over the adjusted excess profits net income for the second preceding taxable year computed for such taxable year (i) by determining the unused excess profits credit adjustment without regard to such unused excess profits credit, and (ii) without the deduction of the specific exemption provided in subsection (b) (1).

(B) Unused Excess Profits Credit Carry-Over.—If for any taxable year beginning after December 31, 1939, the taxpayer has an unused excess profits credit, such unused excess profits credit shall be an unused excess profits credit carry-over for each of the two succeeding taxable years, except that the carry-over in the case of the second succeeding taxable year shall be the excess, if any, of the amount of such unused excess profits credit over the adjusted excess profits net income for the intervening taxable year computed for such intervening taxable year (i) by determining the unused excess profits credit adjustment without regard to such unused excess profits credit or to any unused excess profits credit carry-back, and (ii) without the deduction of the specific exemption provided in subsection (b) (1). For the purposes of the preceding sentence, the unused excess profits credit for any taxable year beginning after December 31, 1941, shall first be reduced by the sum of the adjusted excess profits net income for each of the two preceding taxable years (computed for each such preceding taxable year (i) by determining the unused excess profits credit adjustment without regard to such unused excess profits credit or to the unused excess profits credit for the succeeding taxable year, and (ii) without the deduction of the specific exemption provided in subsection (b) (1)).

(4) NO CARRY-BACK TO YEAR PRIOR TO 1941.—As used in this subsection, the term "preceding taxable year" and the term preceding "taxable years" do not include any taxable year beginning prior to January 1, 1941.

**SEC. 711. EXCESS PROFITS NET INCOME.**

(a) **TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1939.**—The excess profits net income for any taxable year beginning after December 31, 1939, shall be the normal-tax net income, as defined in section 13 (a) (2), for such year except that the following adjustments shall be made:

(1) **EXCESS PROFITS CREDIT COMPUTED UNDER INCOME CREDIT.**—If the excess profits credit is computed under section 713, the adjustments shall be as follows:

\* \* \* \* \*

(I) **Nontaxable Income of Certain Industries With Depletable Resources.**—In the case of a producer of minerals, or a producer of logs or lumber from a timber block, or a lessor of mineral property, or a timber block, as defined in section 735, there shall be excluded nontaxable income from exempt excess output of mines and timber blocks and nontaxable bonus income provided in section 735; in the case of a natural gas company, as defined in section 735, there shall be excluded nontaxable income from exempt excess output provided in section 735; and in the case of a producer of minerals, or a producer of logs or lumber from a timber block, there shall be excluded nontaxable bonus income provided in section 735. In respect of nontaxable bonus income provided in section 735 (c), a corporation described in section 735 (c) (2) shall be deemed a producer of minerals for the purposes of this subparagraph.

\* \* \* \* \*

(2) **EXCESS PROFITS CREDIT COMPUTED UNDER INVESTED CAPITAL CREDIT.**—If the excess profits credit is computed under section 714, the adjustments shall be as follows:

\* \* \* \* \*

(K) **Nontaxable Income of Certain Industries With Depletable Resources.**—In the case of a producer of minerals, or a producer of logs or lumber from a timber block, or a lessor of mineral property, or a timber block, as defined in section 735, there shall be excluded nontaxable income from exempt excess output of mines and timber blocks and non-taxable bonus income provided in section 735; in the case of a natural gas company, as defined in section 735, there shall be excluded nontaxable income from exempt excess output provided in section 735; and in the case of a producer of minerals, or a producer of logs or lumber from a timber block, there shall be excluded nontaxable bonus income provided in section 735. In respect of nontaxable bonus income provided in section 735 (c), a corporation described in section 735 (c) (2) shall be deemed a producer of minerals for the purposes of this subparagraph.

\* \* \* \* \*

**SEC. 714. EXCESS PROFITS CREDIT—BASED ON INVESTED CAPITAL.**

The excess profits credit, for any taxable year, computed under this section, shall be the amount shown in the following table:

If the invested capital for the taxable year, determined under section 715, is:	The credit shall be:
Not over \$5,000,000-----	8% of the invested capital.
Over \$5,000,000, but not over \$10,000,000-	\$400,000, plus 7 6% of the excess over \$5,000,000.
Over \$10,000,000, but not over \$200,000,000-	<del>\$750,000</del> \$700,000, plus 6 5% of the excess over \$10,000,000.
Over \$200,000,000-----	<del>\$12,150,000</del> \$10,200,000, plus 5 4% of the excess over \$200,000,000.
*            *            *            *	*            *            *

**SEC. 722. GENERAL RELIEF—CONSTRUCTIVE AVERAGE BASE PERIOD NET INCOME.**

(a) **GENERAL RULE.**—In any case in which the taxpayer establishes that the tax computed under this subchapter (without the benefit of this section) results in an excessive and discriminatory tax and establishes what would be a fair and just amount representing normal earnings to be used as a constructive average base period net income for the purposes of an excess profits tax based upon a comparison of normal earnings and earnings during an excess profits tax period, the tax shall be determined by using such constructive average base period net income in lieu of the average base period net income otherwise determined under this subchapter. In determining such constructive average base period net income, no regard shall be had to events or conditions affecting the taxpayer, the industry of which it is a member, or taxpayers generally occurring or existing after December 31, 1939, except that, in the cases described in the last sentence of section 722 (b) (4) and in section 722 (c), regard shall be had to the change in the character of the business under section 722 (b) (4) or the nature of the taxpayer and the character of its business under section 722 (c) to the extent necessary to establish the normal earnings to be used as the constructive average base period net income.

(b) **TAXPAYERS USING AVERAGE EARNINGS METHOD.**—The tax computed under this subchapter (without the benefit of this section) shall be considered to be excessive and discriminatory in the case of a taxpayer entitled to use the excess profits credit based on income pursuant to section 713, if its average base period net income is an inadequate standard of normal earnings because—

(1) in one or more taxable years in the base period normal production, output, or operation was interrupted or diminished because of the occurrence, either immediately prior to, or during the base period, of events unusual and peculiar in the experience of such taxpayer,

(2) the business of the taxpayer was depressed in the base period because of temporary economic circumstances unusual in the case of such taxpayer or because of the fact that an industry of which such taxpayer was a member was depressed by reason of temporary economic events unusual in the case of such industry,

(3) the business of the taxpayer was depressed in the base period by reason of conditions generally prevailing in an industry of which the taxpayer was a member, subjecting such taxpayer to

(A) a profits cycle differing materially in length and amplitude from the general business cycle, or

(B) sporadic and intermittent periods of high production and profits, and such periods are inadequately represented in the base period,

(4) the taxpayer, either during or immediately prior to the base period, commenced business or changed the character of the business and the average base period net income does not reflect the normal operation for the entire base period of the business. If the business of the taxpayer did not reach, by the end of the base period, the earning level which it would have reached if the taxpayer had commenced business or made the change in the character of the business two years before it did so, it shall be deemed to have commenced the business or made the change at such earlier time. For the purposes of this subparagraph, the term "change in the character of the business" includes a change in the operation or management of the business, a difference in the products or services furnished, a difference in the capacity for production or operation, a difference in the ratio of nonborrowed capital to total capital, and the acquisition before January 1, 1940, of all or part of the assets of a competitor, with the result that the competition of such competitor was eliminated or diminished. Any change in the capacity for production or operation of the business consummated during any taxable year ending after December 31, 1939, as a result of a course of action to which the taxpayer was committed prior to January 1, 1940, or any acquisition before May 31, 1941, from a competitor engaged in the dissemination of information through the public press, of substantially all the assets of such competitor employed in such business with the result that competition between the taxpayer and the competitor existing before January 1, 1940, was eliminated, shall be deemed to be a change on December 31, 1939, in the character of the business, or

(5) of any other factor affecting the taxpayer's business which may reasonably be considered as resulting in an inadequate standard of normal earnings during the base period and the application of this section to the taxpayer would not be inconsistent with the principles underlying the provisions of this subsection, and with the conditions and limitations enumerated therein.

(c) **INVESTED CAPITAL CORPORATIONS, ETC.**—The tax computed under this subchapter (without the benefit of this section) shall be considered to be excessive and discriminatory in the case of a taxpayer, not entitled to use the excess profits credit based on income pursuant to section 713, if the excess profits credit based on invested capital is an inadequate standard for determining excess profits, because—

(1) the business of the taxpayer is of a class in which intangible assets not includible in invested capital under section 718 make important contributions to income,

(2) the business of the taxpayer is of a class in which capital is not an important income-producing factor, or

(3) the invested capital of the taxpayer is abnormally low.

In such case for the purposes of this subchapter, such taxpayer shall be considered to be entitled to use the excess profits credit based on income, using the constructive average base period net income determined under subsection (a). For the purposes of section 713 (g) and section 743, the beginning of the taxpayer's first taxable year under this subchapter shall be considered to be that date after which capital additions and capital reductions were not taken into account for the purposes of this subsection.

(d) APPLICATION FOR RELIEF UNDER THIS SECTION.—The taxpayer shall compute its tax, file its return, and pay its tax under this subchapter without the application of this section, except as provided in section 710 (a) (5). The benefits of this section shall not be allowed unless the taxpayer, not later than six months after the date prescribed by law for the filing of its return, or if the application relates to a taxable year beginning after December 31, 1939, but not beginning after December 31, 1941, prior to September 16, 1943, makes application therefor in accordance with regulations to be prescribed by the Commissioner with the approval of the Secretary, except that if the Commissioner in the case of any taxpayer with respect to the tax liability of any taxable year—

(1) issues a preliminary notice proposing a deficiency in the tax imposed by this subchapter such taxpayer may, within ninety days after the date of such notice make such application, or

(2) mails a notice of deficiency (A) without having previously issued a preliminary notice thereof or (B) within ninety days after the date of such preliminary notice, such taxpayer may claim the benefits of this section in its petition to the Board or in an amended petition in accordance with the rules of the Board.

If the application is not filed within six months after the date prescribed by law for the filing of the return, or if the application relates to a taxable year beginning after December 31, 1939, but not beginning after December 31, 1941, prior to September 16, 1943, the operation of this section shall not reduce the tax otherwise determined under this subchapter by an amount in excess of the amount of the deficiency finally determined under this subchapter without the application of this section. If a constructive average base period net income has been determined under the provisions of this section for any taxable year, the Commissioner may, by regulations approved by the Secretary, prescribe the extent to which the limitations prescribed by this subsection may be waived for the purpose of determining the tax under this subchapter for a subsequent taxable year.

(e) RULES FOR APPLICATION OF SECTION.—For the purposes of this section—

(1) the tax imposed by this subchapter shall be the tax before the allowance of the foreign tax credit pursuant to section 729 (c) and (d);

(2) in the case of a taxpayer, the average base period net income of which is computed under Supplement A, for the period for which the income of any other person is included in the computation of the average base period net income of the

taxpayer, the taxpayer shall be treated as if such other person's business were a part of the business of the taxpayer.

(f) **MINING CORPORATIONS.**—In the case of a taxpayer to which section 711 (a) (1) (I) or section 711 (a) (2) (K) applies, if its constructive average base period net income is established under this section, there shall also be determined a fair and just amount to be used as normal output and normal unit profit for the purposes of section 735.

(g) *The Commissioner shall compile for each fiscal year by internal revenue districts, and alphabetically arranged, all cases in which relief has been allowed during such year under the provisions of this section by the Commissioner and by The Tax Court of the United States, as the case may be. Such compilation shall contain the name and address of each taxpayer to which relief has been so allowed, the business in which the taxpayer is engaged, the amount of the excess profits credit before such allowance, the increase in such credit claimed, the increase in such credit allowed, and the amount of the gross reduction in the tax under this subchapter and of the gross increase in the tax under Chapter 1, which results from the operation of this section. In the case of relief allowed by The Tax Court of the United States, the Commissioner shall also set forth the data previously reported under this subsection with respect to relief previously allowed in such case by the Commissioner. Such compilation shall be published in the Federal Register.*

\* \* \* \* \*

#### SEC. 729. LAWS APPLICABLE.

(a) **GENERAL RULE.**—All provisions of law (including penalties) applicable in respect of the taxes imposed by Chapter 1, shall, insofar as not inconsistent with this subchapter, be applicable in respect of the tax imposed by this subchapter.

(b) **RETURNS.**—

(2) **NO RETURN REQUIRED.**—Notwithstanding subsection (a), no return under section 52 (a) shall be required to be filed by any taxpayer under this subchapter for any taxable year for which its excess profits net income, computed with the adjustments provided in section 711 (a) (2) and placed on an annual basis as provided in section 711 (a) (3), is not greater than \$5,000 \$10,000 or, in the case of a mutual insurance company (other than life or marine) which is an interinsurer or reciprocal underwriter, is not greater than \$50,000.

\* \* \* \* \*

#### SEC. 731. CORPORATIONS ENGAGED IN MINING OF STRATEGIC MINERALS.

In the case of any domestic corporation engaged in the mining of antimony, chromite, manganese, nickel, platinum, quicksilver, sheet mica, tantalum, tin, tungsten, *fluorspar*, *flake graphite*, *vermiculite*, or vanadium, the portion of the adjusted excess profits net income attributable to such mining in the United States shall be exempt from the tax imposed by this subchapter. The tax on the remaining portion of such adjusted excess profits net income shall be an amount which bears the same ratio to the tax computed without regard to this section as such remaining portion bears to the entire adjusted excess profits net income.

\* \* \* \* \*

SEC. 735. NONTAXABLE INCOME FROM CERTAIN MINING AND TIMBER OPERATIONS, AND FROM NATURAL GAS PROPERTIES.

(a) DEFINITIONS.—For the purposes of this section, section 711 (a) (1) (I), and section 711 (a) (2) (K)—

(1) PRODUCER; *Lessor; Natural Gas Company.*—The term “producer” means a corporation which extracts minerals from a mineral property, or *which cuts logs from a timber block, in which an economic interest is owned by such corporation.* *The term “lessor” means a corporation which owns an economic interest in a mineral property or a timber block, and is paid in accordance with the number of mineral units or timber units recovered therefrom by the producer to which such property or block is leased by the lessor.* *The term “natural gas company” means a corporation engaged in the withdrawal, or transportation by pipe line, of natural gas.*

(2) MINERAL UNIT, *NATURAL GAS UNIT, AND TIMBER UNIT.*—The term “mineral unit” means a unit of metal, coal, or non-metallic substance in the minerals recovered from the operation of a mineral property. *The term “natural gas unit” means a unit of natural gas sold by a natural gas company.* (3) ~~Timber Unit.~~—The term “timber unit” means a unit of timber recovered from the operation of a timber block.

(4) (3) EXCESS OUTPUT.—The term “excess output” means the excess of the mineral units, *natural gas units,* or ~~the~~ timber units for the taxable year over the normal output.

(5) (4) NORMAL OUTPUT.—The term “normal output” means the average annual mineral units, or the average annual timber units, as the case may be, recovered in the taxable years beginning after December 31, 1935, and not beginning after December 31, 1939 (hereinafter called “base period”), of the person owning the mineral property or the timber block (whether or not the taxpayer). *The term “normal output”, in the case of a natural gas company, means the average annual natural gas units sold in the taxable years beginning after December 31, 1935, and not beginning after December 31, 1939 (hereinafter called “base period”), of the person owning the natural gas property (whether or not the taxpayer).* The average annual mineral units, *natural gas units,* or timber units shall be computed by dividing the aggregate of such mineral units, *natural gas units,* or timber units for the base period by the number of months for which the mineral property, *natural gas property,* or ~~the~~ timber block was in operation during the base period and by multiplying the amount so ascertained by twelve. In any case in which the taxpayer establishes, under regulations prescribed by the Commissioner with the approval of the Secretary, that the operation of any mineral property, *natural gas property,* or ~~any~~ timber block is normally prevented for a specified period each year by physical events outside the control of the taxpayer, the number of months during which such mineral property, *natural gas property,* or timber block is regularly in operation during a taxable year shall be used in computing the average annual mineral units, *natural gas units,* or timber units, instead of twelve. Any mineral property, *natural gas property,* or ~~any~~ timber block, which was in operation for less than six months during the base period, shall, for the purposes of this

section, be deemed not to have been in operation during the base period.

(5) *NATURAL GAS PROPERTY.*—The term “natural gas property” means the property of a natural gas company used for the withdrawal, storage, and transportation by pipe line, of natural gas, excluding any part of such property which is an emergency facility under section 124.

(6) *MINERAL PROPERTY.*—The term “mineral property” means a mineral deposit, the development and plant necessary for the extraction of the deposit, and so much of the surface of the land as is necessary for purposes of such extraction.

(7) *MINERALS.*—The term “minerals” means ores of the metals, coal, and such nonmetallic substances as abrasives, asbestos, asphaltum, barytes, borax, building stone, cement rock, clay, crushed stone, feldspar, fluorspar, fuller’s earth, graphite, gravel, gypsum, limestone, magnesite, marl, mica, mineral pigments, peat, potash, precious stones, refractories, rock phosphate, salt, sand, silica, slate, soapstone, soda, sulphur and talc.

(8) *TIMBER BLOCK.*—The term “timber block” means an operation unit existing as of December 31, 1941, which includes all the taxpayer’s timber which would logically go to a single given point of manufacture, but shall not include any operation unit acquired after December 31, 1941.

(9) *NORMAL UNIT PROFIT.*—The term “normal unit profit” means the average profit for the base period per mineral unit for such period, determined by dividing the net income with respect to minerals recovered from the mineral property (computed with the allowance for depletion computed in accordance with the basis for depletion applicable to the current taxable year) during the base period by the number of mineral units recovered from the mineral property during the base period.

(10) *ESTIMATED RECOVERABLE UNITS.*—The term “estimated recoverable units” means the estimated number of units of metal, coal, or nonmetallic substances in the estimated recoverable minerals from the mineral property at the end of the taxable year plus the excess output for such year. All estimates shall be subject to the approval of the Commissioner, the determinations of whom, for the purposes of this section, shall be final and conclusive.

(11) *EXEMPT EXCESS OUTPUT.*—The term “exempt excess output” for any taxable year means a number of units equal to the following percentages of the excess output for such year:

100 per centum if the excess output exceeds 50 per centum of the estimated recoverable units;

95 per centum if the excess output exceeds 33½ but not 50 per centum of the estimated recoverable units;

90 per centum if the excess output exceeds 25 but not 33½ per centum of the estimated recoverable units;

85 per centum if the excess output exceeds 20 but not 25 per centum of the estimated recoverable units;

80 per centum if the excess output exceeds 16½ but not 20 per centum of the estimated recoverable units;

60 per centum if the excess output exceeds 14% but not 16% per centum of the estimated recoverable units;

40 per centum if the excess output exceeds 12½ but not 14% per centum of the estimated recoverable units;

30 per centum if the excess output exceeds 10 but not 12½ per centum of the estimated recoverable units;

20 per centum if the excess output exceeds 5 but not 10 per centum of the estimated recoverable units.

(12) UNIT NET INCOME.—The term “unit net income” means the amount ascertained by dividing the net income (computed with the allowance for depletion) from the coal or iron ore or the timber recovered from the coal mining property, iron mining property, or timber block, as the case may be, during the taxable year by the number of units of coal or iron ore, or timber, recovered from such property in such year. *In respect of a natural gas property, the term “unit net income” means the amount ascertained by dividing the net income, computed in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, from such property during the taxable year by the number of natural gas units sold in such year.*

(b) NONTAXABLE INCOME FROM EXEMPT EXCESS OUTPUT.—

(1) GENERAL RULE.—For any taxable year for which the excess output of mineral property which was in operation during the base period exceeds 5 per centum of the estimated recoverable units from such property, the nontaxable income from exempt excess output for such year shall be an amount equal to the exempt excess output for such year multiplied by the normal unit profit, but such amount shall not exceed the net income (computed with the allowance for depletion) attributable to the excess output for such year.

