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rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. None of the proceeds of the bonds shall be used for the performance of any proposed contract negotiated by the Corporation under the authority of section 12a of this Act until the proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds under this section shall expire January 1, 1941, except that if at the time such authority expires the amount of bonds issued by the Corporation under this section is less than $61,500,000, the Corporation may, subject to the foregoing provisions of this section, issue, after the expiration of such period, bonds in an amount not in excess of the amount by which the bonds so issued prior to the expiration of such period is less than $61,500,000, for refunding purposes, or, subject to the provisions of paragraph (5) of this section (limiting the purposes for which loans under section 12a of funds derived from bond proceeds may be made) to provide funds found necessary in the performance of any contract entered into by the Corporation prior to the expiration of such period, under the authority of section 12a."

Purchase by Secretary of Treasury.

40 Stat. 288.
31 U. S. C. § 752; Supp. IV, § 752.

Sale of acquired bonds.

Redemptions, etc., treated as public-debt transactions.

Open-market purchases.

Approval by Federal Power Commission.

Termination of authority to issue; exception.

Approved, July 26, 1939.

[CHAPTER 367]

AN ACT

To provide revenue for the District of Columbia, and for other purposes.

July 26, 1939
[H. R. 6577]
[Public, No. 225]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act divided into titles and sections may be cited as the "District of Columbia Revenue Act of 1939."

District of Columbia Revenue Act of 1939.

TITLE I—FEDERAL PAYMENT

For the fiscal year ending June 30, 1940, and for each fiscal year thereafter, there is hereby authorized to be appropriated, as the annual payment by the United States toward defraying the expenses of the government of the District of Columbia, the sum of $6,000,000.

Annual Federal payment.

TITLE II—INCOME TAX

This title divided into sections and paragraphs according to the following table of contents, may be cited as the "District of Columbia Income Tax Act":

District of Columbia Income Tax Act.

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APPLICATION OF TITLE

SECTION 1. The provisions of this title shall apply to the taxable year 1939 and succeeding taxable years, except that in the case of a taxable year beginning in 1938 and ending in 1939 the income taxable under this title shall be that fraction of the income for the entire fiscal year equal to the number of days remaining in the fiscal year after January 1, 1939, divided by three hundred and sixty-five: *Provided, however*, That if the taxpayer's records properly reflect the income for that part of the fiscal year falling in the calendar year 1939, then the portion of the fiscal year's income taxable hereunder shall be the portion received or accrued during the calendar year 1939.

Taxable year 1939 and thereafter; exception.

Proviso.
Adjustments, fiscal year 1939.

IMPOSITION OF TAX

SEC. 2. (a) TAX ON INDIVIDUALS.—There is hereby levied for each taxable year upon the taxable income of every individual domiciled in the District of Columbia on the last day of the taxable year a tax at the following rates:

Individuals domiciled in D. C.

Rates.

One per centum on the first $5,000 of taxable income.
One and one-half per centum on the next $5,000 of taxable income.
Two per centum on the next $5,000 of taxable income.
Two and one-half per centum on the next $5,000 of taxable income.
Three per centum on the taxable income in excess of $20,000.

(b) TAX ON CORPORATIONS.—There is hereby levied for each taxable year upon the taxable income from District of Columbia sources of every corporation, whether domestic or foreign (except those organizations expressly exempt under paragraph (d) of this section), a tax at the rate of 5 per centum thereof.

Corporations.

"Taxable income" defined.

(c) DEFINITION OF "TAXABLE INCOME".—As used in this section, the term "taxable income" means the amount of the net income in excess of the credits against net income provided in section 9 of this title.

Post, p. 1092.

Exemptions.

(d) EXEMPTIONS FROM TAX.—There shall be exempt from taxation under this title the following organizations: Corporations, including any community chest, fund, foundation, cemetery, association, teachers' retirement fund association, church, or club, organized and operated exclusively for religious, charitable, scientific, literary, educational, or social 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; and labor organizations, trade associations, boards of trade, chambers of commerce, citizens' associations or organizations, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual; banks, insurance companies, building and loan associations, and companies, incorporated or otherwise, which guarantee the fidelity of any individual or individuals, such as bonding companies, all of which pay taxes upon gross premiums or earnings under existing laws of the District of Columbia; voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (1) no part of their net earnings inures (other than such payments) to the benefit of any private shareholder or individual, and (2) 85 per centum or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses; and corporations organized under Act of Congress, if such corporations are instrumentalities of the United States.

Voluntary employees' beneficiary associations.

Federal instrumentalities.

NET INCOME

"Net income" defined.

SEC. 3. DEFINITION.—The term "net income" means the gross income of a taxpayer less the deductions allowed by this title.

GROSS INCOME AND EXCLUSIONS THEREFROM

Individuals. "Gross income" construed.

SEC. 4. (a) OF INDIVIDUALS.—The words "gross income", as used in this title, include gains, profits, and income derived from salaries, wages, or compensation for personal services of whatever kind and in whatever form paid, including salaries, wages, and compensation paid by the United States to its officers and employees to the extent the same is not immune from taxation under the Constitution, or income derived from professions, vocations, trades, businesses, commerce, or sales or dealings in property, whether real or personal, growing out of the ownership, or use of, or interest in, such property; also from rent, royalties, interest, dividends, securities, or transactions of any business carried on for gain or profit, or gains or profits, and income derived from any source whatever.

Corporations.

(b) OF CORPORATIONS.—In the case of any corporation, gross income includes only the gross income from sources within the District of Columbia. The proper apportionment and allocation of income with respect to sources of income within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commissioners.

Exclusions from gross income.

(c) EXCLUSIONS FROM GROSS INCOME.—The following items shall not be included in gross income and shall be exempt from taxation under this title:

Life insurance.

(1) LIFE INSURANCE.—Amounts received under a life-insurance contract paid by reason of the death of the insured, whether

in a single sum or otherwise (but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income).

Annuities, etc.

(2) ANNUITIES, AND SO FORTH.—Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other than amounts received as annuities) under a life-insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 per centum of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title in respect to such annuity equals the aggregate premiums or consideration paid for such annuity. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life-insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph.

Transfer for valuable consideration.

(3) GIFTS, BEQUESTS, AND DEVISES.—The value of property acquired by gift, bequest, devise, or inheritance (but the income from such property shall be included in gross income).

Gifts, bequests, and devises.

(4) TAX-FREE INTEREST.—Interest upon (A) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (B) obligations of a corporation organized under Act of Congress, if such corporation is an instrumentality of the United States; or (C) the obligations of the United States or its possessions.

Tax-free interest on specified obligations.

(5) COMPENSATION FOR INJURIES OR SICKNESS.—Amounts received, through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement on account of such injuries or sickness.

Compensation for injuries or sickness.

(6) MINISTERS.—The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation.

Rental value of minister's dwelling, etc.

(7) INCOME EXEMPT UNDER TREATY.—Income of any kind to the extent required by any treaty obligation of the United States.

Exemptions under treaty obligations.

(8) DIVIDENDS FROM CHINA TRADE ACT CORPORATIONS.—In the case of a person, amounts distributed as dividends to or for his benefit by a corporation organized under the China Trade Act, 1922, if, at the time of such distribution, he is a resident of China, and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him.

China Trade Act corporations.

42 Stat. 849.
15 U. S. C. ch. 4; Supp. IV, ch. 4.

(9) Income of foreign governments.

Income of foreign governments.

DEDUCTIONS FROM GROSS INCOME

SEC. 5. (a) ITEMS OF DEDUCTION.—In computing net income there shall be allowed as deductions:

Items allowed.

(1) EXPENSES.—All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and

Business expenses.

Traveling expenses.

lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

Interest.

(2) INTEREST.—All interest paid or accrued within the taxable year on indebtedness.

Taxes paid, etc.

(3) TAXES.—Taxes paid or accrued within the taxable year, except—

Exceptions.

(A) income taxes;

(B) estate, inheritance, legacy, succession, and gift taxes;

(C) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges; and

(D) taxes paid to any State or Territory on property, business, or occupation the income from which is not taxable under this title;

Losses in trade or business.

(4) LOSSES IN TRADE OR BUSINESS.—Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in trade or business, the income from which is subject to taxation under this title.

Losses in transactions for profit.

(5) LOSSES IN TRANSACTIONS FOR PROFIT.—Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit would be subject to taxation under this title, though not connected with the trade or business.

Intercompany dividends.

(6) INTERCOMPANY DIVIDENDS.—In the case of a corporation, the amount received as dividends from a corporation which is subject to taxation under this title.

Bad debts.

(7) BAD DEBTS.—Debts ascertained to be worthless and charged off within the taxable year or, in the discretion of the assessor, a reasonable addition to a reserve for bad debts; and when satisfied that a debt is recoverable only in part, the assessor may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction.

Insurance premiums, business property, etc.

(8) INSURANCE PREMIUMS.—All fire-, tornado-, and casualty-insurance premiums paid during the taxable year in connection with property held for investment or business.

Depreciation, etc., of business property.

(9) DEPRECIATION.—A reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources allowances for depletion as permitted by reasonable rules and regulations which the Commissioners are hereby authorized to promulgate.

Charitable contributions, etc.
Post, p. 1091.

(10) CHARITABLE CONTRIBUTIONS.—Contributions or gifts actually paid within the taxable year to or for the use of any corporation, or trust, or community fund, or foundation, maintaining activities in the District of Columbia and organized and operated exclusively for religious, charitable, scientific, literary, military, or educational purposes, no part of the net income of which inures to the benefit of any private shareholder or individual: *Provided*, That such deductions shall be allowed only in an amount which in all of the above cases combined does not exceed 15 per centum of the taxpayer's net income as computed without the benefit of this subparagraph.

Proviso.
Limitation.

Wagering losses.

(11) WAGERING LOSSES.—Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

(b) ALLOCATION OF DEDUCTIONS.—In the case of a taxpayer, other than an individual, the deductions allowed in this section shall be allowed only for and to the extent that they are connected with income arising from sources within the District and taxable under this title to a nonresident taxpayer; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the District shall be determined by processes or formulas of general apportionment under rules and regulations to be prescribed by the Commissioners. The so-called charitable contribution deduction allowed by subparagraph (10) of paragraph (a) of this section shall be allowed whether or not connected with income from sources within the District.

