

**HENDERSON'S WAR TAX  
GUIDE, ACT OF OCTOBER  
3, 1917, WITH NOTES AND  
COMMENTARIES**

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Henderson's war tax guide, act of October 3, 1917, with notes and commentaries by Elias H. Henderson

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**ELIAS H. HENDERSON**

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ACT OF OCTOBER 3, 1917

WITH

NOTES AND COMMENTARIES

ANNOTATED BY

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*"1917 War Revenue and Income Tax Guide"*  
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*"Income Tax Puzzles"*

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FIRST EDITION

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1917

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## PREFACE

This book covers the War Tax Act of October 3, 1917, annotated with those sections of the Income Tax Act of September 8, 1916, which are referred to, amended or repealed thereby.

Following the statute are all of the Treasury decisions, opinions, and court decisions, in alphabetical order, pertaining to the Act of 1917, which have been rendered since the publication of the author's previous work on this subject, "Federal Legislation" January 1, 1915.

The Federal Government obtains revenue from the tariff, excise, income, profits and inheritance taxes. Due to economical changes, the amount obtainable from internal revenue is not adequate to support the Government. In view of our foreign relations the tariff on imports is impractical. Hence the necessary funds to defray the expenses of the Government must be derived almost exclusively from tax on income, profits and estates. In the past, the interpretation of these laws has been delegated to the Commissioner of Internal Revenue.

A "Federal Tax Commission" should be created immediately in order to assist in the proper administration of the Federal Tax Laws. The time has now arrived when the tax payer is entitled to have a hearing before a competent tribunal on the difficult questions arising daily under these laws. Arbitrary ruling and judicial legislation by administrative officials is contrary to the fundamental principles from which the nation derives the right to tax the people.

Chicago, Illinois, U. S. A.

November 15, 1917.

**FEDERAL  
LAW  
SERVICE**  
CHICAGO



# 1917 WAR TAX LAW

An Act to Provide Revenue to Defray War Expenses and for Other Purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled.

## TITLE I. WAR INCOME TAX

### Individual Normal Tax

**Section 1.** That in addition to the normal tax imposed by subdivision (a) of section one of the Act entitled "An Act to increase the revenue, and for other purposes," approved September eight, nineteen hundred and sixteen:<sup>1</sup>

There shall be levied, assessed, collected, and paid a like normal tax of two per centum upon the income of every individual, a citizen or resident of the United States, received in the calendar year nineteen hundred and seventeen and every calendar year thereafter.

<sup>1</sup>(ACT OF SEPTEMBER 8th, 1916) Section I (a) That there shall be levied, assessed, collected, and paid annually upon the entire net income received in the preceding calendar year from all sources by every individual, a citizen or resident of the United States, a tax of two per centum upon such income; and a like tax shall be levied, assessed, collected and paid annually upon the entire net income received in the preceding calendar year from all sources within the United States by every individual, a non-resident alien, including interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise.

## INDIVIDUAL SUR-TAX

**Section 2.** That in addition to the additional tax imposed by subdivision (b) of section one of such Act of September eighth, nineteen hundred and sixteen:<sup>1</sup>

There shall be levied, assessed, collected and paid a like additional tax upon the income of every individual received in the calendar year nineteen hundred and seventeen and every calendar year thereafter, as follows:

### <sup>1</sup>(ACT OF SEPTEMBER 8, 1916.)

**Section I (b)** In addition to the income tax imposed by subdivision (a) of this section (herein referred to as the normal tax) there shall be levied, assessed, collected, and paid upon the total net income of every individual, or, in the case of a non-resident alien, the total net income received from all sources within the United States, an additional income tax (herein referred to as the additional tax) of one per centum per annum upon the amount by which such total net income exceeds \$20,000 and does not exceed \$40,000, two per centum per annum upon the amount by which such total net income exceeds \$40,000 and does not exceed \$60,000, three per centum per annum upon the amount by which such total net income exceeds \$60,000, and does not exceed \$80,000, four per centum per annum upon the amount by which such total net income exceeds \$80,000 and does not exceed \$100,000, five per centum per annum upon the amount by which such total net income exceeds \$100,000 and does not exceed \$150,000, six per centum per annum upon the amount by which such total net income exceeds \$150,000 and does not exceed \$200,000, seven per centum per annum upon the amount by which such total net income exceeds \$200,000 and does not exceed \$250,000, eight per centum per annum upon the amount by which such total net income exceeds \$250,000 and does not exceed \$300,000, nine per centum per annum upon the amount by which such total net income exceeds \$300,000 and does not exceed \$500,000, ten per centum per annum upon the amount by which such total net income exceeds \$500,000, and does not exceed \$1,000,000, eleven per centum per annum upon the amount by which such total net income exceeds \$1,000,000 and does not exceed \$1,500,000, twelve per centum per annum upon the amount by which such total net income exceeds \$1,500,000 and does not exceed \$2,000,000, and thirteen per centum per annum upon the amount by which such total net income exceeds \$2,000,000.

For the purpose of the additional tax there shall be included as income the income derived from dividends on the capital stock or from the net earnings of any corporation, joint-stock company or association, or insurance company, except that in the case of non-resident aliens such income derived from sources without the United States shall not be included.

All the provisions of this title relating to the normal tax on individuals, so far as they are applicable and are not inconsistent with this subdivision and section three, shall apply to the imposition, levy, assessment, and collection of the additional tax imposed under this subdivision.

One per centum per annum upon the amount by which the total net income exceeds \$5,000 and does not exceed \$7,500;

Two per centum per annum upon the amount by which the total net income exceeds \$7,500 and does not exceed \$10,000;

Three per centum per annum upon the amount by which the total net income exceeds \$10,000 and does not exceed \$12,500;

Four per centum per annum upon the amount by which the total net income exceeds \$12,500 and does not exceed \$15,000;

Five per centum per annum upon the amount by which the total net income exceeds \$15,000 and does not exceed \$20,000;

Seven per centum per annum upon the amount by which the total net income exceeds \$20,000 and does not exceed \$40,000;

Ten per centum per annum upon the amount by which the total net income exceeds \$40,000 and does not exceed \$60,000;

Fourteen per centum per annum upon the amount by which the total net income exceeds \$60,000 and does not exceed \$80,000;

Eighteen per centum per annum upon the amount by which the total net income exceeds \$80,000 and does not exceed \$100,000;

Twenty-two per centum per annum upon the amount by which the total net income exceeds \$100,000 and does not exceed \$150,000;

Twenty-five per centum per annum upon the amount by which the total net income exceeds \$150,000 and does not exceed \$200,000;

Thirty per centum per annum upon the amount by which the total net income exceeds \$200,000 and does not exceed \$250,000;

Thirty-four per centum per annum upon the amount by which the total net income exceeds \$250,000 and does not exceed \$300,000;

Thirty-seven per centum per annum upon the amount by which the total net income exceeds \$300,000 and does not exceed \$500,000;

Forty per centum per annum upon the amount by which the total net income exceeds \$500,000 and does not exceed \$750,000;

Forty-five per centum per annum upon the amount by which the total net income exceeds \$750,000 and does not exceed \$1,000,000;

Fifty per centum per annum upon the amount by which the total income exceeds \$1,000,000.