

**ANNUAL REPORT OF THE
COMMISSIONER OF INTERNAL
REVENUE FOR THE FISCAL
YEAR ENDED JUNE 30, 1918**

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UNITED STATES OFFICE OF COMMISSIONER OF INTERNAL REVENUE

**ANNUAL REPORT OF THE
COMMISSIONER OF INTERNAL
REVENUE FOR THE FISCAL
YEAR ENDED JUNE 30, 1918**

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ANNUAL REPORT OF THE
**Commissioner of Internal
Revenue** †

FOR THE FISCAL YEAR ENDED JUNE 30

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CONTENTS.

	Page.
Record of growth	2
New era of taxation.....	2
War revenues.....	3
Administrative reorganization.....	4
Floor taxes.....	5
Income and excess profits.....	7
Interpretation.....	9
Regulations and forms.....	10
Securing returns.....	11
Excess-profits tax reviewers.....	12
Undisturbed corporate income.....	13
Withholding at the source.....	14
Handling returns.....	14
Collections.....	15
Information at the source.....	16
Delinquents.....	16
Audit and verification of returns.....	17
New auditing program.....	18
Net estates of decedents.....	21
Distilled spirits and alcoholic beverages.....	22
Denatured alcohol.....	22
Distilleries.....	23
Fermented liquors.....	23
Wines and cordials.....	24
Statistics.....	24
Tobacco and tobacco manufactures.....	24
Oleomargarine.....	25
Adulterated butter.....	26
Renovated butter.....	26
Mixed flour.....	26
War stamp taxes.....	27
Public utilities, insurance, and sales by manufacturers, producers, and importers.....	27
Narcotics.....	28
Conservation of man power and war materials.....	29
Capital stock of corporations.....	30
The legal force and its work.....	31
Court decisions.....	32, 185
Offers in compromise.....	32
Suits and prosecutions.....	32
Real estate acquired under internal-revenue laws.....	33
Claims for abatement and refund.....	33
Internal-revenue stamps.....	34
Chemical analyses.....	35
Synthetic glycerine.....	36
Campaign of education.....	36
Statistical work.....	38
Bureau personnel.....	39
Internal-revenue field service.....	41
Recruitment and training.....	41
Readjustment of salaries.....	43
Rearrangement of collection districts.....	44
Cost of administration.....	45
Prospective legislation.....	46
Perpetuation of new policy.....	47

STATISTICAL TABLES.

	Page
1. Receipts from specific sources of internal revenue, 1918, by districts.....	50
2. Receipts from specific sources of internal revenue, 1918, by States.....	74
3. Summary of internal-revenue receipts, 1917 and 1918, by sources.....	98
4. Summary of internal-revenue receipts, 1917 and 1918, by districts.....	100
5. Summary of internal-revenue receipts, 1918, by States.....	101
6. Summary of receipts from income and excess-profits tax, 1917 and 1918, by States.....	102
7. Total internal-revenue receipts, 1863-1918.....	103
8. Internal-revenue receipts on products from Philippine Islands, 1918, by articles taxed.....	103
9. Internal-revenue tax on products from Porto Rico, 1917 and 1918, by articles taxed.....	103
10. Income and excess-profits tax returns received and amount of tax assessed under acts of August 5, 1909; October 3, 1913; September 8, 1916; March 3, 1917; and October 3, 1917, year ended June 30, 1918, by districts.....	104
11. Tobacco factories operated and leaf tobacco and other materials used in manufacturing tobacco, 1917, by districts and by States.....	106
12. Cigarette factories operated, tobacco used, and cigarettes manufactured, 1917, by districts and by States.....	109
13. Cigar factories operated, tobacco used, and cigars manufactured, 1917, by districts and by States.....	111
14. Leaf tobacco used in manufacturing cigars, cigarettes, tobacco, and snuff, 1908-1917.....	114
15. Tobacco manufactured, quantity on hand at commencement and close of year, quantity to be accounted for, quantity removed in bond for export, total sales reported, and taxes paid, 1917, by districts and by States.....	115
16. Production of manufactured tobacco, snuff, cigars, and cigarettes, 1908-1917 17. Summary of operations of manufacturers of tobacco and cigars, 1917.....	118 119
18. Taxable returns filed by tobacco manufacturers and dealers, October, 1917, to June, 1918, under the act of October 3, 1917.....	119
19. Cigars reported used for personal consumption, 1916 and 1917, by districts..	120
20. Exportation in bond of manufactured tobacco, snuff, cigars, and cigarettes, 1918, by districts.....	120
21. Drawback of internal-revenue taxes allowed on tobacco, cigars, and cigar- ettes exported, 1918, by ports, and summary, 1909-1918.....	122
22. Production and withdrawals of artificially colored oleomargarine, 1918, by months.....	122
23. Production and withdrawals of colored oleomargarine, 1918, by districts..	123
24. Summary of operations in colored oleomargarine, 1918.....	123
25. Production and withdrawals of uncolored oleomargarine, 1918, by months..	124
26. Production and withdrawals of uncolored oleomargarine, 1918, by districts..	124
27. Summary of operations in uncolored oleomargarine, 1918.....	125
28. Summary of production and withdrawals of oleomargarine (colored and un- colored), 1903-1918.....	125
29. Production and withdrawals of renovated butter, 1918, by months.....	125
30. Production and withdrawals of renovated butter, 1918, by districts.....	126
31. Summary of operations in renovated butter, 1918.....	126
32. Summary of production and tax-paid withdrawals of renovated butter, 1909-1918.....	126
33. Production and withdrawals of mixed flour, 1918, by months.....	127
34. Number of establishments manufacturing, packing, and repacking mixed flour, 1918, by States.....	127
35. Enforcement of the Harrison narcotic law, 1918, by districts, as reported by collectors, according to different classes of registered and unregistered persons.....	128
36. Registrations under the Harrison narcotic law, 1918, by districts.....	130
37. Grain and other materials used for production of distilled spirits, 1918, by districts.....	132
38. Grain and other materials used for production of distilled spirits, 1918, by States.....	133
39. Production of distilled spirits, 1917 and 1918, by districts.....	134
40. Production of distilled spirits, 1917 and 1918, by States.....	135