Allocation of deductions.

Charitable contributions.

(c) CORPORATIONS TO FILE RETURN OF TOTAL INCOME.—A corporation shall receive the benefits of the deductions allowed to it under this title only by filing or causing to be filed with the assessor a true and accurate return of its total income received from all sources, whether within or without the District.

Corporations to file return of total income.

GAINS OR LOSSES FROM SALE OF ASSETS

SEC. 6. (a) GAIN OR LOSS IN CAPITAL ASSETS NOT RECOGNIZED.—No gain or loss from the sale or exchange of a capital asset shall be recognized in the computation of net income under this title. For the purposes of this title, "capital assets" means property held by the taxpayer for more than two years (whether or not connected with his trade or business) but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of a taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

Items not recognized.

"Capital assets" defined.

(b) GAIN OR LOSS IN ASSETS OTHER THAN CAPITAL.—Gains or losses from the sale or exchange of property other than a capital asset shall be treated in the same manner as other income or deductible losses, and the basis for computing such gain or loss shall be the cost of such property or, if acquired by some means other than purchase, the fair market value thereof at the date of acquisition.

Assets other than capital.

EXCHANGES

SEC. 7. Where property is exchanged for other property, the property received in exchange for the purpose of determining the gain or loss shall be treated as the equivalent of cash to the amount of its fair market value; but when in connection with the reorganization, merger, or consolidation of a corporation a taxpayer receives, in place of stock or securities owned by him, new stock or securities of the reorganized, merged, or consolidated corporation, no gain or loss shall be deemed to occur from the exchange until the new stock or securities are sold or realized upon and the gain or loss is definitely ascertained, until which time the new stock or securities received shall be treated as taking the place of the stock and securities exchanged; provided such reorganization, merger, or consolidation is a "reorganization" within the meaning of the term "reorganization" as defined in section 112 (g) of the Federal Revenue Act of 1936.

Treatment of property received in exchange.

Conditional upon being a "reorganization."
49 Stat. 1681.
26 U. S. C., Supp. IV, § 112 (g).

DEDUCTIONS NOT ALLOWED

SEC. 8. (a) GENERAL RULE.—In computing net income no deductions shall be allowed in any case in respect to—

(1) personal, living, or family expenses;

(2) any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

Items not deductible.

Personal, etc., expenses.

Property improvements.

Property restoration, etc.

(3) any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made; and

Life insurance premiums for employees, etc.

(4) premiums paid on any life-insurance policy covering the life of any officer or employee or of any person financially interested in any trade or business carried on by the taxpayer when the taxpayer is directly or indirectly a beneficiary under such policy.

Holders of life or terminable interest.

(b) HOLDERS OF LIFE OR TERMINABLE INTEREST.—Amounts paid under the laws of any State, Territory, District of Columbia, possession of the United States, or foreign country as income to the holder of a life or terminable interest acquired by gift, bequest, or inheritance shall not be reduced or diminished by any deduction for shrinkage (by whatever name called) in the value of such interest due to the lapse of time, nor by any deduction allowed by this Act (except the deductions provided for in subsections (l) and (m) of section 23 of the Federal Revenue Act of 1926 as amended) for the purpose of computing the net income of an estate or trust but not allowed under the laws of such State, Territory, District of Columbia, possession of the United States, or foreign country for the purpose of computing the income to which such holder is entitled.

Exceptions.

PERSONAL EXEMPTIONS AND CREDIT FOR DEPENDENTS

Credits.

SEC. 9. (a) CREDITS.—There shall be allowed to individuals the following credits against net income:

Personal exemption.

(1) PERSONAL EXEMPTION.—In the case of a single person or married person not living with husband or wife, a personal exemption of $1,000; in the case of the head of a family or a married person living with husband or wife, a personal exemption of $2,500; a husband and wife living together shall receive but one personal exemption, the amount of such personal exemption shall be $2,500. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them.

Credit for dependents.

(2) CREDIT FOR DEPENDENTS.—$400 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under eighteen years of age or is incapable of self-support because mentally or physically defective.

Change of status.

(b) CHANGE OF STATUS.—If the status of the taxpayer, insofar as it affects personal exemption or credit for dependents, changes during the taxable year, the personal exemption and credit shall be apportioned under rules and regulations prescribed by the Commissioners, in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional portion of a month shall be disregarded unless it amounts to more than half a month in which case it shall be considered as a month.

In return for fractional part of year.

(c) IN RETURN FOR FRACTIONAL PART OF YEAR.—In the case of a return made for a fractional part of a year, the personal exemption and credit for dependents shall be reduced respectively to amounts which bear the same ratio to the full credits provided as the number of months in the period for which the return is made bears to twelve months.

ACCOUNTING PERIODS

Net income computed on basis of annual accounting period.

SEC. 10. The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such

method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the assessor does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 43 or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. If the taxpayer makes a Federal income-tax return, his income shall be computed, for the purposes of this title, on the basis of the same calendar or fiscal year as in such Federal income-tax return.

Calendar year, if no other accounting period.
Post, p. 1106.

Computation, if taxpayer makes a Federal income-tax return.

PERIOD IN WHICH ITEMS OF GROSS INCOME INCLUDED

SEC. 11. The amount of all items of gross income shall be included in the gross income for the taxable year in which received by the taxpayer unless, under methods of accounting permitted under section 10, any such amounts are to be properly accounted for as of a different period. In the case of the death of a taxpayer there shall be included, in computing net income for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly includible in respect to such period or a prior period.

Period in which items of gross income included.

In case of death of taxpayer.

PERIOD FOR WHICH DEDUCTIONS AND CREDITS TAKEN

SEC. 12. The deductions and credits provided for in this title shall be taken for the taxable year in which "paid or accrued" or "paid or incurred", dependent upon the method of accounting upon the basis of which the net income is computed unless, in order to clearly reflect the income, the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer there shall be allowed as deductions and credits for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly allowable in respect to such period or a prior period.

For taxable year in which "paid or accrued" or "paid or incurred."

Allowance on death of taxpayer.

INSTALLMENT BASIS

SEC. 13. (a) DEALERS IN PERSONAL PROPERTY.—Under regulations prescribed by the Commissioners, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit realized or to be realized when payment is completed bears to the total contract price.

Dealers in personal property.

(b) SALES OF REALTY AND CASUAL SALES OF PERSONALTY.—In the case of (1) a casual sale or other casual disposition of personal property (other than 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) for a price exceeding $1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 30 per centum of the selling price, the income may, under regulations prescribed by the Commissioners, be returned on the basis and in the manner above prescribed in this section. As used in this section the term "initial payments" means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

Sales of realty and casual sales of personalty.

"Initial payments" defined.

(c) CHANGE FROM ACCRUAL TO INSTALLMENT BASIS.—If a taxpayer entitled to the benefits of subsection (a) elects for any taxable year to report his net income on the installment basis, then in computing his income for the year of change or any subsequent year, amounts actually

Change from accrual to installment basis; computation.

received during any such year on account of sales or other disposition of property made in any prior year shall not be excluded.

Gain or loss upon disposition of installment obligations.

(d) GAIN OR LOSS UPON DISPOSITION OF INSTALLMENT OBLIGATIONS.—If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect to which the installment obligation was received.

Basis.

The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full.

Transmission at death.

This paragraph shall not apply to the transmission at death of installment obligations if there is filed with the assessor, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment in such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

INVENTORIES

Inventories to determine taxpayer's income; basis.

SEC. 14. Whenever in the opinion of the assessor the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the assessor may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

INDIVIDUAL RETURNS

Requirement.

SEC. 15. (a) REQUIREMENT.—The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

Net income $1,000 or over, if single, etc.

(1) 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;

Net income $2,500 or over, if married and living with husband or wife.

(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife; and

Gross income of $5,000 or over.

(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income.

Husband and wife.

(b) HUSBAND AND WIFE.—If a husband and wife living together have an aggregate net income for the taxable year of $2,500 or over, or an aggregate gross income for such year of $5,000 or over—

Separate return.

(1) Each shall make a return, or

Joint return.

(2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate income.

Persons under disability.

(c) PERSONS UNDER DISABILITY.—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.

Fiduciaries.
Post, p. 1096.

(d) FIDUCIARIES.—For returns to be made by fiduciaries, see section 23.

CORPORATION RETURNS

Requirement for making.

SEC. 16. Every corporation not expressly exempt from the tax imposed by this title shall make a return and pay a filing fee of $25 which shall be credited against the tax. Such returns shall state specifically the items of its gross income and the deductions and credits allowed by this title, and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer, assistant treasurer, or chief accounting officer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

By receivers, trustees, or assignees.

Collections.

TAXPAYER TO MAKE RETURN WHETHER RETURN FORM IS SENT OR NOT

Duty of taxpayer to file return.

SEC. 17. Blank forms of returns for income shall be supplied by the assessor. It shall be the duty of the assessor to obtain an income-tax return from every taxpayer who is liable under the law to file such return; but this duty shall in no manner diminish the obligation of the taxpayer to file a return without being called upon to do so.

TIME AND PLACE FOR FILING RETURNS

Time and place for filing returns.

SEC. 18. All returns of income for the preceding taxable year shall be made to the assessor on or before the 15th day of March in each year, except that such returns, if made on the basis of a fiscal year, shall be made on or before the 15th day of the third month following the close of such fiscal year, unless such fiscal year has expired in the calendar year 1939 prior to the approval of this Act, in which event returns shall be made on or before the 15th day of the third month following the approval of this Act.

EXTENSION OF TIME FOR FILING RETURNS

Extension of time.

Limitation.

Interest.

SEC. 19. The assessor may grant a reasonable extension of time for filing income returns whenever in his judgment good cause exists and shall keep a record of every such extension. Except in case of a taxpayer who is abroad, no such extension shall be granted for more than six months, and in no case for more than one year. In the event time for filing a return is deferred, the taxpayer is hereby required to pay, as a part of the tax, an amount equal to 6 per centum per annum on the tax ultimately assessed from the time the return was due until it is actually filed in the office of the assessor.

ALLOCATION OF INCOME AND DEDUCTIONS

Allocation of income and deductions.

