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March 3, 1917.
[H. R. 20573.]
[Public, No. 377.]

CHAP. 159.—An Act To provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes.

Revenue Act, 1917.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Special Preparedness Fund.

TITLE I.—SPECIAL PREPAREDNESS FUND.

Receipts from taxes to constitute, for military and naval uses.

SECTION 1. That the receipts from the tax imposed by Title II and one-third of the receipts from the tax imposed by Title III of this Act shall constitute a separate fund in the Treasury to be used only for the expenditures incurred under the Act entitled "An Act making appropriations for the support of the Army for the fiscal year ending June thirtieth, nineteen hundred and seventeen, and for other purposes," approved August twenty-ninth, nineteen hundred and sixteen; the Act entitled "An Act making appropriations for the naval service for the fiscal year ending June thirtieth, nineteen hundred and seventeen, and for other purposes," approved August twenty-ninth, nineteen hundred and sixteen; and the Act entitled "An Act making appropriations for fortifications and other works of defense, for the armament thereof, for the procurement of heavy ordnance for trial and service, and for other purposes," approved July sixth, nineteen hundred and sixteen, or any other Act or Acts subsequent thereto making appropriations for Army, Navy, or fortification purposes. In addition to such receipts from the taxes imposed under Titles II and III of this Act, there shall be credited annually, beginning with the fiscal year ending June thirtieth, nineteen hundred and eighteen, to such separate fund, the sum of $175,000,000, such sum being the estimated additional revenue to be derived under the Act entitled "An Act to increase the revenue, and for other purposes," approved September eighth, nineteen hundred and sixteen, in excess of the revenue to be derived under then existing laws: *Provided*, That the Secretary of the Treasury may use such fund for other purposes, but such fund shall be reimbursed for any portion thereof so used.

Ante, p. 619.

Ante, p. 556.

Ante, p. 345.

Additional credit from revenue Act, 1916.

Ante, p. 756.

Proviso.
Temporary diversion permitted.

Excess profits tax.

TITLE II.—EXCESS PROFITS TAX.

Terms construed.

SEC. 200. That when used in this title—

"United States."

The term "corporation" includes joint-stock companies or associations, and insurance companies;

"Taxable year."

The term "United States" means only the States, the Territories of Alaska and Hawaii, and the District of Columbia; and

First year, 1917.

The term "taxable year" means the twelve months ending December thirty-first, except in the case of a corporation or partnership allowed to fix its own fiscal year, in which case it means such fiscal year. The first taxable year shall be the year ending December thirty-first, nineteen hundred and seventeen.

Extra tax on incomes of corporations and partnerships.
Domestic.

SEC. 201. That in addition to the taxes under existing laws there shall be levied, assessed, collected, and paid for each taxable year upon the net income of every corporation and partnership organized, authorized, or existing under the laws of the United States, or of any State, Territory, or District thereof, no matter how created or organized, excepting income derived from the business of life, health, and accident insurance combined in one policy issued on the weekly premium payment plan, a tax of eight per centum of the amount by which such net income exceeds the sum of (a) $5,000 and (b) eight per centum of the actual capital invested.

Insurance exception.

Foreign, from sources in United States.
Computation.

Every foreign corporation and partnership, including corporations and partnerships of the Philippine Islands and Porto Rico, shall pay for each taxable year a like tax upon the amount by which its net income received from all sources within the United States exceeds the

sum of (a) eight per centum of the actual capital invested and used or employed in the business in the United States, and (b) that proportion of $5,000 which the entire actual capital invested and used or employed in the business in the United States bears to the entire actual capital invested; and in case no such capital is used or employed in the business in the United States the tax shall be imposed upon that portion of such net income which is in excess of the sum of (a) eight per centum of that proportion of the entire actual capital invested and used or employed in the business which the net income from sources within the United States bears to the entire net income, and (b) that proportion of $5,000 which the net income from sources within the United States bears to the entire net income.

Actual capital. Meaning of term.

