AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Posting of names of county, etc., personnel.

benefit payment or loan on account of such administrative expenses. The names and addresses of the members and employees of any county or local committee, and the amount of such compensation received by each of them, shall be posted annually in a conspicuous place in the area within which they are employed."

Approved, January 31, 1942.

[CHAPTER 33]

February 2, 1942
[H. R. 5591]
[Public Law 428]

AN ACT

To amend the District of Columbia Revenue Act of 1939, and for other purposes.

District of Columbia Revenue Act of 1939, amendments.
53 Stat. 1088.
D. C. Code § 47-1502 (d).
Organizations exempt from income tax.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 2 (d) of title II of the District of Columbia Revenue Act of 1939 is amended to read as follows:

"(d) The following organizations shall be exempt from taxation under this title:

"(1) Labor organizations;

"(2) Fraternal beneficiary societies, orders, or associations, (A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and (B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association, or their dependents;

"(3) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

"(4) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational 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;

"(5) Business leagues, chambers of commerce, real-estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual;

"(6) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes;

"(7) Clubs organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder;

53 Stat. 33, 34.
26 U. S. C. § 101 (12), (13).

"(8) Farmers' associations organized and operated on a cooperative basis exempt from income tax under sections 101 (12) and (13) of the Internal Revenue Code;

"(9) 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, which pay taxes on their gross earnings, premiums, or gross receipts under existing laws of the District of Columbia;

"(10) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt from the tax imposed by this title;

"(11) Corporations organized under Act of Congress, if such corporations are instrumentalities of the United States and if, under such Act, as amended and supplemented, such corporations are exempt from Federal income taxes;

"(12) 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 (A) no part of their net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (B) 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;

"(13) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (A) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (B) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual."

(b) Section 4 (a) of title II of said Act is amended by striking out the words "OF INDIVIDUALS" appearing in line 1 and inserting in lieu thereof the word "DEFINITION". 53 Stat. 1088. D. C. Code § 47-1504 (a).

(c) Paragraph 5 of section 5 (a) of title II of said Act is amended to read as follows: 53 Stat. 1090. D. C. Code § 47-1505 (a) (5).

"(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, which profit would be subject to taxation under this title, though not connected with the trade or business."

(d) Section 15 (a) of title II of said Act is amended by striking out the words "under oath" in line 2 thereof. 53 Stat. 1094. D. C. Code § 47-1515 (a).

(e) Section 16 of title II of said Act is amended to read as follows: Corporation returns.

"SEC. 16. Every corporation not expressly exempt from the tax imposed by this title shall make a return which 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 corporation of whose business or property they have custody and control." 53 Stat. 1095. D. C. Code § 47-1516.

(g) Section 19 of title II of said Act is amended by striking out the last sentence thereof. 53 Stat. 1095. D. C. Code § 47-1519.

Fiduciary returns.
53 Stat. 1096.
D. C. Code § 47-1523 (a).

(h) Section 23 (a) of title II of said Act is amended by striking out paragraphs "(4)" and "(5)" thereof and inserting in lieu thereof the following:

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

"(5) Every trust the net income of which for the taxable year is $100 or over;

"(6) 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."

Estates and trusts.
53 Stat. 1097.
D. C. Code § 47-1524.

(i) Section 24 of title II of said Act is amended by adding after subsection (h) thereof the following new subsection:

"(i) CREDITS AGAINST NET INCOME.—There shall be allowed to an estate the same personal exemption as is allowed to a single person under section 9 (a), and a trust shall be allowed a credit of $100 against net income."

53 Stat. 1092.
D. C. Code § 47-1509 (a).
53 Stat. 1099.
D. C. Code § 47-1526 (b).

(j) Section 26 (b) of title II of said Act is amended to read as follows:

"(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: *Provided, however*, That where the time for filing a return is extended for a period exceeding six months under the provisions of section 19, the assessor may extend the time for payment of the tax, or the first installment thereof, to the same date to which he has extended the time for filing the return. 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."

Proviso.

53 Stat. 1095.
D. C. Code § 47-1519.

Interest on deficiencies.
53 Stat. 1104.
D. C. Code § 47-1538.

(k) Section 38 of title II of said Act is amended by adding thereto the following new subsection:

"(b) IF EXTENSION GRANTED FOR PAYMENT OF DEFICIENCY.—If the time for payment of any part of a deficiency is extended, there shall be collected, as a part of the tax, interest on the part of the deficiency the time for payment of which is so extended at the rate of 1 per centum per month for the period of the extension. If a part of the deficiency the time for payment of which is so extended is not paid in full, together with all penalties and interest due thereon, prior to the expiration of the period of the extension, then interest at the rate of 1 per centum per month shall be added and collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid."

