Andrew W. Mellon Memorial Committee to erect a memorial fountain on public grounds in the vicinity of the intersection of Pennsylvania and Constitution Avenues, in the District of Columbia, such grounds being now owned by the United States: *Provided*, That the design and location of the memorial shall be approved by the National Commission of Fine Arts and the National Capital Park and Planning Commission, and the United States shall be put to no expense in or by the erection of this memorial: *Provided further*, That unless funds, which in the estimation of the Secretary of the Interior are sufficient to insure the completion of the memorial, are certified available, and the erection of this memorial begun within five years from and after the date of passage of this joint resolution, the authorization hereby granted is revoked.

Approval of design, etc.

Time limitation.

Approved July 16, 1947.

[CHAPTER 258]

July 16, 1947
[H. R. 3737]
[Public Law 195]

AN ACT

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

District of Columbia Revenue Act of 1947.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into articles, may be cited as the "District of Columbia Revenue Act of 1947", and that article I of this Act may be cited as the "District of Columbia Income and Franchise Tax Act of 1947".

TABLE OF CONTENTS

Post, p. 331.

ARTICLE I—INCOME AND FRANCHISE TAX ACT

Post, p. 331.

TITLE I—REPEAL OF PRIOR INCOME TAX ACT AND APPLICABILITY OF THIS ARTICLE; GENERAL DEFINITIONS

Sec. 1. Repeal of prior income tax act and retention of certain provisions thereof.
Sec. 2. Applicability of this article.
Sec. 3. Returns under prior income tax act and returns for first taxable year to which this article is applicable.
Sec. 4. General definitions.
(a) "District";
(b) "Commissioners";
(c) "Assessor";
(d) "Collector";
(e) "person";
(f) "individual";
(g) "fiduciary";
(h) "trade or business";
(i) "taxpayer";
(j) "fiscal year";
(k) "taxable year";
(l) "capital assets";
(m) "dividend";
(n) "stock";
(o) "shareholder";
(p) "include", "includes", or "including";
(q) "deficiency";
(r) "corporation";
(s) "resident";
(t) "nonresident";
(u) "dependent".

Post, p. 334.

TITLE II—EXEMPT ORGANIZATIONS

Post, p. 335.

TITLE III—NET INCOME, GROSS INCOME AND EXCLUSIONS THEREFROM, AND DEDUCTIONS

Sec. 1. Net income defined.
Sec. 2. Gross income and exclusions therefrom.
Sec. 3. (a) Deductions allowed.
(b) Deductions not allowed.

TITLE IV—ACCOUNTING PERIODS, INSTALLMENT SALES, AND INVENTORIES *Post*, p. 339.

Sec. 1. Accounting periods.
Sec. 2. Period in which items of gross income included.
Sec. 3. Period for which deductions and credits taken.
Sec. 4. Installment sales.
Sec. 5. Inventories.
Sec. 6. Assessor may reject method of accounting employed by taxpayer.

TITLE V—RETURNS *Post*, p. 340.

Sec. 1. (a) Forms of returns.
(b) Taxpayer to make return whether form sent or not.
(c) Information returns.
Sec. 2. Requirement—who must file.
(a) Residents and nonresidents.
(b) Fiduciaries.
(c) Joint fiduciaries.
(d) In case of taxpayer unable to make own return.
(e) Corporations.
(f) Unincorporated businesses.
(g) Partnerships.
Sec. 3. (a) Time and place for filing returns.
(b) Extension of time for filing returns.
Sec. 4. (a) Secrecy of returns.
(b) Reciprocal exchange of information with the United States and the several States.
(c) Publication of statistics.
(d) Information which may be disclosed.
(e) Penalties for violation of secrecy-of-returns provision.
(f) Preservation of returns.

TITLE VI—TAX ON RESIDENTS AND NONRESIDENTS *Post*, p. 343.

Sec. 1. Definitions.
Sec. 2 Personal exemptions and credit for dependents.
Sec. 3. Imposition and rates of tax.
Sec. 4. Optional method of computation.
Sec. 5. Credits against tax allowed residents.

TITLE VII—TAX ON CORPORATIONS *Post*, p. 345.

Sec. 1. "Taxable income" defined.
Sec. 2. Imposition and rate of tax.

TITLE VIII—TAX ON UNINCORPORATED BUSINESSES *Post*, p. 345.

Sec. 1. Definition of "unincorporated businesses".
Sec. 2. "Taxable income" defined.
Sec. 3. Imposition and rate of tax.
Sec. 4. Exemption.
Sec. 5. By whom taxes payable.
Sec. 6. Partners only taxable.

TITLE IX—TAX ON ESTATES AND TRUSTS *Post*, p. 346.

Sec. 1. Resident and nonresident estates and trusts defined.
Sec. 2. Residence or situs of fiduciary not to control.
Sec. 3. Imposition of tax.
Sec. 4. Computation of tax.
Sec. 5. Computation of net income of estates or trusts.
Sec. 6. In case taxable year of beneficiary is different from that of estate or trust.
Sec. 7. Revocable trusts.
Sec. 8. Income for benefit of grantor.
Sec. 9. Definition of "in discretion of grantor".
Sec. 10. Employees' trusts.

TITLE X—PURPOSE OF ACT AND ALLOCATION AND APPORTIONMENT *Post*, p. 349.

Sec. 1. Purpose of article.
Sec. 2. Allocation and apportionment.
Sec. 3. Allocation of income and deductions between organizations, etc.

Post, p. 350.

TITLE XI—BASES

Sec. 1. Basis for determining gain or loss.
Sec. 2. (a) Computation of gain or loss.
(b) Amount realized.
Sec. 3. Exchange in reorganizations.
Sec. 4. Basis for dividends paid in property.
Sec. 5. Exception to applicability of sections 1 through 3.
Sec. 6. Depreciation.

Post, p. 352.

