

**THE**  
**STATUTES AT LARGE**  
OF THE  
**UNITED STATES OF AMERICA**

FROM

APRIL, 1917, TO MARCH, 1919

CONCURRENT RESOLUTIONS OF THE TWO HOUSES OF CONGRESS

AND

RECENT TREATIES, CONVENTIONS, AND EXECUTIVE  
PROCLAMATIONS

AMENDMENT TO THE CONSTITUTION

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EDITED, PRINTED, AND PUBLISHED BY AUTHORITY OF CONGRESS  
UNDER THE DIRECTION OF THE SECRETARY OF STATE

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**VOL. XL**

IN TWO PARTS

PART 1—Public Acts and Resolutions

PART 2—Private Acts and Resolutions, Concurrent Resolutions,  
Treaties, Proclamations, and Amendment to the Constitution

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**PART 1**

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WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1919

visions of subdivision (b) of section 218, (1) the rates for the calendar year during which such fiscal year begins shall apply to an amount of each partner's share of such partnership net income (determined under the law applicable to such year) equal to the proportion which the part of such fiscal year falling within such calendar year bears to the full fiscal year, and (2) the rates for the calendar year during which such fiscal year ends shall apply to an amount of each partner's share of such partnership net income (determined under the law applicable to such calendar year) equal to the proportion which the part of such fiscal year falling within such calendar year bears to the full fiscal year: *Provided*, That in the case of a personal service corporation with respect to a fiscal year beginning in 1917 and ending in 1918, the amount specified in clause (1) shall not be subject to normal tax.

**PARTS OF INCOME SUBJECT TO RATES FOR DIFFERENT YEARS.**

SEC. 206. That whenever parts of a taxpayer's income are subject to rates for different calendar years, the part subject to the rates for the most recent calendar year shall be placed in the lower brackets of the rate schedule provided in this title, the part subject to the rates for the next preceding calendar year shall be placed in the next higher brackets of the rate schedule applicable to that year, and so on until the entire net income has been accounted for. In determining the income, any deductions, exemptions or credits of a kind not plainly and properly chargeable against the income taxable at rates for a preceding year shall first be applied against the income subject to rates for the most recent calendar year; but any balance thereof shall be applied against the income subject to the rates of the next preceding year or years until fully allowed.

**PART II.—INDIVIDUALS.**

**NORMAL TAX.**

SEC. 210. That, in lieu of the taxes imposed by subdivision (a) of section 1 of the Revenue Act of 1916 and by section 1 of the Revenue Act of 1917, there shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax at the following rates:

(a) For the calendar year 1918, 12 per centum of the amount of the net income in excess of the credits provided in section 216: *Provided*, That in the case of a citizen or resident of the United States the rate upon the first \$4,000 of such excess amount shall be 6 per centum;

(b) For each calendar year thereafter, 8 per centum of the amount of the net income in excess of the credits provided in section 216: *Provided*, That in the case of a citizen or resident of the United States the rate upon the first \$4,000 of such excess amount shall be 4 per centum.

**SURTAX.**

SEC. 211. (a) That, in lieu of the taxes imposed by subdivision (b) of section 1 of the Revenue Act of 1916 and by section 2 of the Revenue Act of 1917, but in addition to the normal tax imposed by section 210 of this Act, there shall be levied, collected, and paid for each taxable year upon the net income of every individual, a surtax equal to the sum of the following:

1 per centum of the amount by which the net income exceeds \$5,000 and does not exceed \$6,000;

**THE**  
**STATUTES AT LARGE**  
OF THE  
**UNITED STATES OF AMERICA**

FROM  
APRIL, 1921, TO MARCH, 1923

**CONCURRENT RESOLUTIONS OF THE TWO HOUSES OF CONGRESS**  
AND  
**RECENT TREATIES, CONVENTIONS, AND EXECUTIVE  
PROCLAMATIONS**

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EDITED, PRINTED, AND PUBLISHED BY AUTHORITY OF CONGRESS  
UNDER THE DIRECTION OF THE SECRETARY OF STATE

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**VOL. XLII**

IN TWO PARTS

PART 1—Public Acts and Resolutions  
PART 2—Private Acts and Resolutions, Concurrent Resolutions,  
Treaties, and Proclamations

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**PART 1**

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WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1923

(4) The term "capital net gain" means the excess of the total amount of capital gain over the sum of the capital deductions and capital losses;

(5) The term "ordinary net income" means the net income, computed in accordance with the provisions of this title, after excluding all items of capital gain, capital loss, and capital deductions; and

(6) The term "capital assets" as used in this section means property acquired and held by the taxpayer for profit or investment for more than two years (whether or not connected with his trade or business), but does not include property held for the personal use or consumption of the taxpayer or his family, or stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year.

(b) In the case of any taxpayer (other than a corporation) who for any taxable year derives a capital net gain, there shall (at the election of the taxpayer) be levied, collected and paid, in lieu of the taxes imposed by sections 210 and 211 of this title, a tax determined as follows:

A partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner provided in sections 210 and 211, and the total tax shall be this amount plus  $12\frac{1}{2}$  per centum of the capital net gain; but if the taxpayer elects to be taxed under this section the total tax shall in no such case be less than  $12\frac{1}{2}$  per centum of the total net income. The total tax thus determined shall be computed, collected and paid in the same manner, at the same time and subject to the same provisions of law, including penalties, as other taxes under this title.

