

**VOL. VI, JANUARY, 1920, NO. 1;
PRACTICAL QUESTIONS AND ANSWERS
ON THE FEDERAL TAX LAWS
INDIVIDUALS, PARTNERSHIP AND
CORPORATIONS, NUMBER THIRTY-FIVE**

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No. 1

PRACTICAL QUESTIONS
AND ANSWERS ON THE
FEDERAL TAX LAWS

INDIVIDUALS, PARTNERSHIPS
AND CORPORATIONS

NUMBER THIRTY-FIVE



IRVING NATIONAL BANK
WOOLWORTH BUILDING, NEW YORK

This pamphlet prepared by our Counsel, Breed, Abbott and Morgan, is the fifth edition of "Practical Questions and Answers" covering the Income Tax Law. It also contains a digest of all of the Federal Tax Laws now in force affecting individuals, partnerships and corporations, except the tariff law, the tax on distilled spirits and certain other internal revenue tax laws of limited application that have been on the statute books for many years.

For a list of Irving publications, any of which will be forwarded upon request, see the final page of this booklet.

CONTENTS

TAXES COVERED

Income Tax.....	8
War-Profits and Excess-Profits Tax.....	41
Capital Stock Tax.....	54
Estate Tax.....	55
Special Taxes.....	61

WHO AFFECTED

INDIVIDUALS

Income Tax.....	8
Executors, trustees, etc.....	22
Information at Source.....	33
Collection at Source.....	32
Estate Tax.....	55
Special Taxes.....	61
Non-resident Aliens.....	33

PARTNERSHIPS

Income Tax.....	24
Information at Source.....	33
Collection at Source.....	32
Special Taxes.....	61
Non-resident Aliens.....	33

CORPORATIONS

Income Tax.....	26
Information at Source.....	33
Collection at Source.....	32
War-Profits and Excess-Profits Tax.....	41
Capital Stock Tax.....	54
Special Taxes.....	61
Personal Service Corporations.....	25
Non-resident Aliens.....	33

CHARTS

1 Income Tax.....	4
2 Liberty Bonds.....	6
3 War-Profits and Excess-Profits Tax.....	53

APPENDIX

1 Text of Income Tax Act.....	90
2 Text of War-Profits and Excess-Profits Tax Act.....	125

Reclaw, 12-9-27 M.V.P.

INCOME TAX CHART

This chart and notes show total Income Tax, under the Revenue Act of 1918, payable for the year 1919, by the head of a family or a married person living with husband or wife and with no other dependents.

INCOME	DETAILS OF COMPUTATION			INCOME	DETAILS OF COMPUTATION			TOTAL TAX	DETAILS OF COMPUTATION		
	TOTAL TAX	Percent of Normal Tax	Amount of Surplus		TOTAL TAX	Percent of Normal Tax	Amount of Surplus		TOTAL TAX	Percent of Normal Tax	Amount of Surplus
\$1,000	None	Exempt	None	56,000	None	None	11,170	8%	4,160	26%	7,010
2,000	None	Exempt	None	57,000	None	None	11,520	8%	4,240	27%	7,280
3,000	\$40	4%	None	58,000	None	None	11,870	8%	4,320	27%	7,550
4,000	80	4%	None	59,000	None	None	12,230	8%	4,400	28%	7,830
5,000	120	4%	None	60,000	None	None	12,590	8%	4,480	28%	8,110
6,000	170	4%	\$10	61,000	1%	None	12,960	8%	4,560	29%	8,400
7,000	270	8%	240	62,000	2%	50	13,330	8%	4,640	29%	8,690
8,000	370	8%	320	63,000	2%	50	13,710	8%	4,720	30%	8,990
9,000	480	8%	400	64,000	3%	80	14,090	8%	4,800	30%	9,290
10,000	590	8%	480	65,000	3%	110	14,480	8%	4,880	31%	9,600
11,000	710	8%	560	66,000	4%	150	14,870	8%	4,960	31%	9,910
12,000	830	8%	640	67,000	4%	190	15,270	8%	5,040	32%	10,230
13,000	960	8%	720	68,000	5%	240	15,670	8%	5,120	32%	10,550
14,000	1,090	8%	800	69,000	5%	290	16,080	8%	5,200	33%	10,880
15,000	1,230	8%	880	70,000	6%	350	16,490	8%	5,280	33%	11,210
16,000	1,370	8%	960	71,000	6%	410	16,910	8%	5,360	34%	11,550
17,000	1,520	8%	1,040	72,000	7%	480	17,330	8%	5,440	34%	11,890
18,000	1,670	8%	1,120	73,000	7%	550	17,760	8%	5,520	35%	12,240
19,000	1,830	8%	1,200	74,000	8%	630	18,190	8%	5,600	35%	12,590
20,000	1,990	8%	1,280	75,000	8%	710	18,630	8%	5,680	36%	12,950
21,000	2,160	8%	1,360	76,000	9%	800	19,070	8%	5,760	36%	13,310
22,000	2,330	8%	1,440	77,000	9%	890	19,520	8%	5,840	37%	13,680
23,000	2,510	8%	1,520	78,000	10%	990	19,970	8%	5,920	37%	14,050
24,000	2,690	8%	1,600	79,000	10%	1,090	20,430	8%	6,000	38%	14,430
25,000	2,880	8%	1,680	80,000	11%	1,200	20,890	8%	6,080	38%	14,810
26,000	3,070	8%	1,760	81,000	11%	1,310	21,360	8%	6,160	39%	15,200
27,000	3,270	8%	1,840	82,000	12%	1,430	21,830	8%	6,240	39%	15,590
28,000	3,470	8%	1,920	83,000	12%	1,550	22,310	8%	6,320	40%	15,990
29,000	3,680	8%	2,000	84,000	13%	1,680	22,790	8%	6,400	40%	16,390
30,000	3,890	8%	2,080	85,000	13%	1,810	23,280	8%	6,480	41%	16,800
31,000	4,110	8%	2,160	86,000	14%	1,950	23,770	8%	6,560	41%	17,210
32,000	4,330	8%	2,240	87,000	14%	2,090	24,270	8%	6,640	42%	17,630