(2) COAL AND IRON MINES.—For any taxable year, the nontaxable income from exempt excess output of a coal mining or iron mining property which was in operation during the base period shall be an amount equal to the excess output of such property for such year multiplied by one-half of the unit net income from such property for such year, or an amount determined under paragraph (1), whichever the taxpayer elects in accordance with regulations prescribed by the Commissioner with the approval of the Secretary.

(3) TIMBER PROPERTIES.—For any taxable year, the nontaxable income from exempt excess output of a timber block which was in operation during the base period shall be an amount equal to the excess output of such property for such year multiplied by one-half of the unit net income from such property for such year.

(4) COAL AND IRON MINES AND TIMBER PROPERTIES NOT IN OPERATION DURING BASE PERIOD.—For any taxable year, the nontaxable income from exempt excess output of a coal mining or iron mining property or a timber block, which was not in operation during the base period, shall be an amount equal to ⅓ of the net income for such taxable year (computed with the allowance for depletion) from the coal mining or iron mining property or from the timber block, as the case may be.

(5) *NATURAL GAS COMPANIES.*—*In the case of a natural gas company any of the natural gas property of which was in operation during the base period, the nontaxable income from exempt excess output for any taxable year shall be an amount equal to the excess output for such year multiplied by one-half of the unit net income for such year.*

(c) *NONTAXABLE BONUS INCOME.*—The term “nontaxable bonus income” means the amount of the income derived from bonus payments made by any agency of the United States Government on account of the production in excess of a specified quota of:

(1) A mineral product or timber, the exhaustion of which gives rise to an allowance for depletion under section 23 (m), but such amount shall not exceed the net income (computed with the allowance for depletion) attributable to the output in excess of such quota; or

(2) A mineral product extracted or recovered from mine tailings by a corporation which owns no economic interest in the mineral property from which the ore containing such tailings was mined, but such amount shall not exceed the net income attributable to the output in excess of such quota.

(d) *RULE IN CASE INCOME FROM EXCESS OUTPUT INCLUDES BONUS PAYMENT.*—In any case in which the income attributable to the excess output includes bonus payments (as provided in subsection (c)), the taxpayer may elect, under regulations prescribed by the Commissioner with the approval of the Secretary, to receive either the benefits of subsection (b) or subsection (c) with respect to such income as is attributable to excess output above the specified quota.

\* \* \* \* \*

### Part III—Post-War Refund of Excess Profits Tax

#### SEC. 780. POST-WAR REFUND OF EXCESS PROFITS TAX.

(a) *IN GENERAL.*—The Secretary of the Treasury is authorized and directed to establish a credit to the account of each taxpayer subject to the tax imposed under this subchapter, for each taxable year ending after December 31, 1941 (except in the case of a taxable year beginning in 1941 and ending before July 1, 1942), and not beginning after the date of cessation of hostilities in the present war, of an amount equal to 10 per centum of the tax imposed under this subchapter for each such taxable year. For the purposes of this part, in the case of a taxpayer whose tax is determined under section 710 (a) (3), the term “tax imposed under this subchapter” means the excess of the tax imposed by such section 710 (a) (3) over the tax that would be imposed if such section 710 (a) (3) were not applicable.

(b) *APPLICATION OF CREDIT TO PURCHASE OF BONDS.*—Within three months after the payment of the amount of the excess profits tax shown on the return for a taxable year to which subsection (a) applies (or, if such taxable year begins or ends in 1942, within one year after payment of the excess-profits tax shown on the return for such year), if the payment is made before three months before the date of maturity of bonds for such year under subsection (c), there shall be issued to and in the name of the taxpayer bonds of the United States in an aggregate amount equal to 10 per centum of the tax paid in respect of

which a credit is provided under subsection (a), and the credit established under subsection (a) for such taxable year is hereby made available for the purchase of such bonds.

(c) **TERMS AND MATURITY OF BONDS.**—The bonds provided for in subsection (a) shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which bonds may be issued under such Act are extended to include the purposes for which bonds are required to be issued under this section. Such bonds shall bear no interest, shall be non-negotiable, and shall not be transferable by sale, exchange, assignment, pledge, hypothecation, or otherwise, *except to a successor as defined in subsection (g)*, on or before the date of cessation of hostilities in the present war, but after said date, such bonds shall be negotiable, and may be sold, exchanged, pledged, assigned, hypothecated, or otherwise transferred, without restriction, and shall be redeemable (at the option of the United States) in whole or in part upon three months' notice. Such bonds for any taxable year to which this section applies shall mature on the last day of that calendar year, beginning after the date of cessation of hostilities in the present war, which is shown in the following table to be applicable to such bonds for such year:

Bonds purchased with the credit for any taxable year beginning:	Calendar year (beginning after cessation of hostilities) on last day of which bonds mature
Within the calendar year 1941 or 1942.....	2nd
Within the calendar year 1943.....	3rd
Within the calendar year 1944.....	4th
After December 31, 1944.....	5th

(d) **EXEMPTION OF PROCEEDS FROM TAX.**—The proceeds of any such bond *paid to the taxpayer* upon redemption shall not be included in gross income.

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

(f) **RIGHTS AND LIABILITIES OF SUCCESSORS OF TAXPAYER.**—*Subject to, and to the extent provided in, regulations prescribed by the Secretary, a successor of the taxpayer shall succeed to all the rights and liabilities of the taxpayer under this part.*

(g) **DEFINITION OF “SUCCESSOR”.**—*For the purposes of this part the term “successor” means such person or persons who succeed, either directly or through one or more other persons, to ownership of property of the taxpayer, as the Secretary may by regulations prescribe.*

#### SEC. 781. SPECIAL RULES FOR APPLICATION OF SECTION 780.

(a) **EFFECT OF DEFICIENCIES.**—If a deficiency in respect of the excess profits tax for any taxable year for which a credit is provided in section 780 (a) is paid by the taxpayer before three months before the date of maturity of the bonds for such year, an amount of such credit

equal to 10 per centum of the excess of the tax imposed by this subchapter on the basis of which the deficiency was determined, over the tax imposed by this subchapter as previously computed and paid shall be available, as provided in section 780 (b), for the purchase of bonds as provided under such section, and there shall be issued to the taxpayer bonds under such section in an amount equal to such excess and with the same maturity as in the case of bonds issued with respect to the taxable year with respect to which the deficiency is determined.

(b) EFFECT OF REFUNDS.—*If In the case of an overpayment of the tax imposed by this subchapter for any taxable year for which a credit is provided in section 780 (a) is refunded or credited to the taxpayer under the internal revenue laws, the credit, if any, provided in such section for such taxable year then existing in favor of the taxpayer shall be reduced by an amount equal to 10 per centum of the excess of the tax imposed by this subchapter on the basis of which such tax (in respect of which the internal revenue refund or credit was made) was previously computed and paid, over the tax imposed by this subchapter as determined in connection with the determination of the amount of the overpayment. In such a case, if such credit provided in section 780 (a) for such taxable year is less than the amount by which it is required to be reduced, or if there is no such credit then existing in favor of the taxpayer, the excess of such amount over the amount of such credit, if any, shall be carried forward as constitute a charge against the taxpayer to be applied in reduction of a subsequent credit under section 780 (a); and if no such subsequent credit is made in favor of the taxpayer, the amount of such charge (without interest) shall be paid by the taxpayer to the United States or the amount of the bonds previously issued to the taxpayer under section 780 (b) shall be adjusted on account of such charge with respect to such taxable year. If the bonds issued with respect to such taxable year or a previous taxable year are not made available for the purpose of being so applied or the amount of such bonds so made available is less than the amount of such charge, such charge or the excess of such charge over the amount of such bonds so made available, as the case may be, shall be applied at the time of the credit or refund (or as of the time of the maturity of the bonds, if that time is earlier) in reduction of the amount of the credit or refund of the overpayment of the tax.*

(c) TAX PAYMENTS AFTER CUT-OFF DATE.—In the case of a payment of the tax imposed by this subchapter shown on the return for any taxable year for which a credit is provided in section 780 (a), or the payment of a deficiency in respect of such tax for any such taxable year, after the date prescribed in section 780 (b) or 781 (a) but before the date of maturity of the bonds with respect to such taxable year under section 780 (c), the amount of the credit under section 780 (a) for such taxable year attributable to such payment shall, so far as practicable, be available, as provided in section 780 (b), for the purchase of bonds as provided under such section, and, so far as practicable, there shall be issued to the taxpayer bonds under such section with the same maturity as bonds issued with respect to such taxable year. To the extent that it is not practicable to issue bonds against such amount of the credit, the taxpayer shall be paid in cash. In case after the date of maturity of the bonds of any taxable year under section 780 (c) there is any credit under section 780 (a) remaining in favor of the taxpayer, attributable to such year, such remainder shall

be paid to the taxpayer in cash. No amount of any payment made under this subsection to a taxpayer shall be included in gross income.

(d) LIMITATION.—

(1) *General rule.*—The credit under section 780 (a) for any taxable year shall not be greater than the excess of the amount of the tax paid under this subchapter to the United States (and not credited or refunded under the internal revenue laws) in respect of such year over the amount of tax which would be payable to the United States if the excess profits tax rate were 81 85½ per centum, or if the limitation of section 710 (a) (1) (B) is applicable if the amount determined under such section were reduced by 10 per centum.

(2) *SPECIAL RULE IN CASE OF CERTAIN FISCAL YEARS BEGINNING IN 1943.*—In the case of a taxable year beginning in 1943 and ending in 1944, paragraph (1) shall not apply, and the credit under section 780 (a) for such taxable year shall not be greater than the excess of the tax paid under this subchapter to the United States for such taxable year (and not credited or refunded under the internal revenue laws) over the amount which would be payable to the United States if—

(A) in the computation under section 710 (a) (6) (A) the excess profits tax rate were 81 per centum, or in case the limitation of section 710 (a) (1) (B) is applicable in such computation, if the amount determined under such section 710 (a) (1) (B) were reduced by 10 per centum, and

(B) in the computation under section 710 (a) (6) (B) the excess profits tax rate were 85½ per centum, or in case the limitation of section 710 (a) (1) (B) is applicable in such computation, if the amount determined under such section 710 (a) (1) (B) were reduced by 10 per centum.

CHAPTER 3—ESTATE TAX  
SUBCHAPTER A—BASIC ESTATE TAX

\* \* \* \* \*

Part II—Estates of Citizens or Residents of the United States

Subpart I—Computation of Tax

\* \* \* \* \*

**SEC. 811. GROSS ESTATE.**

The value of the gross estate of the decedent shall be determined by including the value at the time of his death of all property, real or personal, tangible or intangible, wherever situated, except real property situated outside of the United States—

\* \* \* \* \*

(k) *VALUATION OF UNLISTED STOCK AND SECURITIES.*—*In the case of stock and securities of a corporation the value of which by reason of their not being listed on an exchange and by reason of the absence of sales thereof, cannot be determined with reference to bid and asked prices or with reference to sales prices, the value thereof shall be determined taking into consideration, in addition to all other factors, the value of stock or securities of comparable corporations which are listed on an exchange.*

~~(k)~~ (l) **CROSS REFERENCE.**—

For provision that relinquishment of marital estates shall not be deemed a consideration “in money or money’s worth”, see section 812 (b).

\* \* \* \* \*

## CHAPTER 4—GIFT TAX

### SEC. 1000. IMPOSITION OF TAX.

(a) For the calendar year 1940 and each calendar year thereafter a tax, computed as provided in section 1001, shall be imposed upon the transfer during such calendar year by any individual, resident or nonresident, of property by gift. Gift taxes for the calendar years 1932-1939, inclusive, shall not be affected by the provisions of this chapter, but shall remain subject to the applicable provisions of the Revenue Act of 1932, except as such provisions are modified by legislation enacted subsequent to the Revenue Act of 1932.

(b) The tax shall apply whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible; but, in the case of a nonresident not a citizen of the United States, shall apply to a transfer only if the property is situated within the United States.

(c) **POWERS OF APPOINTMENT.**—An exercise or release of a power of appointment shall be deemed a transfer of property by the individual possessing such power. For the purposes of this subsection the term “power of appointment” means any power to appoint exercisable by an individual either alone or in conjunction with any person, except—

(1) a power to appoint within a class which does not include any others than the spouse of such individual, spouse of the creator of the power, descendants of such individual or his spouse, descendants (other than such individual) of the creator of the power or his spouse, spouses of such descendants, donees described in section 1004 (a) (2), and donees described in section 1004 (b). As used in this paragraph, the term “descendant” includes adopted and illegitimate descendants, and the term “spouse” includes former spouse; and

(2) a power to appoint within a restricted class if such individual did not receive any beneficial interest, vested or contingent, in the property from the creator of the power or thereafter acquire any such interest, and if the power is not exercisable to any extent for the benefit of such individual, his estate, his creditors, or the creditors of his estate.

If a power to appoint is exercised by creating another power to appoint, such first power shall not be considered excepted under paragraph (1) or (2) from the definition of power of appointment to the extent of the value of the property subject to such second power to appoint. For the purposes of the preceding sentence the value of the property subject to such second power to appoint shall be its value unreduced by any precedent or subsequent interest not subject to such power to appoint.

(d) **COMMUNITY PROPERTY.**—All gifts of property held as community property under the law of any State, Territory, or possession of the United States, or any foreign country shall be considered to be

the gifts of the husband except that gifts of such property as may be shown to have been received as compensation for personal services actually rendered by the wife or derived originally from such compensation or from separate property of the wife shall be considered to be gifts of the wife.

(e) *DISCRETIONARY TRUSTS.*—*In the case of a trust created prior to September 1, 1943, on which a gift tax was paid if created after the effective date of the gift tax, or if created prior to the effective date of the gift tax, would have been subject to a gift tax had said trust been created after the effective date of the gift tax, of which the grantor is not a named beneficiary and no part of the net income of which is, under section 166, includible in computing the net income of the grantor, (1) no appointment, prior to January 1, 1945, of a new, successor, or additional trustee, or new, successor, or additional trustees, and (2) no vesting, prior to January 1, 1945, in the trustee or trustees of discretion as to the selection of beneficiaries or the distribution of the corpus or income of the trust, and (3) no exercise, prior to January 1, 1945, by the trustee or trustees of any such discretion, shall be deemed to constitute a transfer of property for the purposes of this chapter.*

\* \* \* \* \*

CHAPTER 5—BOARD OF TAX APPEALS  
SUBCHAPTER A—ORGANIZATION, JURISDICTION  
AND PROCEDURE

\* \* \* \* \*

Part II—Procedure

\* \* \* \* \*

SEC. 1114. ADMINISTRATION OF OATHS AND PROCUREMENT OF  
TESTIMONY.

(a) *IN GENERAL.*—For the efficient administration of the functions vested in the Board or any division thereof, any member of the Board, or any employee of the Board designated in writing for the purpose by the chairman, may administer oaths, and any member of the Board may examine witnesses and require, by subpoena ordered by the Board or any division thereof and signed by the member, (1) the attendance and testimony of witnesses, and the production of all necessary returns, books, papers, documents, correspondence, and other evidence, from any place in the United States at any designated place of hearing, or (2) the taking of a deposition before any designated individual competent to administer oaths under this title. In the case of a deposition the testimony shall be reduced to writing by the individual taking the deposition or under his direction and shall then be subscribed by the deponent.

(b) *COMMISSIONERS.*—*The Presiding Judge may from time to time by written order designate an attorney from the legal staff of the Court to act as a commissioner in a particular case. The commissioner so designated shall proceed under such rules and regulations as may be promulgated by the Court. The commissioner shall receive the same travel and subsistence allowances now or hereafter provided by law for commissioners of the Court of Claims.*

\* \* \* \* \*

## CHAPTER 9—EMPLOYMENT TAXES

\* \* \* \* \*

### SUBCHAPTER C—TAX ON EMPLOYERS OF EIGHT OR MORE

\* \* \* \* \*

#### SEC. 1601. CREDITS AGAINST TAX.

##### (a) CONTRIBUTIONS TO STATE UNEMPLOYMENT FUNDS.—

(1) The taxpayer may, to the extent provided in this subsection and subsection (c), credit against the tax imposed by section 1600 the amount of contributions paid by him into an unemployment fund maintained during the taxable year under the unemployment compensation law of a State which is certified for the taxable year as provided in section 1603.

(2) The credit shall be permitted against the tax for the taxable year only for the amount of contributions paid with respect to such taxable year.

(3) The credit against the tax for any taxable year shall be permitted only for contributions paid on or before the last day upon which the taxpayer is required under section 1604 to file a return for such year; except that credit shall be permitted for contributions paid after such last day but before July 1 next following such last day, but such credit shall not exceed 90 per centum of the amount which would have been allowable as credit on account of such contributions had they been paid on or before such last day. The preceding provisions of this subdivision shall not apply to the credit against the tax of a taxpayer for any taxable year if such taxpayer's assets, at any time during the period from such last day for filing a return for such year to June 30 next following such last day, both dates inclusive, are in the custody or control of a receiver, trustee, or other fiduciary appointed by, or under the control of, a court of competent jurisdiction.

(4) Upon the payment of contributions into the unemployment fund of a State which are required under the unemployment compensation law of that State with respect to remuneration on the basis of which, prior to such payment into the proper fund, the taxpayer erroneously paid an amount as contributions under another unemployment compensation law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made at the time of the erroneous payment. If, by reason of such other law, the taxpayer was entitled to cease paying contributions with respect to services subject to such other law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made on the date the return for the taxable year was filed under section 1604.

(5) Refund of the tax (including penalty and interest collected with respect thereto, if any), based on any credit allowable under this section, may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund.

(b) ADDITIONAL CREDIT.—In addition to the credit allowed under subsection (a), a taxpayer may credit against the tax imposed by section 1600 for any taxable year an amount, with respect to the unemployment compensation law of each State certified for the taxable year as provided in section 1602 (or with respect to any provisions thereof so certified), equal to the amount, if any, by which the contributions required to be paid by him with respect to the taxable year were less than the contributions such taxpayer would have been required to pay if throughout the taxable year he had been subject under such State law to the highest rate applied thereunder in the taxable year to any person having individuals in his employ, or to a rate of 2.7 per centum, whichever rate is lower.

(c) LIMIT ON TOTAL CREDITS.—The total credits allowed to a taxpayer under this subchapter shall not exceed 90 per centum of the tax against which such credits are allowable.

(d) REFUND OR CREDIT.—Refund or credit of the tax (including penalty and interest collected with respect thereto, if any), based on any credit allowable under this section, may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax (including statutes of limitations). No interest shall be allowed or paid on the amount of any such credit or refund.