53 Stat. 1105.
D. C. Code § 47-1541.

(l) Section 41 of title II of said Act is amended by striking out "section 26 (c)" in line 3 thereof and inserting in lieu thereof "section 26 (b)".

53 Stat. 1105.
D. C. Code § 47-1542 (a).
Penalties.

(m) Section 42 (a) of title II of said Act is amended to read as follows:

"SEC. 42. (a) NEGLIGENCE.—Any person required under this title to pay 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 such tax, to make such return, to keep such records, or supply such information, at the time or times required by law or regulations, or who makes a false or fraudulent return, shall, upon conviction thereof (in addition to other penalties provided by law), be fined not more than $300 for each and every such failure or violation, and each and every day that such failure continues shall constitute a separate and distinct offense. All prosecutions under this

subsection shall be brought in the police court of the District on information by the corporation counsel or one of his assistants in the name of the District."

(n) Paragraph 20 of section 43 of title II of said Act is amended to read as follows:

53 Stat. 1107. D. C. Code § 47-1543 (20).

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

"Assessor."

(o) Title II of said Act is amended by adding the following new section to be numbered "Sec. 44":

New sections. 53 Stat. 1085-1107. D. C. Code §§ 47-1501 to 47-1543.

"SEC. 44. INFORMATION RETURNS.—Every person subject to the jurisdiction of the District in whatever capacity acting, including receivers or mortgagors of real or personal property, fiduciaries, partnerships, and employers making payment of dividends, interest, rent, premiums, annuities, compensations, remunerations, emoluments, or other income to foreign corporations, shall render such returns thereof to the assessor as may be prescribed by rules and regulations of the Commissioners."

(p) Title II of said Act is amended by adding the following new section to be numbered "Sec. 45":

Foreign corporations.

"SEC. 45. WITHHOLDING OF TAX AT SOURCE.—Whenever the Commissioners shall deem it necessary in order to satisfy the District's claim for income tax payable by any foreign corporation, they may, by rules and regulations, require any person subject to the jurisdiction of the District to withhold and pay to the collector of taxes an amount not in excess of 5 per centum of all income payable by such person to a foreign corporation. After such foreign corporation shall have filed all returns required under this title, and the same shall have been audited, the collector of taxes shall refund any overpayment to the taxpayer."

(q) Title II of said Act is amended by adding the following new section to be numbered "Sec. 46":

Corporation licenses.

"SEC. 46. LICENSES.—(a) Every corporation (except those expressly exempt from the tax imposed by this title) engaging in or carrying on any business, or receiving income from District of Columbia sources, shall obtain a license so to do on or before the 1st day of January of each year: *Provided*, That such license for the calendar year 1942 may be obtained within sixty days after the approval of this Act. Applications for licenses shall be upon forms prescribed and furnished by the Commissioners, and each application shall be accompanied by a fee of $10.

Proviso.

Duration of licenses.

"(b) All licenses issued under this title shall be in effect for the duration of the calendar year in which issued, unless revoked as herein provided, and shall expire at midnight of the 31st day of December of each year. No license may be transferred to any other corporation.

Posting.

"(c) All licenses granted under this title to corporations having an office or place of business in the District must be conspicuously posted in the office or on the premises of the licensee, and said license shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspection.

Nonresident corporations.

"(d) Every corporation not having an office or place of business in the District but which receives income from District sources or engages in or carries on any business in the District by or through an employee or agent shall procure the license provided by this title. Every employee or agent of any such corporation shall carry either the license or a certificate from the assessor that the license has been obtained, which license or certificate shall be exhibited to the police or other officers duly authorized to inspect the same. Such certificate

shall be in such form as the assessor shall determine, and shall be furnished, without charge, by the assessor, upon request. No employee or agent of a corporation not having an office or place of business within the District shall engage in or carry on any business in the District for or on behalf of such corporation unless such corporation shall have first obtained a license, as provided by this title.

Revocation.

"(e) The Commissioners may, after hearing, revoke any license issued hereunder for failure of the licensee to file a return or corrected return within the time required by this title, or to pay any installment of tax when due thereunder.

Renewal.

"(f) Licenses shall be renewed for the ensuing calendar year upon application as provided in subsection (a) of this section. No license shall be renewed if the taxpayer has failed or refused to pay any tax or installment thereof, or penalties thereon, imposed by this title: *Provided, however*, That the Commissioners, in their discretion, for cause shown, may, on such terms or conditions as they may determine or prescribe, waive the provisions of this subsection.

Proviso.