(c) In the case of a partnership or of an estate or trust, the proper part of each share of the net income which consists, respectively, of ordinary net income and capital net gain, 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 or estate or trust, and shall be taxed to the member or beneficiary or to the estate or trust as provided in Sections 218 and 219, but at the rates and in the manner provided in subdivision (b) of this section.

## PART II.—INDIVIDUALS.

### NORMAL TAX.

SEC. 210. That, in lieu of the tax imposed by section 210 of the Revenue Act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 8 per centum of the amount of the net income in excess of the credits provided in section 216; *Provided*, That in the case of a citizen or resident of the United States the rate upon the first \$4,000 of such excess amount shall be 4 per centum.

### SURTAX.

SEC. 211. (a) That, in lieu of the tax imposed by section 211 of the Revenue Act of 1918, but in addition to the normal tax imposed by section 210 of this Act, there shall be levied, collected, and paid for each taxable year upon the net income of every individual—

(1) For the calendar year 1921, a surtax equal to the sum of the following:

1 per centum of the amount by which the net income exceeds \$5,000 and does not exceed \$6,000;

**THE**  
**STATUTES AT LARGE**  
OF THE  
**UNITED STATES OF AMERICA**

FROM

DECEMBER, 1923, TO MARCH, 1925

CONCURRENT RESOLUTIONS OF THE TWO HOUSES OF CONGRESS

AND

RECENT TREATIES, CONVENTIONS, AND EXECUTIVE  
PROCLAMATIONS

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EDITED, PRINTED, AND PUBLISHED BY AUTHORITY OF CONGRESS  
UNDER THE DIRECTION OF THE SECRETARY OF STATE

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**VOL. XLIII**

IN TWO PARTS

PART 1—Public Acts and Resolutions

PART 2—Private Acts and Resolutions, Concurrent Resolutions,  
Treaties, and Proclamations

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**PART 1**

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WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1925

dered 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.

(2) The term "earned income deductions" means such deductions as are allowed by section 214 for the purpose of computing net income, and are properly allocable to or chargeable against earned income.

(3) The term "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 \$5,000, his entire net income shall be considered to be earned net income, and if his net income is more than \$5,000, his earned net income shall not be considered to be less than \$5,000. In no case shall the earned net income be considered to be more than \$10,000.

(b) In the case of an individual the tax shall, in addition to the credits provided in section 222, be credited with 25 per centum of the amount of tax which would be payable if his earned net income constituted his entire net income; but in no case shall the credit allowed under this subdivision exceed 25 per centum of his tax under section 210.

(c) 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 and shall be taxed to the member as provided in section 218.

## PART II.—INDIVIDUALS.

### NORMAL TAX.

SEC. 210. (a) In lieu of the tax imposed by section 210 of the Revenue Act of 1921, there shall be levied, collected, and paid for each taxable year upon the net income of every individual (except as provided in subdivision (b) of this section) a normal tax of 6 per centum of the amount of the net income in excess of the credits provided in section 216, except that in the case of a citizen or resident of the United States the rate upon the first \$4,000 of such excess amount shall be 2 per centum, and upon the next \$4,000 of such excess amount shall be 4 per centum;

(b) In lieu of the tax imposed by subdivision (a), there shall be levied, collected, and paid for each taxable year upon the net income of every nonresident alien individual, a resident of a contiguous country, a normal tax equal to the sum of the following:

(1) 2 per centum of the amount by which the part of the net income attributable to wages, salaries, professional fees, or other amounts received as compensation for personal services actually performed in the United States, exceeds the credits provided in subdivisions (d) and (e) of section 216; but the amount taxable at such 2 per centum rate shall not exceed \$4,000;

(2) 4 per centum of the amount by which such part of the net income exceeds the sum of (A) the credits provided in subdivisions (d) and (e) of section 216, plus (B) \$4,000; but the amount taxable at such 4 per centum rate shall not exceed \$4,000; and

(3) 6 per centum of the amount of the net income in excess of the sum of (A) the amount taxed under paragraphs (1) and (2), plus (B) the credits provided in section 216.

**THE**  
**STATUTES AT LARGE**  
OF THE  
**UNITED STATES OF AMERICA**

FROM

DECEMBER, 1925, TO MARCH, 1927

CONCURRENT RESOLUTIONS OF THE TWO HOUSES OF CONGRESS  
AND  
RECENT TREATIES, CONVENTIONS, AND EXECUTIVE  
PROCLAMATIONS

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EDITED, PRINTED, AND PUBLISHED BY AUTHORITY OF CONGRESS  
UNDER THE DIRECTION OF THE SECRETARY OF STATE

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**VOL. XLIV**

IN THREE PARTS

PART 1—Code of Laws of the United States

PART 2—Public Acts and Resolutions

PART 3—Private Acts and Resolutions, Concurrent Resolutions,  
Treaties, and Proclamations

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**PART 2**

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON  
1927

(2) The term "earned income deductions" means such deductions as are allowed by section 214 for the purpose of computing net income, and are properly allocable to or chargeable against earned income.