TITLE XII—ASSESSMENT AND COLLECTION; TIME OF PAYMENT

Sec. 1. Duties of Assessor.
Sec. 2. Statements and special returns.
Sec. 3. Examination of books and witnesses.
Sec. 4. Return by Assessor.
Sec. 5. Determination and assessment of deficiency.
Sec. 6. Jeopardy assessment.
(a) Authority for making;
(b) Bond to stay collection.
Sec. 7. (a) Time of payment.
(b) Extension of time for payments.
(c) Voluntary advance payment.
Sec. 8. Withholding of tax at source.
Sec. 9. Tax a personal debt.
Sec. 10. Period of limitation upon assessment and collection.
(a) General rule;
(b) False return;
(c) Waiver;
(d) Collection after assessment.
Sec. 11. Refunds.
Sec. 12. Closing agreements.
Sec. 13. Compromises.
(a) Authority to make;
(b) Concealment of assets;
(c) Compromise of penalties and interest.
Sec. 14. Definition of "person".
Sec. 15. Payment to Collector and receipts.

Post, p. 356.

TITLE XIII—PENALTIES AND INTEREST

Sec. 1. Failure to file return.
Sec. 2. Interest on deficiencies.
Sec. 3. Additions to tax in case of deficiency.
(a) Negligence;
(b) Fraud.
Sec. 4. Additions to tax in case of nonpayment.
(a) Tax shown on return.
(1) General rule.
(2) If extension granted.
(b) Deficiency.
Sec. 5. Time extended for payment of tax shown on return.
Sec. 6. Penalties.
(a) Willful violation;
(b) Definition of "person".

Post, p. 357.

TITLE XIV—LICENSES

Sec. 1. Requirement.
Sec. 2. Duration.
Sec. 3. Licenses to be posted.
Sec. 4. Where a corporation or unincorporated business has no office or place of business in the District, agent or employee shall carry certificate or license.
Sec. 5. Revocation.
Sec. 6. Renewal.
Sec. 7. Penalty for failure to obtain license.

Post, p. 359.

TITLE XV—APPEAL

Sec. 1. Appeal to the Board of Tax Appeals for the District of Columbia.
Sec. 2. Election of remedy.

Post, p. 359.

TITLE XVI—RULES AND REGULATIONS

ARTICLE II—INCREASE IN RATE OF TAXATION OF REAL AND TANGIBLE PERSONAL PROPERTY — *Post*, p. 359.

ARTICLE III—AMENDMENT TO MOTOR FUEL TAX ACT — *Post*, p. 359.

ARTICLE IV—AMENDMENT TO MOTOR VEHICLE INSPECTION ACT — *Post*, p. 360.

ARTICLE V—INCREASE IN WATER RENTS AND ASSESSMENTS FOR WATER MAINS — *Post*, p. 360.

ARTICLE VI—FEDERAL PAYMENT — *Post*, p. 361.

ARTICLE VII—SEPARABILITY CLAUSE — *Post*, p. 361.

ARTICLE I—INCOME AND FRANCHISE TAX ACT

District of Columbia Income and Franchise Tax Act of 1947.

TITLE I—REPEAL OF PRIOR INCOME TAX ACT AND APPLICABILITY OF THIS ARTICLE; GENERAL DEFINITIONS

SEC. 1. REPEAL OF PRIOR INCOME TAX ACT.—The District of Columbia Income Tax Act as approved and enacted July 26, 1939, and as amended, is hereby repealed with respect to taxable years or portions thereof beginning on and after the 1st day of January 1947 for all purposes, except the following purposes in connection with taxes due or accrued under said District of Columbia Income Tax Act:

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

(a) For the imposition of assessments and penalties, civil and criminal, for the violation of or failure to comply with any provisions of such Act and the regulations prescribed thereunder;

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

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

(d) For the assessment and collection of the taxes imposed by such Act, and the filing of liens therefor; and

(e) For the allowance of refunds of overpayments of any taxes assessed under the provisions of such Act.

SEC. 2. APPLICABILITY OF ARTICLE.—The provisions of this Article shall apply to the taxable year or part thereof beginning on the 1st day of January 1947 and to succeeding taxable years.

SEC. 3. RETURNS UNDER PRIOR INCOME TAX ACT AND RETURNS FOR FIRST TAXABLE YEAR TO WHICH THIS ARTICLE IS APPLICABLE.—If the taxable year of any person ends on the last day of any month other than December prior to the 1st day of January 1947, such person shall file his return for such taxable year under the provisions of the District of Columbia Income Tax Act as approved and enacted July 26, 1939, and as amended, and pay the taxes imposed by said Act on his income for such taxable year at the times specified therefor in said Act. Such taxpayer shall also file his return of income, received or accrued, according to his method of accounting, during the period between the last day of such taxable year and the 1st day of January 1947 under the provisions of the District of Columbia Income Tax Act as approved July 26, 1939, and as amended, and pay the taxes imposed by said Act on his income for such period at the times specified therefor in said Act. Such portion of such person's income as is received or accrued, according to his method of accounting, during taxable years or parts thereof to which this article is applicable shall be reported and taxed under the provisions of this article: *Provided, however*, That any person whose taxable year ends subsequent to the 1st day of January 1947 may irrevocably elect to file his return of his income for such entire taxable year and pay the taxes imposed thereon under the provisions of this article.

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

Supra.

SEC. 4. GENERAL DEFINITIONS.—For the purposes of this article and wherever appearing herein, unless otherwise required by the context—

"District."

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

"Commissioners."

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

"Assessor."

(c) The word "Assessor" means the Assessor of the District of Columbia or his duly authorized representative or representatives.

"Collector."

(d) The word "Collector" means the Collector of Taxes of the District of Columbia or his duly authorized representative or representatives.

"Person."

(e) The word "person" means an individual (other than a fiduciary), a fiduciary, a partnership (other than an unincorporated business), an association, an unincorporated business, and a corporation.

"Individual."

(f) The word "individual" means all natural persons (other than fiduciaries), whether married or unmarried.

"Fiduciary."

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

"Trade or business."

(h) 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.

"Taxpayer."