CONTENTS.

v

	Page:
41. Taxable gallons of each kind of distilled spirits produced from materials other than fruit, deposited in distillery warehouses or removed to denaturing warehouses direct from cistern rooms of distilleries, 1918, by districts.....	136
42. Taxable gallons of distilled spirits gauged, 1918, by districts.....	137
43. Taxable gallons distilled spirits in distillery and general bonded warehouses at beginning and end of fiscal years 1917 and 1918, produced, entered into, and removed from such warehouses during such periods, and increase or decrease.....	139
44. Taxable gallons of distilled spirits withdrawn from distillery and general bonded warehouses, including the quantity removed from cistern rooms of distilleries for denaturation, 1918, by seasons of production.....	139
45. Taxable gallons of each kind of spirits withdrawn from distillery warehouses for transfer to general bonded warehouses, 1918, by districts.....	140
46. Taxable gallons of each kind of distilled spirits transferred tax-paid to bottling warehouses for bottling in bond, 1918, by districts.....	140
47. Taxable gallons of each kind of distilled spirits withdrawn from distillery and general bonded warehouses, tax-paid, exclusive of tax-paid spirits transferred to bottling warehouses, 1918, by collection districts.....	141
48. Taxable gallons of spirits upon which tax was paid by stamp, 1917 and 1918.....	142
49. Taxable gallons of distilled spirits transferred to bottling warehouses for bottling in bond for export, 1918, by districts.....	142
50. Taxable gallons of each kind of distilled spirits withdrawn from distillery and general bonded warehouses for exportation, 1918, by districts.....	142
51. Taxable gallons of each kind of distilled spirits exported, 1918, by countries to which exported.....	143
52. Drawback of internal-revenue taxes allowed on exported merchandise, 1918, by ports.....	143
53. Spirits rectified, 1918, by districts.....	144
54. Spirits rectified, 1918, by States.....	144
55. Taxable gallons of distilled spirits reported lost by casualty in distillery and general bonded warehouses (including seizures, fraudulent removals, errors in gauge, etc.), 1918, by districts.....	145
56. Taxable gallons of each kind of spirits, as known to the trade, remaining in distillery and general bonded warehouses June 30, 1917, by districts.....	146
57. Taxable gallons of each kind of spirits, as known to the trade, remaining in distillery and general bonded warehouses June 30, 1918, by districts.....	147
58. Taxable gallons of each kind of spirits lost by leakage or evaporation from distillery and general bonded warehouses, 1918, by districts.....	148
59. Production, tax-paid withdrawals, leakage allowed, exportation, and balances in warehouses of distilled spirits other than fruit brandies, in taxable gallons, 1909-1918.....	149
60. Nature of casualties in distillery and general bonded warehouses, 1918, by districts.....	149
61. Taxable gallons of spirits remaining in distillery and general bonded warehouses June 30, 1918, by districts and by seasons of production, 1910-1918.....	150
62. Taxable gallons of each kind of distilled spirits withdrawn from distillery and general bonded warehouses for scientific purposes and for the use of the United States, 1918, by districts.....	153
63. Taxable gallons of each kind of spirits withdrawn from distillery warehouses for transfer to bonded manufacturing warehouses, 1918, by districts.....	153
64. Summary of taxable gallons of each kind of distilled spirits as known to the trade, produced, withdrawn from, and remaining in distillery and general bonded warehouses, 1918.....	154
65. Formulas prescribed for denaturation of alcohol and the industrial purposes for which alcohol so denatured was used, 1918.....	156
66. Wine gallons of denatured alcohol produced at and removed from denaturing bonded warehouses, 1918, by districts.....	159
67. Taxable gallons of each kind of distilled spirits removed to denaturing warehouses for denaturation from distillery and general bonded warehouses and cistern rooms of distilleries, 1918, by districts.....	160
68. Gallons of denatured alcohol received by manufacturers and dealers, 1918, by districts.....	161
69. Summary of operations at distillery and general bonded warehouses, 1918.....	163