(3) The term "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 \$5,000, his entire net income shall be considered to be earned net income, and if his net income is more than \$5,000, his earned net income shall not be considered to be less than \$5,000. In no case shall the earned net income be considered to be more than \$20,000.

(b) In the case of an individual the tax shall, in addition to the credits provided in section 222, be credited with 25 per centum of the amount of tax which would be payable if his earned net income constituted his entire net income; but in no case shall the credit allowed under this subdivision exceed 25 per centum of his tax under section 210 plus 25 per centum of the tax which would be payable under section 211 if his earned net income constituted his entire net income.

(c) 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 and shall be taxed to the member as provided in section 218.

## PART II.—INDIVIDUALS

### NORMAL TAX

SEC. 210. (a) In lieu of the tax imposed by section 210 of the Revenue Act of 1924, there shall be levied, collected, and paid for each taxable year upon the net income of every individual (except as provided in subdivision (b) of this section) a normal tax of 5 per centum of the amount of the net income in excess of the credits provided in section 216, except that in the case of a citizen or resident of the United States the rate upon the first \$4,000 of such excess amount shall be 1½ per centum, and upon the next \$4,000 of such excess amount shall be 3 per centum;

(b) In lieu of the tax imposed by subdivision (a), there shall be levied, collected, and paid for each taxable year upon the net income of every nonresident alien individual, a resident of a contiguous country, a normal tax equal to the sum of the following:

(1) 1½ per centum of the amount by which the part of the net income attributable to wages, salaries, professional fees, or other amounts received as compensation for personal services actually performed in the United States, exceeds the credits provided in subdivisions (d) and (e) of section 216; but the amount taxable at such 1½ per centum rate shall not exceed \$4,000;

(2) 3 per centum of the amount by which such part of the net income exceeds the sum of (A) the credits provided in subdivisions (d) and (e) of section 216, plus (B) \$4,000; but the amount taxable at such 3 per centum rate shall not exceed \$4,000; and

(3) 5 per centum of the amount of the net income in excess of the sum of (A) the amount taxed under paragraphs (1) and (2), plus (B) the credits provided in section 216.

### SURTAX

SEC. 211. (a) In lieu of the tax imposed by section 211 of the Revenue Act of 1924, but in addition to the normal tax imposed



**THE**  
**STATUTES AT LARGE**  
OF THE  
**UNITED STATES OF AMERICA**

FROM

DECEMBER, 1927, TO MARCH, 1929

**CONCURRENT RESOLUTIONS OF THE TWO HOUSES OF CONGRESS**  
**AND**  
**RECENT TREATIES, CONVENTIONS, AND EXECUTIVE**  
**PROCLAMATIONS**

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EDITED, PRINTED, AND PUBLISHED BY AUTHORITY OF CONGRESS  
UNDER THE DIRECTION OF THE SECRETARY OF STATE

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**VOL. XLV**

IN TWO PARTS

PART 1—Public Acts and Resolutions  
PART 2—Private Acts and Resolutions, Concurrent Resolutions,  
Treaties, and Proclamations

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**PART 1**

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1929

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**TITLE I—INCOME TAX****SUBTITLE A—INTRODUCTORY PROVISIONS****SEC. 1. APPLICATION OF TITLE.**

The provisions of this title shall apply only to the taxable year 1928 and succeeding taxable years. Income, war-profits, and excess-profits taxes for taxable years preceding the taxable year 1928 shall not be affected by the provisions of this title, but shall remain subject to the applicable provisions of prior revenue Acts, except as such provisions are modified by Titles III, IV, and V of this Act or by legislation enacted subsequent to this Act.

**SEC. 2. CROSS REFERENCES.**

The cross references in this title to other portions of the title, where the word "see" is used, are made only for convenience, and shall be given no legal effect.

**SEC. 3. CLASSIFICATION OF PROVISIONS.**

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

Subtitle A—Introductory provisions,

Subtitle B—General provisions, divided into Parts and sections,  
 Subtitle C—Supplemental provisions, divided into Supplements and sections.

**SEC. 4. SPECIAL CLASSES OF TAXPAYERS.**

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

(a) Estates and trusts and the beneficiaries thereof,—Supplement E.

(b) Members of partnerships,—Supplement F.

(c) Insurance companies,—Supplement G.

(d) Nonresident alien individuals,—Supplement H.

(e) Foreign corporations,—Supplement I.

(f) Individual citizens of any possession of the United States who are not otherwise citizens of the United States and who are not residents of the United States,—Supplement J.

(g) Individual citizens of the United States or domestic corporations, satisfying the conditions of section 251 by reason of deriving a large portion of their gross income from sources within a possession of the United States,—Supplement J.