(i) The word "taxpayer" means any person required by this Article to pay a tax, file a return or report, or apply for a license.

"Fiscal year."

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

"Taxable year."

(k) The words "taxable year" mean the calendar year or the fiscal year, upon the basis of which the net income of the taxpayer is computed under this Article; if no fiscal year has been established by the taxpayer, they mean the calendar year. The phrase "taxable year" includes, in the case of a return made for a fractional part of a calendar or fiscal year under the provisions of this Article or under regulations prescribed by the Commissioners, the period for which such return is made: *Provided, however*, That no taxpayer may change from a calendar year to a fiscal year or from a fiscal year to a calendar year within any taxable year without the written permission of the Assessor.

Change from calendar to fiscal year, etc.

"Capital assets."

(l) The words "capital assets" mean any property, whether real or personal, tangible or intangible, held by the taxpayer for more than two years (whether or not connected with his trade or business), but do not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the end of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

"Dividend."

(m) The word "dividend" means any distribution made by a corporation (domestic or foreign) to its stockholders or members, out of its earnings, profits, or surplus (other than paid-in surplus), whenever earned by the corporation and whether made in cash or any other property (other than stock of the same class in the corporation if the recipient of such stock dividend has neither received nor exercised an option to receive such dividend in cash or in property other than stock instead of stock) and whether distributed prior to, during, upon, or after liquidation or dissolution of the corporation: *Provided, however*, That in the case of any dividend which is distributed other than in cash or stock in the same class in the corporation and not exempted from tax under this article, the basis of tax to the recipient thereof shall be the market value of such property at the time of such distribution: *And provided, however*, That the word "dividend" shall not

include any dividend paid by a mutual life insurance company to its shareholders.

"Stock."

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

"Shareholder."

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

"Include"; "includes"; "including."

(p) The words "include", "includes", or "including", when used in a definition contained in this article, shall not be deemed to exclude other things otherwise within the meaning of the word or words defined.

"Deficiency."

(q) The word "deficiency" as used in this Act with respect to any tax imposed by this article means—

(1) the amount or amounts by which the tax imposed by this article as determined by the Assessor exceeds the amount shown as the tax by the taxpayer upon his return; or

(2) the amount assessed as a tax by the Assessor if no return is filed by the taxpayer.

"Corporation."

(r) The word "corporation" includes any trust, association, joint-stock company, or partnership which is classed or should be classed as a corporation for purposes of Federal income taxation.

"Resident."

(s) The word "resident" means every individual domiciled within the District on the last day of the taxable year, and every other individual who maintains a place of abode within the District for more than seven months of the taxable year, whether domiciled in the District or not. In the case of any resident who is an elective or appointive officer or an employee of the Government of the United States, and who is domiciled outside the District during the whole of the taxable year, there shall be excluded from the gross income of such resident salaries or wages received from the Government of the United States for services rendered as such officer or employee, and income derived from sources without the District. For the purposes of this Act the domicile of such officer or employee for any taxable year shall be in the State which he expressly declares to be the State of his domicile: *Provided*, That he shall have had a domicile in such State under the laws of such State immediately prior to the beginning of the taxable year for which the tax is claimed. Such declaration must be made in writing, under oath, to the Assessor and the time for filing such declaration shall expire sixty days after written demand to file an income-tax return shall have been received by such officer or employee. As used in this subsection the term "State" means the several States, Territories, and possessions of the United States, and the term "Government of the United States" includes any agency or instrumentality thereof, but does not include the government of the District of Columbia.

Government officer or employee.

Declaration of domicile.

"State."

"Government of the United States."

"Nonresident."

(t) The word "nonresident" means every individual other than a resident.

"Dependent."

(u) The term "dependent" means any of the following persons over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer:

(1) A son or daughter of the taxpayer, or a descendant of either.
(2) A stepson or stepdaughter of the taxpayer.
(3) A brother, sister, stepbrother, or stepsister of the taxpayer.
(4) The father or mother of the taxpayer, or an ancestor of either.
(5) A stepfather or stepmother of the taxpayer.
(6) A son or daughter of a brother or sister of the taxpayer.
(7) A brother or sister of the father or mother of the taxpayer.
(8) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer.

"Brother"; "sister."

The terms "brother" and "sister" include a brother or sister of the half-blood. For the purposes of determining whether any of the foregoing relationships exist, a legally adopted child of a person shall be considered a child of such person by blood. The term "dependent" does not include any individual who is a citizen or subject of a foreign country unless such individual is a resident of the United States or of a country contiguous to the United States.

TITLE II—EXEMPT ORGANIZATIONS

SEC. 1. The following organizations shall be exempt from taxation under this Article:

(a) Labor organizations.

(b) Fraternal beneficiary societies, orders, or associations, (1) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and (2) providing for the payment of life, sick, or accident benefits to the members of such society, order, or association, or their dependents.

(c) Cemetery companies owned and operated exclusively for the benefit of their members and 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 individual or shareholder.

(d) 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, to a substantial extent within the District, no part of the net earnings of which inures to the benefit of any private individual or shareholder, and no part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation.

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

(f) 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 principally to charitable, educational, or recreational purposes within the District.

(g) Banks, trust companies, building and loan associations, insurance companies, companies which guarantee the fidelity of any individual or individuals, such as bonding companies, and companies which furnish abstracts of title or which insure titles to real estate, all of which pay taxes on their gross earnings, premiums, or gross receipts under existing laws of the District.

(h) 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 article.

(i) Corporations organized under Acts of Congress, if such corporations are instrumentalities of the United States and if, under such Acts, as amended and supplemented, such corporations are exempt from Federal income taxes.

(j) Voluntary employees' beneficiary associations providing for the payment of life, sick, or accident benefits to the members of such association or their dependents, if (1) no part of their net earnings inures (other than through such payments) to the benefit of any private

individual or shareholder, 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.

(k) Voluntary employees' beneficiary associations providing for the payment of life, sick, or accident benefits to the members of such association or their dependents or their designated beneficiaries, if (1) admission to membership in such association is limited to individuals who are officers or employees of the United States Government or the Government of the District of Columbia, and (2) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private individual or shareholder.