SEC. 202. That for the purpose of this title, actual capital invested means (1) actual cash paid in, (2) the actual cash value, at the time of payment, of assets other than cash paid in, and (3) paid in or earned surplus and undivided profits used or employed in the business; but does not include money or other property borrowed by the corporation or partnership.

Assessed from income tax returns.

SEC. 203. That the tax herein imposed upon corporations and partnerships shall be computed upon the basis of the net income shown by their income tax returns under Title I of the Act entitled "An Act to increase the revenue, and for other purposes," approved September eighth, nineteen hundred and sixteen, or under this title, and shall be assessed and collected at the same time and in the same manner as the income tax due under Title I of such Act of September eighth, nineteen hundred and sixteen: *Provided*, That for the purpose of this title a partnership shall have the same privilege with reference to fixing its fiscal year as is accorded corporations under section thirteen (a) of Title I of such Act of September eighth, nineteen hundred and sixteen: *And provided further*, That where a corporation or partnership makes return prior to March first, nineteen hundred and eighteen, covering its own fiscal year and includes therein any income received during the calendar year ending December thirty-first, nineteen hundred and sixteen, the tax herein imposed shall be that proportion of the tax based upon such full fiscal year which the time from January first, nineteen hundred and seventeen, to the end of such fiscal year bears to the full fiscal year.

Ante, p. 770.

Collection.

Provisos.
Fiscal year of partnerships.

Ante, p. 770.

Proportion for calendar year 1916.

Corporations and partnerships exempt.

SEC. 204. That corporations exempt from tax under the provisions of section eleven of Title I of the Act approved September eighth, nineteen hundred and sixteen, and partnerships carrying on or doing the same business shall be exempt from the provisions of this title, and the tax imposed by this title shall not attach to incomes of partnerships derived from agriculture or from personal services.

Ante, p. 766.

Incomes from agriculture or personal services.

Corporations to state actual capital invested.

SEC. 205. That every corporation having a net income of $5,000 or more for the taxable year making a return under Title I of such Act of September eighth, nineteen hundred and sixteen, shall for the purposes of this title include in such return a detailed statement of the actual capital invested.

Partnerships to make detailed statement, etc.

Every partnership having a net income of $5,000 or more for the taxable year shall render a correct return of the income of the partnership for the taxable year, setting forth specifically the actual capital invested and the gross income for such year and the deductions hereinafter allowed. Such returns shall be rendered at the same time and in the same manner and form as is prescribed for income-tax returns under Title I of such Act of September eighth, nineteen hundred and sixteen. In computing net income of a partnership for the purposes of this title there shall be allowed like deductions as are allowed to individuals in sections five (a) and six (a) of such Act of September eighth, nineteen hundred and sixteen.

Time and manner.

Deductions.
Ante, pp. 759, 760.

General laws applicable.

SEC. 206. That all administrative, special, and general provisions of law, including the laws in relation to the assessment, remission,

collection, and refund of internal-revenue taxes not heretofore specifically repealed and not inconsistent with the provisions of this title are hereby extended and made applicable to all the provisions of this title and to the tax herein imposed, and all provisions of Title I of such Act of September eighth, nineteen hundred and sixteen, relating to returns and payment of the tax therein imposed, including penalties, are hereby made applicable to the tax required by this title.

Ante, p. 756.

Regulations to be made.

SEC. 207. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make all necessary regulations for carrying out the provisions of this title, and may require any corporation or partnership subject to the provisions of this title to furnish him with such facts, data, and information as in his judgment are necessary to collect the tax provided for in this title.

Estate tax.

TITLE III.—ESTATE TAX.

Increase made.

Ante, p. 777, amended.

SEC. 300. That section two hundred and one, Title II, of the Act entitled "An Act to increase the revenue, and for other purposes," approved September eighth, nineteen hundred and sixteen, be, and the same is hereby, amended to read as follows:

On transfers of property of deceased persons hereafter.

"SEC. 201. That a tax (hereinafter in this title referred to as the tax), equal to the following percentages of the value of the net estate, to be determined as provided in section two hundred and three, is hereby imposed upon the transfer of the net estate of every decedent dying after the passage of this Act, whether a resident or nonresident of the United States:

Rates.