SEC. 20. In any of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the District of Columbia, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the assessor is authorized to distribute, apportion, or allocate gross income or deductions between or among such organizations, trades, or businesses, if he determines that such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses. The provisions of this section shall apply, but shall not be limited in application to any

Application of provisions.

case of a common carrier by railroad subject to the Interstate Commerce Act and jointly owned or controlled directly or indirectly by two or more common carriers by railroad subject to said Act.

PUBLICITY OF RETURNS

Secrecy of returns.

SEC. 21. (a) SECRECY OF RETURNS.—Except to any official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return under this title.

When copies may be furnished.

(b) WHEN COPIES MAY BE FURNISHED.—Neither the original nor a copy of the return desired for use in litigations in court shall be furnished where the District of Columbia is not interested in the result whether or not the request is contained in an order of the court: *Provided*, That nothing herein shall be construed to prevent the furnishing to a taxpayer of a copy of his return upon the payment of a fee of $1.

Proviso.
Taxpayer may have copy of his return.

Reciprocal exchange of information with States.
Post, p. 1248.

(c) RECIPROCAL EXCHANGE OF INFORMATION WITH STATES.—Notwithstanding the provisions of this section, the assessor may permit the proper officer of any State imposing an income tax or his authorized representative to inspect income-tax returns, filed with the assessor or may furnish to such officer or representative a copy of any income-tax return provided such State grants substantially similar privileges to the assessor or his representative or to the proper officer of the District charged with the administration of this title.

Publication of statistics.

(d) PUBLICATION OF STATISTICS.—Nothing herein shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports and the items thereof, or of the publication of delinquent lists showing the names of taxpayers who have failed to pay their taxes at the time and in the manner provided by law, together with any relevant information which in the opinion of the assessor may assist in the collection of such delinquent taxes.

Penalties.

(e) PENALTIES FOR VIOLATION OF THIS SECTION.—Any offense against the provisions of this section shall be a misdemeanor and shall be punishable by a fine not exceeding $1,000 or imprisonment for six months, or both, in the discretion of the court.

RETURNS TO BE PRESERVED

Preservation.

SEC. 22. Reports and returns received by the assessor under the provisions of this title shall be preserved for six years and thereafter until the assessor orders them to be destroyed.

FIDUCIARY RETURNS

Requirement of return.

SEC. 23. (a) REQUIREMENT OF RETURN.—Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for any of the following individuals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

Individual who is single, etc.
Net income of $1,000 or over.

(1) 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 and wife;

If married and living with husband or wife.
Net income of $2,500 or over.

(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife;

Gross income of $5,000 or over.

(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income;

(4) Every estate or trust the net income of which for the taxable year is $1,000 or over; Estate or trust with net income of $1,000 or over.

(5) Every estate or trust the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income. Gross income of $5,000 or over.

(b) JOINT FIDUCIARIES.—Under such regulations as the Commissioners may prescribe, a return by one of two or more joint fiduciaries and filed in the office of the assessor shall be sufficient compliance with the above requirement. Such fiduciary shall make oath (1) that he has sufficient knowledge of the affairs of the individual, estate, or trust for which the return is made, to enable him to make the return, and (2) that the return is, to the best of his knowledge and belief, true and correct. Joint fiduciaries.

(c) LAW APPLICABLE TO FIDUCIARIES.—Any fiduciary required to make a return under this title shall be subject to all the provisions of law which apply to individuals. Law applicable to fiduciaries.

ESTATES AND TRUSTS

SEC. 24. (a) APPLICATION OF TAX.—The taxes imposed by this title upon individuals shall apply to the income of estates or of any kind of property held in trust, including— Application of tax.

(1) income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust; Income accumulated in trust.

(2) income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of an infant which is to be held or distributed as the court may direct; Income for current distribution.

(3) income received by estates of deceased persons during the period of administration or settlement of the estate; and Received during estate administration.

(4) income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated. Discretionary distribution, etc.

(b) COMPUTATION OF TAX.—The tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary, except as provided in paragraph (e) of this section (relating to revocable trusts) and paragraph (f) of this section (relating to income for benefit of the grantor). Computation, payment; exception.

(c) NET INCOME.—The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except that— Net income, computation.

(1) there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under subsection (2) of this section in the same or any succeeding taxable year; Additional deductions for current distributions by fiduciary. Inclusion in net income of beneficiary. Limitation.

(2) in the case of income received by estates of deceased persons during the period of administration or settlement of the estate, and in the case of income which, in the discretion of the fiduciary, may be either distributed to the beneficiary or accumulated, there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year, which is prop- Payments made or credited to beneficiary.

Inclusion in net income of beneficiary, etc.

erly paid or credited during such year to any legatee, heir, or beneficiary, but the amount so allowed as a deduction shall be included in computing the net income of the legatee, heir, or beneficiary;

Trust set aside for charitable purposes. *Ante*, p. 1090.

(3) there shall be allowed as a deduction (in lieu of the deductions for charitable contributions authorized by section 5 (a) (10)) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating a trust, is during the taxable year paid or permanently set aside for the purposes and in the manner provided in section 5 (a) (10) or is to be used exclusively for the purposes enumerated in section 5 (a) (10).

Different taxable year.

(d) DIFFERENT TAXABLE YEAR.—If the taxable year of a beneficiary is different from that of the estate or trust, the amount which he is required, under subparagraph (1) of paragraph (c) of this section, to include in computing his net income, shall be based upon the income of the estate or trust for any taxable year of the estate or trust ending within or with his taxable year.

Revocable trusts.

(e) REVOCABLE TRUSTS.—Where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested—

(1) in the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom; or

(2) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom,

then the income of such part of the trust shall be included in computing the net income of the grantor.

Income for benefit of grantor.

(f) INCOME FOR BENEFIT OF GRANTOR.—Where any part of the income of a trust—

When held for future distribution.

(1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or

When distributed to grantor.

(2) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or

Application to life insurance premiums.

(3) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 5 (a) (10), relating to the so-called "charitable contribution" deduction);

Ante, p. 1090.

then such part of the income of the trust shall be included in computing the net income of the grantor.

"In discretion of grantor" defined.

(g) DEFINITION OF "IN DISCRETION OF GRANTOR."—As used in this section, the term "in the discretion of the grantor" means "in the discretion of the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question."

Income from intangible personal property held by trust.

(h) INCOME FROM INTANGIBLE PERSONAL PROPERTY HELD BY TRUST.—Income from intangible personal property held by any trust company or by any national bank situated in the District (with or without an individual trustee, resident or nonresident) in trust to pay the income for the time being to, or to accumulate or apply such income for the

benefit of any nonresident of the District, shall not be taxable hereunder if—

(1) such beneficial owner or cestui que trust was at the time of the creation of the trust a nonresident of the District; and

(2) the testator, settlor, or grantor was also at the time of the creation of the trust a nonresident of the District.

PARTNERSHIPS

Partners only taxable.

SEC. 25. (a) PARTNERS ONLY TAXABLE.—Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity, and no income tax shall be assessable hereunder upon the net income of any partnership. All such income shall be assessable to the individual partners; it shall be reported by such partners as individuals upon their respective individual income returns; and it shall be taxed to them as individuals along with their other income at the rate and in the manner herein provided for the taxation of income received by individuals. There shall be included in computing the net income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year; or if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the taxable year upon the basis of which the partner's net income is computed.

Distributive share included in net income.

Different taxable year.

Partnership return.

(b) PARTNERSHIP RETURN.—Every partnership shall make a return for each taxable year stating specifically the items of its gross income and the deductions allowed by this title, and shall include in the return the names and the addresses of the individuals who would be entitled to share in the net income if distributed, and the amount of the distributive share of each individual. The return shall be sworn to by any one of the partners.

Sworn statement required.

PAYMENT OF TAX

Time of payment.

SEC. 26. (a) TIME OF PAYMENT.—The total amount of tax imposed by this title shall be paid on the 15th day of March following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year, except a fiscal year which expired in the calendar year 1939 prior to the approval of this Act, in which event the tax shall be paid on the 15th day of the third month following the approval of this Act.

Time extensions.

(b) EXTENSION OF TIME FOR PAYMENTS.—At the request of the taxpayer the assessor may extend the time for payment by the taxpayer of the amount determined as the tax, for a period not to exceed six months from the date prescribed for the payment of the tax or an installment thereof. In such case the amount in respect to which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

Voluntary advance payment.

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

Fractional part of cent.

(d) FRACTIONAL PART OF CENT.—In the payment of any tax under this title 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.

Payment to collector and receipts.

(e) PAYMENT TO COLLECTOR AND RECEIPTS.—The tax provided under this title shall be collected by the collector and the revenues derived therefrom shall be turned over to the Treasury of the United States for the credit to the District in the same manner as other revenues are turned over to the United States Treasury for the credit to the District. The collector shall, upon written request, give to the person making payment of any income tax a full written or printed receipt therefor.

TAX A PERSONAL DEBT

Tax a personal debt; priority, collection, etc.

SEC. 27. Every tax imposed by this title, and all increases, interest, and penalties thereof, shall become, from the time it is due and payable, a personal debt, from the person or persons liable to pay the same to the District, and shall be entitled to the same priority as other District taxes, and the taxes levied hereunder and the interest and penalties thereon shall be collected by the collector of taxes in the manner provided by law for the collection of taxes due the District on personal property in force at the time of such collection.

INFORMATION FROM THE BUREAU OF INTERNAL REVENUE

Information from Federal Bureau of Internal Revenue.

SEC. 28. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed by this title.

ASSESSOR TO ADMINISTER

Duties of assessor.

SEC. 29. (a) DUTIES OF ASSESSOR.—The assessor is hereby required to administer the provisions of this title. The assessor shall prescribe forms identical with those utilized by the Federal Government, except to the extent required by differences between this title and its application and the Federal Act and its application. He shall apply as far as practicable the administrative and judicial interpretations of the Federal income-tax law so that computations of income for purposes of this title shall be, as nearly as practicable, identical with the calculations required for Federal income-tax purposes. As soon as practicable after the return is filed the assessor shall examine it and shall determine the correct amount of the tax.

Statements and special returns.