TITLE III—NET INCOME, GROSS INCOME AND EXCLUSIONS THEREFROM, AND DEDUCTIONS

SEC. 1. NET INCOME.—For the purposes of this article and wherever appearing herein, unless otherwise required by the context, the words "net income" mean the gross income of a taxpayer less the deductions allowed by this article.

"Net income."

SEC. 2. GROSS INCOME AND EXCLUSIONS THEREFROM.—(a) The words "gross income" 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 exempt under this article, or income derived from any trade or business or sales or dealings in property, whether real or personal, other than capital assets as defined in this article, growing out of the ownership, or sale of, or interest in, such property; also from rent, royalties, interest, dividends, securities, or transactions of any trade or business carried on for gain or profit, or gains or profits, and income derived from any source whatever.

"Gross income."

(b) The words "gross income" shall not include the following:

Exclusions.

(1) PROCEEDS OF LIFE-INSURANCE POLICIES.—The proceeds of life-insurance policies 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).

(2) ANNUITIES, AND SO FORTH.—(A) 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 subsection (1) or this subsection. This subsection and subsection 2 (b) (1) of this title shall not apply with respect to so much of a

Transfer for a valuable consideration.

Post, p. 338.

payment under a life-insurance, endowment, or annuity contract, or any interest therein, as, under section 3 (a) (10) of this title, is includible in the gross income of the recipient.

Post, p. 338.

(B) EMPLOYEES' ANNUITIES.—If an annuity contract is purchased by an employer for an employee under a plan with respect to which the employer's contribution is deductible under subsection 3 (a) (11) of this title, the employee shall include in his income the amounts received under such contract for the year received except that if the employee paid any of the consideration for the annuity, the annuity shall be included in his income as provided in subsection 2 (b) (2) (A) of this title, the consideration for such annuity being considered the amount contributed by the employee. In all other cases, if the employee's rights under the contract are nonforfeitable except for failure to pay future premiums, the amount contributed by the employer for such annuity contract on and after such rights become nonforfeitable shall be included in the income of the employee in the year in which the amount is contributed, which amount together with any amounts contributed by the employee shall constitute the consideration paid for the annuity contract in determining the amount of the annuity required to be included in the income of the employee under subsection 2 (b) (2) (A) of this title.

Ante, p. 335.

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

Obligations of a State, etc.

(4) TAX-FREE INTEREST.—Interest upon (a) the obligations of a State, Territory of the United States, or any political subdivision thereof, or the District of Columbia; and (b) obligations of the United States, its agencies, or instrumentalities.

(5) COMPENSATION FOR INJURIES OR SICKNESS.—Amounts received, through accident or health insurance or under workmen's compensation or employer's liability acts, or by way of damages for personal injuries, whether by suit or agreement.

Rental value of minister's dwelling, etc.

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

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

(8) INCOME OF FOREIGN GOVERNMENTS.

(9) PAYMENTS MADE UNDER LAWS RELATING TO VETERANS.—Payments of benefits made to or on account of a beneficiary under any of the laws relating to veterans.

Post, p. 345.

Post, p. 346.

(10) INCOME FROM UNINCORPORATED BUSINESS.—In the case of any person entitled to a share in the net income of any unincorporated business subject to tax under the provisions of title VIII of this article, an amount equal to the proportionate share of such person in such part of such net income as is in excess of the exemption provided in section 4 of said title VIII: *Provided, however*, That such part so excluded from the gross income of such person shall be reported by and taxed against the unincorporated business under the provisions of title VIII of this article.

(11) CAPITAL GAINS.—Gains from the sale or exchange of any capital asset as defined in this article.

(12) PERSONAL SERVICES.—If at least 80 per centum of the total compensation for personal services covering a period of thirty-six calendar months or more (from the beginning to the completion of such services) is received or accrued in one taxable year by an individual or a partnership, the tax attributable to any part thereof which is included in the gross income of any individual shall not be greater than the aggregate of the taxes attributable to such part had it been included in the gross

income of such individual ratably over that part of the period which precedes the date of such receipt or accrual.

SEC. 3. (a) DEDUCTIONS ALLOWED.—The following deductions shall be allowed from gross income in computing net income:

(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 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: *Provided, however*, That nothing herein contained shall be construed to exempt any salary or other compensation for personal services from taxation as a part of the taxable income of the person receiving the same.

Business expenses.

Traveling expenses.

Salary, etc., for personal services.

(2) INTEREST.—All interest paid or accrued, according to the taxpayer's method of accounting, within the taxable year.

(3) TAXES.—All taxes imposed upon the taxpayer and paid or accrued during the taxable year except—

Exceptions.

(A) income taxes;

(B) franchise taxes imposed by this article;

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

(D) taxes assessed against local benefits of a kind tending to increase the value of the property assessed;

(E) taxes paid to any State, Territory, county, or municipality on property, business, or occupation the income from which is not taxable under this article.

(4) LOSSES.—Losses sustained during the taxable year and not compensated for by insurance or otherwise—

(A) if incurred in a trade or business; or

(B) if incurred in any transaction entered into for the production or collection of income subject to tax under this article, or for the management, conservation, or maintenance of property held for the production of income subject to tax under this article, though not connected with any trade or business; or

(C) of property not connected with a trade or business; if such losses arise from fires, storms, shipwrecks, or other casualty: *Provided, however*, That no such loss shall be allowed as a deduction under this subsection if such loss is claimed as a deduction for inheritance- or estate-tax purposes: *And provided further*, That this subsection shall not be construed to permit the deduction of a loss of any capital asset as defined in this article.

Restrictions.

(5) 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. 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. No debt which existed prior to January 1, 1939, shall be allowed as a deduction.

Time limitation.

(6) INSURANCE PREMIUMS.—All fire-, tornado-, and casualty-insurance premiums paid during the taxable year in connection with property held for investment or used in a trade or business, the income from which is taxable under this article.