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

**SUBTITLE B—GENERAL PROVISIONS****PART I—RATES OF TAX****SEC. 11. NORMAL TAX ON INDIVIDUALS.**

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

(a) 1½ per centum of the first \$4,000 of the amount of the net income in excess of the credits against net income provided in section 25;

(b) 3 per centum of the next \$4,000 of such excess amount; and

(c) 5 per centum of the remainder of such excess amount.

requested by such debtor, give a separate receipt for the tax paid on account of each creditor in such form that the debtor can conveniently produce such receipts separately to his several creditors in satisfaction of their respective demands up to the amounts stated in the receipts; and such receipt shall be sufficient evidence in favor of such debtor to justify him in withholding from his next payment to his creditor the amount therein stated; but the creditor may, upon giving to his debtor a full written receipt acknowledging the payment to him of any sum actually paid and accepting the amount of tax paid as aforesaid (specifying the same) as a further satisfaction of the debt to that amount, require the surrender to him of such collector's receipt.

**SEC. 57. EXAMINATION OF RETURN AND DETERMINATION OF TAX.**

As soon as practicable after the return is filed the Commissioner shall examine it and shall determine the correct amount of the tax.

**SEC. 58. ADDITIONS TO TAX AND PENALTIES.**

(a) For additions to the tax in case of negligence or fraud in the nonpayment of tax or failure to file return therefor, see Supplement M.

(b) For criminal penalties for nonpayment of tax or failure to file return therefor, see section 146.

**SEC. 59. ADMINISTRATIVE PROCEEDINGS.**

For administrative proceedings in respect of the nonpayment or overpayment of a tax imposed by this title, see as follows:

(a) Supplement L, relating to assessment and collection of deficiencies.

(b) Supplement M, relating to interest and additions to tax.

(c) Supplement N, relating to claims against transferees and fiduciaries.

(d) Supplement O, relating to overpayments.

**Part VI—Miscellaneous Provisions**

**SEC. 61. LAWS MADE APPLICABLE.**

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

**SEC. 62. RULES AND REGULATIONS.**

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

**SEC. 63. TAXES IN LIEU OF TAXES UNDER 1926 ACT.**

The taxes imposed by this title shall be in lieu of the corresponding taxes imposed by Title II of the Revenue Act of 1926, in accordance with the following table:

Taxes under this Title		Taxes under 1926 Act
Secs. 11 and 211	in lieu of	Sec. 210
Sec. 12	in lieu of	Sec. 211
Sec. 13	in lieu of	Sec. 230
Secs. 201 and 204	in lieu of	Secs. 243 and 246
Sec. 104	in lieu of	Sec. 220
Supp. E	in lieu of	Sec. 219
Sec. 101	in lieu of	Sec. 208

**THE**  
**STATUTES AT LARGE**  
OF THE  
**UNITED STATES OF AMERICA**

FROM  
DECEMBER 1931 to MARCH 1933

**CONCURRENT RESOLUTIONS**  
**RECENT TREATIES, EXECUTIVE PROCLAMATIONS AND AGREEMENTS**  
**PROPOSED AMENDMENTS TO THE CONSTITUTION AND**  
**TWENTIETH AMENDMENT TO THE CONSTITUTION**

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**VOL. XLVII**

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PART 1—Public Acts and Resolutions, and Proposed Amendments

to the Constitution.

PART 2—Private Acts and Resolutions, Concurrent Resolutions  
Treaties, Executive Proclamations and Agreements  
And Twentieth Amendment to the Constitution.

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**PART 1**

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1933

**SEC. 3. CLASSIFICATION OF PROVISIONS.**

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

Subtitle A—Introductory provisions,

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

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

**SEC. 4. SPECIAL CLASSES OF TAXPAYERS.**

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

(a) Estates and trusts and the beneficiaries thereof,—Supplement E.

(b) Members of partnerships,—Supplement F.

(c) Insurance companies,—Supplement G.

(d) Nonresident alien individuals,—Supplement H.

(e) Foreign corporations,—Supplement I.

(f) Individual citizens of any possession of the United States who are not otherwise citizens of the United States and who are not residents of the United States,—Supplement J.

(g) Individual citizens of the United States or domestic corporations, satisfying the condition's of section 251 by reason of deriving a large portion of their gross income from sources within a possession of the United States,—Supplement J.

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

**SUBTITLE B—GENERAL PROVISIONS****Part I—Rates of Tax****SEC. 11. NORMAL TAX ON INDIVIDUALS.**

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

(a) 4 per centum of the first \$4,000 of the amount of the net income in excess of the credits against net income provided in section 25; and

(b) 8 per centum of the remainder of such excess amount.

**SEC. 12. SURTAX ON INDIVIDUALS.**

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

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

\$40 upon net incomes of \$10,000; and upon net incomes in excess of \$10,000 and not in excess of \$12,000, 2 per centum in addition of such excess.

\$80 upon net incomes of \$12,000; and upon net incomes in excess of \$12,000 and not in excess of \$14,000, 3 per centum in addition of such excess.

\$140 upon net incomes of \$14,000; and upon net incomes in excess of \$14,000 and not in excess of \$16,000, 4 per centum in addition of such excess.

\$220 upon net incomes of \$16,000; and upon net incomes in excess of \$16,000 and not in excess of \$18,000, 5 per centum in addition of such excess.