(b) STATEMENTS AND SPECIAL RETURNS.—Every taxpayer liable to any tax imposed by this title shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations as the Commissioners from time to time may prescribe. Whenever the assessor judges it necessary he may require any taxpayer, by notice served upon him, to make a return, render under oath such statements, or keep such records as he deems sufficient to show whether or not such taxpayer is liable to tax under this title and the extent of such liability.

Examination of books and witnesses.

(c) EXAMINATION OF BOOKS AND WITNESSES.—The assessor, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making an estimate of the taxable income of any taxpayer, is authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the assessor shall have power to administer oaths to such person or persons. Such summons may be served by any members of the Metropolitan Police Department. If any person having been personally

Production of records, etc.

Summons, testimony, etc.

summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the assessor may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court. Any person in custody or control of any books, papers, records, or memoranda bearing upon the matters required to be included in such returns, who shall refuse to permit the examination by the assessor or any person designated by him of any such books, papers, records, or memoranda, or who shall obstruct or hinder the assessor or any person designated by him in the examination of any books, papers, records, or memoranda, shall upon conviction thereof be fined not more than $300. All prosecutions under this section shall be brought in the police court of the District of Columbia on information by the corporation counsel of the District of Columbia in the name of the District of Columbia.

Enforcement of orders.

Jurisdiction.

(d) RETURN BY ASSESSOR.—If any person fails to make and file a return at the time prescribed by law or by regulations made under authority of law, or makes, willfully or otherwise, a false or fraudulent return, the assessor shall make the return from his own knowledge and from such information as he can obtain through testimony or otherwise. Any return so made and subscribed by the assessor shall be prima facie good and sufficient for all legal purposes.

Return by assessor.

ASSESSMENT AND COLLECTION OF DEFICIENCIES

SEC. 30. DEFINITION OF "DEFICIENCY."—As used in this title in respect of a tax imposed by this title "deficiency" means—

"Deficiency" defined.

(1) the amount by which the tax imposed by this title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or

(2) if no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax.

DETERMINATION AND ASSESSMENT OF DEFICIENCY

SEC. 31. If a deficiency in tax is determined by the assessor, the taxpayer shall be notified thereof and given a period of not less than thirty days, after such notice is sent by registered mail, in which to file a protest and show cause or reason why the deficiency should not be paid. Opportunity for hearing shall be granted by the assessor, and a final decision thereon shall be made as quickly as practicable. Any deficiency in tax then determined to be due shall be assessed and paid, together with any addition to the tax applicable thereto, within ten days after notice and demand by the collector. The taxpayer may appeal from such assessment to the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of an Act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938.

Notice to taxpayer.

Opportunity for hearing allowed.

Appeal to Board of Tax Appeals, D. C. 52 Stat. 371, 374, 375.

JEOPARDY ASSESSMENT

Authority for making.

SEC. 32. (a) AUTHORITY FOR MAKING.—If the assessor believes that the collection of any tax imposed by this title will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties, the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful.

Collection by distraint.

Bond to stay collection.

(b) BOND TO STAY COLLECTION.—The collection of the whole or any part of the amount of such assessment may be stayed by filing with the collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and with such sureties as the collector deems necessary, conditioned upon the payment of the amount, the collection of which is stayed, at the time at which, but for this section, such amount would be due.

Conditions.

PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION

General rule.

SEC. 33. (a) GENERAL RULE.—Except as provided in paragraph (b) of this section—

Assessment within two years.

(1) The amount of income taxes imposed by this title shall be assessed within two years after the return is filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period.

Request for prompt assessment.

(2) In the case of income received during the lifetime of a decedent, or by his estate during the period of administration, or by a corporation, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun, within twelve months after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the corporation, but not after the expiration of two years after the return is filed. This subparagraph shall not apply in the case of a corporation unless—

Corporations.

Dissolution contemplated.

(A) such written request notifies the assessor that the corporation contemplates dissolution at or before the expiration of such twelve-month period; and

Dissolution begun before expiration of 12-month period.

(B) the dissolution is in good faith begun before the expiration of such twelve-month period; and

Dissolution completed.

(C) the dissolution is completed.

Omission of amount in excess of 25 per centum of gross income.

(3) If the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 per centum of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within five years after the return was filed.

Time return considered filed.

(4) For the purposes of subparagraphs (1), (2), and (3), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

False return or no return; assessment.

(b) FALSE RETURN.—In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

Waiver.

(c) WAIVER.—Where before the expiration of the time prescribed in paragraph (a) for the assessment of the tax, both the assessor and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of

the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Time extension.

(d) COLLECTION AFTER ASSESSMENT.—Where the assessment of any income tax imposed by this title has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (A) within three years after the assessment of the tax or (B) prior to the expiration of any period for collection agreed upon in writing by the assessor and the taxpayer before the expiration of such three-year period. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Collection after assessment.

By distraint, etc.; time limit.

Extension.

REFUNDS

SEC. 34. Except as otherwise provided in section 31 of this title, where there has been an overpayment of any tax imposed by this title, the amount of such overpayment shall be refunded to the taxpayer. No such refund shall be allowed after two years from the time the tax is paid unless before the expiration of such period a claim therefor is filed by the taxpayer. The amount of the refund shall not exceed the portion of the tax paid during the two years immediately preceding the filing of the claim, or, if no claim was filed, then during the two years immediately preceding the allowance of the refund. Every claim for refund must be in writing, under oath; must state the specific grounds upon which the claim is founded, and must be filed with the assessor. If the assessor disallows any part of a claim for refund, he shall send to the taxpayer by registered mail a notice of the part of the claim so disallowed. Within ninety days after the mailing of such notice, the taxpayer may file an appeal with the Board of Tax Appeals for the District of Columbia, in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of an Act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938. The remedy provided to the taxpayer under this section shall not be deemed to take away from the taxpayer any remedy which he might have under any other provision of law; but no suit by the taxpayer for the recovery of any part of such tax shall be instituted in any court if the taxpayer has elected to file an appeal in accordance with this section.

Overpayments.

Time limitations.

Limit on amount of refund.

Filing of claims.

Appeal to Board of Tax Appeals, D. C.

52 Stat. 371, 374, 375.

Remedies under other provisions of law.

CLOSING AGREEMENTS

SEC. 35. The assessor is authorized to enter into an agreement with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any income tax for any period ending prior to the date of the agreement. If such agreement is approved by the Commissioners within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive and except upon a showing of fraud or malfeasance, or misrepresentation of a material fact—the case shall not be reopened as to the matters agreed upon or the agreement modified; and in any suit or proceeding relating to the tax liability of the taxpayer such agreement shall not be annulled, modified, set aside, or disregarded.

Closing agreements.

COMPROMISES

SEC. 36. (a) AUTHORITY TO MAKE.—Whenever in the opinion of the Commissioners there shall arise with respect of any tax imposed under this title any doubt as to the liability of the taxpayer or the collectibility of the tax for any reason whatsoever the Commissioners may compromise such tax.

Authority to make.

Concealment of assets.

(b) CONCEALMENT OF ASSETS.—Any person who, in connection with any compromise under this section or offer of such compromise or in connection with any closing agreement under this title or offer to enter into any such agreement, willfully (1) conceals from any officer or employee of the District of Columbia any property belonging to the estate of the taxpayer or other person liable with respect of the tax, or (2) receives, destroys, mutilates, or falsifies any book, document, or record or makes under oath any false statement relating to the estate or the financial condition of the taxpayer or to the person liable in respect of the tax, shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than one year, or both.

Of penalties.

(c) OF PENALTIES.—The Commissioners shall have the power for cause shown to compromise any penalty arising under this title.

FAILURE TO FILE RETURN

Failure to file return; penalty.

SEC. 37. In case of any failure to make and file a return required by this title, within the time prescribed by law or prescribed by the Commissioners in pursuance of law, 25 per centum of the tax shall be added to the tax, except that when a return is filed after such time and it is shown that the failure to file it was due to reasonable cause and not due to willful neglect, no such addition shall be made to the tax. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

INTEREST ON DEFICIENCIES

Interest on deficiencies.

SEC. 38. Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 1 per centum per month from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed.

ADDITIONS TO THE TAX IN CASE OF DEFICIENCY

If due to negligence.

SEC. 39. (a) NEGLIGENCE.—If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, 5 per centum of the total amount of the deficiency (in addition to such deficiency) shall be assessed, collected, and paid in the same manner as if it were a deficiency.

Fraud.

(b) FRAUD.—If any part of any deficiency is due to fraud with intent to evade tax, then 50 per centum of the total amount of the deficiency (in addition to such deficiency) shall be so assessed, collected, and paid.

ADDITIONS TO THE TAX IN CASE OF NONPAYMENT

Tax shown on return.

SEC. 40. (a) TAX SHOWN ON RETURN.—

General rule.

(1) GENERAL RULE.—Where the amount determined by the taxpayer as the tax imposed by this title, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment, there shall be collected as a part of the tax, interest upon such unpaid amount at the rate of 1 per centum a month from the date prescribed for its payment until it is paid.

Interest.

If extension granted.

(2) IF EXTENSION GRANTED.—Where an extension of time for payment of the amount so determined as the tax by the taxpayer,

or any installment thereof, has been granted, and the amount the time for payment of which has been extended, and the interest thereon determined under section 41 is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in subparagraph (1) of this paragraph, interest at the rate of 1 per centum a month shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid. Interest.

(b) DEFICIENCY.—Where a deficiency, or any interest or additional amounts assessed in connection therewith under section 38, or under section 39, or any addition to the tax in case of delinquency provided for in section 37 is not paid in full within ten days from the date of notice and demand from the collector, there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 1 per centum a month from the date of such notice and demand until it is paid. Deficiency.

(c) FIDUCIARIES.—For any period an estate is held by a fiduciary appointed by order of any court of competent jurisdiction or by will, there shall be collected interest at the rate of 1 per centum per month in lieu of the interest provided in subparagraphs (a) and (b) of this section. Fiduciaries.

TIME EXTENDED FOR PAYMENT OF TAX SHOWN ON RETURN

SEC. 41. If the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, is extended under the authority of section 26 (c), there shall be collected, as a part of such amount, interest thereon at the rate of 1 per centum per month from the date when such payment should have been made if no extension had been granted, until the expiration of the period of the extension. Extension provisions.