(7) 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. The basis upon which such allowances are to be computed is the basis provided for in title XI, section 6, of this article.

Post, p. 351.

(8) CHARITABLE CONTRIBUTIONS.—Contributions or gifts, actually paid within the taxable year to or for the use of any religious, charitable, scientific, literary, military, or educational institution, the activities of which are carried on to a substantial extent in the District, and no part of the net income of which inures to the benefit of any private shareholder or individual: *Provided, however*, That such deductions shall be allowed only in an amount which in the aggregate of all such deductions does not exceed 15 per centum of net income as computed without the benefit of this subsection.

Limitation.

(9) MEDICAL, DENTAL, AND SO FORTH, EXPENSES OF INDIVIDUALS.—Expenses in the case of residents, paid by the taxpayer during the taxable year, not compensated for by insurance or otherwise, for the medical care of the taxpayer, his spouse, or dependents as defined in this article. The term "medical care", as used in this subsection, shall include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of diseases, or for the purpose of effecting healthier function of the body (including amounts paid for accident or health insurance): *Provided, however*, That a taxpayer may deduct only such expenses as exceed 5 per centum of his net income, or 5 per centum of the aggregate net income in the case of husband and wife filing a joint return, computed with the benefit of subsection (8) of this section but without the benefit of this subsection: *And provided further*, That the maximum deduction for the taxable year shall not exceed $2,500 in the case of a husband and wife filing a joint return, or $1,250 in the case of all other residents.

"Medical care."

Deductions.

(10) ALIMONY OR SEPARATE MAINTENANCE.—In the case of residents, amounts paid as alimony or separate maintenance pursuant to and under a decree or judgment of a court of record of competent jurisdiction to adjudge or decree that the taxpayer pay such alimony or separate maintenance: *Provided, however*, That all amounts allowed as a deduction under this subsection shall be reported and taxed as income of the recipient thereof if such recipient is a resident as defined in this article.

Income of recipient.

(11) CONTRIBUTIONS OF AN EMPLOYER TO AN EMPLOYEES' TRUST OR ANNUITY PLAN AND COMPENSATION UNDER A DEFERRED-PAYMENT PLAN.—In the return of an employer, contributions made by such employer to an employees' trust or annuity plan and compensation under a deferred-payment plan to the extent that deductions for the same are allowed the taxpayer under the provisions of section 23 (p) of the Federal Internal Revenue Code.

53 Stat. 15.
26 U. S. C. § 23 (p).

(12) NONTRADE OR NONBUSINESS EXPENSE.—In the case of an individual, all the ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income taxable under this article.

Optional standard deduction.

(13) In lieu of the foregoing deductions, any resident, whose gross income less allowance for dependents is $5,000 or more may irrevocably elect to deduct for the taxable year an optional standard deduction of $500: *Provided, however*, That the option provided in this subsection shall not be permitted to any such taxpayer on any return filed by him for any period less than a full calendar or fiscal year: *And provided further*, That in the case of husband and wife living together, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction or by use of the optional method provided in title VI, section 4 (a).

Restriction.

Husband and wife living together.

Post, p. 344.

(14) ALLOCATION OF DEDUCTIONS.—In the case of corporations and unincorporated businesses, the deductions provided for in this section shall be allowed only for and to the extent that they are connected with income arising from sources within the District within the meaning of title X of this article; and the proper apportionment and allocation of the deductions to be allowed shall be determined by the Assessor under formula or formulas provided for in section 2, title X of this article.

Post, p. 349.

Post, p. 349.

(b) DEDUCTIONS NOT ALLOWED.—In computing net income, no deductions shall be allowed in any case for—

(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;

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

(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.

(5) If the net income of an unincorporated business for the taxable year is in excess of the exemption provided in section 4 of title VIII, no deduction which is allowed or allowable under section 3 (a) of this title from the gross income of any unincorporated business subject to the tax imposed by title VIII of this article shall be allowed as deduction in the return and computation of the net income of any person entitled to share in the net income of such unincorporated business.

Post, p. 346.

Ante, p. 337.

Post, p. 345.

(6) CAPITAL LOSSES.—Losses from the sale or exchange of any capital asset as defined in this article.

TITLE IV—ACCOUNTING PERIODS, INSTALLMENT SALES, AND INVENTORIES

Computation of net income.

SEC. 1. ACCOUNTING PERIODS.—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 4 (j) of title I 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, if the basis is accepted and approved by the Commissioner of Internal Revenue.

Ante, p. 332.

Federal income-tax return.

SEC. 2. PERIOD IN WHICH ITEMS OF GROSS INCOME INCLUDED.—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 1, any such amounts are to be properly accounted for as of a different period. In the case of death of a taxpayer on the cash basis, no amount will be accrued on his final return; and on the accrual basis, amounts (except amounts includible in computing a partner's net income) accrued only by reason of the death of the taxpayer shall

Death of taxpayer.

not be included in computing net income for the period in which falls the date of the taxpayer's death, but such amounts shall be included in the income of the person receiving such amounts by inheritance or survivorship from the decedent.

SEC. 3. PERIOD FOR WHICH DEDUCTIONS AND CREDITS TAKEN.—The deductions and credits provided for in this article 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 death of a taxpayer on the cash basis, no amount will be allowed as a deduction which was accrued up to the date of the taxpayer's death; and on the accrual basis, no amount (except amounts includible in computing a partner's net income) accrued only by reason of the death of the taxpayer shall be included in computing net income for the period in which falls the date of the taxpayer's death but such amounts shall be deductible by the estate or other person who paid them or is liable for their payment.

Death of taxpayer.

SEC. 4. INSTALLMENT SALES.—If a person reports any portion of his income from installment sales for Federal income-tax purposes under section 44 of the Federal Internal Revenue Code and as the same may hereafter be amended, and of such income is subject to tax under this article, he may report such income under this article in the same manner and upon the same basis as the same was reported by him for Federal income-tax purposes, if such method of reporting is accepted and approved by the Commissioner of Internal Revenue.