33,000	4,560	8%	2,320	15%	2,240	88,000	24,770	8%	6,720	42%	18,050
34,000	4,790	8%	2,400	15%	2,390	89,000	25,280	8%	6,800	43%	18,480
35,000	5,030	8%	2,480	16%	2,550	90,000	25,790	8%	6,880	43%	18,910
36,000	5,270	8%	2,560	16%	2,710	91,000	26,310	8%	6,960	44%	19,350
37,000	5,520	8%	2,640	17%	2,880	92,000	26,830	8%	7,040	44%	19,790
38,000	5,770	8%	2,720	17%	3,050	93,000	27,360	8%	7,120	45%	20,240
39,000	6,030	8%	2,800	18%	3,230	94,000	27,890	8%	7,200	45%	20,690
40,000	6,290	8%	2,880	18%	3,410	95,000	28,430	8%	7,280	46%	21,150
41,000	6,560	8%	2,960	19%	3,600	96,000	28,970	8%	7,360	46%	21,610
42,000	6,830	8%	3,040	19%	3,790	97,000	29,520	8%	7,440	47%	22,080
43,000	7,110	8%	3,120	20%	3,990	98,000	30,070	8%	7,520	47%	22,550
44,000	7,390	8%	3,200	20%	4,190	99,000	30,630	8%	7,600	48%	23,030
45,000	7,680	8%	3,280	21%	4,400	100,000	31,190	8%	7,680	48%	23,510
46,000	7,970	8%	3,360	21%	4,610	125,000	46,190	8%	9,680	52%	36,510
47,000	8,270	8%	3,440	22%	4,830	150,000	61,190	8%	11,680	52%	49,510
48,000	8,570	8%	3,520	22%	5,050	175,000	77,190	8%	13,680	56%	63,510
49,000	8,880	8%	3,600	23%	5,280	200,000	93,190	8%	15,680	56%	77,510
50,000	9,190	8%	3,680	23%	5,510	250,000	127,190	8%	19,680	60%	107,510
51,000	9,510	8%	3,760	24%	5,750	300,000	161,190	8%	23,680	60%	137,510
52,000	9,830	8%	3,840	24%	5,990	400,000	232,190	8%	31,680	63%	200,510
53,000	10,160	8%	3,920	25%	6,240	500,000	303,190	8%	39,680	63%	263,510
54,000	10,490	8%	4,000	25%	6,490	1,000,000	663,190	8%	79,680	64%	583,510
55,000	10,830	8%	4,080	26%	6,750	1,250,000	845,690	8%	99,680	65%	746,010

NOTES: INCOME.—The "Income" referred to in first column means NET INCOME arrived at as per following example:

Salary	\$2,000	Business Expenses	\$110
Dividends on Stocks	300	Interest Paid	20
Profits from Stocks	100	Taxes Paid	30
Income from Business	1,800	Losses	10
Interest on Liberty Bonds, if subject to surtax	100	Bad Debts	80
Partnership Profits—your share	1,000	Depreciation	130
Other Taxable Income		Gifts to Charities	200
	\$5,400		\$400
	400		
	\$5,000		

Net Income..... \$5,000

Non-taxable income, i. e., gifts, interest on state and city bonds, certain national bonds, etc., is not required to be reported. See page 6 or status on Liberty Bonds.

ADDITIONS TO THE ABOVE TAX.—If you are single and without any dependents as described in the Statute, your exemption from the 4% tax is \$1,000, instead of \$2,000 as shown in the chart, and the 5% normal tax will begin to apply at \$3,000 instead of \$6,000. The same applies to a married man, if he has no dependents and without such other dependents.

DEDUCTIONS FROM ABOVE TAX.—(a) If you have dependents as described in the statute, your exemption from the normal tax is increased by \$200 for each dependent, resulting in a reduction of your normal tax as above computed by an amount not exceeding \$16 for each dependent, according to the size of your income.

(b) If your income includes dividends, your normal tax as above computed will be reduced by 4% or 8% (according to the size of your income) of the amount of your dividends.

(c) For status of interest on Liberty Bonds see page 6. Such interest, if subject to surtax, must be included in gross income, but is exempt from normal tax of 4%—8% as in the case of dividends.

**Practical Questions
and Answers on the
Federal Tax Laws**

**AFFECTING INDIVIDUALS, PARTNERSHIPS
AND CORPORATIONS**

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FEDERAL INCOME TAX—INDIVIDUALS

FEDERAL INCOME TAX.

INDIVIDUALS.

Q. Who must file a return?

A. Every individual having a net income for the taxable year of \$1,000 or over if single or if married and not living with husband or wife; or \$2,000 or over if married and living with husband or wife.

If a husband and wife living together have an aggregate net income of \$2,000 or over, each shall make a return unless the income of each is included in a single joint return.

If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

Q. When must I file a return?

A. Any time after January 1st, but not later than March 15th.

If, however, the return is made on the basis of a fiscal year, it must be filed on or before the 15th day of the third month following the close of the fiscal year.

Q. Where must I file a return?

A. With the Collector of Internal Revenue for the district in which you reside, or where you have your principal place of business.

Q. Where can I get forms of return?

A. At the office of the Collector of Internal Revenue for your district.

Q. What is meant by net income?

A. For the purpose of determining whether or not a Return should be filed, net income means gross income (not including