**SEC. 62. RULES AND REGULATIONS.**

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

**SEC. 63. TAXES IN LIEU OF TAXES UNDER 1928 ACT.**

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

**SEC. 64. SHORT TITLE.**

This title may be cited as the "Income Tax Act of 1932."

**SEC. 65. EFFECTIVE DATE OF TITLE.**

This title shall take effect as of January 1, 1932, except that sections 145 and 150, and this section, shall take effect on the enactment of this Act.

**SUBTITLE C—SUPPLEMENTAL PROVISIONS****Supplement A—Rates of Tax**

[Supplementary to Subtitle B, Part I]

**SEC. 101. CAPITAL NET GAINS AND LOSSES.**

(a) TAX IN CASE OF CAPITAL NET GAIN.—In the case of any taxpayer, other than a corporation, who for any taxable year derives a capital net gain (as hereinafter defined in this section), there shall, at the election of the taxpayer, be levied, collected, and paid, in lieu of all other taxes imposed by this title, a tax determined as follows: A partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner as if this section had not been enacted and the total tax shall be this amount plus 12½ per centum of the capital net gain.

(b) TAX IN CASE OF CAPITAL NET LOSS.—In the case of any taxpayer, other than a corporation, who for any taxable year sustains a capital net loss (as hereinafter defined in this section), there shall be levied, collected, and paid, in lieu of all other taxes imposed by this title, a tax determined as follows: a partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner as if this section had not been enacted, and the total tax shall be this amount minus 12½ per centum of the capital net loss; but in no case shall the tax of a taxpayer who has sustained a capital net loss be less than the tax computed without regard to the provisions of this section.

(c) DEFINITIONS.—For the purposes of this title—

(1) "Capital gain" means taxable gain from the sale or exchange of capital assets consummated after December 31, 1921.

(2) "Capital loss" means deductible loss resulting from the sale or exchange of capital assets.

(3) "Capital 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 capital assets sold or exchanged during the taxable year.

(4) "Ordinary deductions" means the deductions allowed by section 23 other than capital losses and capital deductions.

(5) "Capital net gain" means the excess of the total amount of capital gain over the sum of (A) the capital deductions and capital losses, plus (B) the amount, if any, by which the ordinary deductions exceed the gross income computed without including capital gains.

**THE  
STATUTES AT LARGE**

OF THE

**UNITED STATES OF AMERICA**

FROM

MARCH 1933 to JUNE 1934

**CONCURRENT RESOLUTIONS**

**RECENT TREATIES AND CONVENTIONS, EXECUTIVE PROCLAMATIONS AND  
AGREEMENTS, TWENTY-FIRST  
AMENDMENT TO THE CONSTITUTION**

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**VOL. XLVIII**

IN TWO PARTS

PART 1—Public Acts and Resolutions.

PART 2—Private Acts and Resolutions, Concurrent Resolutions  
Treaties and Conventions, Executive Proclamations  
and Agreements, Twenty-first Amendment to the  
Constitution.

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**PART 1**

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1934

**SEC. 2. CROSS REFERENCES.**

The cross references in this title to other portions of the title, where the word "see" is used, are made only for convenience, and shall be given no legal effect.

**SEC. 3. CLASSIFICATION OF PROVISIONS.**

The provisions of this title are herein classified and designated as—  
 Subtitle A—Introductory provisions,  
 Subtitle B—General provisions, divided into Parts and sections,  
 Subtitle C—Supplemental provisions, divided into Supplements and sections.

**SEC. 4. SPECIAL CLASSES OF TAXPAYERS.**

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

- (a) Estates and trusts and the beneficiaries thereof,—Supplement E.
- (b) Members of partnerships,—Supplement F.
- (c) Insurance companies,—Supplement G.
- (d) Nonresident alien individuals,—Supplement H.
- (e) Foreign corporations,—Supplement I.
- (f) Individual citizens of any possession of the United States who are not otherwise citizens of the United States and who are not residents of the United States,—Supplement J.
- (g) Individual citizens of the United States or domestic corporations, satisfying the conditions of section 251 by reason of deriving a large portion of their gross income from sources within a possession of the United States,—Supplement J.
- (h) China Trade Act corporations,—Supplement K.

**SUBTITLE B—GENERAL PROVISIONS****Part I—Rates of Tax****SEC. 11. NORMAL TAX ON INDIVIDUALS.**

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 4 per centum of the amount of the net income in excess of the credits against net income provided in section 25.

**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 a surtax as follows:

Upon a surtax net income of \$4,000 there shall be no surtax; upon surtax net incomes in excess of \$4,000 and not in excess of \$6,000, 4 per centum of such excess.

\$80 upon surtax net incomes of \$6,000; and upon surtax net incomes in excess of \$6,000 and not in excess of \$8,000, 5 per centum in addition of such excess.

\$180 upon surtax net incomes of \$8,000; and upon surtax net incomes in excess of \$8,000 and not in excess of \$10,000, 6 per centum in addition of such excess.