53 Stat. 24.
26 U. S. C. § 44.

SEC. 5. INVENTORIES.—Whenever in the opinion of the Assessor the use of inventories is necessary in order to properly 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.

SEC. 6. ASSESSOR MAY REJECT METHOD OF ACCOUNTING EMPLOYED BY TAXPAYER.—Notwithstanding any other provisions of this article, the Assessor is hereby authorized to reject any return of income reported on a cash basis where, in his opinion, the net income of the taxpayer is not properly reflected and cannot be determined on such basis, and to require the return to be filed on such a basis as in his opinion will properly reflect the net income of the taxpayer.

TITLE V—RETURNS

SEC. 1. (a) FORM OF RETURNS.—The Assessor is hereby authorized and directed to prescribe the forms of returns. All returns required under this title shall be filed on the forms and in the manner prescribed by the Assessor.

(b) TAXPAYER TO MAKE RETURN WHETHER FORM IS SENT OR NOT.—Blank forms of returns of 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 this article 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.

(c) 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 any person subject to tax under this article, shall render such returns thereof to the Assessor as he may by rule prescribe.

SEC. 2. REQUIREMENT.—Each of the following persons shall file a return with the Assessor stating specifically the items of his gross income and the items claimed as deductions and credits allowed under this article, and such other information for the purpose of carrying out the provisions of this article as the Assessor may require:

(a) RESIDENTS AND NONRESIDENTS.—Every nonresident of the District receiving income subject to tax under this article and every resident of the District, except fiduciaries, when—

(1) his gross income for the taxable year exceeds $1,000, if single, or if married and not living with husband or wife; or

(2) his gross income for the taxable year exceeds $2,000, if married and living with husband or wife; or

(3) his gross sales or gross receipts from any trade or business, other than an unincorporated business subject to tax under title VIII of this article, exceeds $5,000, regardless of the amount of his gross income; or

Post, p. 345.

(4) the combined gross income for the taxable year of a husband and wife living together exceeds $2,000 in the aggregate or the combined gross sales or gross receipts from any trade or business, other than an unincorporated business subject to tax under title VIII of this article, exceeds $5,000 regardless of the amount of their gross income.

Post, p. 345.

(b) FIDUCIARIES.—Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) for—

(1) every individual for whom he acts 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;

(2) every individual for whom he acts having a net income for the taxable year of $2,000 or over, if married and living with husband or wife;

(3) every individual for whom he acts having a gross income for the taxable year of $2,000 or over, regardless of the amount of his net income;

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

(5) every trust for which he acts, the net income of which for the taxable year is $100 or over; and

(6) every estate or trust for which he acts, the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income.

(c) JOINT FIDUCIARIES.—A return by one of two or more joint fiduciaries filed with the Assessor shall be sufficient compliance with the provisions of section 2 (b) of this title.

Return by authorized agent.

(d) If any resident or nonresident or any fiduciary is unable to make his own return, the return shall be made by his duly authorized agent.

(e) (1) CORPORATIONS.—Every corporation engaging in or carrying on any trade or business within the District or receiving income from sources within the District within the meaning of title X. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or are engaged in or carrying on the trade 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.

Post, p. 349.

Receivers, trustees, or assignees.

Affiliated corporations.

(2) Affiliated corporations shall file separate returns unless permitted by the Assessor to file consolidated returns.

(f) UNINCORPORATED BUSINESSES.—Every unincorporated business engaging in or carrying on any trade or business within the District

Post, p. 349.

or receiving income from sources within the District within the meaning of title X having a gross income of more than $10,000, regardless of whether or not it has a net income. Such returns shall be made by the taxpayer or taxpayers liable for the payment of the tax.

Post, p. 345.

(g) PARTNERSHIPS.—Every partnership, other than partnerships subject to the taxes imposed by title VIII of this article on unincorporated businesses, engaged in any trade or business, or receiving income from sources within the District. There shall be included in such return the names and addresses of the individuals who would be entitled to share in the net income of the partnership, if distributed, and the amount of distributive share of each individual.

Ante, p. 340.

SEC. 3. (a) TIME AND PLACE FOR FILING RETURNS.—All returns of income for the preceding taxable year required to be filed under the provisions of section 1 of this title shall be filed with the Assessor on or before the 15th day of April in each year, except that such returns, if made on the basis of a fiscal year, shall be filed on or before the fifteenth day of the fourth month following the close of such fiscal year.

(b) EXTENSION OF TIME FOR FILING RETURNS.—The Assessor may grant a reasonable extension of time for filing the returns required by section 2 of this title whenever in his judgment good cause exists therefor, and he shall keep a record of every such extension. Except in case of a taxpayer who is not within the continental limits of the United States, no such extension shall be granted for more than six months, and in no case shall such extension be granted for more than one year.

SEC. 4. (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 relating thereto or the computation thereof set forth or disclosed in any return required to be filed under section 1 of this title, and neither the original nor a copy of any such return desired for use in litigation in court shall be furnished where neither the District nor the United States is interested in the result of such litigation, whether or not the request is contained in an order of the court: *Provided, however*, That nothing herein contained shall be construed to prevent the furnishing to a taxpayer of a copy of his return upon the payment of a fee of $2.

Furnishing of copy to taxpayer.

(b) RECIPROCAL EXCHANGE OF INFORMATION WITH THE UNITED STATES AND THE SEVERAL STATES.—Notwithstanding the provisions of this section, the Assessor may permit the proper officer of the United States or 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 such income-tax returns provided the United States or such State grant substantially similar privileges to the Assessor or his representative or to the proper officer of the District charged with the administration of this title. 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 Assessor or Collector relative to any person subject to the taxes imposed by this article.

(c) PUBLICATION OF STATISTICS.—Nothing contained in section 4 (a) of this title shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports and the items thereof, or 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.

(d) INFORMATION WHICH MAY BE DISCLOSED.—Nothing contained in section 4 (a) of this title shall be construed to prohibit the Assessor, in his discretion, from divulging or making known any information contained in, or relating to, any report, application, license, or return required under the provisions of this article other than such information as may be contained therein relating to the amount of income or any particulars relating thereto or the computation thereof.