Ante, p. 1099.
Interest.

PENALTIES

SEC. 42. (a) NEGLIGENCE.—Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply information, who fails to pay or collect such tax, to make such return, to keep such records, or supply such information, at the time or times required by law or regulations shall, upon conviction thereof (in addition to other penalties provided by law), be fined not more than $300 for each and every such failure, and each and every day that such failure continues shall constitute a separate and distinct offense. All prosecutions under this paragraph shall be brought in the police court of the District of Columbia on information by the corporation counsel or his assistants in the name of the District of Columbia. Negligence.

(b) WILLFUL VIOLATION.—Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of this title, who willfully refuses to pay or collect such tax, to make such returns, to keep such records, or to supply such information, or who willfully attempts in any manner to defeat or evade the tax imposed by this title, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and shall be fined not more than $10,000 or imprisoned for not more than one year, or both, together with costs of prosecution. Willful violation.

(c) DEFINITION OF "PERSON."—The term "person" as used in this section includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under duty to perform the act in respect to which the violation occurs. "Person" defined.

DEFINITIONS

Definitions.

SEC. 43. For the purpose of this title and unless otherwise required by the context—

"Person."

(1) The word "person" means an individual, a trust or estate, a partnership, or a corporation.

"Taxpayer."

(2) The word "taxpayer" means any person subject to a tax imposed by this title.

"Partnership."

(3) The word "partnership" includes a syndicate, group, pool, joint adventure, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this title, a trust or estate or a corporation; and the word "partner" includes a member in such a syndicate, group, pool, joint adventure, or organization.

"Partner."

"Corporation."

(4) The word "corporation" includes associations, joint-stock companies, and insurance companies.

"Domestic."

(5) The word "domestic" when applied to a corporation other than an association, means created under the law of United States applicable to the District of Columbia; and when applied to an association or partnership means having the principal office or place of business within the District of Columbia.

"Foreign."

(6) The word "foreign" when applied to a corporation or partnership means a corporation or partnership which is not domestic.

"Fiduciary."

(7) The word "fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

"Individual."

(8) The word "individual" means all natural persons, whether married or unmarried; and also all trusts, estates, and fiduciaries acting for other persons; it does not include corporations or partnerships acting for or in their own behalf.

"Taxable year."

(9) The words "taxable year" mean the calendar year or the fiscal year ending during such calendar year upon the basis of which the net income is computed under this title. The term "taxable year" includes, in the case of a return made for a fractional part of a year under the provisions of this title, the period for which such return is made.

"Fiscal year."

(10) The words "fiscal year" mean an accounting period of twelve months and ending on the last day of any month other than December.

"Paid or incurred"; "paid or accrued."

(11) The words "paid or incurred" and "paid or accrued" shall be construed according to the method of accounting upon the basis of which the net income is computed under this title.

"Trade or business."

(12) The words "trade or business" include the engaging in or carrying on of any trade, business, profession, vocation or calling, or commercial activity in the District of Columbia; and include the performance of the functions of a public office.

"Stock."

(13) The word "stock" includes a share in an association, joint-stock company, or insurance company.

"Shareholder."

(14) The word "shareholder" includes a member in an association, joint-stock company, or insurance company.

"United States."

(15) The words "United States" when used in a geographical sense include only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"Dividend."

(16) The word "dividend" means any distribution made by a corporation out of its earnings or profits to its stockholders or members whether such distribution be made in cash, or any other property, other than stock of the same class in the corporation. It includes such portion of the assets of a corporation distributed at the time of dissolution as are in effect a distribution of earnings.

(17) The word "include", when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined. "Include."

(18) The word "Commissioners" means the Commissioners of the District of Columbia or their duly authorized representative or representatives. "Commissioners."

(19) The word "District" means the District of Columbia. "District."

(20) The word "assessor" means the assessor of the District of Columbia. "Assessor."

(21) The word "collector" means the collector of taxes of the District of Columbia. "Collector."

TITLE III—FEES AND FINES

On and after July 1, 1939, there shall be credited to the District of Columbia that proportion of the fees and fines collected by the District Court of the United States for the District of Columbia, including fees and fines collected by the offices of the clerk of that court and of the United States marshal for the District of Columbia, as the amount paid by the District of Columbia toward salaries and expenses of such court and of the offices of the United States district attorney for the District of Columbia and of the United States marshal for the District of Columbia bears to the total amount of such salaries and expenses; and such proportion of the fees and fines, if any, collected by the United States Court of Appeals for the District of Columbia, including fees and fines, if any, collected by the office of the clerk of that court, as the amount paid by the District of Columbia toward the salaries and expenses of such court bears to the total amount of such salaries and expenses. Proportion credited to the District.

TITLE IV—AMENDMENTS TO AND REPEAL OF PRIOR ACTS

INTANGIBLE PERSONAL PROPERTY

SEC. 1. The tax on intangible personal property imposed by any law relating to the District shall not apply with respect to any year subsequent to the fiscal year ending June 30, 1939. Intangible personal property.

TAX ON CERTAIN UTILITIES

SEC. 2. (a) Paragraph 5 of section 6 of the Act entitled "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 three, and for other purposes," approved July 1, 1902, is hereby amended to read as follows: Tax on certain utilities. 32 Stat. 619.

"PAR. 5. Each national bank as the trustee for its stockholders, through its president or cashier, and all other incorporated banks and trust companies in the District of Columbia, through their presidents or cashiers, and all gas, electric lighting, and telephone companies, through their proper officers, shall make affidavit to the board of personal-tax appraisers on or before the 1st day of August each year as to the amount of its or their gross earnings or gross receipts, as the case may be, for the preceding year ending the 30th day of June, and each national bank and all other incorporated banks and trust companies respectively shall pay to the collector of taxes of the District of Columbia per annum 6 per centum on such gross earnings and each gas company, electric lighting company, and telephone company shall pay to the collector of taxes of the District of Columbia per annum 4 per centum on such gross receipts, from the sale of public utility commodities and services within the District of Incorporated banks and trust companies. Gas, electric lighting, and telephone companies. Statement of gross earnings or receipts; tax.

Real estate.

Columbia. And in addition thereto the real estate owned by each national or other incorporated bank, and each trust, gas, electric-lighting, and telephone company in the District of Columbia shall be taxed as other real estate in said District: *Provided*, That street-railroad companies shall pay 3 per centum per annum on their gross receipts and other taxes as provided by existing law, and insurance companies shall continue to pay the 2 per centum on premium receipts as provided by existing law. Each gas, electric-lighting, telephone and street railroad company shall pay, in addition to the tax herein mentioned, the corporate income tax imposed by title II of the District of Columbia Revenue Act of 1939, and the personal property tax on merchandise stock in trade. So much of the Act approved October 1, 1890, entitled 'An Act to provide for the incorporation of trust, loan, mortgage, and certain other corporations within the District of Columbia' as is inconsistent with the provisions of this section is hereby repealed."

Proviso.
Street-railroad and insurance companies.

Ante, p. 1087.

Legislation repealed.

26 Stat. 625.

(b) This section shall not apply to gross earnings or gross receipts for any fiscal year ending the 30th day of June prior to the fiscal year ending June 30, 1940. Taxes shall be levied and collected for the fiscal years preceding the fiscal year ending June 30, 1940, under said paragraph 5 of section 6 of said Act of July 1, 1902, as if this title had not been enacted.

Exemptions.

Taxes, fiscal years preceding 1940.

32 Stat. 619.

(c) Section 6 of the Act of July 1, 1902, (c. 1352, 32 Stat. 619), is amended by striking out paragraph 8, so that the corporate excess tax therein provided shall become inoperative.

Corporate excess tax, provisions inoperative.
32 Stat. 619.

TAX ON REAL PROPERTY

SEC. 3. Title VII of the District of Columbia Revenue Act of 1937, as amended, is amended to read as follows: "For the fiscal year ending June 30, 1940, the rate of taxation imposed on real and tangible personal property in the District of Columbia shall be 1.75 per centum of the assessed value of such property."

Tax on real property.
50 Stat. 692; 52 Stat. 369.

TAXABLE STATUS OF MOTOR VEHICLES AS TANGIBLE PERSONAL PROPERTY

SEC. 4. Notwithstanding any other provision of law, the tangible personal-property tax on motor vehicles, except when consisting of stock in trade of merchants, shall be prorated according to the number of months such property has a situs within the District; and all such motor vehicles shall be assessed at their value as of April 1 each year: *Provided, however*, That where a motor vehicle shall be registered in the District of Columbia for the first time on a date between April 1 of one year and April 1 of the succeeding year, such motor vehicle shall be assessed, for taxation for the period ending with the succeeding April 1, at its value as of date of application for such first registration.

Taxable status of motor vehicles as tangible personal property.

Proviso.
Registration for first time between designated dates.

TAX APPEALS

SEC. 5. (a) The first sentence of the second paragraph of section 2 of title IX of the District of Columbia Revenue Act of 1937, as amended by the Act approved May 16, 1938, is amended to read as follows: "The salary of such person so appointed shall be $8,000 per annum." This amendment shall be effective on and after July 1, 1939.

Board of Tax Appeals.
52 Stat. 371.
Post, p. 1307.

Salary.

Effective date.

(b) Section 3 of title IX of the District of Columbia Revenue Act of 1937, as amended, is amended as follows:

52 Stat. 371.

"SEC. 3. Any person aggrieved by any assessment by the District against him of any personal-property, inheritance, estate, business-

Appeal from assessment.

privilege, gross-receipts, gross-earnings, insurance-premiums, or motor-vehicle-fuel tax or taxes, or penalties thereon, may, within ninety days after notice of such assessment, appeal from such assessment to the Board, provided such person shall first pay such tax, together with penalties and interest due thereon, to the collector of taxes of the District of Columbia under protest in writing. The mailing to the taxpayer of a statement of taxes due shall be considered notice of assessment with respect of such taxes. The Board shall hear and determine all questions arising on said appeal and shall make separate findings of fact and conclusions of law, and shall render its decision thereon in writing. The Board may affirm, cancel, reduce, or increase such assessment."

Payment of tax, etc., under protest.