**SEC. 62. RULES AND REGULATIONS.**

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

**SEC. 63. TAXES IN LIEU OF TAXES UNDER 1932 ACT.**

The taxes imposed by this title shall be in lieu of the corresponding taxes imposed by the Revenue Act of 1932.

**SEC. 64. SHORT TITLE.**

This title may be cited as the "Income Tax Act of 1934."

**SUBTITLE C—SUPPLEMENTAL PROVISIONS****Supplement A—Rates of Tax**

[Supplementary to Subtitle B, Part I]

**SEC. 101. EXEMPTIONS FROM TAX ON CORPORATIONS.**

The following organizations shall be exempt from taxation under this title—

- (1) Labor, agricultural, or horticultural organizations;
- (2) Mutual savings banks not having a capital stock represented by shares;
- (3) Fraternal beneficiary societies, orders, or associations, (A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and (B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents;
- (4) Domestic building and loan associations substantially all the business of which is confined to making loans to members; and cooperative banks without capital stock organized and operated for mutual purposes and without profit;
- (5) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual;
- (6) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;
- (7) Business leagues, chambers of commerce, real-estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual;
- (8) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes;

**THE**  
**STATUTES AT LARGE**  
OF THE  
**UNITED STATES OF AMERICA**

FROM  
JANUARY 1935 TO JUNE 1936

**CONCURRENT RESOLUTIONS**  
**RECENT TREATIES AND CONVENTIONS, EXECUTIVE**  
**PROCLAMATIONS AND AGREEMENTS**

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EDITED, PRINTED, AND PUBLISHED BY AUTHORITY OF CONGRESS  
UNDER THE DIRECTION OF THE SECRETARY OF STATE

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**VOL. XLIX**

IN TWO PARTS

PART 1—Public Acts and Resolutions.  
PART 2—Private Acts and Resolutions, Concurrent Resolutions,  
Treaties and Conventions, Executive Proclamations  
and Agreements.

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**PART 1**

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1936

**SEC. 4. SPECIAL CLASSES OF TAXPAYERS.**

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

- (a) Estates and trusts and the beneficiaries thereof,—Supplement E.
- (b) Members of partnerships,—Supplement F.
- (c) Insurance companies,—Supplement G.
- (d) Nonresident alien individuals,—Supplement H.
- (e) Foreign corporations,—Supplement I.
- (f) Individual citizens of any possession of the United States who are not otherwise citizens of the United States and who are not residents of the United States,—Supplement J.
- (g) Individual citizens of the United States or domestic corporations, satisfying the conditions of section 251 by reason of deriving a large portion of their gross income from sources within a possession of the United States,—Supplement J.
- (h) China Trade Act corporations,—Supplement K.

**SUBTITLE B—GENERAL PROVISIONS****Part I—Rates of Tax****SEC. 11. NORMAL TAX ON INDIVIDUALS.**

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 4 per centum of the amount of the net income in excess of the credits against net income provided in section 25.

**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 a surtax as follows:

Upon a surtax net income of \$4,000 there shall be no surtax; upon surtax net incomes in excess of \$4,000 and not in excess of \$6,000, 4 per centum of such excess.

\$80 upon surtax net incomes of \$6,000; and upon surtax net incomes in excess of \$6,000 and not in excess of \$8,000, 5 per centum in addition of such excess.

\$180 upon surtax net incomes of \$8,000; and upon surtax net incomes in excess of \$8,000 and not in excess of \$10,000, 6 per centum in addition of such excess.

\$300 upon surtax net incomes of \$10,000; and upon surtax net incomes in excess of \$10,000 and not in excess of \$12,000, 7 per centum in addition of such excess.

\$440 upon surtax net incomes of \$12,000; and upon surtax net incomes in excess of \$12,000 and not in excess of \$14,000, 8 per centum in addition of such excess.

\$600 upon surtax net incomes of \$14,000; and upon surtax net incomes in excess of \$14,000 and not in excess of \$16,000, 9 per centum in addition of such excess.

\$780 upon surtax net incomes of \$16,000; and upon surtax net incomes in excess of \$16,000 and not in excess of \$18,000, 11 per centum in addition of such excess.

(h) RECEIPTS.—Every collector to whom any payment of any income tax is made shall upon request give to the person making such payment a full written or printed receipt therefor.

**SEC. 57. EXAMINATION OF RETURN AND DETERMINATION OF TAX.**

As soon as practicable after the return is filed the Commissioner shall examine it and shall determine the correct amount of the tax.

**SEC. 58. ADDITIONS TO TAX AND PENALTIES.**

(a) For additions to the tax in case of negligence or fraud in the nonpayment of tax or failure to file return therefor, see Supplement M.

(b) For criminal penalties for nonpayment of tax or failure to file return therefor, see section 145.

**SEC. 59. ADMINISTRATIVE PROCEEDINGS.**

For administrative proceedings in respect of the nonpayment or overpayment of a tax imposed by this title, see as follows:

(a) Supplement L, relating to assessment and collection of deficiencies.

(b) Supplement M, relating to interest and additions to tax.

(c) Supplement N, relating to claims against transferees and fiduciaries.

(d) Supplement O, relating to overpayments.