(e) PENALTIES FOR VIOLATION OF THIS SECTION.—Any violation of 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. All prosecutions under this section shall be brought in the Municipal Court of the District of Columbia on information by the Corporation Counsel of the District of Columbia or any of his assistants in the name of the District of Columbia.

Prosecutions.

(f) PRESERVATION OF RETURNS.—All reports, applications, and returns received by the Assessor under the provisions of this article shall be preserved for six years, and thereafter until the Assessor orders them to be destroyed.

TITLE VI—TAX ON RESIDENTS AND NONRESIDENTS

SEC. 1. DEFINITION.—For the purposes of this article, and unless otherwise required by the context, the words "taxable income" mean the entire net income of every resident, in excess of the personal exemptions and credits for dependents allowed by section 2 of this title and that portion of the entire net income of every nonresident which is subject to tax under title VIII of this article.

"Taxable income."

Post, p. 345.

SEC. 2. PERSONAL EXEMPTIONS AND CREDIT FOR DEPENDENTS.—There shall be allowed to residents the following credits against net income:

(a) An exemption of $1,000 for the taxpayer.

(b) An exemption of $1,000 for the spouse of the taxpayer (1) if a joint return is made by the taxpayer and his spouse, in which case the aggregate exemption of the spouses shall be $2,000, or (2) if a separate return is made by the taxpayer, and his spouse has no gross income for the calendar year in which the taxable year of the taxpayer begins and is not the dependent of another taxpayer.

Spouse of taxpayer.

(c) An exemption of $500 for each dependent, as defined in this article, whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than $500, except that the exemption shall not be allowed in respect of a dependent who has made a joint return with his spouse for the taxable year beginning in such calendar year.

Dependents.

(d) If the status of a taxpayer changes during the taxable year with respect to his marital status the amount allowed under subsection (b) of this section shall be apportioned in accordance with the number of months before and after such change. For the purposes of this subsection, a fractional part 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.

Change in marital status.

(e) Beginning with the first taxable year to which this article is applicable and in succeeding taxable years, the amounts allowed under subsections (a) and (b) of this section shall be prorated to the day of death in the final return of a decedent dying before the end of the taxable year, and as of the date of death the personal exemption is terminated and not extended over the remainder of the taxable year.

Death of taxpayer.

(f) In the case of a return made for a fractional part of a taxable year, the personal exemptions and credits for dependents shall be reduced, respectively, to amounts which bear the same ratio to the full

Return for fractional part of year.

credits provided as the number of months in the period for which the return is made bear to twelve months.

SEC. 3. IMPOSITION AND RATES OF TAX.—There is hereby annually levied and imposed for each taxable year upon the taxable income of every resident a tax at the following 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.

SEC. 4. (a) OPTIONAL METHOD OF COMPUTATION.—In lieu of the method of computation prescribed by section 3 of this title, a resident reporting on a cash basis for any full calendar year who does not claim credit for taxes paid by him to any State or Territory of the United States or political subdivision thereof under the provisions of section 5 of this title on the whole or any part of his income for such calendar year and, if his gross income for such calendar year is $5,000 or less, and is derived solely from salaries, wages, dividends, and interest, may elect to pay the tax as shown in the following table:

Gross income less allowance for dependents		Personal exemption status		Gross income less allowance for dependents		Personal exemption status	
Over	But not over	$1,000	$2,000	Over	But not over	$1,000	$2,000
		Tax	*Tax*			*Tax*	*Tax*
0	$1,150	0	0	$3,050	$3,100	$17.50	$7.50
$1,150	1,200	$0.50	0	3,100	3,150	18.00	8.00
1,200	1,250	1.00	0	3,150	3,200	18.50	8.50
1,250	1,300	1.50	0	3,200	3,250	19.00	9.00
1,300	1,350	2.00	0	3,250	3,300	19.50	9.50
1,350	1,400	2.50	0	3,300	3,350	20.00	10.00
1,400	1,450	3.00	0	3,350	3,400	20.50	10.50
1,450	1,500	3.50	0	3,400	3,450	21.00	11.00
1,500	1,550	3.50	0	3,450	3,500	21.50	11.50
1,550	1,600	4.00	0	3,500	3,550	21.50	11.50
1,600	1,650	4.50	0	3,550	3,600	22.00	12.00
1,650	1,700	5.00	0	3,600	3,650	22.50	12.50
1,700	1,750	5.50	0	3,650	3,700	23.00	13.00
1,750	1,800	6.00	0	3,700	3,750	23.50	13.50
1,800	1,850	6.50	0	3,750	3,800	24.00	14.00
1,850	1,900	7.00	0	3,800	3,850	24.50	14.50
1,900	1,950	7.50	0	3,850	3,900	25.00	15.00
1,950	2,000	8.00	0	3,900	3,950	25.50	15.50
2,000	2,050	8.00	0	3,950	4,000	26.00	16.00
2,050	2,100	8.50	0	4,000	4,050	26.00	16.00
2,100	2,150	9.00	0	4,050	4,100	26.50	16.50
2,150	2,200	9.50	0	4,100	4,150	27.00	17.00
2,200	2,250	10.00	0	4,150	4,200	27.50	17.50
2,250	2,300	10.50	$0.50	4,200	4,250	28.00	18.00
2,300	2,350	11.00	1.00	4,250	4,300	28.50	18.50
2,350	2,400	11.50	1.50	4,300	4,350	29.00	19.00
2,400	2,450	12.00	2.00	4,350	4,400	29.50	19.50
2,450	2,500	12.50	2.50	4,400	4,450	30.00	20.00
2,500	2,550	12.50	2.50	4,450	4,500	30.50	20.50
2,550	2,600	13.00	3.00	4,500	4,550	30.50	20.50
2,600	2,650	13.50	3.50	4,550	4,600	31.00	21.00
2,650	2,700	14.00	4.00	4,600	4,650	31.50	21.50
2,700	2,750	14.50	4.50	4,650	4,700	32.00	22.00
2,750	2,800	15.00	5.00	4,700	4,750	32.50	22.50
2,800	2,850	15.50	5.50	4,750	4,800	33.00	23.00
2,850	2,900	16.00	6.00	4,800	4,850	33.50	23.50
2,900	2,950	16.50	6.50	4,850	4,900	34.00	24.00
2,950	3,000	17.00	7.00	4,900	4,950	34.50	24.50
3,000	3,050	17.00	7.00	4,950	5,000	35.00	25.00

Application of schedule.