Hearings, findings, etc.

Powers enumerated.

(b) Subsections (a), (b), and (c) of section 5 of title IX of the District of Columbia Revenue Act of 1937, as amended, are amended to read as follows:

52 Stat. 372.

"(a) The assessor and deputy assessor of the District and the board of all of the assistant assessors, with the assessor as chairman, shall compose a Board of Equalization and Review, and as such Board of Equalization and Review they shall convene in a room to be provided for them by the Commissioners, on the first Monday of January of each year, and shall remain in session until the first Monday in April of each year, after which date no complaint as to valuation as herein provided shall be received or considered by such Board of Equalization and Review. Public notice of the time and place of such session shall be given by publication for two successive days in two daily newspapers in the District not more than two weeks or less than ten days before the beginning of said session. It shall be the duty of said Board of Equalization and Review to fairly and impartially equalize the value of real property made by the board of assistant assessors as the basis for assessment. Any five of said Board of Equalization and Review shall constitute a quorum for business, and, in the absence of the Assessor, a temporary chairman may be selected. They shall immediately proceed to equalize the valuations made by the board of assistant assessors so that each lot and tract and improvements thereon shall be entered upon the tax list at their value in money; and for this purpose they shall hear such complaints as may be made in respect of said assessments, and in determining them they may raise the valuation of such tracts or lots as in their opinion may have been returned below their value and reduce the valuation of such as they may believe to have been returned above their value to such sum as in their opinion may be the value thereof. The valuation of the real property made and equalized as aforesaid shall be completed not later than the first Monday of May annually. The valuation of said real property made and equalized as aforesaid shall be approved by the Commissioners not later than July 1 annually, and when approved by the Commissioners shall constitute the basis of taxation for the next succeeding year and until another valuation is made according to law, except as hereinafter provided. Any person aggrieved by any assessment, equalization, or valuation made, may, within ninety days after October 1 of the year in which such assessment, equalization, or valuation is made, appeal from such assessment, equalization, or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however*, That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

Board of Equalization and Review; composition, meetings, etc.

Public notice of sessions.

Duty of Board to equalize value as basis for assessment.

Quorum, etc.

Hearings of complaints.

Completion of valuation.

Approval; use as basis for taxation for succeeding year.

Appeal from assessment, equalization, or valuation.

Proviso.
Conditional upon first making complaint.

"(b) Annually, on or prior to July 1 of each year, the board of assistant assessors shall make a list of all real estate which shall have become subject to taxation and which is not then on the tax list, and

Annual listing of taxable real estate not then on tax list.

affix a value thereon, according to the rules prescribed by law for assessing real estate; shall make return of all new structures erected or roofed, and additions to or improvements of old structures which shall not have been theretofore assessed, specifying the tract or lot of land on which each of such structures has been erected, and the value of such structure, and they shall add such valuation to the assessment made on such tract or lot. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause, the said board of assistant assessors shall reduce the assessment on said property to the extent of such damage: *Provided*, That the Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments between September 1 and September 30 and determine the same not later than October 15 of the same year. Any person aggrieved by any assessment or valuation made in pursuance of this paragraph may, within ninety days after October 15 of the year in which said valuation or assessment is made, appeal from such assessment or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however*, That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

New structures erected or roofed.
Old structures, additions or improvements.

Reduction for damage or destruction of improvements.

Provisos.
Time for hearing of complaints.

Appeal from assessment or valuation.

Conditional upon first making complaint.

"(c) In addition to the annual assessment of all real estate made on or prior to July 1 of each year there shall be added a list of all new buildings erected or under roof prior to January 1 of each year, in the same manner as provided by law for all annual additions; and the amounts thereof shall be added as assessment for the second half of the then current year payable in the month of March. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause prior to January 1 of each year the said board of assistant assessors shall reduce the assessment on said property to the extent of said damage for the second half of the then current year payable in the month of March. The Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments for the second half of said year between March 1 and March 31 and determine said complaints not later than April 15 of the same year. Any person aggrieved by any assessment made in pursuance of this paragraph may, within ninety days after April 15 of the year in which such assessment is made, appeal from such assessment in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however*, That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided."

New buildings erected or roofed prior to January 1 of each year.

Added to current year.
Reduction for damage, etc., to improvements prior to January 1.

Hearing of complaints.

Appeal from assessment.

Proviso.
Conditional upon first making complaint.

(c) Title IX of the District of Columbia Revenue Act of 1937, as amended, is amended by adding thereto a new section reading as follows:

52 Stat. 370.

"SEC. 13. In any matter affecting taxation, the determination of which is by law left to the discretion of the Commissioners, the Commissioners may, if they so elect, refer such matter to the Board to make findings of fact and submit recommendations, such findings of fact and recommendations, if any, to be advisory only and not binding on the Commissioners, and shall be without prejudice to the Commissioners to make such further and other inquiry and investigation concerning such matter as they in their discretion shall consider necessary or advisable."

Reference of certain taxation matters to Board.

Board's findings, etc.; advisory only.

TANGIBLE PERSONAL PROPERTY STORED IN TRANSIT

Tangible personal property stored in transit.

SEC. 6. Nothing in this Act contained, nor shall any prior Act of Congress relating to the District of Columbia be deemed to impose upon any person, firm, association, company, or corporation a tax

based upon tangible personal property owned and stored by such person in a public warehouse in the District of Columbia for a period of time no longer than is necessary for the convenience or exigencies of reshipment and transportation to its destination without the District of Columbia.

TITLE V—INHERITANCE AND ESTATE TAXES

Title V of the District of Columbia Revenue Act of 1937, as amended by an Act entitled "An Act to amend the District of Columbia Revenue Act of 1937, and for other purposes", approved May 16, 1938, is amended to read as follows:

50 Stat. 683; 52 Stat. 360.

"Taxes shall be imposed in relation to estates of decedents, the shares of beneficiaries of such estates, and gifts as hereinafter provided:

"ARTICLE I—INHERITANCE TAX

Inheritance tax.

"SEC. 1. (a) All real property and tangible and intangible personal property, or any interest therein, having its taxable situs in the District of Columbia, transferred from any person who may die seized or possessed thereof, either by will or by law, or by right of survivorship, and all such property, or interest therein, transferred by deed, grant, bargain, gift, or sale (except in cases of a bona fide purchase for full consideration in money or money's worth), made or intended to take effect in possession or enjoyment after the death of the decedent, or made in contemplation of death, to or for the use of, in trust or otherwise (including property of which the decedent has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from such property or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom), to the father, mother, husband, wife, children by blood or legally adopted children, or any other lineal descendants or lineal ancestors of the decedent, shall be subject to a tax as follows: 1 per centum of so much of said property as is in excess of $5,000 and not in excess of $50,000; 2 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000; 3 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000; 4 per centum of so much of said property as is in excess of $500,000 and not in excess of $1,000,000; 5 per centum of so much of said property as is in excess of $1,000,000.

Transfer to lineal descendants or ancestors.

Rates.

"(b) So much of said property so transferred to each of the brothers and sisters of the whole or half blood of the decedent shall be subject to a tax as follows: 3 per centum of so much of said property as is in excess of $2,000 and not in excess of $25,000; 4 per centum of so much of said property as is in excess of $25,000 and not in excess of $50,000; 6 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000; 8 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000; 10 per centum of so much of said property as is in excess of $500,000.

Transfers to brothers, etc.

Rates.

"(c) So much of said property so transferred to any person other than those included in paragraphs (a) and (b) of this section and all firms, institutions, associations, and corporations shall be subject to a tax as follows: 5 per centum of so much of said property as is in excess of $1,000 and not in excess of $25,000; 7 per centum of so much of said property as is in excess of $25,000 and not in excess of $50,000; 9 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000; 12 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000;

Transfers not included in first two classes.

15 per centum of so much of said property as is in excess of $500,000.

Discharge from liability for payment.

"(d) Executors, administrators, trustees, and other persons making distribution shall only be discharged from liability for the amount of such tax, with the payment of which they are charged, by paying the same as hereinafter described.

Property transferred exclusively for public, etc., purposes.

"(e) Property transferred exclusively for public or municipal purposes, to the United States or the District of Columbia, or exclusively for charitable, educational, or religious purposes within the District of Columbia, shall be exempt from any and all taxation under the provisions of this section.

Beneficiary dying within six months after testator's death and before possession, etc.

"(f) Where any beneficiary has died or may hereafter die within six months after the death of the decedent and before coming into the possession and enjoyment of any property passing to him, and before selling, assigning, transferring, or in any manner contracting with respect to his interest in such property, such property shall be taxed only once, and if the tax on the property so passing to said beneficiary has not been paid, then the tax shall be assessed on the property received from such share by each beneficiary thereof, finally entitled to the possession and enjoyment thereof, as if he had been the original beneficiary, and the exemptions and rates of taxation shall be governed by the respective relationship of each of the ultimate beneficiaries to the first decedent.

Application of article.

"(g) The provisions of article I of this title shall apply to property in the estate of every person who shall die after this title becomes effective.

Transfers within two years prior to death.

"(h) The transfer of any property, or interest therein, within 2 years prior to death, shall, unless shown to the contrary, be deemed to have been made in contemplation of death.

Consolidation of property and interests.

"(i) All property and interest therein which shall pass from a decedent to the same beneficiary by one or more of the methods specified in this section, and all beneficial interests which shall accrue in the manner herein provided to such beneficiary on account of the death of such decedent, shall be united and treated as a single interest for the purpose of determining the tax hereunder.

General power of appointment.

"(j) Whenever any person shall exercise a general power of appointment derived from any disposition of property, made either before or after the passage of this title, such appointment, when made, shall be deemed a transfer taxable, under the provisions of this title, in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power; and whenever any person possessing such power of appointment so derived shall omit or fail to exercise the same, within the time provided therefor, in whole or in part, a transfer taxable under the provisions of this title shall be deemed to take place to the extent of such omissions or failure in the same manner as though the person or persons thereby becoming entitled to the possession or enjoyment of the property to which such power related had succeeded thereto by the will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

Doctrine of equitable conversion not invoked.

"(k) The doctrine of equitable conversion shall not be invoked in the assessment of taxes under this article.

Tax based on market value; appraisal.