**Part VI—Miscellaneous Provisions**

**SEC. 61. LAWS MADE APPLICABLE.**

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

**SEC. 62. RULES AND REGULATIONS.**

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

**SEC. 63. TAXES IN LIEU OF TAXES UNDER 1934 ACT.**

The taxes imposed by this title and Title IA shall be in lieu of the taxes imposed by Titles I and IA of the Revenue Act of 1934, as amended.

**SEC. 64. SHORT TITLE.**

This title may be cited as the "Income Tax Act of 1936".

**SUBTITLE C—SUPPLEMENTAL PROVISIONS**

**Supplement A—Rates of Tax**

[Supplementary to Subtitle B, Part I]

**SEC. 101. EXEMPTIONS FROM TAX ON CORPORATIONS.**

The following organizations shall be exempt from taxation under this title—

- (1) Labor, agricultural, or horticultural organizations;
- (2) Mutual savings banks not having a capital stock represented by shares;
- (3) Fraternal beneficiary societies, orders, or associations, (A) operating under the lodge system or for the exclusive benefit of

# UNITED STATES STATUTES AT LARGE

CONTAINING THE

LAWS AND CONCURRENT RESOLUTIONS

ENACTED DURING THE THIRD SESSION OF THE

SEVENTY-FIFTH CONGRESS

OF THE UNITED STATES OF AMERICA

1938

AND

TREATIES, INTERNATIONAL AGREEMENTS OTHER

THAN TREATIES, AND PROCLAMATIONS

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COMPILED, EDITED, INDEXED, AND PUBLISHED BY AUTHORITY OF CONGRESS  
UNDER THE DIRECTION OF THE SECRETARY OF STATE

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**VOL. 52**

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1938

## TITLE I—INCOME TAX

### SUBTITLE A—INTRODUCTORY PROVISIONS

#### SEC. 1. APPLICATION OF TITLE.

The provisions of this title shall apply only to taxable years beginning after December 31, 1937. Income, war-profits, and excess-profits taxes for taxable years beginning prior to January 1, 1938, shall not be affected by the provisions of this title, but shall remain subject to the applicable provisions of prior revenue Acts, except as such provisions are modified by Title V of this Act or by legislation enacted subsequent to this Act.

#### SEC. 2. CROSS REFERENCES.

The cross references in this title to other portions of the title, where the word "see" is used, are made only for convenience, and shall be given no legal effect.

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

The provisions of this title are herein classified and designated as—  
 Subtitle A—Introductory provisions,  
 Subtitle B—General provisions, divided into Parts and sections,  
 Subtitle C—Supplemental provisions, divided into Supplements and sections.

#### SEC. 4. SPECIAL CLASSES OF TAXPAYERS.

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

- (a) Estates and trusts and the beneficiaries thereof,—Supplement E.
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- (c) Insurance companies,—Supplement G.
- (d) Nonresident alien individuals,—Supplement H.
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- (g) Individual citizens of the United States or domestic corporations, satisfying the conditions of section 251 by reason of deriving a large portion of their gross income from sources within a possession of the United States,—Supplement J.
- (h) China Trade Act corporations,—Supplement K.
- (i) Foreign personal holding companies and their shareholders,—Supplement P.
- (j) Mutual investment companies,—Supplement Q.

### SUBTITLE B—GENERAL PROVISIONS

#### Part I—Rates of Tax

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

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 4 per centum of the amount of the net income in excess of the credits against net income provided in section 25.

**SEC. 58. ADDITIONS TO TAX AND PENALTIES.**

(a) For additions to the tax in case of negligence or fraud in the nonpayment of tax or failure to file return therefor, see Supplement M.

(b) For criminal penalties for nonpayment of tax or failure to file return therefor, see section 145.

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For administrative proceedings in respect of the nonpayment or overpayment of a tax imposed by this title, see as follows:

(a) Supplement L, relating to assessment and collection of deficiencies.

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

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The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

**SEC. 63. TAXES IN LIEU OF TAXES UNDER 1936 ACT.**

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**SUBTITLE C—SUPPLEMENTAL PROVISIONS****Supplement A—Rates of Tax**

[Supplementary to Subtitle B, Part I]

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(2) Mutual savings banks not having a capital stock represented by shares;

(3) Fraternal beneficiary societies, orders, or associations, (A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and (B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents;

(4) Domestic building and loan associations substantially all the business of which is confined to making loans to members; and cooperative banks without capital stock organized and operated for mutual purposes and without profit;

(5) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit;

# UNITED STATES STATUTES AT LARGE

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VOLUME 53

PART 1

INTERNAL REVENUE CODE

APPROVED FEBRUARY 10, 1939



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1939



## INCOME TAX 5

- (h) China Trade Act corporations,—Supplement K.
- (i) Foreign personal holding companies and their shareholders,—Supplement P.
- (j) Mutual investment companies—Supplement.

### SUBCHAPTER B—GENERAL PROVISIONS

#### Part I—Rates of Tax

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

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 4 per centum of the amount of the net income in excess of the credits against net income provided in section 25.

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(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 a surtax as follows:

Upon a surtax net income of \$4,000 there shall be no surtax; upon surtax net incomes in excess of \$4,000 and not in excess of \$6,000, 4 per centum of such excess.