	Page.
70. Summary comparison of materials used and spirits produced, 1913-1918. . .	164
71. Taxable gallons of brandy withdrawn from special bonded warehouses during the year and remaining in special bonded warehouses at the end of the year, 1918, by districts.	165
72. Taxable gallons of brandy in special bonded warehouses July 1, 1917, and deposited in special bonded warehouses, 1918, by districts.	165
73. Summary of operations relating to brandy at special bonded warehouses, 1918.	166
74. Fusel oil removed from distilleries, 1918, by districts and by States.	166
75. Sweet wines, fortified with grape brandy, under acts of Sept. 8, 1916, and Oct. 3, 1917, and brandy withdrawn from distilleries and special bonded warehouses and used for this purpose, 1918, by districts and by kinds.	167
76. Materials used by brewers in the production of fermented liquors, 1918.	168
77. Fermented liquors removed from breweries in bond free of tax, 1918.	168
78. Fermented liquors removed from breweries in bond for export free of tax, 1918, by districts.	168
79. Production of fermented liquors, 1918, by districts.	168
80. Production of fermented liquors, 1918, by States.	169
81. Distilleries registered and operated, 1918, by States.	169
82. Grain distilleries of different capacities registered and operated, 1918, by districts.	170
83. Assessments and collections of floor taxes on distilled spirits, wines, liqueurs, cordials, and fermented liquors, Oct. 4, 1917, to June 30, 1918, by districts.	171
84. Moneys paid to collectors as proceeds of in rem actions, judgments recovered in civil suits, fines and penalties imposed in criminal actions, and costs, as reported by clerks of United States courts, 1918.	180
85. Expenditures from specific appropriations, 1918.	181
86. Summary of internal-revenue stamps issued to collectors, 1918.	185

ANNUAL REPORT
OF THE
COMMISSIONER OF INTERNAL REVENUE.

TREASURY DEPARTMENT,
OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE,
Washington, October 15, 1918.

SIR: I have the honor to submit the following report of the work of the Bureau of Internal Revenue for the fiscal year ended June 30, 1918:

In a brief period the Bureau of Internal Revenue has been transformed from an agency for collecting tax from a relatively small number of firms and individuals engaged in certain specified occupations to an arm of the Government reaching out to every citizen and establishing a direct fiscal relationship with every business enterprise in the United States. The revenue collected and the number of transactions with individual taxpayers within the last year exceed by 10 times the corresponding yield and number of transactions in any year prior to the ratification on February 25, 1913, of the sixteenth amendment to the Constitution, under which the income-tax law of October 3, 1913, was enacted.

In a single year, operating under the extraordinary legislation occasioned by the need for large war revenues, the collections by the Bureau have increased from \$809,393,640.44 to \$3,694,619,638.72. This large increase in the magnitude of the Bureau's operations has necessitated the formulation of new policies, the adoption of new methods, the expansion of personnel, quarters, and equipment, and a general reorganization.

As this Bureau has now been brought into relationship with all citizens, and as the increased rates of direct taxation have given its administration an important bearing on all economic activities, this report has been framed with a view to satisfying widespread interest in the results attained and in the policies and purposes which have been followed. Interest in the Bureau's new tax-gathering functions may naturally be intensified by the transcendent importance of the needs for which the Congress has required such large revenues to be collected.

It is gratifying, in making this report, to be able to state at the outset that those who have been charged with the responsibility of the Bureau's work, both in its larger aspects and in all its ramifications, have manifested a zealous appreciation of the important bearing of that work on the successful prosecution of the war program. This spirit of patriotic determination has solved many difficult problems and carried the Bureau successfully through the performance of many arduous undertakings. Moreover, a liberal and open-minded policy in all relations with the citizens called upon by the law to make