\* \* \* \* \*

## Subchapter D—Collection of Income Tax at Source on Wages

### SEC. 1621. DEFINITIONS.

As used in this subchapter—

\* \* \* \* \*

(g) MARRIED PERSON CLAIMING ~~ALL~~ OF PERSONAL EXEMPTION FOR WITHHOLDING WHOSE SPOUSE CLAIMS NONE.—The term “married person claiming ~~all~~ of a personal exemption for withholding<sup>22</sup> whose spouse claims none” means a married person with respect to whom a withholding exemption certificate is in effect under section 1622 (b) stating that for the purposes of this subchapter such person claims ~~all~~ of the a personal exemption for *withholding* and that for the purposes of this subchapter his spouse is ~~claiming claims none~~ of the no personal exemption for *withholding*.

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

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

(k) **DEPENDENT.**—The term “dependent” means a person included in a withholding exemption certificate in effect under section 1622 (h) as a person dependent upon and receiving his chief support from the employee and either under eighteen years of age or incapable of self-support because mentally or physically defective, *excluding as a dependent, in the case of the head of a family, one who would be excluded under section 25 (b) (2) (B).*

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

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

(1) 20 per centum of the excess of each payment of such wages over the ~~family status~~ *normal tax and surtax* withholding exemption allowable under subsection (b) (1) (A), or

(2) 3 per centum of the excess of each payment of such wages over the ~~Victory~~ *minimum* tax withholding exemption allowable under subsection (b) (1) (B).

(b) **WITHHOLDING EXEMPTION.**—

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

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

Family Status Normal Tax and Surtax Withholding Exemption

Payroll period	Single person	Married person claiming a whole of personal exemption for withholding whose spouse claims none, or head of family		Single person, or Married person claiming a half of personal exemption for withholding whose spouse claims a personal exemption for withholding		Married person claiming none no personal exemption for withholding	Each dependent, other than the first dependent in the case of the head of a family	
Weekly-----	\$12	\$24		\$12	\$10	\$0	\$6	\$7.00
Biweekly-----	\$24	\$48		\$24	20	0	\$12	14.00
Semimonthly-----	\$26	\$52	53	\$26	22	0	\$13	15.50
Monthly-----	\$52	\$104	106	\$52	44	0	\$26	31.00
Quarterly-----	\$156	\$312	318	\$156	132	0	\$78	93.00
Semiannual-----	\$312	\$624	636	\$312	264	0	\$156	186.00
Annual-----	\$624	\$1,248	1,272	\$624	528	0	\$312	372.00
Daily or miscellaneous (per day of such period)-----	\$1.70	\$3.40	3.50	\$1.70	1.50	0	\$1.85	1.00

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

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

*Minimum Tax Withholding Exemptions*

Pay roll period	Married person claiming a personal exemption for withholding whose spouse claims none, or head of family	Single person, or married person claiming a personal exemption for withholding whose spouse claims a personal exemption for withholding	Person claiming no personal exemption for withholding	Each dependent
Weekly	\$14	\$10	\$0	\$2.00
Biweekly	28	20	0	4.00
Semimonthly	31	22	0	4.50
Monthly	62	44	0	9.00
Quarterly	186	132	0	27.00
Semiannual	372	264	0	54.00
Annual	744	528	0	108.00
Daily or miscellaneous (per day of such period)	2.00	1.50	0	.25

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

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

(4) In any case in which the period, or the time described in paragraph (3), in respect of any wages is less than one week, the Commissioner, under regulations prescribed by him with the approval of the Secretary, may authorize an employer, in computing the tax required to be deducted and withheld, to use

the excess of the aggregate of the wages paid to the employee during the calendar week over the withholding exemption allowed by this subsection for a weekly payroll period.

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

(c) WAGE BRACKET WITHHOLDING.—

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

If the payroll period with respect to an employee is weekly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—										
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents	
At least	But less than	Or, (2) such person is a married person claiming half of personal exemption for withholding and has—										
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents			
		Or, (3) such person is a single person and has—										
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents			
		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—										
No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents					
Or, (5) such person is head of a family and has—												
No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents							
The amount of tax to be withheld shall be—												
80	\$10	\$1.00										
10	15	2.50	\$1.30	\$0.10								
15	20	3.50	2.30	1.10	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
20	25	4.50	3.30	2.10	.90	.30	.30	.30	.30	.30	.30	.30
25	30	5.50	4.30	3.10	1.90	.70	.50	.50	.50	.50	.50	.50
30	40	7.00	5.80	4.60	3.40	2.20	1.00	.70	.70	.70	.70	.70
40	50	9.00	7.80	6.60	5.40	4.20	3.00	1.80	1.00	1.00	1.00	1.00
50	60	11.00	9.80	8.60	7.40	6.20	5.00	3.80	2.60	1.40	1.30	1.30
60	70	13.00	11.80	10.60	9.40	8.20	7.00	5.80	4.60	3.40	2.20	2.20
70	80	15.00	13.80	12.60	11.40	10.20	9.00	7.80	6.60	5.40	4.20	4.20
80	90	17.00	15.80	14.60	13.40	12.20	11.00	9.80	8.60	7.40	6.20	6.20
90	100	19.00	17.80	16.60	15.40	14.20	13.00	11.80	10.60	9.40	8.20	8.20
100	110	21.00	19.80	18.60	17.40	16.20	15.00	13.80	12.60	11.40	10.20	10.20
110	120	23.00	21.80	20.60	19.40	18.20	17.00	15.80	14.60	13.40	12.20	12.20
120	130	25.00	23.80	22.60	21.40	20.20	19.00	17.80	16.60	15.40	14.20	14.20
130	140	27.00	25.80	24.60	23.40	22.20	21.00	19.80	18.60	17.40	16.20	16.20
140	150	29.00	27.80	26.60	25.40	24.20	23.00	21.80	20.60	19.40	18.20	18.20
150	160	31.00	29.80	28.60	27.40	26.20	25.00	23.80	22.60	21.40	20.20	20.20
160	170	33.00	31.80	30.60	29.40	28.20	27.00	25.80	24.60	23.40	22.20	22.20
170	180	35.00	33.80	32.60	31.40	30.20	29.00	27.80	26.60	25.40	24.20	24.20
180	190	37.00	35.80	34.60	33.40	32.20	31.00	29.80	28.60	27.40	26.20	26.20
190	200	39.00	37.80	36.60	35.40	34.20	33.00	31.80	30.60	29.40	28.20	28.20
20% of the excess over \$200 plus												
\$200 or over		\$40.00	\$38.80	\$37.60	\$36.40	\$35.20	\$34.00	\$32.80	\$31.60	\$30.40	\$29.20	\$29.20

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

If the payroll period with respect to an employee is biweekly

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

The amount of tax to be withheld shall be—

\$0	\$20	\$2.00										
20	30	5.00	\$2.60	\$0.20								
30	40	7.00	4.60	2.20	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
40	50	9.00	6.60	4.20	1.80	.60	.60	.60	.60	.60	.60	.60
50	60	11.00	8.60	6.20	3.80	1.40	.90	.90	.90	.90	.90	.90
60	80	14.00	11.60	9.20	6.80	4.40	2.00	1.40	1.40	1.40	1.40	1.40
80	100	18.00	15.60	13.20	10.80	8.40	6.00	3.60	2.00	2.00	2.00	2.00
100	120	22.00	19.60	17.20	14.80	12.40	10.00	7.60	5.20	2.80	2.80	2.60
120	140	26.00	23.60	21.20	18.80	16.40	14.00	11.60	9.20	6.80	4.40	
140	160	30.00	27.60	25.20	22.80	20.40	18.00	15.60	13.20	10.80	8.40	
160	180	34.00	31.60	29.20	26.80	24.40	22.00	19.60	17.20	14.80	12.40	
180	200	38.00	35.60	33.20	30.80	28.40	26.00	23.60	21.20	18.80	16.40	
200	220	42.00	39.60	37.20	34.80	32.40	30.00	27.60	25.20	22.80	20.40	
220	240	46.00	43.60	41.20	38.80	36.40	34.00	31.60	29.20	26.80	24.40	
240	260	50.00	47.60	45.20	42.80	40.40	38.00	35.60	33.20	30.80	28.40	
260	280	54.00	51.60	49.20	46.80	44.40	42.00	39.60	37.20	34.80	32.40	
280	300	58.00	55.60	53.20	50.80	48.40	46.00	43.60	41.20	38.80	36.40	
300	320	62.00	59.60	57.20	54.80	52.40	50.00	47.60	45.20	42.80	40.40	
320	340	66.00	63.60	61.20	58.80	56.40	54.00	51.60	49.20	46.80	44.40	
340	360	70.00	67.60	65.20	62.80	60.40	58.00	55.60	53.20	50.80	48.40	
360	380	74.00	71.60	69.20	66.80	64.40	62.00	59.60	57.20	54.80	52.40	
380	400	78.00	75.60	73.20	70.80	68.40	66.00	63.60	61.20	58.80	56.40	

\$400 or over	20% of the excess over \$400 plus											
	\$80 00	\$77 60	\$75 20	\$72 80	\$70 40	\$68 00	\$65 60	\$63 20	\$60 80	\$58 40		

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$2.40 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are \$400 or over, of the excess of the wages) over \$24, computed, in case such amount is not a multiple of \$0.10, to the nearest multiple of \$0.10.

If the payroll period with respect to an employee is semimonthly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
At least	But less than	Or, (2) such person is a married person claiming half of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (3) such person is a single person and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (5) such person is head of a family and has—									
		No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents				
The amount of tax to be withheld shall be—											
\$0	\$20	\$2.00									
20	30	5.00	\$2.40								
30	40	7.00	4.40	\$1.80	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
40	50	9.00	6.40	3.80	1.20	.60	.60	.60	.60	.60	.60
50	60	11.00	8.40	5.80	3.20	.90	.90	.90	.90	.90	.90
60	80	14.00	11.40	8.80	6.20	3.60	1.30	1.30	1.30	1.30	1.30
80	100	18.00	15.40	12.80	10.20	7.60	5.00	2.40	1.90	1.90	1.90
100	120	22.00	19.40	16.80	14.20	11.00	9.00	6.40	3.80	2.60	2.50
120	140	26.00	23.40	20.80	18.20	15.60	13.00	10.40	7.80	5.20	3.10
140	160	30.00	27.40	24.80	22.20	19.60	17.00	14.40	11.80	9.20	6.60
160	180	34.00	31.40	28.80	26.20	23.60	21.00	18.40	15.80	13.20	10.00
180	200	38.00	35.40	32.80	30.20	27.60	25.00	22.40	19.80	17.20	14.60
200	220	42.00	39.40	36.80	34.20	31.60	29.00	26.40	23.80	21.20	18.60
220	240	46.00	43.40	40.80	38.20	35.60	33.00	30.40	27.80	25.20	22.60
240	260	50.00	47.40	44.80	42.20	39.60	37.00	34.40	31.80	29.20	26.60
260	280	54.00	51.40	48.80	46.20	43.60	41.00	38.40	35.80	33.20	30.60
280	300	58.00	55.40	52.80	50.20	47.60	45.00	42.40	39.80	37.20	34.60
300	320	62.00	59.40	56.80	54.20	51.60	49.00	46.40	43.80	41.20	38.60
320	340	66.00	63.40	60.80	58.20	55.60	53.00	50.40	47.80	45.20	42.60
340	360	70.00	67.40	64.80	62.20	59.60	57.00	54.40	51.80	49.20	46.60
360	380	74.00	71.40	68.80	66.20	63.60	61.00	58.40	55.80	53.20	50.60
380	400	78.00	75.40	72.80	70.20	67.60	65.00	62.40	59.80	57.20	54.60
\$400 or over		20% of the excess over \$400 plus									
		\$80.00	\$77.40	\$74.80	\$72.20	\$69.60	\$67.00	\$64.40	\$61.80	\$59.20	\$56.60

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

## If the payroll period with respect to an employee is monthly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
At least	But less than	Or, (2) such person is a married person claiming half of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (3) such person is a single person and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents			Four dependents	Five dependents
		Or, (5) such person is head of a family and has—									
		No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents				
The amount of the tax to be withheld shall be—											
\$0	\$40	\$4.00									
40	50	9.00	\$2.80								
50	60	11.00	5.80	\$6.60	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
60	70	13.00	7.80	2.60	.40	.40	.40	.40	.40	.40	.40
70	80	15.00	9.80	4.60	.70	.70	.70	.70	.70	.70	.70
80	100	18.00	12.80	7.60	2.40	1.10	1.10	1.10	1.10	1.10	1.10
100	120	22.00	16.80	11.60	6.40	1.70	1.70	1.70	1.70	1.70	1.70
120	140	26.00	20.80	15.60	10.40	5.20	2.30	2.30	2.30	2.30	2.30
140	160	30.00	24.80	19.60	14.10	9.20	4.00	2.00	2.00	2.00	2.00
160	200	36.00	30.80	25.60	20.40	15.20	10.00	4.80	3.80	3.80	3.80
200	240	44.00	38.80	33.60	28.40	23.20	18.00	12.80	7.60	5.00	5.00
240	280	52.00	46.80	41.60	36.40	31.20	26.00	20.80	15.60	10.40	6.20
280	320	60.00	54.80	49.60	44.40	39.20	34.00	28.80	23.60	18.40	13.20
320	360	68.00	62.80	57.60	52.40	47.20	42.00	36.80	31.60	26.40	21.20
360	400	76.00	70.80	65.60	60.40	55.20	50.00	44.80	39.60	34.40	29.20
400	440	84.00	78.80	73.60	68.40	63.20	58.00	52.80	47.60	42.40	37.20
440	480	92.00	86.80	81.60	76.40	71.20	66.00	60.80	55.60	50.40	45.20
480	520	100.00	94.80	89.60	84.40	79.20	74.00	68.80	63.60	58.40	53.20
520	560	108.00	102.80	97.60	92.40	87.20	82.00	76.80	71.60	66.40	61.20
560	600	116.00	110.80	105.60	100.40	95.20	90.00	84.80	79.60	74.40	69.20
600	640	124.00	118.80	113.60	108.40	103.20	98.00	92.80	87.60	82.40	77.20
640	680	132.00	126.80	121.60	116.40	111.20	106.00	100.80	95.60	90.40	85.20
680	720	140.00	134.80	129.60	124.40	119.20	114.00	108.80	103.60	98.40	93.20
720	760	148.00	142.80	137.60	132.40	127.20	122.00	116.80	111.60	106.40	101.20
760	800	156.00	150.80	145.60	140.40	135.20	130.00	124.80	119.60	114.40	109.20
		20% of the excess over \$800 plus									
\$800 or over		160.00	154.80	149.60	144.40	139.20	134.00	128.80	123.60	118.40	113.20

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

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

And the wages divided by the number of days in such period are—		And, (1) such person is a married person claiming none of personal exemption for withholding and has—											
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents		
At least	But less than	Or, (2) such person is a married person claiming half of personal exemption for withholding and has—											
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents		
		Or, (3) such person is a single person and has—											
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents		
		Or, (4) such person is a married person claiming all of personal exemption for withholding and has—											
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents		
		Or, (5) such person is head of a family and has—											
		No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents	Ten dependents		
		The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period											
		\$0	\$1	\$0.10	---	---	---	---	---	---	---	---	---
1	2	.30	\$0.15	---	---	---	---	---	---	---	---	---	
2	3	.50	.35	\$0.15	---	---	---	---	---	---	---	---	
3	4	.70	.55	.35	\$0.20	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	
4	5	.90	.75	.55	.40	.20	.10	.10	.10	.10	.10	.10	
5	6	1.10	.95	.75	.60	.40	.25	.10	.10	.10	.10	.10	
6	7	1.30	1.15	.95	.80	.60	.45	.30	.15	.15	.15	.15	
7	8	1.50	1.35	1.15	1.00	.80	.65	.50	.30	.15	.15	.15	
8	9	1.70	1.55	1.35	1.20	1.00	.85	.70	.50	.35	.20	.20	
9	10	1.90	1.75	1.55	1.40	1.20	1.05	.90	.70	.55	.35	.35	
10	12	2.20	2.05	1.85	1.70	1.50	1.35	1.20	1.00	.85	.65	.65	
12	14	2.60	2.45	2.25	2.10	1.90	1.75	1.60	1.40	1.25	1.05	1.05	
14	16	3.00	2.85	2.65	2.50	2.30	2.15	2.00	1.80	1.65	1.45	1.45	
16	18	3.40	3.25	3.05	2.90	2.70	2.55	2.40	2.20	2.05	1.85	1.85	
18	20	3.80	3.65	3.45	3.30	3.10	2.95	2.80	2.60	2.45	2.25	2.25	
20	22	4.20	4.05	3.85	3.70	3.50	3.35	3.20	3.00	2.85	2.65	2.65	
22	24	4.60	4.45	4.25	4.10	3.90	3.75	3.60	3.40	3.25	3.05	3.05	
24	26	5.00	4.85	4.65	4.50	4.30	4.15	4.00	3.80	3.65	3.45	3.45	
26	28	5.40	5.25	5.05	4.90	4.70	4.55	4.40	4.20	4.05	3.85	3.85	
28	30	5.80	5.65	5.45	5.30	5.10	4.95	4.80	4.60	4.45	4.25	4.25	
\$30 or over		20% of the excess over \$30 plus											
		\$6.00	\$5.85	\$5.65	\$5.50	\$5.30	\$5.15	\$5.00	\$4.80	\$4.65	\$4.45	\$4.45	

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$0.15 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 2 per centum of the excess of the product of the median wage in the bracket in which the wages fall and the number of days in the period (or if the wages paid are \$30 or over, of the excess of the wages) over the product of \$1.70 and the number of days in the period, computed, in case such amount is not a multiple of \$0.05, to the nearest multiple of \$0.05.