"One and one-half per centum of the amount of such net estate not in excess of $50,000;

"Three per centum of the amount by which such net estate exceeds $50,000 and does not exceed $150,000;

"Four and one-half per centum of the amount by which such net estate exceeds $150,000 and does not exceed $250,000;

"Six per centum of the amount by which such net estate exceeds $250,000 and does not exceed $450,000;

"Seven and one-half per centum of the amount by which such net estate exceeds $450,000 and does not exceed $1,000,000;

"Nine per centum of the amount by which such net estate exceeds $1,000,000 and does not exceed $2,000,000;

"Ten and one-half per centum of the amount by which such net estate exceeds $2,000,000 and does not exceed $3,000,000;

"Twelve per centum of the amount by which such net estate exceeds $3,000,000 and does not exceed $4,000,000;

"Thirteen and one-half per centum of the amount by which such net estate exceeds $4,000,000 and does not exceed $5,000,000; and

"Fifteen per centum of the amount by which such net estate exceeds $5,000,000."

Prior transfers at former rate.

SEC. 301. That the tax on the transfer of the net estate of decedents dying between September eighth, nineteen hundred and sixteen, and the passage of this Act shall be computed at the rates originally prescribed in the Act approved September eighth, nineteen hundred and sixteen.

Miscellaneous.

TITLE IV.—MISCELLANEOUS.

Bonds.

Issue authorized for specially designated expenditures.

SEC. 400. That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time such sums as in his judgment may be required to meet public expenditures on account of the Mexican situation, the construction of the armor-plate plant, the construction of the Alaskan Railway, and the purchase of the Danish West Indies, or to reimburse the Treasury for such expenditures, and to prepare and issue therefor bonds of the United States not exceeding in the aggregate $100,000,000, in such

Post, p. 1132.

Amount.

form as he may prescribe, bearing interest payable quarterly at a rate not exceeding three per centum per annum; and such bonds shall be payable, principal and interest, in United States gold coin of the present standard of value, and both principal and interest shall be exempt from all taxes or duties of the United States as well as from taxation in any form by or under State, municipal, or local authority, and shall not be receivable by the Treasurer of the United States as security for the issue of circulating notes to national banks: *Provided*, That such bonds may be disposed of by the Secretary of the Treasury at not less than par, under such regulations as he may prescribe, giving all citizens of the United States an equal opportunity therefor, but no commissions shall be allowed or paid thereon; and a sum not exceeding one-tenth of one per centum of the amount of the bonds herein authorized is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing, advertising, and issuing the same: *And provided further*, That in addition to such issue of bonds, the Secretary of the Treasury may prepare and issue for the purposes specified in this section any portion of the bonds of the United States now available for issue under authority of section thirty-nine of the Act entitled "An Act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August fifth, nineteen hundred and nine: *And provided further*, That the issue of bonds under authority of this Act and any Panama Canal bonds hereafter issued under authority of section thirty-nine of the Act entitled "An Act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August fifth, nineteen hundred and nine, shall be made redeemable and payable at such times within fifty years after the date of their issue as the Secretary of the Treasury, in his discretion, may deem advisable.

Exempt from all taxes.

Not receivable for bank circulation.

Provisos.
Disposal of, etc.

Panama Canal bonds available.

Vol. 36, pp. 117, 192, 1013.

Redemption within 50 years.

CERTIFICATES OF INDEBTEDNESS.

Certificate of indebtedness.

SEC. 401. That section thirty-two of an Act entitled "An Act providing ways and means to meet war expenditures, and for other purposes," approved June thirteenth, eighteen hundred and ninety-eight, as amended by section forty of an Act entitled "An Act to provide revenue, equalize duties and encourage the industries of the United States, and for other purposes," approved August fifth, nineteen hundred and nine, be, and the same is hereby, amended to read as follows:

Former provisions modified.
Vol. 30, p. 466.

Vol. 36, p. 117, amended.