"SEC. 2. The tax provided in section 1 shall be paid on the market value of the property or interest therein at the time of the death of the decedent as appraised by the assessor, or, in the discretion of the assessor, upon the value as appraised by the probate court of the District. The taxable portion of real or personal property held jointly or by the entireties shall be determined by dividing the value of the entire property by the number of persons in whose joint names it was held.

"SEC. 3. The appraisal thus made shall be deemed and taken to be the true value of the said property or interest therein upon which the said tax shall be paid, and the amount of said tax and the tax imposed by article II of this title shall be a lien on said property or interest therein for the period of ten years from the date of death of the decedent: *Provided, however*, That such lien shall not attach to any personal property sold or disposed of for value by an administrator, executor, or collector, of the estate of such decedent appointed by the District Court of the United States for the District of Columbia or by a trustee appointed under a will filed with the register of wills for the District or by order of said court, or his successor approved by said court, but a lien for said taxes shall attach on all property acquired in substitution therefor for a period of ten years after the acquisition of such substituted property: *And provided further*, That such lien upon such substituted property shall, upon sale by such personal representatives, be extinguished and shall reattach in the manner as provided with respect of such original property.

Appraisal deemed true value.

Tax a lien on property.

Provisos.
Exemptions.

Lien on substituted property.

Reattachment to original property.

"SEC. 4. The personal representative of every decedent, the gross value of whose estate is in excess of $1,000, shall, within fifteen months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose an itemized schedule of all the property (real, personal, and mixed) of the decedent, the market value thereof at the time of the death of the decedent, the name or names of the persons to receive the same and the actual value of the property that each will receive, the relationship of such persons to the decedent, and the age of any persons who receive a life interest in the property, and any other information which the assessor may require. Said personal representative shall, within eighteen months of the date of the death of the decedent and before distribution of the estate, pay to the collector of taxes the taxes imposed by section 1 upon the distributive shares and legacies in his hands and the tax imposed by section 1 hereof against each distributive share or legacy shall be charged against such distributive share or legacy unless the will shall otherwise direct.

Report by decedent's personal representative.

Contents.

Payment of taxes.

"SEC. 5. The personal representative of the decedent shall collect from each beneficiary entitled to a distributive share or legacy the tax imposed upon such distributive share or legacy in section 1 hereof, and if the said beneficiary shall neglect or fail to pay the same within fifteen months after the date of the death of the decedent such personal representative shall, upon the order of the District Court of the United States for the District of Columbia, sell for cash so much of said distributive share or legacy as may be necessary to pay said tax and all the expenses of said sale.

Collection of distributive share.

"SEC. 6. Every person entitled to receive property taxable under section 1 hereof, which property is not under the control of a personal representative, and is over $1,000 in value, shall, within six months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose, an itemized schedule of all property (real, personal, and mixed) received or to be received by such person; the market value of the same at the time of the death of the decedent and the relationship of such person to the decedent; and any other information which the assessor may require. The tax on the transfer of any such property shall be paid by such person to the collector of taxes within nine months after the date of the death of the decedent: *Provided, however*, That with respect to real estate passing by will or inheritance such report shall be made within fifteen months after the death of the decedent, and the tax on the transfer thereof shall be paid within eighteen months after the date of the death of the decedent.

Property not under control of personal representative; report.

Payment of tax.

Proviso.
Real estate passing by will, etc.; report.

Life interest or for term of years; payment of tax.

"SEC. 7. In the case of any grant, deed, devise, descent, or bequest of a life interest or term of years, the donee for life or years shall pay a tax only on the value of his interest, determined in a manner as the Commissioners by regulation may prescribe, and the donee of the future interest shall pay a tax only on his interest as based upon the value thereof at the time of the death of the decedent creating such interest. The value of any future interest shall be determined by deducting from the market value of such property at the time of the death of such decedent the value of the precedent life interest or term of years. Where the future interest is vested the donee thereof shall pay the tax within the time in which the tax upon the precedent life interest or term of years is required to be paid under the provisions of sections 4 and 6 of this article, as the case may be. Where the future interest is contingent the personal representative of such decedent or the persons interested in such contingent future estate shall have the option of (1) paying, within the time herein provided for the payment of taxes due upon vested future interests, a tax equal to the mean between the highest possible tax and the lowest possible tax which could be imposed under any contingency or condition whereby such contingent future interest might be wholly or in part created, defeated, extended, or abridged; or (2) paying the tax upon such transfer at the time when such future interest shall become vested at rates and with exemptions in force at the time of the death of the decedent: *Provided*, That the personal representative or trustee of the estate of the decedent or the persons interested in the future contingent interest shall deposit with the assessor a bond in the penal sum of an amount equal to twice the tax payable under option (1) hereof. Such bonds shall be payable to the District and shall be conditioned for the payment of such tax when and as the same shall become due and payable. The tax upon the transfer of future interests or remainders shall be a lien upon the property or interest transferred from the date of the death of the decedent creating the interests and shall remain in force and effect until ten years after the date when such remainder or future interest shall become vested in the donee thereof. If the tax upon the transfer of a contingent future interest is paid before the same shall become vested, such tax shall be paid by the personal representative out of the corpus of the estate of the decedent, otherwise by the person or persons entitled to receive the same.

Value of future interest.

Vested future interest; tax payment.

Where future interest is contingent.

Optional payment.

Proviso.
Bond.

Tax upon transfer to be a lien.

Tax upon transfer of a contingent future interest, payment.

"ARTICLE II—ESTATE TAXES

Estate taxes.

"SEC. 1. In addition to the taxes imposed by article I, there is hereby imposed upon the transfer of the estate of every decedent who, after this title becomes effective, shall die a resident of the District, a tax equal to 80 per centum of the Federal estate tax imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted.

44 Stat. 69.
26 U. S. C. § 410.

Credits.

"SEC. 2. There shall be credited against and applied in reduction of the tax imposed by section 1 of this article the amount of any estate, inheritance, legacy, or succession tax lawfully imposed by any State or Territory of the United States, in respect of any property included in the gross estate for Federal estate-tax purposes as prescribed in title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted: *Provided, however*, That only such taxes as are actually paid and credit therefor claimed and allowed against the Federal estate tax may be applied as a credit against and in reduction of the tax imposed by section 1.

44 Stat. 70.
26 U. S. C. § 411; Supp. IV, § 411.
Proviso.
Limitation.

Tax limitations.

"SEC. 3. In no event shall the tax imposed by section 1 of this article exceed the difference between the maximum credit which

might be allowed against the Federal estate tax imposed by title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, and the aggregate amount of the taxes described in section 2 of this article (but not including the tax imposed by section 1) allowable as a credit against the Federal estate tax.

44 Stat. 69.
26 U. S. C. ch. 3; Supp. IV, ch. 3.

"SEC. 4. The purpose of section 1 of this article is to secure for the District the benefit of the credit allowed under the provisions of section 301 (c) of title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, to the extent that the District may be entitled by the provisions of said Revenue Act, by imposing additional taxes, and the same shall be liberally construed to effect such purpose: *Provided*, That the amount of the tax imposed by section 1 of this article shall not be decreased by any failure to secure the allowance of credit against the Federal estate tax.

Credits allowed under designated Federal revenue laws.
47 Stat. 278.
26 U. S. C. § 413 (b).

Proviso.
Restriction.

"SEC. 5. A tax is hereby imposed upon the transfer of real property or tangible personal property in the District of every person who at the time of death was a resident of the United States but not a resident of the District, and upon the transfer of all property, both real and personal, within the District of every person who at the time of death was not a resident of the United States, the amount of which shall be a sum equal to such proportion of the amount by which the credit allowable under the applicable Federal revenue Act for estate, inheritance, legacy, and succession taxes actually paid to the several States exceeds the amount actually so paid for such taxes, exclusive of estate taxes based upon the difference between such credit and other estate taxes and inheritance, legacy, and succession taxes, as the value of the property in the District bears to the value of the entire estate, subject to estate tax under the applicable Federal revenue Act.

Nonresidents, tax on property transfers.

Amount.

"SEC. 6. Every executor or administrator of the estate of a decedent dying a resident of the District or of a nonresident decedent owning real estate or tangible personal property situated in the District, or of an alien decedent owning any real estate, tangible or intangible personal property situated in the District, or, if there is no executor or administrator appointed, qualified, and acting, then any person in actual or constructive possession of any property forming a part of an estate subject to estate tax under this title shall, within sixteen months after the death of the decedent file with the assessor a copy of the return required by section 304 of the Revenue Act of 1926, verified by the affidavit of the person filing said return with the assessor, and shall, within thirty days after the date of any communication from the Commissioner of Internal Revenue, confirming, increasing, or diminishing the tax shown to be due, file a copy of such communication with the assessor. With the copy of the Federal estate-tax return there shall be filed an affidavit as to the several amounts paid or expected to be paid as taxes within the purview of section 2 of this article: *Provided, however*, That in any case where the time for the filing of such return as required by section 304 of the Revenue Act of 1926 is extended without penalty by the Bureau of Internal Revenue, then the copy thereof verified as aforesaid may be filed with the assessor within thirty days after the expiration of said extended period.

Filing of returns of resident or nonresident decedents, etc.

Filing copy of Federal estate tax return.
44 Stat. 74.
26 U. S. C. §§ 420, 421, 464; Supp. IV, § 421.

Affidavit required.

Proviso.
Time extension.

"SEC. 7. The assessor shall, upon receipt of the return and accompanying affidavit, assess such amount as he may determine, from the basis of the return, to be due the District. Upon receipt of a copy of any communication from the Commissioner of Internal Revenue, herein required to be filed, the assessor shall make such additional assessment or shall make such abatement of the assessment as may appear proper.

Adjustment of amount due.

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Time limitation for payment.

"SEC. 8. The estate taxes imposed by this article shall be paid to the collector of taxes within seventeen months after the death of the decedent: *Provided, however*, That in any case where the time for the payment of taxes imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, is extended by the Bureau of Internal Revenue, then the tax imposed by this article shall be paid within sixty days after the expiration of such extended period, together with interest as provided in section 4 of article IV of this title: *Provided further*, That any additional assessment found to be due under section 7 of this article shall be paid to the collector of taxes within thirty days after the determination of such additional assessment by the assessor.