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

And the wages are		And (1) such person claims no personal exemption for withholding	Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—									
At least	But less than		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
			Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—									
			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
The amount of tax to be withheld shall be—												
\$0	\$10	% of wages										
10	11	\$2.10	\$0.10									
11	12	2.30	.30									
12	13	2.50	.50									
13	14	2.70	.70									
14	15	2.90	.90	\$0.10								
15	16	3.10	1.10	.10								
16	17	3.30	1.30	.10	\$0.10							
17	18	3.50	1.50	.20	.10							
18	19	3.70	1.70	.30	.10	\$0.10						
19	20	3.90	1.90	.50	.20	.10						
20	21	4.10	2.10	.70	.20	.10	\$0.10					
21	22	4.30	2.30	.90	.20	.20	.10					
22	23	4.50	2.50	1.10	.30	.20	.10	\$0.10				
23	24	4.70	2.70	1.30	.30	.20	.20	.10				
24	25	4.90	2.90	1.50	.30	.30	.20	.10	\$0.10			
25	26	5.10	3.10	1.70	.30	.30	.20	.20	.10			
26	27	5.30	3.30	1.90	.50	.30	.30	.20	.10	\$0.10		
27	28	5.50	3.50	2.10	.70	.30	.30	.20	.20	.10		
28	29	5.70	3.70	2.30	.90	.40	.30	.30	.20	.10	\$0.10	
29	30	5.90	3.90	2.50	1.10	.40	.30	.30	.20	.20	.10	
30	31	6.10	4.10	2.70	1.30	.40	.40	.30	.30	.20	.10	\$0.10
31	32	6.30	4.30	2.90	1.50	.50	.40	.30	.30	.20	.20	.10
32	33	6.50	4.50	3.10	1.70	.50	.40	.40	.30	.30	.20	.20
33	34	6.70	4.70	3.30	1.90	.60	.50	.40	.30	.30	.20	.20
34	35	6.90	4.90	3.50	2.10	.70	.50	.40	.40	.30	.30	.20
35	36	7.10	5.10	3.70	2.30	.90	.50	.50	.40	.30	.30	.20
36	37	7.30	5.30	3.90	2.50	1.10	.60	.50	.40	.30	.30	.20
37	38	7.50	5.50	4.10	2.70	1.30	.60	.50	.50	.40	.30	.30
38	39	7.70	5.70	4.30	2.90	1.50	.60	.60	.50	.40	.40	.30
39	40	7.90	5.90	4.50	3.10	1.70	.60	.60	.50	.50	.40	.30
40	41	8.10	6.10	4.70	3.30	1.90	.70	.60	.60	.50	.40	.40
41	42	8.30	6.30	4.90	3.50	2.10	.70	.60	.60	.50	.50	.40
42	43	8.50	6.50	5.10	3.70	2.30	.90	.70	.60	.60	.50	.40
43	44	8.70	6.70	5.30	3.90	2.50	1.10	.70	.60	.60	.50	.50
44	45	8.90	6.90	5.50	4.10	2.70	1.30	.70	.70	.60	.60	.50
45	46	9.10	7.10	5.70	4.30	2.90	1.50	.80	.70	.60	.60	.50
46	47	9.30	7.30	5.90	4.50	3.10	1.70	.80	.70	.70	.60	.60
47	48	9.50	7.50	6.10	4.70	3.30	1.90	.80	.80	.70	.60	.60
48	49	9.70	7.70	6.30	4.90	3.50	2.10	.90	.80	.70	.60	.60
49	50	9.90	7.90	6.50	5.10	3.70	2.30	.90	.80	.80	.70	.60
50	51	10.10	8.10	6.70	5.30	3.90	2.50	1.10	.90	.80	.70	.70
51	52	10.30	8.30	6.90	5.50	4.10	2.70	1.30	.90	.80	.80	.70
52	53	10.50	8.50	7.10	5.70	4.30	2.90	1.50	.90	.90	.80	.70
53	54	10.70	8.70	7.30	5.90	4.50	3.10	1.70	.90	.90	.80	.80
54	55	10.90	8.90	7.50	6.10	4.70	3.30	1.90	1.00	.90	.90	.80
55	56	11.10	9.10	7.70	6.30	4.90	3.50	2.10	1.00	.90	.90	.80
56	57	11.30	9.30	7.90	6.50	5.10	3.70	2.30	1.00	1.00	.90	.90
57	58	11.50	9.50	8.10	6.70	5.30	3.90	2.50	1.10	1.00	.90	.90
58	59	11.70	9.70	8.30	6.90	5.50	4.10	2.70	1.30	1.00	1.00	.90

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

And the wages are		And (1) such person claims no personal exemption for withholding	Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—									Nine dependents
At least	But less than		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	
			Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—									
		The amount of tax to be withheld shall be—									Seven dependents	
59	60	\$11.90	\$9.90	\$8.50	\$7.10	\$5.70	\$4.30	\$2.90	\$1.50	\$1.10	\$1.00	\$0.90
60	62	12.20	10.20	8.80	7.40	6.00	4.60	3.20	1.80	1.10	1.10	1.00
62	64	12.60	10.60	9.20	7.80	6.40	5.00	3.60	2.20	1.20	1.10	1.10
64	66	13.00	11.00	9.60	8.20	6.80	5.40	4.00	2.60	1.20	1.20	1.10
66	68	13.40	11.40	10.00	8.60	7.20	5.80	4.40	3.00	1.60	1.20	1.20
68	70	13.80	11.80	10.40	9.00	7.60	6.20	4.80	3.40	2.00	1.30	1.20
70	72	14.20	12.20	10.80	9.40	8.00	6.60	5.20	3.80	2.40	1.40	1.30
72	74	14.60	12.60	11.20	9.80	8.40	7.00	5.60	4.20	2.80	1.40	1.40
74	76	15.00	13.00	11.60	10.20	8.80	7.40	6.00	4.60	3.20	1.80	1.40
76	78	15.40	13.40	12.00	10.60	9.20	7.80	6.40	5.00	3.60	2.20	1.60
78	80	15.80	13.80	12.40	11.00	9.60	8.20	6.80	5.40	4.00	2.60	1.60
80	82	16.20	14.20	12.80	11.40	10.00	8.60	7.20	5.80	4.40	3.00	1.60
82	84	16.60	14.60	13.20	11.80	10.40	9.00	7.60	6.20	4.80	3.40	2.00
84	86	17.00	15.00	13.60	12.20	10.80	9.40	8.00	6.60	5.20	3.80	2.40
86	88	17.40	15.40	14.00	12.60	11.20	9.80	8.40	7.00	5.60	4.20	2.80
88	90	17.80	15.80	14.40	13.00	11.60	10.20	8.80	7.40	6.00	4.60	3.20
90	92	18.20	16.20	14.80	13.40	12.00	10.60	9.20	7.80	6.40	5.00	3.60
92	94	18.60	16.60	15.20	13.80	12.40	11.00	9.60	8.20	6.80	5.40	4.00
94	96	19.00	17.00	15.60	14.20	12.80	11.40	10.00	8.60	7.20	5.80	4.40
96	98	19.40	17.40	16.00	14.60	13.20	11.80	10.40	9.00	7.60	6.20	4.80
98	100	19.80	17.80	16.40	15.00	13.60	12.20	10.80	9.40	8.00	6.60	5.20
100	105	20.50	18.50	17.10	15.70	14.30	12.90	11.50	10.10	8.70	7.30	5.90
105	110	21.50	19.50	18.10	16.70	15.30	13.90	12.50	11.10	9.70	8.30	6.90
110	115	22.50	20.50	19.10	17.70	16.30	14.90	13.50	12.10	10.70	9.30	7.90
115	120	23.50	21.50	20.10	18.70	17.30	15.90	14.50	13.10	11.70	10.30	8.90
120	125	24.50	22.50	21.10	19.70	18.30	16.90	15.50	14.10	12.70	11.30	9.90
125	130	25.50	23.50	23.10	20.70	19.30	17.90	16.50	15.10	13.70	12.30	10.90
130	135	26.50	24.50	23.10	21.70	20.30	18.90	17.50	16.10	14.70	13.30	11.90
135	140	27.50	25.50	24.10	22.70	21.30	19.90	18.50	17.10	15.70	14.30	12.90
140	145	28.50	26.50	25.10	23.70	22.30	20.90	19.50	18.10	16.70	15.30	13.90
145	150	29.50	27.50	26.10	24.70	23.30	21.90	20.50	19.10	17.70	16.30	14.90
150	160	31.00	29.00	27.60	26.20	24.80	23.40	22.00	20.60	19.20	17.80	16.40
160	170	33.00	31.00	29.60	28.20	26.80	25.40	24.00	22.60	21.20	19.80	18.40
170	180	35.00	33.00	31.60	30.20	28.80	27.40	26.00	24.60	23.20	21.80	20.40
180	190	37.00	35.00	33.60	32.20	30.80	29.40	28.00	26.60	25.20	23.80	22.40
190	200	39.00	37.00	35.60	34.20	32.80	31.40	30.00	28.60	27.20	25.80	24.40
\$200 or over		20% of the excess over \$200 plus										
		\$40.00	\$38.00	\$36.60	\$35.20	\$53.80	\$32.40	\$31.00	\$29.60	\$28.20	\$26.80	\$25.40

Dependents in excess of the largest number shown: If the number of dependents is in excess of the largest number shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$1.40 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are \$200 or over, of the excess of the wages) over the minimum tax withholding exemption, computed to the nearest multiple of \$0.10.

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

And the wages are		And (1) such person claims no personal exemption for withholding	Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—									
At least	But less than		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
			Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—									
			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
The amount of tax to be withheld shall be—												
\$0	\$20	20% of wages										
20	22	\$4.20	\$0.20									
22	24	4.60	.60									
24	26	5.00	1.00									
26	28	5.40	1.40	\$0.10								
28	30	5.80	1.80	.20								
30	32	6.20	2.20	.20	\$0.10							
32	34	6.60	2.60	.30	.20							
34	36	7.00	3.00	.30	.20	\$0.10						
36	38	7.40	3.40	.60	.50	.20						
38	40	7.80	3.80	1.00	.30	.20	\$0.10					
40	42	8.20	4.20	1.40	.40	.30	.20					
42	44	8.60	4.60	1.80	.50	.30	.20	\$0.10				
44	46	9.00	5.00	2.20	.60	.40	.30	.20				
46	48	9.40	5.40	2.60	.60	.50	.30	.20	\$0.10			
48	50	9.80	5.80	3.00	.60	.50	.40	.30	.20			
50	52	10.20	6.20	3.40	.70	.60	.50	.30	.20	\$0.10		
52	54	10.60	6.60	3.80	1.00	.60	.50	.40	.30	.20		
54	56	11.00	7.00	4.20	1.40	.70	.60	.50	.30	.20	\$0.10	
56	58	11.40	7.40	4.60	1.80	.80	.60	.50	.40	.30	.20	
58	60	11.80	7.80	5.00	2.20	.80	.70	.60	.50	.30	.20	\$0.10
60	62	12.20	8.20	5.40	2.60	.90	.80	.60	.50	.40	.30	.20
62	64	12.60	8.60	5.80	3.00	.90	.80	.70	.60	.50	.30	.20
64	66	13.00	9.00	6.20	3.40	1.00	.90	.80	.60	.50	.40	.30
66	68	13.40	9.40	6.60	3.80	1.10	.90	.80	.70	.60	.50	.30
68	70	13.80	9.80	7.00	4.20	1.40	1.00	.90	.80	.60	.50	.40
70	72	14.20	10.20	7.40	4.60	1.80	1.10	.90	.80	.70	.60	.50
72	74	14.60	10.60	7.80	5.00	2.20	1.10	1.00	.90	.80	.60	.50
74	76	15.00	11.00	8.20	5.40	2.60	1.20	1.10	.90	.80	.70	.60
76	78	15.40	11.40	8.60	5.80	3.00	1.20	1.10	1.00	.90	.80	.60
78	80	15.80	11.80	9.00	6.20	3.40	1.30	1.20	1.10	.90	.80	.70
80	82	16.20	12.20	9.40	6.60	3.80	1.40	1.20	1.10	1.00	.90	.80
82	84	16.60	12.60	9.80	7.00	4.20	1.40	1.30	1.20	1.10	.90	.80
84	86	17.00	13.00	10.20	7.40	4.60	1.80	1.40	1.20	1.10	1.00	.90
86	88	17.40	13.40	10.60	7.80	5.00	2.20	1.40	1.30	1.20	1.10	.90
88	90	17.80	13.80	11.00	8.20	5.40	2.60	1.50	1.40	1.20	1.10	1.00
90	92	18.20	14.20	11.40	8.60	5.80	3.00	1.50	1.40	1.30	1.20	1.10
92	94	18.60	14.60	11.80	9.00	6.20	3.40	1.60	1.50	1.40	1.20	1.10
94	96	19.00	15.00	12.20	9.40	6.60	3.80	1.70	1.50	1.40	1.30	1.20
96	98	19.40	15.40	12.60	9.80	7.00	4.20	1.70	1.60	1.50	1.40	1.20
98	100	19.80	15.80	13.00	10.20	7.40	4.60	1.80	1.70	1.50	1.40	1.30
100	102	20.20	16.20	13.40	10.60	7.80	5.00	2.20	1.70	1.60	1.50	1.40
102	104	20.60	16.60	13.80	11.00	8.20	5.40	2.60	1.80	1.70	1.50	1.40
104	106	21.00	17.00	14.20	11.40	8.60	5.80	3.00	1.80	1.70	1.60	1.50
106	108	21.40	17.40	14.60	11.80	9.00	6.20	3.40	1.90	1.80	1.70	1.50
108	110	21.80	17.80	15.00	12.20	9.40	6.60	3.80	2.00	1.80	1.70	1.60
110	112	22.20	18.20	15.40	12.60	9.80	7.00	4.20	2.00	1.90	1.80	1.70
112	114	22.60	18.60	15.80	13.00	10.20	7.40	4.60	2.10	2.00	1.80	1.70
114	116	23.00	19.00	16.20	13.40	10.60	7.80	5.00	2.20	2.00	1.90	1.80
116	118	23.40	19.40	16.60	13.80	11.00	8.20	5.40	2.60	2.10	2.00	1.80
118	120	23.80	19.80	17.00	14.20	11.40	8.60	5.80	3.00	2.10	2.00	1.80

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

And the wages are		Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—										
At least	But less than	(1) such person claims no personal exemption for withholding	Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—									Nine dependents
			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	
The amount of tax to be withheld shall be—												
\$120	\$124	\$24.40	\$20.40	\$17.60	\$14.80	\$12.00	\$9.20	\$6.40	\$3.60	\$2.20	\$2.10	\$2.00
124	128	25.20	21.20	18.40	15.60	12.80	10.00	7.20	4.40	2.30	2.20	2.10
128	132	26.00	22.00	19.20	16.40	13.60	10.80	8.00	5.20	2.50	2.30	2.20
132	136	26.80	22.80	20.00	17.20	14.40	11.60	8.80	6.00	3.20	2.50	2.30
136	140	27.60	23.60	20.80	18.00	15.20	12.40	9.60	6.80	4.00	2.60	2.50
140	144	28.40	24.40	21.60	18.80	16.00	13.20	10.40	7.60	4.30	2.70	2.60
144	148	29.20	25.20	22.40	19.60	16.80	14.00	11.20	8.40	5.60	2.80	2.70
148	152	30.00	26.00	23.20	20.40	17.60	14.80	12.00	9.20	6.40	3.60	2.80
152	156	30.80	26.80	24.00	21.20	18.40	15.60	12.80	10.00	7.20	4.40	2.90
156	160	31.60	27.60	24.80	22.00	19.20	16.40	13.60	10.80	8.00	5.20	3.10
160	164	32.40	28.40	25.60	22.80	20.00	17.20	14.40	11.60	8.80	6.00	3.20
164	168	33.20	29.20	26.40	23.60	20.80	18.00	15.20	12.40	9.60	6.80	4.00
168	172	34.00	30.00	27.20	24.40	21.60	18.80	16.00	13.20	10.40	7.60	4.80
172	176	34.80	30.80	28.00	25.20	22.40	19.60	16.80	14.00	11.20	8.40	5.60
176	180	35.60	31.60	28.80	26.00	23.20	20.40	17.60	14.80	12.00	9.20	6.40
180	184	36.40	32.40	29.60	26.80	24.00	21.20	18.40	15.60	12.80	10.00	7.20
184	188	37.20	33.20	30.40	27.60	24.80	22.00	19.20	16.40	13.60	10.80	8.00
188	192	38.00	34.00	31.20	28.40	25.60	22.80	20.00	17.20	14.40	11.60	8.80
192	196	38.80	34.80	32.00	29.20	26.40	23.60	20.80	18.00	15.20	12.40	9.60
196	200	39.60	35.60	32.80	30.00	27.20	24.40	21.60	18.80	16.00	13.20	10.40
200	210	41.00	37.00	34.20	31.40	28.60	25.80	23.00	20.20	17.40	14.60	11.80
210	220	43.00	39.00	36.20	33.40	30.60	27.80	25.00	22.20	19.40	16.60	13.80
220	230	45.00	41.00	38.20	35.40	32.60	29.80	27.00	24.20	21.40	18.60	15.80
230	240	47.00	43.00	40.20	37.40	34.60	31.80	29.00	26.20	23.40	20.60	17.80
240	250	49.00	45.00	42.20	39.40	36.60	33.80	31.00	28.20	25.40	22.60	19.80
250	260	51.00	47.00	44.20	41.40	38.60	35.80	33.00	30.20	27.40	24.60	21.80
260	270	53.00	49.00	46.20	43.40	40.60	37.80	35.00	32.20	29.40	26.60	23.80
270	280	55.00	51.00	48.20	45.40	42.60	39.80	37.00	34.20	31.40	28.60	25.80
280	290	57.00	53.00	50.20	47.40	44.60	41.80	39.00	36.20	33.40	30.60	27.80
290	300	59.00	55.00	52.20	49.40	46.60	43.80	41.00	38.20	35.40	32.60	29.80
300	320	62.00	58.00	55.20	52.40	49.60	46.80	44.00	41.20	38.40	35.60	32.80
320	340	66.00	62.00	59.20	56.40	53.60	50.80	48.00	45.20	42.40	39.60	36.80
340	360	70.00	66.00	63.20	60.40	57.60	54.80	52.00	49.20	46.40	43.60	40.80
360	380	74.00	70.00	67.20	64.40	61.60	58.80	56.00	53.20	50.40	47.60	44.80
380	400	78.00	74.00	71.20	68.40	65.60	62.80	60.00	57.20	54.40	51.60	48.80
\$400 or over	20% of the excess over \$400 plus											
	\$80.00	\$76.00	\$73.20	\$70.40	\$67.60	\$64.80	\$62.00	\$59.20	\$56.40	\$53.60	\$50.80	\$50.80

Dependents in excess of the largest number shown: If the number of dependents is in excess of the largest number shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$2.80 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are \$400 or over, of the excess of the wages) over the minimum tax withholding exemption, computed to the nearest multiple of \$0.10.