Penalty for failure to obtain license.
Post, p. 376.

"(g) Any corporation receiving income from District sources or engaging in or carrying on any business in the District without first having obtained a license so to do, and any person engaging in or carrying on any business for or receiving income from District sources on behalf of a corporation not having a license so to do, shall, upon conviction thereof, be fined not more than $300 for each and every failure, refusal, or violation, and each and every day that such failure, refusal, or violation continues shall constitute a separate and distinct offense. All prosecutions under this subsection shall be brought in the police court of the District on information by the corporation counsel or any of his assistants in the name of the District.

"Business."
Post, p. 377.

"(h) The term 'business' as used in this section, shall include the carrying on or exercising for gain or economic benefit, either direct or indirect, any trade, business, or commercial activity in the District."

(r) Title II of said Act is amended by adding the following new section to be numbered "Sec. 47":

"SEC. 47. COMPENSATION FOR SERVICES RENDERED FOR A PERIOD OF FIVE YEARS OR MORE.—In the case of compensation (a) received for personal services rendered by an individual in his individual capacity, or as a member of a partnership, and covering a period of five calendar years or more from the beginning to the completion of such services, (b) paid (or not less than 95 per centum of which is paid) only on completion of such services, and (c) required to be included in gross income of such individual for any taxable year beginning after December 31, 1939, the tax attributable to such compensation shall not be greater than the aggregate of the taxes attributable to such compensation had it been received in equal portions in each of the years included in such period."

Applicability of provisions.

SEC. 2. The provisions of section 1 of this Act shall apply to the taxable year 1941, and succeeding taxable years, except that the provisions of subsection (q) thereof requiring licenses for corporations, and the provisions of subsection (e) thereof eliminating the requirement of payment of a fee for filing corporation returns shall become effective January 1, 1942.

Ante, pp. 45, 43.

Inheritance and estate taxes.
53 Stat. 1114.
D. C. Code § 47-1609.
Credits.

SEC. 3. (a) Section 2, article II, of title V of the District of Columbia Revenue Act of 1937, as amended by title V of the District of Columbia Revenue Act of 1939, is amended to read as follows:

"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 pre-

scribed 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 which are proper allowances 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.
Proviso.

(b) Section 8, article II, of title V of the District of Columbia Revenue Act of 1937, as amended by title V of the District of Columbia Revenue Act of 1939, is amended by striking out "article IV" in line 8 thereof and inserting in lieu thereof "article III".

53 Stat. 1116.
D. C. Code § 47–1615.

(c) Section 4, article III, of title V of the District of Columbia Revenue Act of 1937, as amended by title V of the District of Columbia Revenue Act of 1939, is amended to read as follows:

53 Stat. 1116.
D. C. Code § 47–1619.

"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 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 by the assessor or where the payment of the tax is lawfully suspended under the regulations for the administration of this title, or where the date for payment of any tax imposed by article II of this title is extended by the provisions of section 8 of article II of this title beyond seventeen months after the date of death of the decedent, interest shall be paid at the rate of 6 per centum per annum from the date on which the tax would otherwise be payable."

Collection of delinquent taxes.

Proviso.
Time extension.

53 Stat. 1114.
D. C. Code §§ 47–1608 to 47–1615.
53 Stat. 1116.
D. C. Code § 47–1615.
Supra.

Approved, February 2, 1942.

[CHAPTER 34]

AN ACT

To amend section 3 (a) of the Act entitled "An Act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes", approved June 2, 1939 (53 Stat. 800), so as to transfer the administration of the Naval Supply Depot, Oakland, to the Commandant, Twelfth Naval District.

February 3, 1942
[S. 2028]
[Public Law 429]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 (a) of the Act entitled "An Act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes", approved June 2, 1939 (53 Stat. 800), is hereby amended by striking out the first proviso and inserting in lieu thereof the following: "*Provided*, That such land shall be used only as a naval supply depot and for no other purpose, and such depot shall be a part of the Naval Operating Base, San Francisco, and shall be so administered by the Commandant, Twelfth Naval District:".

Oakland, Calif., naval supply depot.
Use and administration.

Approved, February 3, 1942.

[CHAPTER 35]

AN ACT

To provide for performance of the duties of chiefs of bureau and the Judge Advocate General in the Navy Department, and the Major General Commandant of the Marine Corps, and for other purposes.

February 3, 1942
[S. 2139]
[Public Law 430]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That during the absence, disability, or a temporary vacancy in the office of the chief of any bureau of the Navy Department or the Judge Advocate General of the Navy, when the assistant to such chief of bureau or the

Navy Department.
Performance of duties of chiefs of bureaus, etc.