Provisos.
Extension; interest.
44 Stat. 69.
26 U. S. C. § 410.

Payment of additional assessment.

"ARTICLE III—GENERAL

Bond of personal representative of decedent; liability.

"SEC. 1. The bond of the personal representative of the decedent shall be liable for all taxes and penalties assessed under this title, except inheritance taxes and penalties imposed in relation to the transfer of property not under the control of such personal representative: *Provided*, That in no case shall the bond of the personal representative be liable for a greater sum than is actually received by him.

Proviso.
Limitation.

Register of wills.
Report by, to assessor.

"SEC. 2. The register of wills of the District shall report to the assessor on forms provided for the purpose every qualification in the District upon the estate of a decedent. Such report shall be filed with the assessor at least once every month, and shall contain the name of the decedent, the date of his death, the name and address of the personal representative, and the value of the estate, as shown by the petition for administration or probate.

Enforcement of title.

"SEC. 3. The Commissioners shall have supervision of the enforcement of this title and shall have the power to make such rules and regulations, consistent with its provisions, as may be necessary for its enforcement and efficient administration and to provide for the granting of extension of time within which to perform the duties imposed by this title. The assessor shall determine all taxes assessable under this title and immediately upon the determination of same, shall forward a statement of the taxes determined to the person or persons chargeable with the payment thereof and shall give advice thereof to the collector of taxes. The assessor is hereby authorized and empowered to summon any person before him to give testimony on oath or affirmation or to produce all books, records, papers, documents, or other legal evidence as to any matter relating to this title, and the assessor is authorized to administer oaths and to take testimony for the purposes of the administration of this title. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event the assessor may report that fact to the District Court of the United States for the District of Columbia or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

Determination of taxes assessable.

Evidence.

Summons.

Collection of delinquent payments.

"SEC. 4. If the taxes imposed by this title are not paid when due, 1 per centum interest for each month or portion of a month from the date when the same were due until paid shall be added to the amount of said taxes and collected as a part of the same, and said taxes shall be collected by the collector of taxes in the manner provided by the law for the collection of taxes due the District on personal property in force at the time of such collection: *Provided, however*, That where the time for payment of the tax imposed by this title is extended

Proviso.
Time extension.

by the assessor or where the payment of the tax is lawfully suspended under the regulations for the administration of this title, interest shall be paid at the rate of 6 per centum per annum from the date on which the tax would otherwise be payable.

Enforcement proceedings.

"SEC. 5. If any person shall fail to perform any duty imposed upon him by the provisions of this title or the regulations made hereunder the Commissioners may proceed by petition for mandamus to compel performance and upon the granting of such writ the court shall adjudge all costs of such proceeding against the delinquent.

Personal liability for failure to file return, etc.

"SEC. 6. Any person required by this title to file a return who fails to file such return within the time prescribed by this title, or within such additional time as may be granted under regulations promulgated by the Commissioners, shall become liable in his own person and estate to the District in an amount equal to 10 per centum of the tax found to be due. In case any person required by this title to file a return knowingly files a false or fraudulent return, he shall become liable in his own person and estate to the said District in an amount equal to 50 per centum of the tax found to be due. Such amounts shall be collected in the same manner as is herein provided for the collection of the taxes levied under this title.

False or fraudulent return.

Additional penalties.

"SEC. 7. Any person required by this title to pay a tax or required by law or regulation made under authority thereof to make a return or keep any records or supply any information for the purposes of computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make any such return, or supply any such information at the time or times required by law or regulation shall, in addition to other penalties provided by law, be guilty of a misdemeanor and upon conviction thereof be fined not more than $1,000 or imprisoned for not more than one year, or both.

Certificate of discharge.

"SEC. 8. When the assessor is satisfied that the tax liability imposed by this title has been fully discharged or provided for, he may, under regulations prescribed by the Commissioners, issue his certificate, releasing any or all property from the lien herein imposed.

Delivery of property of decedent, restriction.

"SEC. 9. No person holding, within the District, tangible or intangible assets of any resident or nonresident decedent, of the value of $300 or more, shall deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, unless notice of the date and place of such intended transfer be served upon the assessor of the District of Columbia at least ten days prior to such delivery or transfer, nor shall any person holding, within the District of Columbia, any assets of a resident or nonresident decedent, of the value of $300 or more, deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by said District Court without retaining a sufficient portion or amount thereof to pay any tax which may be assessed on account of the transfer of such assets under the provisions of articles I and II without an order from the assessor of the District of Columbia authorizing such transfer. It shall be lawful for the assessor of the District, personally, or by his representatives, to examine said assets at any time before such delivery or transfer. Failure to serve such notice or to allow such examination or to retain as herein required a sufficient portion or amount to pay the taxes imposed by this title shall render such person liable to the payment of such taxes. The assessor of the District may issue a certificate authorizing the transfer of any such assets whenever it appears to the satisfaction of said assessor that no tax is due thereon: *Provided, however*, That any corporation, foreign or domestic to the District having outstanding stock or other securities registered in the sole

Retention of portion to pay tax.

Examination allowed.

Penalty provisions.

Issuance of certificate of transfer.

Provisos.
Transfer of stocks or other securities.

name of a decedent whose estate or any part thereof is taxable under this title, may transfer the same, without notice to the assessor and without liability for any tax imposed thereon under this title, upon the order of an administrator, executor, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, or by a trustee appointed under a will filed with the register of wills of the District, or appointed by said court, or his successor approved by said court: *Provided further*, That the lessor of a safe-deposit box standing in the joint names of a decedent and a survivor or survivors may deliver the entire contents of such safe-deposit box to the survivor or survivors, after examination of such contents by the assessor or his representative, without any liability on the part of the said lessor for the payment of such tax.

Delivery of contents of safe-deposit box standing in joint names.

Bureau of Internal Revenue to furnish information on request.

"SEC. 10. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title or relative to any person whose estate is subject to the provisions of this title.

Determination of tax, if return not filed.

"SEC. 11. If any return required by this title is not filed with the assessor when due, the assessor shall have the right to determine and assess the tax or taxes from such information as he may possess or obtain.

Compromise provisions.

"SEC. 12. The assessor is authorized to enter into an agreement with any person liable for a tax on a transfer under article I of this title, in which remainders or expectant estates are of such nature or so disposed and circumstanced that the value of the interest is not ascertainable under the provisions of this title, and to compound and settle such tax upon such terms as the assessor may deem equitable and expedient.

Terms construed.

"Tax."

"SEC. 13. In the interpretation of this title unless the context indicates a different meaning the term 'tax' means the tax or taxes mentioned in this title.

"District."

"(a) The term 'District' means the District of Columbia.

"Commissioners."

"(b) The term 'Commissioners' means the Commissioners of the District of Columbia, or their duly authorized representative or representatives.

"Assessor."

"(c) The term 'assessor' means the assessor of the District of Columbia or his duly authorized representative or representatives.

"Collector of taxes."

"(d) The term 'collector of taxes' means the collector of taxes for the District of Columbia, or his duly authorized representative or representatives.

"Metropolitan Police Department."

"(e) The term 'Metropolitan Police Department' means the Metropolitan Police Department of the District of Columbia.

"Include."

"(f) The term 'include' when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"Resident."

"(g) The term 'resident' means domiciled and the term 'residence' means domicile.

Effective date of title.

"SEC. 14. The provisions of this title shall become effective at 12:01 antemeridian, the day immediately following its approval."

TITLE VI—ADVANCEMENT OF MONEY BY TREASURY

Advances from Treasury.

42 Stat. 668.

Until and including June 30, 1940, the Secretary of the Treasury, notwithstanding the provisions of the District of Columbia Appropriation Act, approved June 29, 1922, is authorized and directed to advance, on the requisition of the Commissioners of the District of Columbia, made in the manner now prescribed by law, out of any money in the Treasury of the United States not otherwise appropriated, such sums as may be necessary from time to time to meet

the general expenses of said District as authorized by Congress, and such amounts so advanced shall be reimbursed by the said Commissioners to the Treasury out of taxes and revenue collected for the support of the government of the said District of Columbia.

Reimbursement.

TITLE VII—EXTENSION OF CERTAIN TAX PROVISIONS

Extension of certain tax provisions.

The laws authorizing the imposition by the District of Columbia of intangible personal property taxes and business privilege taxes are hereby extended from and after June 30, 1939, for the following purposes in connection with the taxes accrued or due under such laws prior to July 1, 1939—

(1) For the imposition of assessments and penalties, civil and criminal, for the violation of or failure to comply with such laws and the regulations issued thereunder;

(2) For requiring the making, filing, and submission of returns and reports required by such laws;

(3) For the examination of all books, records, and other documents, and witnesses; and

(4) For the assessment and collection of such taxes, and the filing of liens therefor.

TITLE VIII—GENERAL PROVISIONS

SEPARABILITY CLAUSE

Separability clause.

SEC. 1. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

RULES AND REGULATIONS

Rules and regulations.

SEC. 2. The Commissioners shall prescribe and publish all needful rules and regulations for the enforcement of this Act.

Approved, July 26, 1939.

[CHAPTER 368]

July 26, 1939
[S. 504]
[Public, No. 226]

AN ACT

To provide a right-of-way.

Ellington Field Military Reservation, Tex.
Stanolind Pipe Line Co., right-of-way upon, for oil pipe line, authorized.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of War be, and he is hereby, authorized and empowered, under such terms and conditions as are deemed advisable by him, to grant to the Stanolind Pipe Line Company, its successors and/or assigns, an easement for a right-of-way for an oil pipe line over, across, in, and upon the Ellington Field Military Reservation, in the State of Texas: *Provided*, That such right-of-way shall be granted only upon a finding by the Secretary of War that the same will be in the public interest and will not substantially injure the interest of the United States in the property affected thereby: *Provided further*, That all or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes or for failure to comply with the terms or conditions of any grant hereunder, or for nonuse or for abandonment of rights granted under authority hereof: *And provided further*, That all moneys which may accrue to the United States under the provisions of this Act shall be deposited in the Treasury as miscellaneous receipts.

Provisos.
Condition.

Reversionary provision.

Deposit of receipts.

Approved, July 26, 1939.