## If the pay roll period with respect to an employee is semimonthly

And the wages are		And (1) such person claims no personal exemption for withholding		Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—												
At least	But less than	No dependents	One dependent	No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents			
		Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—									No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
The amount of tax to be withheld shall be—																
\$0	\$22	20% of wages														
22	24	\$4.60	\$0.20													
24	26	5.00	.60													
26	28	5.40	1.00													
28	30	5.80	1.40	\$0.10												
30	32	6.20	1.80	.10												
32	34	6.60	2.20	.20	\$0.10											
34	36	7.00	2.60	.30	.10											
36	38	7.40	3.00	.30	.20											
38	40	7.80	3.40	.40	.20	\$0.10										
40	42	8.20	3.80	.70	.30	.20										
42	44	8.60	4.20	1.10	.40	.20	\$0.10									
44	46	9.00	4.60	1.50	.40	.30	.20									
46	48	9.40	5.00	1.90	.50	.30	.20	\$0.10								
48	50	9.80	5.40	2.30	.50	.40	.30	.10								
50	52	10.20	5.80	2.70	.60	.50	.30	.20	\$0.10							
52	54	10.60	6.20	3.10	.70	.50	.40	.30	.10							
54	56	11.00	6.60	3.50	.70	.60	.50	.30	.20							
56	58	11.40	7.00	3.90	.80	.60	.50	.40	.20	\$0.10						
58	60	11.80	7.40	4.30	1.20	.70	.60	.40	.30	.20						
60	62	12.20	7.80	4.70	1.60	.80	.60	.50	.40	.20	\$0.10					
62	64	12.60	8.20	5.10	2.00	.80	.70	.60	.40	.30	.20					
64	66	13.00	8.60	5.50	2.40	.90	.80	.60	.50	.30	.20	\$0.10				
66	68	13.40	9.00	5.90	2.80	.90	.80	.70	.50	.40	.30	.10				
68	70	13.80	9.40	6.30	3.20	1.00	.90	.70	.60	.50	.30	.20				
70	72	14.20	9.80	6.70	3.60	1.10	.90	.80	.70	.50	.40	.30				
72	74	14.60	10.20	7.10	4.00	1.10	1.00	.90	.70	.60	.50	.30				
74	76	15.00	10.60	7.50	4.40	1.30	1.10	.80	.80	.60	.50	.40				
76	78	15.40	11.00	7.90	4.80	1.70	1.10	1.00	.80	.70	.60	.40				
78	80	15.80	11.40	8.30	5.20	2.10	1.20	1.00	.90	.80	.60	.50				
80	82	16.20	11.80	8.70	5.60	2.50	1.20	1.10	1.00	.80	.70	.60				
82	84	16.60	12.20	9.10	6.00	2.90	1.30	1.20	1.00	.90	.80	.60				
84	86	17.00	12.60	9.50	6.40	3.30	1.40	1.20	1.10	.90	.80	.70				
86	88	17.40	13.00	9.90	6.80	3.70	1.40	1.30	1.10	1.00	.90	.70				
88	90	17.80	13.40	10.30	7.20	4.10	1.50	1.30	1.20	1.10	.90	.80				
90	92	18.20	13.80	10.70	7.60	4.50	1.50	1.40	1.30	1.10	1.00	.90				
92	94	18.60	14.20	11.10	8.00	4.90	1.80	1.50	1.30	1.20	1.10	.90				
94	96	19.00	14.60	11.50	8.40	5.30	2.20	1.50	1.40	1.20	1.10	1.00				
96	98	19.40	15.00	11.90	8.80	5.70	2.60	1.60	1.40	1.30	1.20	1.00				
98	100	19.80	15.40	12.30	9.20	6.10	3.00	1.60	1.50	1.40	1.20	1.10				
100	102	20.20	15.80	12.70	9.60	6.50	3.40	1.70	1.60	1.40	1.30	1.20				
102	104	20.60	16.20	13.10	10.00	6.90	3.80	1.80	1.60	1.50	1.40	1.20				
104	106	21.00	16.60	13.50	10.40	7.30	4.20	1.80	1.70	1.50	1.40	1.30				
106	108	21.40	17.00	13.90	10.80	7.70	4.60	1.90	1.70	1.60	1.50	1.30				
108	110	21.80	17.40	14.30	11.20	8.10	5.00	1.90	1.80	1.70	1.50	1.40				
110	112	22.20	17.80	14.70	11.60	8.50	5.40	2.30	1.90	1.70	1.60	1.50				
112	114	22.60	18.20	15.10	12.00	8.90	5.80	2.70	1.90	1.80	1.70	1.50				
114	116	23.00	18.60	15.50	12.40	9.30	6.20	3.10	2.00	1.80	1.70	1.60				
116	118	23.40	19.00	15.90	12.80	9.70	6.60	3.50	2.00	1.90	1.80	1.60				
118	120	23.80	19.40	16.30	13.20	10.10	7.00	3.90	2.10	2.00	1.80	1.70				
120	124	24.40	20.00	16.90	13.80	10.70	7.60	4.50	2.20	2.10	1.90	1.80				
124	128	25.20	20.80	17.70	14.60	11.50	8.40	5.30	2.30	2.20	2.00	1.90				
128	132	26.00	21.60	18.50	15.40	12.30	9.20	6.10	3.00	2.30	2.20	2.00				

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

And the wages are		Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—										
At least	But less than	And (1) such person claims no personal exemption for withholding	No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
			Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—									
			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents		
The amount of tax to be withheld shall be—												
\$132	\$136	\$26.80	\$22.40	\$19.30	\$16.20	\$13.10	\$10.00	\$6.90	\$3.80	\$2.40	\$2.30	\$2.10
136	140	27.60	23.20	20.10	17.00	13.90	10.80	7.70	4.60	2.50	2.40	2.30
140	144	28.40	24.00	20.90	17.80	14.70	11.60	8.50	5.40	2.70	2.50	2.40
144	148	29.20	24.80	21.70	18.60	15.50	12.40	9.30	6.20	3.10	2.60	2.50
148	152	30.00	25.60	22.60	19.40	16.30	13.20	10.10	7.00	3.90	2.80	2.60
152	156	30.80	26.40	23.30	20.20	17.10	14.00	10.90	7.80	4.70	2.90	2.70
156	160	31.60	27.20	24.10	21.00	17.90	14.80	11.70	8.60	5.50	3.00	2.90
160	164	32.40	28.00	24.90	21.80	18.70	15.60	12.50	9.40	6.30	3.20	3.00
164	168	33.20	28.80	25.70	22.60	19.50	16.40	13.30	10.20	7.10	4.00	3.10
168	172	34.00	29.60	26.50	23.40	20.30	17.20	14.10	11.00	7.90	4.80	3.20
172	176	34.80	30.40	27.30	24.20	21.10	18.00	14.90	11.80	8.70	5.60	3.30
176	180	35.60	31.20	28.10	25.00	21.90	18.80	15.70	12.60	9.50	6.40	3.50
180	184	36.40	32.00	28.90	25.80	22.70	19.60	16.50	13.40	10.30	7.20	4.10
184	188	37.20	32.80	29.70	26.60	23.50	20.40	17.30	14.20	11.10	8.00	4.90
188	192	38.00	33.60	30.50	27.40	24.30	21.20	18.10	15.00	11.90	8.80	5.70
192	196	38.80	34.40	31.30	28.20	25.10	22.00	18.90	15.80	12.70	9.60	6.50
196	200	39.60	35.20	32.10	29.00	25.90	22.80	19.70	16.60	13.50	10.40	7.30
200	210	41.00	36.60	33.50	30.40	27.30	24.20	21.10	18.00	14.90	11.80	8.70
210	220	43.00	38.60	35.50	32.40	29.30	26.20	23.10	20.00	16.90	13.80	10.70
220	230	45.00	40.60	37.50	34.40	31.30	28.20	25.10	22.00	18.90	15.80	12.70
230	240	47.00	42.60	39.50	36.40	33.30	30.20	27.10	24.00	20.90	17.80	14.70
240	250	49.00	44.60	41.60	38.40	35.30	32.20	29.10	26.00	22.90	19.80	16.70
250	260	51.00	46.60	43.50	40.40	37.30	34.20	31.10	28.00	24.90	21.80	18.70
260	270	53.00	48.60	45.50	42.40	39.30	36.20	33.10	30.00	26.90	23.80	20.70
270	280	55.00	50.60	47.50	44.40	41.30	38.20	35.10	32.00	28.90	25.80	22.70
280	290	57.00	52.60	49.50	46.40	43.30	40.20	37.10	34.00	30.90	27.80	24.70
290	300	59.00	54.60	51.50	48.40	45.30	42.20	39.10	36.00	32.90	29.80	26.70
300	320	62.00	57.60	54.60	51.40	48.30	45.20	42.10	39.00	35.90	32.80	29.70
320	340	66.00	61.60	58.60	55.40	52.30	49.20	46.10	43.00	39.90	36.80	33.70
340	360	70.00	65.60	62.60	59.40	56.30	53.30	50.10	47.00	43.90	40.80	37.70
360	380	74.00	69.60	66.60	63.40	60.30	57.20	54.10	51.00	47.90	44.80	41.70
380	400	78.00	73.60	70.60	67.40	64.30	61.20	58.10	55.00	51.90	48.80	45.70
400	420	82.00	77.60	74.60	71.40	68.30	65.20	62.10	59.00	55.90	52.80	49.70
420	440	86.00	81.60	78.60	75.40	72.30	69.20	66.10	63.00	59.90	56.80	53.70
440	460	90.00	85.60	82.60	79.40	76.30	73.20	70.10	67.00	63.90	60.80	57.70
460	480	94.00	89.60	86.60	83.40	80.30	77.20	74.10	71.00	67.90	64.80	61.70
480	500	98.00	93.60	90.60	87.40	84.30	81.20	78.10	75.00	71.90	68.80	65.70
\$500 or over.		20% of the excess over \$500 plus										
		\$100.00	\$95.60	\$92.50	\$89.40	\$86.30	\$83.20	\$80.10	\$77.00	\$73.90	\$70.80	\$67.70

Dependents in excess of the largest number shown: If the number of dependents is in excess of the largest number shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$3.10 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are \$500 or over, of the excess of the wages) over the minimum tax withholding exemption, computed to the nearest multiple of \$0.10.

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

And the wages are		And (1) such person claims no personal exemption for withholding	Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—									
At least	But less than		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
			Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—									
		The amount of tax to be withheld shall be—										
\$0	\$44	20% of wages										
44	48	\$9.20	\$0.40									
48	52	10.00	1.20									
52	56	10.80	2.00									
56	60	11.60	2.80	\$0.20								
60	64	12.40	3.60	.50								
64	68	13.20	4.40	.40	\$0.10							
68	72	14.00	5.20	.50	.20							
72	76	14.80	6.00	.60	.40	\$0.10						
76	80	15.60	6.80	.80	.50	.20						
80	84	16.40	7.60	1.40	.60	.30	\$0.10					
84	88	17.20	8.40	2.20	.70	.50	.20					
88	92	18.00	9.20	3.00	.80	.30	.30					
92	96	18.80	10.00	3.80	1.00	.70	.40	\$0.20				
96	100	19.60	10.80	4.60	1.10	.80	.50	.30				
100	104	20.40	11.60	5.40	1.20	.90	.70	.40	\$0.10			
104	108	21.20	12.40	6.20	1.30	1.10	.80	.50	.20			
108	112	22.00	13.20	7.00	1.40	1.20	.90	.60	.40	\$0.10		
112	116	22.80	14.00	7.80	1.60	1.30	1.00	.80	.50	.20		
116	120	23.60	14.80	8.60	2.40	1.40	1.10	.90	.60	.30	\$0.10	
120	124	24.40	15.60	9.40	3.20	1.50	1.30	1.00	.70	.50	.20	
124	128	25.20	16.40	10.20	4.00	1.70	1.40	1.10	.80	.60	.30	
128	132	26.00	17.20	11.00	4.80	1.80	1.50	1.20	1.00	.70	.40	\$0.20
132	136	26.80	18.00	11.80	5.60	1.90	1.60	1.40	1.10	.80	.50	.30
136	140	27.60	18.80	12.60	6.40	2.00	1.70	1.50	1.20	.90	.70	.40
140	144	28.40	19.60	13.40	7.20	2.10	1.90	1.60	1.30	1.10	.80	.50
144	148	29.20	20.40	14.20	8.00	2.50	2.00	1.70	1.40	1.20	.90	.60
148	152	30.00	21.20	15.00	8.80	2.60	2.10	1.80	1.60	1.30	1.00	.80
152	156	30.80	22.00	15.80	9.60	3.40	2.20	2.00	1.70	1.40	1.10	.90
156	160	31.60	22.80	16.60	10.40	4.20	2.30	2.10	1.80	1.50	1.30	1.00
160	164	32.40	23.60	17.40	11.20	5.00	2.50	2.20	1.90	1.70	1.40	1.10
164	168	33.20	24.40	18.20	12.00	5.80	2.60	2.30	2.00	1.80	1.50	1.20
168	172	34.00	25.20	19.00	12.80	6.60	2.70	2.40	2.20	1.90	1.60	1.40
172	176	34.80	26.00	19.80	13.60	7.40	2.80	2.60	2.30	2.00	1.70	1.50
176	180	35.60	26.80	20.60	14.40	8.20	2.90	2.70	2.40	2.10	1.90	1.60
180	184	36.40	27.60	21.40	15.20	9.00	3.10	2.80	2.50	2.30	2.00	1.70
184	188	37.20	28.40	22.20	16.00	9.80	3.60	2.90	2.60	2.40	2.10	1.80
188	192	38.00	29.20	23.00	16.80	10.60	4.40	3.00	2.80	2.50	2.20	2.00
192	196	38.80	30.00	23.80	17.60	11.40	5.20	3.20	2.90	2.60	2.30	2.10
196	200	39.60	30.80	24.60	18.40	12.20	6.00	3.30	3.00	2.70	2.50	2.20
200	204	40.40	31.60	25.40	19.20	13.00	6.80	3.40	3.10	2.90	2.60	2.30
204	208	41.20	32.40	26.20	20.00	13.80	7.60	3.50	3.20	3.00	2.70	2.40
208	212	42.00	33.20	27.00	20.80	14.60	8.40	3.60	3.40	3.10	2.80	2.60
212	216	42.80	34.00	27.80	21.60	15.40	9.20	3.80	3.50	3.20	2.90	2.70
216	220	43.60	34.80	28.60	22.40	16.20	10.00	3.90	3.60	3.30	3.10	2.80
220	224	44.40	35.60	29.40	23.20	17.00	10.80	4.60	3.70	3.50	3.20	2.90
224	228	45.20	36.40	30.20	24.00	17.80	11.60	5.40	3.80	3.60	3.30	3.00
228	232	46.00	37.20	31.00	24.80	18.60	12.40	6.20	4.00	3.70	3.40	3.20
232	236	46.80	38.00	31.80	25.60	19.40	13.20	7.00	4.10	3.80	3.50	3.30
236	240	47.60	38.80	32.60	26.40	20.20	14.00	7.80	4.20	3.90	3.70	3.40
240	248	48.40	40.00	33.80	27.60	21.40	15.20	9.00	4.40	4.10	3.80	3.60
248	256	50.40	41.60	35.40	29.20	23.00	16.80	10.60	4.60	4.40	4.10	3.80
256	264	52.00	43.20	37.00	30.80	24.60	18.40	12.20	6.00	4.60	4.30	4.10

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

And the wages are		Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—										
At least	But less than	And (1) such person claims no personal exemption for withholding	No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
			Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—									
		The amount of tax to be withheld shall be—										
\$264	\$272	\$53.60	\$44.80	\$38.60	\$32.40	\$26.20	\$20.00	\$13.80	\$7.60	\$4.80	\$4.60	\$4.30
272	280	55.20	46.40	40.20	34.00	27.80	21.60	15.40	9.20	5.10	4.80	4.50
280	288	56.80	48.00	41.80	35.60	29.40	23.20	17.00	10.80	5.30	5.00	4.80
288	296	58.40	49.60	43.40	37.20	31.00	24.80	18.60	12.40	6.20	5.30	5.00
296	304	60.00	51.20	45.00	38.80	32.60	26.40	20.20	14.00	7.80	5.50	5.30
304	312	61.60	52.80	46.60	40.40	34.20	28.00	21.80	15.60	9.40	5.80	5.50
312	320	63.20	54.40	48.20	42.00	35.80	29.60	23.40	17.20	11.00	6.00	5.70
320	328	64.80	56.00	49.80	43.60	37.40	31.20	25.00	18.80	12.60	6.40	6.00
328	336	66.40	57.60	51.40	45.20	39.00	32.80	26.60	20.40	14.20	8.00	6.20
336	344	68.00	59.20	53.00	46.80	40.60	34.40	28.20	22.00	15.80	9.00	6.50
344	352	69.60	60.80	54.60	48.40	42.20	36.00	29.80	23.60	17.40	11.20	6.70
352	360	71.20	62.40	56.20	50.00	43.80	37.60	31.40	25.20	19.00	12.80	6.90
360	368	72.80	64.00	57.80	51.60	45.40	39.20	33.00	26.80	20.60	14.40	8.20
368	376	74.40	65.60	59.40	53.20	47.00	40.80	34.60	28.40	22.20	16.00	9.80
376	384	76.00	67.20	61.00	54.80	48.60	42.40	36.20	30.00	23.80	17.60	11.40
384	392	77.60	68.80	62.60	56.40	50.20	44.00	37.80	31.60	25.40	19.20	13.00
392	400	79.20	70.40	64.20	58.00	51.80	45.60	39.40	33.20	27.00	20.80	14.60
400	420	82.00	73.20	67.00	60.80	54.60	48.40	42.20	36.00	29.80	23.60	17.40
420	440	86.00	77.20	71.00	64.80	58.60	52.40	46.20	40.00	33.80	27.60	21.40
440	460	90.00	81.20	75.00	68.80	62.60	56.40	50.20	44.00	37.80	31.60	25.40
460	480	94.00	85.20	79.00	72.80	66.60	60.40	54.20	48.00	41.80	35.60	29.40
480	500	98.00	89.20	83.00	76.80	70.60	64.40	58.20	52.00	46.80	39.60	33.40
500	520	102.00	93.20	87.00	80.80	74.60	68.40	62.20	56.00	49.80	43.60	37.40
520	540	106.00	97.20	91.00	84.80	78.60	72.40	66.20	60.00	53.80	47.60	41.40
540	560	110.00	101.20	95.00	88.80	82.60	76.40	70.20	64.00	57.80	51.60	45.40
560	580	114.00	105.20	99.00	92.80	86.60	80.40	74.20	68.00	61.80	55.60	49.40
580	600	118.00	109.20	103.00	96.80	90.60	84.40	78.20	72.00	65.80	59.60	53.40
600	640	124.00	115.20	109.00	102.80	96.60	90.40	84.20	78.00	71.80	65.60	59.40
640	680	132.00	123.20	117.00	110.80	104.60	98.40	92.20	86.00	79.80	73.60	67.40
680	720	140.00	131.20	125.00	118.80	112.60	106.40	100.20	94.00	87.80	81.60	75.40
720	760	148.00	139.20	133.00	126.80	120.60	114.40	108.20	102.00	96.80	89.60	83.40
760	800	156.00	147.20	141.00	134.80	128.60	122.40	116.20	110.00	103.80	97.60	91.40
800	840	164.00	155.20	149.00	142.80	136.60	130.40	124.20	118.00	111.80	105.60	99.40
840	880	172.00	163.20	157.00	150.80	144.60	138.40	132.20	126.00	119.80	113.60	107.40
880	920	180.00	171.20	165.00	158.80	152.60	146.40	140.20	134.00	127.80	121.60	115.40
920	960	188.00	179.20	173.00	166.80	160.60	154.40	148.20	142.00	135.80	129.60	123.40
960	1,000	196.00	187.20	181.00	174.80	168.60	162.40	156.20	150.00	143.80	137.60	131.40
\$1,000 or over	20% of the excess over \$1,000 plus											
	\$200.00	\$191.20	\$185.00	\$178.80	\$172.60	\$166.40	\$160.20	\$154.00	\$147.80	\$141.60	\$135.40	

Dependents in excess of the largest number shown: If the number of dependents is in excess of the largest number shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by \$6.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are \$1,000 or more, of the excess of the wages) over the minimum tax withholding exemption, computed to the nearest multiple of \$0.10.