"SEC. 32. That the Secretary of the Treasury is authorized to borrow, from time to time, at a rate of interest not exceeding three per centum per annum, such sum or sums as, in his judgment, may be necessary to meet public expenditures, and to issue therefor certificates of indebtedness in such form and in such denominations as he may prescribe; and each certificate so issued shall be payable, with the interest accrued thereon, at such time, not exceeding one year from the date of its issue, as the Secretary of the Treasury may prescribe: *Provided*, That the sum of such certificates outstanding shall at no time exceed $300,000,000, and the provisions of existing law respecting counterfeiting and other fraudulent practices are hereby extended to the bonds and certificates of indebtedness authorized by this Act."

Issue authorized at 3 per cent.

Payable within one year.

Proviso.
Amount increased to $300,000,000.
Punishment for counterfeiting, etc.

RETURNS OF DIVIDENDS.

Returns of dividends.

SEC. 402. That Title I of the Act entitled "An Act to increase the revenue, and for other purposes," approved September eighth, nineteen hundred and sixteen, be amended by adding to Part III a new section, as follows:

Modifications.
Ante, p. 777, amended.

Sworn returns of all dividends to be made by corporations, etc.

"SEC. 26. Every corporation, joint-stock company or association, or insurance company subject to the tax herein imposed, when required by the Commissioner of Internal Revenue, shall render a correct return, duly verified under oath, of its payments of dividends, whether made in cash or its equivalent or in stock, including the names and addresses of stockholders and the number of shares owned by each, in such form and manner as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury."

Names of shareholders, etc.

Approved, March 3, 1917.

March 3, 1917.
[H. R. 19119.]
[Public, No. 378.]

CHAP. 160.—An Act Making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and eighteen, and for other purposes.

District of Columbia appropriations.
Half from District revenues.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That one half of the following sums, respectively, is appropriated, out of any money in the Treasury not otherwise appropriated, and the other half out of the revenues of the District of Columbia, in full for the following expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and eighteen, namely:

General expenses.

GENERAL EXPENSES.

Executive office.
Salaries, commissioners, etc.

EXECUTIVE OFFICE: Two commissioners, at $5,000 each; engineer commissioner, so much as may be necessary (to make salary $5,000); secretary, $2,400; three assistant secretaries to commissioners at $1,600 each; clerks—one $1,500, two at $1,400 each, two at $1,200 each, one (who shall be a stenographer and typewriter) $1,200, one $840, two at $720 each; two messengers, at $600 each; stenographer and typewriter, $840;

Veterinary division.

Veterinary division: Veterinary surgeon for all horses in the departments of the District government, $1,200;

Medicines, surgical and hospital supplies, $1,000;

Purchasing division.

Purchasing division: Purchasing officer, $3,000; deputy purchasing officer, $1,600; computer, $1,440; clerks—two at $1,500 each, six at $1,200 each, three at $900 each, six at $720 each; inspector of fuel, $1,500; assistant inspector of fuel, $1,100; storekeeper, $1,200; messenger, $600; driver, $600; inspectors—one of materials, $1,200, two at $900 each; two laborers, at $600 each; two property-yard keepers, at $1,000 each; temporary labor, $150;

Building inspection division.

Building inspection division: Inspector of buildings, $3,000; assistant inspectors of buildings—principal $2,000, one $1,500, one $1,400, ten at $1,200 each; fire-escape inspector, $1,400; temporary employment of additional assistant inspectors for such time as their services may be necessary, $1,500; civil engineers or computers—one $2,000, one $1,500; clerks—chief $1,500, one $1,050, one $1,000, one (who shall be a stenographer and typewriter) $1,000, one $900; messenger, $600; assistant inspector, $1,500;

To reimburse two elevator inspectors for provision and maintenance by themselves of two motorcycles for use in their official inspection of elevators, $12 per month each, $288;

For transportation, means of transportation, and maintenance of means of transportation, including allowances to inspectors for automobiles at the rate of $25 per month each and for horse and buggy at the rate of $20 per month, $1,000;

Plumbing inspection division.

Plumbing inspection division: Inspector of plumbing, $2,000; assistant inspectors of plumbing—principal, $1,550, six at $1,200