\$80 upon surtax net incomes of \$6,000; and upon surtax net incomes in excess of \$6,000 and not in excess of \$8,000, 5 per centum in addition of such excess.

\$180 upon surtax net incomes of \$8,000; and upon surtax net incomes in excess of \$8,000 and not in excess of \$10,000, 6 per centum in addition of such excess.

\$300 upon surtax net incomes of \$10,000; and upon surtax net incomes in excess of \$10,000 and not in excess of \$12,000, 7 per centum in addition of such excess.

\$440 upon surtax net incomes of \$12,000; and upon surtax net incomes in excess of \$12,000 and not in excess of \$14,000, 8 per centum in addition of such excess.

\$600 upon surtax net incomes of \$14,000; and upon surtax net incomes in excess of \$14,000 and not in excess of \$16,000, 9 per centum in addition of such excess.

\$780 upon surtax net incomes of \$16,000; and upon surtax net incomes in excess of \$16,000 and not in excess of \$18,000, 11 per centum in addition of such excess.

\$1,000 upon surtax net incomes of \$18,000; and upon surtax net incomes in excess of \$18,000 and not in excess of \$20,000, 13 per centum in addition of such excess.

\$1,260 upon surtax net incomes of \$20,000; and upon surtax net incomes in excess of \$20,000 and not in excess of \$22,000, 15 per centum in addition of such excess.

\$1,560 upon surtax net incomes of \$22,000; and upon surtax net incomes in excess of \$22,000 and not in excess of \$26,000, 17 per centum in addition of such excess.

\$2,240 upon surtax net incomes of \$26,000; and upon surtax net incomes in excess of \$26,000 and not in excess of \$32,000, 19 per centum in addition of such excess.

\$3,380 upon surtax net incomes of \$32,000; and upon surtax net incomes in excess of \$32,000 and not in excess of \$38,000, 21 per centum in addition of such excess.

\$4,640 upon surtax net incomes of \$38,000; and upon surtax net incomes in excess of \$38,000 and not in excess of \$44,000, 24 per centum in addition of such excess.

\$6,080 upon surtax net incomes of \$44,000; and upon surtax net incomes in excess of \$44,000 and not in excess of \$50,000, 27 per centum in addition of such excess.

## 32 CODIFICATION OF INTERNAL REVENUE LAWS

sureties as the Commissioner deems necessary, conditioned upon the payment of the amount with respect to which the extension is granted in accordance with the terms of the extension.

(d) **VOLUNTARY ADVANCE PAYMENT.**—A tax imposed by this chapter, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

(e) **ADVANCE PAYMENT IN CASE OF JEOPARDY.**—

For advance payment in case of jeopardy, see section 146.

(f) **TAX WITHHELD AT SOURCE.**—

For requirement of withholding tax at the source in the case of non-resident aliens and foreign corporations, and in the case of so-called "tax-free covenant bonds", see sections 143 and 144.

(g) **FRACTIONAL PARTS OF CENT.**—In the payment of any tax under this chapter a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

(h) **RECEIPTS.**—Every collector to whom any payment of any income tax is made shall upon request give to the person making such payment a full written or printed receipt therefor.

### **SEC. 57. EXAMINATION OF RETURN AND DETERMINATION OF TAX.**

As soon as practicable after the return is filed the Commissioner shall examine it and shall determine the correct amount of the tax.

### **SEC. 58. ADDITIONS TO TAX AND PENALTIES.**

(a) For additions to the tax in case of negligence or fraud in the nonpayment of tax or failure to file return therefor, see Supplement M.

(b) For criminal penalties for nonpayment of tax or failure to file return therefor, see section 145.

### **SEC. 59. ADMINISTRATIVE PROCEEDINGS.**

For administrative proceedings in respect of the nonpayment or overpayment of a tax imposed by this chapter, see as follows:

(a) Supplement L, relating to assessment and collection of deficiencies.

(b) Supplement M, relating to interest and additions to tax.

(c) Supplement N, relating to claims against transferees and fiduciaries.

(d) Supplement O, relating to overpayments.

### **SEC. 60. CROSS REFERENCES.**

For general provisions relating to—

(a) Information and returns, see chapter 34.

(b) Assessment, see chapter 35.

(c) Collection, see chapter 36.

## **Part VI—Miscellaneous Provisions**

### **SEC. 61. LAWS MADE APPLICABLE.**

All administrative, special, or stamp provisions of law, including the law relating to the assessment of taxes, so far as applicable, shall be extended to and made a part of this chapter.

### **SEC. 62. RULES AND REGULATIONS.**

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this chapter.

### **SEC. 63. PUBLICATION OF STATISTICS.**

The Commissioner, with the approval of the Secretary, shall prepare and publish annually statistics reasonably available with respect to the operation of the income, war-profits and excess-profits tax laws, including classifications of taxpayers and of income, the amounts allowed as deductions, exemptions, and credits, and any other facts deemed pertinent and valuable.

### **SEC. 64. DEFINITIONS.**

For definitions of a general character, see section 3797.