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

And the wages, divided by the number of days in such period, are		And (1) such person claims no personal exemption for withholding	Or (2) such person is a single person, or a married person claiming a personal exemption for withholding whose spouse also claims a personal exemption for withholding, and has—										
			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents	
At least	But less than		Or (3) such person is a married person claiming a personal exemption for withholding whose spouse claims no personal exemption for withholding, or the head of a family, and has—										
			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents			
The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period—													
\$0	\$1	20% of wages											
1	2	\$0.30											
2	3	.50	\$0.20										
3	4	.70	.40	\$0.20	\$0.05	\$0.05	\$0.05						
4	5	.90	.60	.40	.20	.05	.05	\$0.05	\$0.05	\$0.05	\$0.05		
5	6	1.10	.80	.60	.40	.20	.10	.10	.05	.05	.05	\$0.05	
6	7	1.30	1.00	.80	.60	.40	.20	.10	.10	.10	.10	.10	
7	8	1.50	1.20	1.00	.80	.60	.40	.20	.15	.15	.10	.10	
8	9	1.70	1.40	1.20	1.00	.80	.60	.40	.20	.15	.15	.15	
9	10	1.90	1.60	1.40	1.20	1.00	.80	.60	.40	.20	.20	.15	
10	11	2.10	1.80	1.60	1.40	1.20	1.00	.80	.60	.40	.20	.20	
11	12	2.30	2.00	1.80	1.60	1.40	1.20	1.00	.80	.60	.40	.25	
12	13	2.50	2.20	2.00	1.80	1.60	1.40	1.20	1.00	.80	.60	.40	
13	14	2.70	2.40	2.20	2.00	1.80	1.60	1.40	1.20	1.00	.80	.60	
14	15	2.90	2.60	2.40	2.20	2.00	1.80	1.60	1.40	1.20	1.00	.80	
15	16	3.10	2.80	2.60	2.40	2.20	2.00	1.80	1.60	1.40	1.20	1.00	
16	17	3.30	3.00	2.80	2.60	2.40	2.20	2.00	1.80	1.60	1.40	1.20	
17	18	3.50	3.20	3.00	2.80	2.60	2.40	2.20	2.00	1.80	1.60	1.40	
18	19	3.70	3.40	3.20	3.00	2.80	2.60	2.40	2.20	2.00	1.80	1.60	
19	20	3.90	3.60	3.40	3.20	3.00	2.80	2.60	2.40	2.20	2.00	1.80	
20	21	4.10	3.80	3.60	3.40	3.20	3.00	2.80	2.60	2.40	2.20	2.00	
21	22	4.30	4.00	3.80	3.60	3.40	3.20	3.00	2.80	2.60	2.40	2.20	
22	23	4.50	4.20	4.00	3.80	3.60	3.40	3.20	3.00	2.80	2.60	2.40	
23	24	4.70	4.40	4.20	4.00	3.80	3.60	3.40	3.20	3.00	2.80	2.60	
24	25	4.90	4.60	4.40	4.20	4.00	3.80	3.60	3.40	3.20	3.00	2.80	
25	26	5.10	4.80	4.60	4.40	4.20	4.00	3.80	3.60	3.40	3.20	3.00	
26	27	5.30	5.00	4.80	4.60	4.40	4.20	4.00	3.80	3.60	3.40	3.20	
27	28	5.50	5.20	5.00	4.80	4.60	4.40	4.20	4.00	3.80	3.60	3.40	
28	29	5.70	5.40	5.20	5.00	4.80	4.60	4.40	4.20	4.00	3.80	3.60	
29	30	5.90	5.60	5.40	5.20	5.00	4.80	4.60	4.40	4.20	4.00	3.80	
\$30.00 or over			20% of the excess over \$30.00 plus										
			\$6.00	\$5.70	\$5.50	\$5.30	\$5.10	\$4.90	\$4.70	\$4.50	\$4.30	\$4.10	\$3.90

Dependents in excess of the largest number shown: If the number of dependents is in excess of the largest number shown, the amount of tax to be withheld for each day of the period shall be that applicable in the case of the largest number of dependents shown reduced by \$0.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld for each day of such period be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages exceed \$30, of the excess of the wages) over the minimum tax withholding exemption, computed to the nearest multiple of \$0.05.

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

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

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

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

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

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

(f) **REFUNDS OR CREDITS.**—

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

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

(g) **INCLUDED AND EXCLUDED WAGES.**—If the remuneration paid by an employer to an employee for services performed during one-half or more of any payroll period of not more than thirty-one consecutive days constitutes wages, all the remuneration paid by such employer to such employee for such period shall be deemed to be wages; but if the

remuneration paid by an employer to an employee for services performed during more than one-half of any such payroll period does not constitute wages, then none of the remuneration paid by such employer to such employee for such period shall be deemed to be wages.

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

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

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

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

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

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

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

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

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

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

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

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## CHAPTER 9A—WAR TAXES AND WAR TAX RATES

### SEC. 1650. WAR TAX RATES OF CERTAIN MISCELLANEOUS TAXES.

In lieu of the rates of tax specified in such of the sections of this title as are set forth in the following table, the rates applicable with respect to the period beginning with the effective date of title III of the Revenue Act of 1943 and ending on the first day of the first month which begins six months or more after the date of the termination of hostilities in the present war shall be the rates set forth under the heading "War Tax Rate":

Section	Description of Tax	Old Rate	War Tax Rate
1700 (a)-----	Admissions-----	1 cent for each 10 cents or fraction thereof.	2 cents for each 10 cents or fraction thereof.
1700 (b)-----	Permanent Use or Lease of Boxes or Seats.	11 per centum---	20 per centum.
1700 (c)-----	Sales of Tickets Outside Box Office.	11 per centum---	20 per centum.
1700 (e)-----	Cabarets, Roof Gardens, Etc.	5 per centum---	30 per centum.
1710 (a) (1)-----	Dues or Membership Fees--	11 per centum---	20 per centum.
1710 (a) (2)-----	Initiation Fees-----	11 per centum---	20 per centum.
2400-----	Jewelry-----	10 per centum---	20 per centum.
2401-----	Furs-----	10 per centum---	25 per centum.
2402-----	Toilet Preparations-----	10 per centum---	25 per centum.
2800 (a) (1)-----	Distilled Spirits-----	\$6 per gallon---	\$9 per gallon.
2800 (a) (3)-----	Imported Perfumes Containing Distilled Spirits.	\$6 per gallon---	\$9 per gallon.
3030 (a) (1)-----	Still Wines:		
	(1) Not over 14% of Alcohol.	10 cents per gallon.	15 cents per gallon.
	(2) Over 14% and not over 21% of Alcohol.	40 cents per gallon.	60 cents per gallon.
	(3) Over 21% and not over 24% of Alcohol.	\$1 per gallon---	\$2 per gallon.
3030 (a) (2)-----	Sparkling Wines, Liqueurs, and Cordials:		
	(1) Champagne or Sparkling Wine.	10 cents per half-pint or fraction thereof.	15 cents per half-pint or fraction thereof.
	(2) Artificially Carbonated Wine.	5 cents per half-pint or fraction thereof.	10 cents per half-pint or fraction thereof.
	(3) Liqueurs, Cordials, etc.	5 cents per half-pint or fraction thereof.	10 cents per half-pint or fraction thereof.
3150-----	Fermented Malt Liquors--	\$7 per barrel---	\$8 per barrel.

Section	Description of Tax	Old Rate	War Tax Rate
3268	Billiard and Pool Tables	\$10 per year per table.	\$20 per year per table.
<i>(So much as relates to Billiard and Pool Tables.)</i>			
3406 (a) (10)	Electric Light Bulbs and Tubes.	5 per centum	25 per centum.
3465 (a) (1) (A)	Telephone, Long Distance	20 per centum	25 per centum.
3465 (a) (1) (B)	Telegraph, Cable, or Radio		
	<i>Dispatches:</i>		
	(1) Domestic	15 per centum	25 per centum.
	(2) International	10 per centum	15 per centum.
3465 (a) (2) (A)	Leased Wires, Etc	15 per centum	20 per centum.
3465 (a) (2) (B)	Wire and Equipment Service.	5 per centum	7 per centum.
3465 (a) (3)	Local Telephone Service	10 per centum	15 per centum.
3469 (a)	Transportation of Persons	10 per centum	15 per centum.
3469 (c)	Seats, Berths, Etc	10 per centum	15 per centum.

### SEC. 1651. RETAILERS' EXCISE TAX ON LUGGAGE, ETC.

(a) *TAX.*—There is hereby imposed upon the following articles (including in each case fittings or accessories therefor sold on or in connection with the sale thereof) sold at retail a tax equivalent to 25 per centum of the price for which so sold:

(1) Trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, and salesmen's sample and display cases.

(2) Purses, handbags, pocketbooks, wallets, billfolds, and card, pass, and key cases.

(3) Toilet cases and other cases, bags, and kits (without regard to size, shape, construction, or material from which made) for use in carrying toilet articles or articles of wearing apparel.

(b) *OTHER LAWS APPLICABLE.*—All provisions of law (including penalties) applicable in respect of the taxes imposed by Chapter 19 shall be applicable in respect of the tax imposed by subsection (a).

### SEC. 1652. TAX ON BOWLING.

(a) *TAX.*—

(1) *RATE.*—There shall be levied, assessed, collected, and paid a tax equivalent to 20 per centum of all amounts paid for the privilege of bowling at any bowling alley. The term "bowling alley" shall include every building or place where bowls are thrown.

(2) *BY WHOM PAID.*—The tax imposed under paragraph (1) shall be returned and paid by the person receiving the payments subject to the tax.

(b) *OTHER LAWS APPLICABLE.*—All provisions of law (including penalties) applicable in respect of the tax imposed by section 1700 (e) shall be applicable in respect of the tax imposed by subsection (a).

**SEC. 1653. TAX ON PARIMUTUEL WAGERING.**

(a) *TAX.*—There shall be levied, assessed, collected, and paid on the conducting of parimutuel or totalizator wagering on any racing or other sporting event a tax in an amount equal to 5 per centum of the total amount wagered and received, on and after the effective date of title III of the Revenue Act of 1943, into the parimutuel or totalizator pool, to be paid by the person conducting or having control of such parimutuel or totalizator pool.

(b) *RETURNS AND PAYMENT.*—Every person liable to tax under subsection (a) shall make returns under oath in duplicate and pay the tax to the collector for the district in which is located his principal place of business or, if he has no principal place of business in the United States, then to the Collector at Baltimore, Maryland. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable at the time so fixed for filing the return.

(c) *OTHER LAWS APPLICABLE.*—All provisions of law (including penalties) applicable in respect of the taxes imposed by section 1700 (e) shall, insofar as applicable and not inconsistent with the provisions of this section, be applicable in respect to the tax imposed by this section.

**SEC. 1654. LEASES, CONDITIONAL SALES, EXISTING CONTRACTS, ETC.**

(a) *CASES WHERE RATE OF TAX INCREASED.*—In the application of section 2405 or 3441 (c) to the articles with respect to which the rate of tax is increased by this chapter, where the lease, contract of sale, conditional sale, or chattel mortgage, and delivery thereunder, was made before the effective date of title III of the Revenue Act of 1943, the total tax referred to in such section shall be the tax at the rate in force on the day before such effective date.

(b) *CASES WHERE NEW TAX IMPOSED.*—In the case of (1) a lease, (2) a contract for the sale of an article wherein it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments, (3) a conditional sale, or (4) a chattel mortgage arrangement wherein it is provided that the sales price shall be paid in installments, no tax shall be imposed under section 1651 on the sale of any article if with respect to such article the lease, contract for sale, conditional sale, or chattel mortgage arrangement was made, delivery thereunder was made, and a part of the consideration was paid, before the effective date of Title III of the Revenue Act of 1943.

(c) *EXISTING CONTRACTS.*—

(1) *TAX PAYABLE BY VENDEE.*—If (A) any person has, prior to the effective date of title III of the Revenue Act of 1943, made a bona fide contract for the sale on or after such date, of any article with respect to the sale of which a tax is imposed by that Act or an existing rate of tax is increased by that Act, and (B) such contract does not permit the adding to the amount to be paid under such contract of the whole of such tax or increased rate of tax, then (unless the contract prohibits such addition) the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price.

(2) *TAX PAID TO VENDOR.*—Taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected and paid to the United States by the vendor in the same manner as provided in section 3467. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner who shall cause collection of such taxes to be made from the vendee.

**SEC. 1655. ARTICLES CLASSIFIABLE UNDER MORE THAN ONE SECTION.**

In the case of any article classifiable (a) under section 1651 and one or more sections of Chapter 19, or (b) under more than one section of Chapter 19, only one tax on such article shall be imposed. Where the rates of tax differ, the article shall be subject to tax under that section which imposes the highest rate.

**SEC. 1656. TERMINATION OF WAR TAXES AND WAR RATES.**

The taxes imposed by sections 1651, 1652, and 1653 shall not apply with respect to any period commencing on or after the first day of the first month which begins six months or more after the date of the termination of hostilities in the present war.

**SEC. 1657. DEFINITION.**

For the purposes of this chapter the term "date of the termination of hostilities in the present war" means the date proclaimed by the President as the date of such termination, or the date specified in a concurrent resolution of the two Houses of Congress as the date of such termination, whichever is the earlier.

# CHAPTER 10—ADMISSIONS AND DUES

## SUBCHAPTER A—ADMISSIONS

### SEC. 1700. TAX.

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[For war tax rate of 2% for each 10¢ or fraction thereof on admissions; of 20 per cent on permanent use or lease of boxes or seats; 20 per cent on sales of tickets outside the box office; and 30 per cent on entertainment at cabarets, roof gardens, etc., see section 1650, supra.]

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## SUBCHAPTER B—DUES

### SEC. 1710. TAX.

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[For war tax rate of 20 per cent on dues or membership fees and initiation fees, see section 1650, supra.]

## CHAPTER 19—RETAILERS' EXCISE TAXES

### SEC. 2400. TAX ON JEWELRY, ETC.

There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 per centum of the price for which so sold: All articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semiprecious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof; watches and clocks and cases and movements therefor; gold, gold-plated, silver, ~~silver-plated~~ or sterling flatware or hollow ware and *silver-plated hollow ware*; opera glasses; lorgnettes; marine glasses; field glasses; and binoculars. The tax imposed by this section shall not apply to any article used for religious purposes, to surgical instruments, to watches designed especially for use by the blind, to frames or mountings for spectacles or eye-glasses, to a fountain pen or smoker's pipe if the only parts of the pen or the pipe which consist of precious metals are essential parts not used for ornamental purposes, or to buttons, insignia, cap devices, chin straps, and other devices prescribed for use in connection with the uniforms of the armed forces of the United States.

[For war tax rate of 20 per cent, see section 1650, supra.]

### SEC. 2401. TAX ON FURS.

There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 per centum of the price for which so sold: Articles made of fur on the hide or pelt, and articles of which such fur is the component material of chief value. *Where a person, who is engaged in the business of dressing or dyeing fur skins or of manufacturing, selling, or repairing fur articles, produces an article of the kind described in this section from fur on the hide or pelt furnished, directly or indirectly, by a customer and the article is for the use of, and not for resale by, such customer, the transaction shall be deemed to be a sale at retail and the person producing the article shall be deemed to be the person selling such article at retail for purposes of this section. The tax on such a transaction shall be computed and paid by such person upon the fair retail market value, as determined by the Commissioner, of the finished article.*

[For war tax rate of 25 per cent, see section 1650, supra.]

### SEC. 2402. TAX ON TOILET PREPARATIONS.

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[For war tax rate of 25 per cent, see section 1650, supra.]

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### SEC. 2406. TAX-FREE SALES.

Under regulations prescribed by the Commissioner with the approval of the Secretary, no tax under this chapter shall be imposed with respect to the sale of any article—

(a) for the exclusive use of ~~the United States~~, any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia;

(b) for export, or for shipment to a possession of the United States, and in due course so exported or shipped.

## CHAPTER 25—FIREARMS

### SUBCHAPTER A—PISTOLS AND REVOLVERS

#### SEC. 2700. TAX.

(a) **RATE.**—There shall be levied, assessed, collected, and paid upon pistols and revolvers sold or leased by the manufacturer, producer, or importer, a tax equivalent to 11 per centum of the price for which so sold or leased.

#### (b) **EXEMPTIONS.**—

(1) **SALES FOR USE OF FEDERAL GOVERNMENT OR STATES, etc.**—Pistols and revolvers sold for the use of the United States, any State, Territory, or possession of the United States, any or political subdivision thereof, or the District of Columbia, shall be exempt from the tax imposed by subsection (a).

(2) **TAXABLE UNDER SUBCHAPTER B.**—The tax imposed by subsection (a) shall not apply to any firearm on which the tax provided by section 2720 of this chapter has been paid.

#### (3) **CROSS REFERENCE.**—

For exemption from tax in case of exportation, see section 2705.

(c) **COMPUTATION IN SPECIAL CASES.**—For computation of tax in case of retail sales by wholesalers and in case of colorable sales, see section 2704.

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CHAPTER 26—LIQUOR  
SUBCHAPTER A—DISTILLED SPIRITS  
Part I—Provisions Relating to Tax

SEC. 2800. TAX.

(a) RATE.—

(1) DISTILLED SPIRITS GENERALLY.—There shall be levied and collected on all distilled spirits in bond or produced in or imported into the United States an internal revenue tax at the rate of \$6 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon, to be paid by the distiller or importer when withdrawn from bond.

[For war tax rate of \$9 per gallon on distilled spirits, see section 1650, supra.]

(2) PRODUCTS OF DISTILLATION CONTAINING DISTILLED SPIRITS.—All products of distillation, by whatever name known, which contain distilled spirits or alcohol, on which the tax imposed by law has not been paid, shall be considered and taxed as distilled spirits.

(3) IMPORTED PERFUMES CONTAINING DISTILLED SPIRITS.—There shall be levied and collected upon all perfumes imported into the United States containing distilled spirits, a tax of \$6 per wine gallon, and a proportionate tax at a like rate on all fractional parts of such wine gallon. Such tax shall be collected by the collector of customs and deposited as internal revenue collections, under such rules and regulations as the Commissioner, with the approval of the Secretary, may prescribe.

[For war tax rate of \$9 per gallon on imported perfumes containing distilled spirits, see section 1650, supra.]

(4) ALCOHOLIC COMPOUNDS FROM PUERTO RICO, VIRGIN ISLANDS, AND PHILIPPINES.—

(A) Puerto Rico.—Except as provided in section 3123, upon bay rum, or any article containing alcohol, brought from Puerto Rico into the United States for consumption or sale there shall be paid a tax on the spirits contained therein at the rate imposed on distilled spirits produced in the United States, to be collected at the port of entry by the collector of internal revenue of the district in which the port is located. The Commissioner, with the approval of the Secretary, is authorized to make such rules and regulations as may be necessary to carry this paragraph into effect.

(B) Virgin Islands and Philippines.—For provisions relating to tax on alcoholic compounds from Virgin Islands and Philippines, see sections 3350 and 3340.

(5) RECTIFIED SPIRITS AND WINES.—In addition to the tax imposed by this chapter on distilled spirits and wines, there shall be levied, assessed, collected, and paid, a tax of 30 cents on each proof gallon and a proportionate tax at a like rate on all fractional parts of such proof gallon on all distilled spirits or wines rectified, purified, or refined in such manner, and on all mixtures produced in such manner that the person so rectifying, purifying, refining, or mixing the same is a rectifier within the meaning of section 3254 (g): *Provided*, That this tax shall not apply to gin produced by the redistillation of a pure spirit over juniper berries and other aromatics.

(6) WINES CONTAINING MORE THAN 24 PERCENT OF ABSOLUTE ALCOHOL.—

For taxation as distilled spirits of wines containing more than 24 per centum of absolute alcohol by volume, see section 3030 (a) (1).

(7) SPECIAL TAXES.—

For special taxes, see section 3250.

(8) TRANSFER OF DUTIES.—

For transfer of powers and duties of Commissioner and his agents, see section 3170.

(b) TIME FOR PAYMENT.—

(1) BONDED DISTILLED SPIRITS.—For time for payment of tax on bonded distilled spirits, see paragraph (1) of subsection (a).

(2) DISTILLED SPIRITS NOT BONDED.—The tax upon any distilled spirits, removed from the place where they were distilled and not deposited in bonded warehouse as required by law, shall, at any time within the period of limitation provided in section 3312, when knowledge of such fact is obtained by the Commissioner, be assessed by him upon the distiller of the same, and returned to the collector, who shall immediately demand payment of such tax, and, upon the neglect or refusal of payment by the distiller, shall proceed to collect the same by distraint. But this provision shall not exclude any other remedy or proceeding provided by law.

(3) TRANSFER OF DUTIES.—

For transfer of powers and duties of Commissioner and his agents, see section 3170.

(c) TIME OF ATTACHMENT.—The tax shall attach to distilled spirits, spirits, alcohol or alcoholic spirit, within the meaning of subsection (b) of section 2809 as soon as this substance is in existence as such, whether it be subsequently separated as pure or impure spirit, or be immediately, or at any subsequent time, transferred into any other substance, either in the process of original production or by any subsequent process.

(d) PERSONS LIABLE.—Every proprietor or possessor of, and every person in any manner interested in the use of, any still, distillery, or distilling apparatus, shall be jointly and severally liable for the taxes imposed by law on the distilled spirits produced therefrom.

## (e) LIEN.—

(1) PROPERTY SUBJECT TO.—The tax shall be a first lien on the spirits distilled, the distillery used for distilling the same, the stills, vessels, fixtures, and tools therein, the lot or tract of land whereon the said distillery is situated, and on any building thereon from the time said spirits are in existence as such until (except as provided in paragraph (3)), the said tax is paid.

(2) EXCEPTION DURING TERM OF BONDS.—No lien shall attach to any lot or tract of land, distillery, building, or distilling apparatus, under the provisions of this subsection, by reason of distilling done during any period included within the term of any bond taken under the provisions of section 2815 (b) (1) (C).

(3) EXTINGUISHMENT.—Any lien under paragraph (1) on any land or any building thereon shall be held to be extinguished, if (1) such land and building are no longer used for distillery purposes, and (2) there is no outstanding liability for taxes or penalties imposed by law on the distilled spirits produced therein, and (3) no litigation is pending in respect of any such tax or penalty.

(4) CERTIFICATE OF DISCHARGE.—Any person claiming any interest in any such land or building may apply to the collector for a duly acknowledged certificate to the effect that such lien is discharged and, if the Commissioner determines that any such lien is extinguished, the collector shall issue such certificate, and any such certificate may be recorded.

(f) COLLECTION OF TAX ON IMPORTED DISTILLED SPIRITS.—The internal revenue tax imposed by paragraphs (1) and (2) of subsection (a) upon distilled spirits imported into the United States shall, under regulations prescribed by the Commissioner, with the approval of the Secretary, be collected and deposited in the same manner as other internal revenue taxes, except that such collection and depositing shall be by the collector of customs instead of by the collector of internal revenue. Such tax shall be in addition to any customs duty imposed under the Tariff Act of 1930, 46 Stat. 590, or any subsequent Act. Distilled spirits smuggled or brought into the United States unlawfully shall, for the purpose of this subsection and paragraphs (1) and (2) of subsection (a), be held to be imported into the United States. Section 2805 shall be applicable to the disposition of imported spirits.

## (h) FLOOR STOCKS TAX.—

(1) Upon all distilled spirits produced in or imported into the United States upon which the internal-revenue tax imposed by law has been paid, and which on July 1, 1940, are held and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor stocks tax of 75 cents on each proof-gallon, and a proportionate tax at a like rate on all fractional parts of such proof-gallon. The tax imposed by this subsection shall not apply to one hundred wine gallons of the retail stocks of distilled spirits held by a person on premises as to which such person has incurred occupational tax as a retail dealer in liquors for the period beginning on July 1, 1940, and as to which no other occupational tax with respect to dealing in distilled spirits has been incurred by such person for a period beginning on such date.

(2) Every person required by this subsection to pay any floor stocks tax shall, on or before August 1, 1940, under such regulations as the Commissioner, with the approval of the Secretary, shall prescribe, make a return and pay such tax. Payment of the tax shown to be due may be extended to a date not later than February 1, 1941, upon the filing of a bond for payment thereof in such form and amount and with such surety or sureties as the Commissioner, with the approval of the Secretary, may prescribe. Every retail dealer in liquors (even though not liable to pay such tax) shall make the return required by this paragraph.

(3) All provisions of law, including penalties, applicable in respect of internal-revenue taxes on distilled spirits shall, insofar as applicable and not inconsistent with this subsection, be applicable in respect of the floor stocks tax imposed hereunder.

(i) FLOOR STOCKS TAX.—

(1) Upon all distilled spirits upon which the internal-revenue tax imposed by law has been paid, and which on October 1, 1941, are held and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor stocks tax of \$1 (except that in the case of brandy, the rate shall be \$1.25) on each proof-gallon, and a proportionate tax at a like rate on all fractional parts of such proof-gallon.

(2) Every person required by this subsection to pay any floor stocks tax shall, on or before January 1, 1942, under such regulations as the Commissioner, with the approval of the Secretary, shall prescribe, make a return and pay such tax. Payment of the tax shown to be due may be extended to a date not later than August 1, 1942, upon the filing of a bond for payment thereof in such form and amount and with such surety or sureties as the Commissioner, with the approval of the Secretary, may prescribe.

(3) All provisions of law, including penalties, applicable in respect of internal-revenue taxes on distilled spirits shall, insofar as applicable and not inconsistent with this subsection, be applicable in respect of the floor stocks tax imposed hereunder. For the purposes of this subsection the term "distilled spirits" shall include products produced in such manner that the person producing them is a rectifier within the meaning of section 3254 (g).

(j) 1942 FLOOR STOCKS TAX.—

(1) TAX.—Upon all distilled spirits upon which the internal-revenue tax imposed by law has been paid, and which on the effective date of Title VI of the Revenue Act of 1942, are held and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor stocks tax of \$2 on each proof-gallon, and a proportionate tax at a like rate on all fractional parts of such proof-gallon.

(2) RETURNS.—Under such regulations as the Commissioner with the approval of the Secretary shall prescribe, every person required by paragraph (1) to pay any floor stocks tax shall, on or before the end of the thirtieth day following the effective date of Title VI of the Revenue Act of 1942 make a return and shall, on or before the first day of the third month following such effective date, pay such tax. Payment of the tax shown to be due may be extended to a date not later than the first day of the tenth month following the effective date of Title VI of the Revenue Act of 1942, upon the filing of a bond for payment thereof in such form and amount and with such surety or sureties as the Commissioner, with the approval of the Secretary, may prescribe.

(3) LAWS APPLICABLE.—All provisions of law, including penalties, applicable in respect of internal-revenue taxes on distilled spirits shall, insofar as applicable and not inconsistent with this subsection, be applicable in respect of the floor stocks tax imposed hereunder. For the purposes of this subsection the term "distilled spirits" shall include products produced in such manner that the person producing them is a rectifier within the meaning of section 3254 (g).

(k) 1944 FLOOR STOCKS TAX.—

(1) TAX.—*Upon all distilled spirits upon which the internal-revenue tax imposed by law has been paid, and which on the effective date of Title III of the Revenue Act of 1943, are held and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor stocks tax of \$3 on each proof-gallon, and a proportionate tax at a like rate on all fractional parts of such proof-gallon.*

(2) RETURNS.—*Under such regulations as the Commissioner with the approval of the Secretary shall prescribe, every person required by paragraph (1) to pay any floor stocks tax shall, on or before the end of the thirtieth day following the effective date of Title III of the Revenue Act of 1943 make a return and shall, on or before the first day of the third month following such effective date, pay such tax. Payment of the tax shown to be due may be extended to a date not later than the first day of the tenth month following the effective date of Title III of the Revenue Act of 1943, upon the filing of a bond for payment thereof in such form and amount and with such surety or sureties as the Commissioner, with the approval of the Secretary, may prescribe.*

(3) LAWS APPLICABLE.—*All provisions of law, including penalties, applicable in respect of internal-revenue taxes on distilled spirits shall, insofar as applicable and not inconsistent with this subsection, be applicable in respect of the floor stocks tax imposed hereunder. For the purposes of this subsection the term "distilled spirits" shall include products produced in such manner that the person producing them is a rectifier within the meaning of section 3254 (g).*

\* \* \* \* \*

## Part III—Internal Revenue Bonded Warehouses

\* \* \* \* \*

## SEC. 2887. DRAWBACK ON SPIRITS.

Distilled spirits upon which all taxes have been paid may be exported, with the privilege of drawback, and in distillers' original casks or packages, containing not less than twenty wine gallons each, on application of the owner thereof to the collector of customs at any port of entry, and under such rules and regulations, and after making such entry as may be prescribed by law and by the Secretary. The entry for such exportation shall be in triplicate, and shall contain the name of the person applying to export, the name of the distiller, the name of the district in which the spirits were distilled, the name of the vessel by which, and the name of the port to which, they are to be exported; and the form of the entry shall be as follows:

## EXPORT ENTRY OF DISTILLED SPIRITS ENTITLED TO DRAWBACK

Entry of spirits distilled by \_\_\_\_\_, in \_\_\_\_\_ district, State of \_\_\_\_\_ to be exported by \_\_\_\_\_, in the \_\_\_\_\_, whereof \_\_\_\_\_ is master, bound to \_\_\_\_\_.

And the entry shall specify the whole number of casks or packages, the marks and serial numbers thereon, the quality or kind of spirits as known in commerce, the number of gauge or wine gallons and of proof gallons; and the amount of the tax on such spirits shall be verified by the oath of the owner of the spirits, and that the tax has been paid thereon, and that they are truly intended to be exported to the port of \_\_\_\_\_, and not to be relanded within the limits of the United States. One bill of lading, duly signed by the master of the vessel, shall be deposited with said collector, to be filed at his office with the entry retained by him. One of said entries shall be, when the shipment is completed, transmitted to the Secretary, to be recorded and filed in his office. The lading on board said vessel shall be only after the receipt of an order or permit signed by the collector of customs and directed to a customs gauger, and after each cask or package shall have been distinctly marked or branded by said gauger as follows: "For export from U. S. A.," and the tax-paid stamps thereon obliterated. The casks or packages shall be inspected and gauged alongside of or on the vessel by the gauger designated by said collector, under such rules and regulations as the Secretary may prescribe; and on application of the said collector it shall be the duty of the surveyor of the port to designate and direct one of the customhouse inspectors to superintend such shipment. And the gauger aforesaid shall make a full return of such inspection and gauging in such form as may be prescribed by the Secretary, showing by whom each cask of such spirits was distilled, the serial number of the cask, and of the tax-paid stamp attached thereto, the proof and quantity of such spirits as per the original gauge-mark on each cask, and the quantity in proof and wine gallons as per the gauge then made by him. And said gauger shall certify on such return that the shipment has been made, in his presence, on board the vessel named in the entry for export, which return shall be indorsed by said customhouse inspector

certifying that the casks or packages have been shipped under his supervision on board said vessel, and the tax-paid stamps obliterated; and the said inspector shall make a similar certificate to the surveyor of the port, indorsed on or to be attached to the entry in possession of the customhouse.

A drawback shall be allowed upon distilled spirits on which the tax has been paid and exported to foreign countries, under the provisions of this section, when exported as herein provided for. The drawback allowed shall include the taxes levied and paid upon the distilled spirits exported, and the rate of drawback shall be equal to the rate of the internal tax paid in respect of the distilled spirits exported, ~~but shall not exceed a rate of \$6 per proof gallon,~~ as per last gauge of said spirits prior to exportation, and shall be due and payable only after the proper entries have been made and filed and all other conditions complied with as hereinbefore required, and on filing with the Secretary the proper claim, accompanied by the certificate of the collector of customs at the port of entry where the spirits are entered for export that such spirits have been received into his custody and the tax-paid stamps thereon obliterated; and the Secretary shall prescribe such rules and regulations in relation thereto as may be necessary to secure the Treasury of the United States against frauds.

\* \* \* \* \*

## SUBCHAPTER B—WINES

### SEC. 3030. TAX.

#### (a) RATE.—

##### (1) STILL WINES.—

(A) Imposition.—Upon all still wines, including vermouth, and all artificial or imitation wines or compounds sold as still wine produced in or imported into the United States after June 30, 1940, or which on July 1, 1940, were on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid taxes at rates as follows, when sold or removed for consumption or sale:

On wines containing not more than 14 per centum of absolute alcohol, 10 cents per wine-gallon, the per centum of alcohol under this section to be reckoned by volume and not by weight;

On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 40 cents per wine-gallon;

On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, \$1.00 per wine-gallon;

All such wines containing more than 24 per centum of absolute alcohol by volume shall be classed as distilled spirits and shall pay tax accordingly.

Any such wines may, under such regulations as the Commissioner may prescribe, with the approval of the Secretary, be sold or removed tax-free for the manufacturer of vinegar,

or for the production of dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume.

The taxes imposed by this subparagraph (A) of this paragraph shall not apply to dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume; nor, subject to regulations prescribed by the Commissioner, with the approval of the Secretary, to wines produced for the family use of the duly registered producer thereof and not sold or otherwise removed from the place of manufacture and not exceeding in any case two hundred gallons per year.

(B) Cross Reference.—

For transfer of powers and duties of Commissioner and his agents, see section 3170.

[For war tax rate of 15¢ per wine-gallon on wines containing not more than 14 per cent of absolute alcohol; of 60¢ per wine-gallon on wines containing more than 14 per cent and not more than 21 per cent of absolute alcohol; and of \$2.00 per wine-gallon on wines containing more than 21 per cent and not more than 24 per cent of absolute alcohol, see section 1650, supra.]

(2) SPARKLING WINES, LIQUEURS, AND CORDIALS.—Upon the following articles which are produced in or imported into the United States, after June 30, 1940, or which on July 1, 1940, are on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid, in lieu of the internal-revenue taxes imposed thereon by law prior to such date, taxes at rates as follows, when sold, or removed for consumption or sale:

On each bottle or other container of champagne or sparkling wine, 10 cents on each one-half pint or fraction thereof;

On each bottle or other container of artificially carbonated wine, 5 cents on each one-half pint or fraction thereof;

On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, pawpaw wines, papaya wines, pineapple wines, cantaloup wines, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, pawpaw brandy, papaya brandy, pineapple brandy, cantaloup brandy, or apple brandy, 5 cents on each one-half pint or fraction thereof.

Any of the foregoing articles containing more than 24 per centum of absolute alcohol by volume (except vermouth, liqueurs, cordials, and similar compounds made in rectifying plants and containing tax-paid sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, pawpaw wines, papaya wines, pineapple wines, cantaloup wines, or apple wine, fortified respectively with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, pawpaw brandy, papaya brandy, pineapple brandy, cantaloup brandy, or apple brandy) shall be classed as distilled spirits and shall be taxed accordingly.

The Commissioner, under regulations prescribed by him, with the approval of the Secretary, is authorized to remit, refund,

and pay back the amount of all taxes on such liqueurs, cordials, and similar compounds paid by or assessed against rectifiers at the distilled spirits rate prior to June 26, 1936.

[For war tax rate of 15¢ per half pint or fraction thereof on champagne or sparkling wine; of 10¢ per half pint or fraction thereof on artificially carbonated wine; and of 10¢ per half pint or fraction thereof on liqueurs, cordials, etc., see section 1650, supra.]

(3) CROSS REFERENCES.—

For tax on the following see the sections enumerated below;

Rectified wines, section 2800 (a) (5);

Wine spirits or grape brandy used in fortifying, section 3031;

Withdrawal of wine spirits for fortification, section 3033.

\* \* \* \* \*

## SUBCHAPTER D—FERMENTED LIQUORS

### SEC. 3150. TAX.

(a) RATE.—There shall be levied and collected on all beer, lager beer, ale, porter, and other similar fermented liquor, containing one-half of 1 per centum, or more, of alcohol, brewed or manufactured and sold, or removed for consumption or sale, within the United States, by whatever name such liquors may be called, a tax of \$7 for every barrel containing not more than thirty-one gallons, and at a like rate for any other quantity or for the fractional parts of a barrel authorized and defined by law. In estimating and computing such tax, the fractional parts of a barrel shall be halves, thirds, quarters, sixths, and eighths; and any fractional part of a barrel, containing less than one-eighth, shall be accounted one-eighth; more than one-eighth, and not more than one-sixth, shall be accounted one-sixth; more than one-sixth, and not more than one-fourth, shall be accounted one-fourth; more than one-fourth, and not more than one-third, shall be accounted one-third; more than one-third, and not more than one-half, shall be accounted one-half; more than one-half, and not more than one barrel, shall be accounted one barrel; and more than one barrel, and not more than sixty-three gallons, shall be accounted two barrels, or a hogshead.

The provisions of this section requiring the accounting of hogsheads, barrels, and fractional parts of barrels at the next higher quantity shall not apply where the contents of such hogshead, barrels, or fractional parts of barrels are within the limits of tolerance established by the Commissioner by regulations which he is hereby authorized to prescribe with the approval of the Secretary; and no assessment shall be made and no tax shall be collected for any excess in any case where the contents of the hogsheads, barrels, or fractional parts of barrels heretofore or hereafter used are within the limits of the tolerance so prescribed.

[For war tax rate of \$8 per barrel, see section 1650, supra.]

\* \* \* \* \*

## (f) 1944 FLOOR STOCKS TAX.—

(1) TAX.—Upon all fermented malt liquors upon which the internal-revenue tax imposed by law has been paid, and which on the effective date of Title III of the Revenue Act of 1943 are held by any person and intended for sale there shall be levied, assessed, collected, and paid a floor stocks tax at a rate of \$1 per barrel of 31 gallons.

(2) RETURNS.—Under such regulations as the Commissioner with the approval of the Secretary shall prescribe, every person required by paragraph (1) to pay any floor stocks tax shall, on or before the end of the thirtieth day following the effective date of Title III of the Revenue Act of 1943 make a return and shall, on or before the first day of the third month following such effective date, pay such tax. Payment of the tax shown to be due may be extended to a date not later than the first day of the tenth month following the effective date of Title III of the Revenue Act of 1943, upon the filing of a bond for payment thereof in such form and amount and with such surety or sureties as the Commissioner, with the approval of the Secretary, may prescribe.

(3) LAWS APPLICABLE.—All provisions of law, including penalties, applicable in respect of the taxes imposed by subsection (a) shall, insofar as applicable and not inconsistent with this subsection, be applicable with respect to the floor stocks tax imposed by this subsection.

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## SUBCHAPTER F

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## SEC. 3194. 1944 FLOOR STOCKS TAX ON WINES.

(a) FLOOR STOCKS TAX.—Upon all wines upon which the internal-revenue tax imposed by law has been paid, and which on the effective date of Title III of the Revenue Act of 1943 are held and intended for sale or for use in the manufacture or production of an article intended for sale, there shall be levied, assessed, collected, and paid a floor stocks tax at rates equal to the increases in rates of tax made applicable to such articles by section 302 (a) of the Revenue Act of 1943.

(b) RETURNS.—Under such regulations as the Commissioner with the approval of the Secretary shall prescribe, every person required by subsection (a) to pay any floor stocks tax shall, on or before the end of the thirtieth day following the effective date of Title III of the Revenue Act of 1943 make a return and shall, on or before the first day of the third month following such effective date, pay such tax. Payment of the tax shown to be due may be extended to a date not later than the first day of the tenth month following the effective date of Title III of the Revenue Act of 1943, upon the filing of a bond for payment thereof in such form and amount and with such surety or sureties as the Commissioner, with the approval of the Secretary, may prescribe.

(c) LAWS APPLICABLE.—All provisions of law, including penalties, applicable in respect of the taxes imposed by section 3030 (a) shall, insofar as applicable and not inconsistent with this subsection, be applicable with respect to the floor stocks tax imposed by subsection (a).

# CHAPTER 27—OCCUPATIONAL TAXES

## SUBCHAPTER A—SPECIAL PROVISIONS

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### Part VII—Liquor

#### SEC. 3250. TAX.

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#### (1) MANUFACTURERS OR PRODUCERS OF DESIGNATED NONBEVERAGE PRODUCTS.—

(1) IN GENERAL.—Any person using distilled spirits produced in a domestic registered distillery or industrial alcohol plant and fully tax-paid in the manufacture or production of medicines, medicinal preparations, food products, flavors, or flavoring extracts which are unfit for beverage purposes and are sold or otherwise transferred for use for other than beverage purposes upon payment of a special tax per annum, shall be eligible for drawback as hereinafter provided for.

(2) Such special tax per annum shall be graduated in amount as follows: (a) for total annual withdrawals not exceeding 25 proof gallons, \$25 per annum; (b) for total annual withdrawals not exceeding 50 proof gallons, \$50 per annum; (c) for total annual withdrawals of 50 proof gallons or more, \$100 per annum.

(3) REQUIREMENTS.—Such person shall register annually with the Commissioner; keep such books and records as may be necessary to establish the fact that distilled spirits purchased by him and fully tax-paid were used in the manufacture or production of medicines, medicinal preparations, food products, flavors, or flavoring extracts which were unfit for use for beverage purposes; and shall be subject to such rules and regulations in relation thereto as the Commissioner, with the approval of the Secretary, shall prescribe to secure the Treasury of the United States against frauds.

(4) INVESTIGATIVE POWERS OF COMMISSIONER.—The Commissioner, for the purpose of ascertaining the correctness of any claim filed under this subsection is authorized, by any officer or employee of the Bureau of Internal Revenue, including the field service, designated by him for that purpose, to examine any books, papers, records, or memoranda bearing upon the matters required to be alleged in the claim, and may require the attendance of the person filing the claim or of any officer or employee of such person, or the attendance of any other person having knowledge in the premises, and may take his testimony with reference to any matter covered by the claim, with power to administer oaths to such person or persons.

(5) DRAWBACK.—A drawback at the rate of \$3.75 on each proof gallon shall be allowed on distilled spirits tax-paid and used as provided in this subsection and be due and payable quarterly

upon filing of a proper claim with the Commissioner. No claim under this subsection shall be allowed unless filed with the Commissioner within the three months next succeeding the quarter for which the drawback is claimed.

[SEC. 309 (b) of the bill reads as follows: "DISTILLED SPIRITS USED IN MANUFACTURE OF CERTAIN NON-BEVERAGE PRODUCTS.—In lieu of the rate of drawback specified in section 3250 (1) (5) of the Internal Revenue Code, the rate applicable with respect to the period beginning with the effective date of Title III of the Revenue Act of 1943 and ending on the first day of the first month which begins six months or more after the date of the termination of hostilities in the present war, shall be \$5.00."]

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## Part X—Bowling Alleys, and Billiard and Pool Tables

### SEC. 3268. TAX ON BOWLING ALLEYS, AND BILLIARD AND POOL TABLES.

(a) **RATE.**—Every person who operates a bowling alley, billiard room, or pool room shall pay a special tax of \$10 per year for each bowling alley, billiard table, or pool table. Every building or place where bowls are thrown or where games of billiards or pool are played, except in private homes, shall be regarded as a bowling alley, billiard room, or pool room, respectively.

(b) **EFFECTIVE DATE OF TAX.**—With respect to the year ending June 30, 1942, no tax shall be payable under this part for any period prior to October 1, 1941.

(c) **TAX ON BOWLING ALLEYS SUSPENDED.**—*The tax imposed by subsection (a) with respect to bowling alleys shall not be applicable with respect to the period beginning July 1, 1944, and ending with the date on which the tax imposed under section 1652 terminates.*

[For war tax rate on billiard and pool tables of \$20.00 per year per table, see section 1650, supra.]

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**SUBTITLE C—MANUFACTURERS' EXCISE AND IMPORT TAXES AND TEMPORARY TAXES**

**CHAPTER 29—MANUFACTURERS' EXCISE AND IMPORT TAXES**

**SUBCHAPTER A—MANUFACTURERS' EXCISE TAXES**

**SEC. 3400. TAX ON TIRES AND INNER TUBES.**

(a) **TAX.**—There shall be imposed upon the following articles sold by the manufacturer, producer, or importer, a tax at the following rates:

(1) Tires wholly or in part of rubber, 5 cents a pound on total weight (exclusive of metal rims or rim bases), to be determined under regulations prescribed by the Commissioner with the approval of the Secretary.

(2) Inner tubes (for tires) wholly or in part of rubber, 9 cents a pound on total weight, to be determined under regulations prescribed by the Commissioner with the approval of the Secretary.

(b) **FLOOR STOCKS TAX.**—Upon tires and inner tubes subject to tax under subsection (a) of the type used on vehicles subject to tax under section 3403 (a) or (b) which on October 1, 1941, are held for sale by any person there shall be levied, assessed, collected, and paid a floor stocks tax at the rate of 2½ cents per pound in the case of tires and 4½ cents per pound in the case of inner tubes. The tax shall apply to tires and inner tubes held for sale on, or in connection with, or held for use in the manufacture or production of, articles the sale of which will be subject to tax under section 3403 (a) or (b). The tax shall not apply to tires and inner tubes held for sale by the manufacturer, producer, or importer thereof, and to tires and inner tubes the sale of which will be subject under the provisions of sections 3444 (a) (2) and 3445 to the manufacturers' tax on tires and inner tubes.

(c) **DEFINITION.**—*For the purposes of this chapter, the term "rubber" includes synthetic and substitute rubber.*

\* \* \* \* \*

**SEC. 3406. EXCISE TAXES IMPOSED BY THE REVENUE ACT OF 1941.**

(a) **IMPOSITION.**—There shall be imposed on the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to the rate, on the price for which sold, set forth in the following paragraphs (including in each case parts or accessories of such articles sold on or in connection therewith, or with the sale thereof):

\* \* \* \* \*

(2) **LUGGAGE.**—Trunks, valises, traveling bags, suitcases, hat boxes for use by travelers, fitted toilet cases (not including

contents), and other traveler's luggage, and leather and imitation leather brief cases, 10 per centum. *The tax imposed by this paragraph shall not be applicable with respect to any period for which a tax is imposed under section 1651.*

\* \* \* \* \*

(10) **ELECTRIC LIGHT BULBS AND TUBES.**—Electric light bulbs and tubes, not including articles taxable under any other provision of this subchapter, 5 per centum.

[For war tax rate of 25 per cent on electric light bulbs and tubes, see section 1650, supra.]

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#### **SEC. 3407. TAX ON FIREARMS, SHELLS, AND CARTRIDGES.**

There shall be imposed upon firearms, shells, and cartridges, sold by the manufacturer, producer, or importer, a tax equivalent to 11 per centum of the price for which so sold. The tax imposed by this section shall not apply (1) to articles sold for the use of the United States, any State, Territory, or possession of the United States, any or political subdivision thereof, or the District of Columbia, or (2) to pistols and revolvers.

The taxes imposed by this section shall not apply to any firearm on which the tax provided by section 2720 has been paid.

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#### **SEC. 3411. TAX ON ELECTRICAL ENERGY FOR DOMESTIC OR COMMERCIAL CONSUMPTION.**

(a) There shall be imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3½ per centum of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The sale of electrical energy to an owner or lessee of a building, who purchases such electrical energy for resale to the tenants therein, shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

(b) The provisions of sections 3441, 3444, and 3447 shall not be applicable with respect to the tax imposed by this section.

(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State, or Territory, of the United States, or political subdivision thereof, or the District of Columbia. None of the provisions of this section shall apply to publicly owned electric and power plants, or to electric and power plants or systems owned and operated by cooperative or nonprofit corporations engaged in rural electrification. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may, by regulation, prescribe.

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## SUBCHAPTER C—GENERAL ADMINISTRATIVE PROVISIONS

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### SEC. 3442. TAX-FREE SALES.

Under regulations prescribed by the Commissioner with the approval of the Secretary, no tax under this chapter shall be imposed with respect to the sale of any article,—

(1) for use by the vendee as material in the manufacture or production of, or as a component part of, an article enumerated in this chapter;

(2) for resale by the vendee for such use by his vendee, if such article is in due course so resold;

(3) for the exclusive use of ~~the~~ United States, any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia.

For the purposes of this chapter the manufacturer or producer to whom an article is sold under paragraph (1) or resold under paragraph (2) shall be considered the manufacturer or producer of such article. The provisions of paragraphs (1) and (2) shall not apply with respect to tires, inner tubes, or automobile radios taxable under section 3404.

### SEC. 3443. CREDITS AND REFUNDS.

(a) A credit against tax under this chapter, or a refund, may be allowed or made—

(1) to a manufacturer or producer, in the amount of any tax under this chapter which has been paid with respect to the sale of any article (other than a tire, inner tube, or automobile radio taxable under section 3404) purchased by him and used by him as material in the manufacture or production of, or as a component part of, an article with respect to which tax under this chapter has been paid, or which has been sold free of tax by virtue of section 3442, relating to tax-free sales.

(2) to any person who has paid tax under this chapter with respect to an article, when the price on which the tax was based is readjusted by reason of return or repossession of the article or a covering or container, or by a bona fide discount, rebate, or allowance; in the amount of that part of the tax proportionate to the part of the price which is refunded or credited.

(3) to a manufacturer, producer, or importer, in the amount of tax paid by him under this chapter with respect to the sale of any article to any vendee, if the manufacturer, producer, or importer has in his possession such evidence as the regulations may prescribe that—

(A) such article was, by any person—

(i) resold for the exclusive use of ~~the~~ United States, any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia;

(ii) used or resold for use as fuel supplies, ship's stores, sea stores, or legitimate equipment on vessels of war of the United States or of any foreign nation,

vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions;

(iii) in the case of products embraced in paragraph (2) of section 3412 (c) used or resold for use otherwise than as fuel for the propulsion of motor vehicles, motor boats, or airplanes, and otherwise than in the production of such fuel: *Provided*, however, That no credit or refund shall be allowed or made under this paragraph in the case of sales or uses of products commonly or commercially known or sold as gasoline, including casinghead and natural gasoline;

(iv) in the case of lubricating oils, used or resold for non-lubricating purposes.

(v) in the case of unexposed motion picture films, used or resold for use in the making of news reel motion picture films.

(B) The manufacturer, producer, or importer has repaid or agreed to repay the amount of such tax to the ultimate vendor or has obtained the consent of the ultimate vendor to the allowance of the credit or refund.

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## SUBCHAPTER B—TELEGRAPH, TELEPHONE, RADIO, AND CABLE FACILITIES

### SEC. 3465. IMPOSITION AND RATE OF TAX.

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[For war tax rate of 25 per cent on long distance telephone messages or conversations; 25 per cent on domestic telegraph, cable, or radio dispatches or messages; 15 per cent on international telegraph, cable, or radio dispatches or messages; 20 per cent on leased wire, teletypewriter, or talking circuit special service; 7 per cent on other wire and equipment service; and 15 per cent on local telephone service; see section 1650 supra.]

### SEC. 3466. EXEMPTION FROM TAX.

(a) No tax shall be imposed under section 3465 upon any payment received for services or facilities furnished to the United States or to any State, or Territory of the United States, or political subdivision thereof, or the District of Columbia.

(b) No tax shall be imposed under section 3465 (a) (1) and (2) upon any payment received from any person for services or facilities utilized in the collection of news for the public press, or a news ticker service furnishing a general news service similar to that of the public press, or radio broadcasting, or in the dissemination of news through the public press, or a news ticker service furnishing a general news service similar to that of the public press, or by means of radio broadcasting, if the charge for such services or facilities is billed in writing to such person. Section 3465 (a) (3) shall not be construed as imposing a tax on services and facilities described in section 3465 (a) (1) or (2) which are exempt from tax under this subsection.

(c) The right to exemption under this section shall be evidenced in such manner as the Commissioner with the approval of the Secretary may by regulation prescribe.

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## SUBCHAPTER C—TRANSPORTATION OF PERSONS

## SEC. 3469. TAX ON TRANSPORTATION OF PERSONS, ETC.

(a) **TRANSPORTATION.**—There shall be imposed upon the amount paid within the United States, on or after October 10, 1941, for the transportation, on or after such effective date, of persons by rail, motor vehicle, water, or air, within or without the United States, a tax equal to 10 per centum of the amount so paid. Such tax shall apply to transportation by motor vehicles having a passenger seating capacity of less than 10 adult passengers, including the driver, only when such vehicle is operated on an established line.

[For war tax rate of 15 per cent on amounts paid for the transportation of persons, see section 1650, supra.]

(b) **EXEMPTION OF CERTAIN TRIPS.**—The tax imposed by subsection (a) shall not apply to amounts paid for transportation which do not exceed 35 cents, to amounts paid for commutation or season tickets for single trips of less than thirty miles, or to amounts paid for commutation tickets for one month or less.

(c) **SEATS, BERTHS, ETC.**—There shall be imposed upon the amount paid within the United States for seating or sleeping accommodations in connection with transportation with respect to which a tax is imposed by subsection (a) a tax equivalent to 10 per centum of the amount so paid.

[For war tax rate of 15 per cent on amounts paid for seating or sleeping accommodations, see section 1650, supra.]

(d) **RETURNS AND PAYMENT.**—The taxes imposed by this section shall be paid by the person making the payment subject to the tax. Each person receiving any payment specified in subsection (a) or (c) shall collect the amount of the tax imposed from the person making such payment, and shall, on or before the last day of each month, make a return, under oath, for the preceding month, and pay the taxes so collected to the collector in the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Maryland. Such returns shall contain such information and be made in such manner as the Commissioner with the approval of the Secretary may by regulations prescribe.

(e) **EXTENSIONS OF TIME.**—The Commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe with the approval of the Secretary, but no such extension shall be for more than ninety days.

(f) **EXEMPTIONS.**—

(1) **GOVERNMENTAL EXEMPTION.**—The tax imposed by this section shall not apply to the payment for transportation or facilities furnished to the United States, or to any State, or Territory of the United States, or political subdivision thereof, or the District of Columbia.

(2) **EXEMPTION OF MEMBERS OF MILITARY AND NAVAL SERVICE.**—The tax imposed by this section shall not apply to the payment for transportation or facilities furnished under special tariffs providing for fares of not more than 1½ cents per mile applicable to round trip tickets sold to personnel of the United States Army, Navy, Marine Corps, and Coast Guard traveling in uniform of the United States, or to members of the military or naval forces

of any of the other United Nations traveling in uniform of such nation, at their own expense when on official leave, furlough, or pass, including authorized cadets and midshipmen, issued on presentation of properly executed certificate.

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## SUBCHAPTER E—TRANSPORTATION OF PROPERTY

### SEC. 3475. TRANSPORTATION OF PROPERTY.

(a) **TAX.**—There shall be imposed upon the amount paid within the United States after the effective date of this section for the transportation, on or after such effective date, of property by rail, motor vehicle, water, or air from one point in the United States to another, a tax equal to 3 per centum of the amount so paid, except that, in the case of coal, the rate of tax shall be 4 cents per short ton. Such tax shall apply only to amounts paid to a person engaged in the business of transporting property for hire, including amounts paid to a freight forwarder, express company, or similar person, but not including amounts paid by a freight forwarder, express company, or similar person for transportation with respect to which a tax has previously been paid under this section. In the case of property transported from a point without the United States to a point within the United States the tax shall apply to the amount paid within the United States for that part of the transportation which takes place within the United States. The tax on the transportation of coal shall not apply to the transportation of coal with respect to which there has been a previous taxable transportation.

(b) **EXEMPTION OF GOVERNMENT TRANSPORTATION.**—The tax imposed under this section shall not apply to (1) amounts paid for the transportation of property to or from the *g* Government of the United States, or any a State, Territory of the United States, or political subdivision thereof, or the District of Columbia, or (2) ~~to~~ amounts paid to the Post Office Department for the transportation of property.

(c) **RETURNS AND PAYMENT.**—The tax imposed by this section shall be paid by the person making the payment subject to the tax. Each person receiving any payment specified in subsection (a) shall collect the amount of the tax imposed from the person making such payment, and shall, on or before the last day of each month, make a return, under oath, for the preceding month, and pay the taxes so collected to the collector in the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Maryland. Such returns shall contain such information and be made in such manner as the Commissioner with the approval of the Secretary may by regulations prescribe.

(d) **EXTENSIONS OF TIME.**—The Commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe with the approval of the Secretary, but no such extension shall be for more than ninety days.

(e) **REGISTRATION.**—Every person engaged in the business of transporting property for hire, including freight forwarders, express companies, and similar persons, shall, on or before the sixtieth day after the effective date of this section, or within sixty days after first engaging in the business of transportation of property for hire, register

his name and his place or places of business with the collector in the district in which is located the principal place of business of such person. Every such person who fails to register within the period specified shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$50.

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## CHAPTER 38—MISCELLANEOUS PROVISIONS

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

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

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

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

(B) The term “excessive profits” includes any amount which constitutes excessive profits within the meaning assigned to such term by subsection (a) of section 403 of the Sixth Supplemental National Defense Appropriation Act (Public 528, 77th Cong., 2d Sess.), as amended by the Revenue Act of 1942, any part of the contract price of a contract with the United States or any agency thereof, any part of the subcontract price of a subcontract under such a contract, and any profits derived from one or more such contracts or subcontracts.

(C) The term “subcontract” includes any purchase order or agreement which is a subcontract within the meaning assigned to such term by subsection (a) of section 403 of the Sixth Supplemental National Defense Appropriation Act (Public 528, 77th Cong., 2d Sess.), as amended by the Revenue Act of 1942.

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

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

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

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

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

(2) **CREDIT FOR BARRED YEAR.**—If at the time of the payment, repayment, or offset described in paragraph (1) or paragraph (2) of subsection (a), refund or credit of tax under Chapter 1, Chapter 2A, *Chapter 2B*, Chapter 2D, or Chapter 2E, for the prior taxable year, is prevented (except for the provisions of section 3801) by any provision of the internal-revenue laws other than section 3761, or by rule of law, the amount by which the tax for such year under such chapters is decreased by the application of paragraph (1) or paragraph (2) of subsection (a) shall be computed under this paragraph. There shall first be ascertained the tax previously determined for the prior taxable year. The amount of the tax previously determined shall be (A) the tax shown by the taxpayer upon his return for such taxable year, increased by the amounts previously assessed (or collected without assessment) as deficiencies, and decreased by the amounts previously abated, credited, refunded, or otherwise

repaid in respect of such tax; or (B) if no amount was shown as the tax by such taxpayer upon his return, or if no return was made by such taxpayer, then the amounts previously assessed (or collected without assessment) as deficiencies, but such amounts previously assessed, or collected without assessment, shall be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax. There shall then be ascertained the decrease in tax previously determined which results solely from the application of paragraph (1) or paragraph (2) of subsection (a) to the prior taxable year. The amount so ascertained, together with any amounts collected as additions to the tax or interest, as a result of paragraph (1) or paragraph (2) of subsection (a) not having been applied to the prior taxable year shall be the amount by which such tax is decreased.

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

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

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