(b) In applying the above schedule, to determine the tax of a taxpayer with one or more dependents, there shall be subtracted from his gross income beginning with the first taxable year to which this article is applicable and succeeding taxable years, $500 for each dependent as defined in this article.

(c) In applying the above schedule, to determine whether the taxpayer is entitled to the personal exemption of $1,000 or $2,000, his status during the greater portion of the taxable year, as defined in this article, shall control.

(d) An individual not living with husband or wife during the greater portion of the taxable year for the purposes of this article, shall be considered as a single person. Individual considered as single person.

(e) The election given by this section as to the computation of tax due shall be considered to have been made if the taxpayer files the return prescribed for such computation and such election shall be final and irrevocable. Finality of election.

(f) If the taxpayer for any taxable year has filed a return computing his tax without regard to this section, he may not thereafter elect for such year to compute his tax under this section.

(g) This section shall not apply to any fiduciary or to any married resident living with husband or wife at any time during the taxable year whose spouse files a return and computes the tax without regard to this section. Nonapplicability of section.

(h) If a husband and wife living together file separate returns, each shall be treated as a single person for the purposes of this section. Spouse treated as single person.

SEC. 5. CREDIT AGAINST TAX ALLOWED RESIDENTS.—The amount of tax payable under this title by an individual who, although a resident of the District of Columbia as defined in this article, was nevertheless a bona fide domiciliary of any State or Territory of the United States or political subdivision thereof during the taxable year shall be reduced by the amount required to be paid by such individual as income or intangible personal property taxes, or both, for such taxable year to the State, Territory, or political subdivision thereof of which he was a domiciliary. The Assessor may require proof, satisfactory to him, of the payment of such income or intangible personal property taxes: *Provided, however*, That the credit provided for by this section shall not be allowed against any tax imposed under title VIII of this article. Bona fide domiciliary of a State, etc.

TITLE VII—TAX ON CORPORATIONS

SEC. 1. TAXABLE INCOME DEFINED.—For the purposes of this title, and unless otherwise required by the context, the words "taxable income" mean the amount of net income derived from sources within the District within the meaning of title X of this article. "Taxable income."

Post, p. 349.

SEC. 2. IMPOSITION AND RATE OF TAX.—For the privilege of carrying on or engaging in any trade or business within the District and of receiving income from sources within the District, there is hereby levied for each taxable year a tax at the rate of 5 per centum upon the taxable income of every corporation, whether domestic or foreign (except those expressly exempt under title II of this article).

Ante, p. 334.

TITLE VIII—TAX ON UNINCORPORATED BUSINESSES

SEC. 1. DEFINITION OF UNINCORPORATED BUSINESS.—For the purposes of this article (not alone of this title) and unless otherwise required by the context, the words "unincorporated business" mean any trade or business, conducted or engaged in by any individual, whether resident or nonresident, statutory or common-law trust, estate, partnership, or limited or special partnership, society, association, executor, administrator, receiver, trustee, liquidator, conservator, committee, assignee, or by any other entity or fiduciary, other than a trade or business conducted or engaged in by any corporation; and include any trade or business which if conducted or engaged in by a corporation would be taxable under title VII of this article. The words "unincorporated business" do not include any trade or business which by law, customs, or ethics cannot be incorporated or any trade or business in which more than 80 per centum of the gross income is derived from the personal services actually rendered by the individual or members of the partnership or other entity in the conducting or carrying on of "Unincorporated business."

any trade or business and in which capital is not a material income-producing factor.

"Taxable income."

SEC. 2. TAXABLE INCOME DEFINED.—For the purposes of this title, and unless otherwise required by the context, the words "taxable income" mean the amount of net income derived from sources within the District within the meaning of title X of this article in excess of the exemption granted by section 4 of this title.

Post, p. 349.

SEC. 3. IMPOSITION AND RATE OF TAX.—For the privilege of carrying on or engaging in any trade or business within the District and of receiving income from sources within the District, there is hereby levied for each taxable year a tax at the rate of 5 per centum upon the taxable income of every unincorporated business, whether domestic or foreign (except those expressly exempt under title II of this article).

Ante, p. 334.

SEC. 4. EXEMPTION.—Before computing the tax upon the taxable income of an unincorporated business, there shall be deducted therefrom an exemption of $10,000, except that where the period covered by a return is less than a year, or where a return shows that an unincorporated business has been carried on for less than twelve months, such exemption shall be prorated on a daily basis: *Provided, however*, That any amount exempted under this section from the tax imposed by section 3 of this title shall be reported and included in the gross income of that person or those persons entitled to a share therein in proportion to the share to which each person is entitled, and shall be reported in the return of each of such persons for his taxable year in which is ended the taxable year of the unincorporated business.

Report, etc., in gross income.

SEC. 5. BY WHOM PAYABLE.—The taxes imposed by section 3 of this title shall be payable by the person or persons, jointly and severally, conducting the unincorporated business. The taxes imposed under this title may be assessed in the name of the unincorporated business or in the name or names of the person or persons liable for the payment of such taxes, or both.

SEC. 6. PARTNERS ONLY TAXABLE.—Individuals carrying on any trade or business in partnership in the District, other than an unincorporated business, shall be liable for income tax only in their individual capacities. The tax on all such income shall be assessed against the individual partners under title VI of this article. 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.

Ante, p. 343.

Distributive share of net income.

TITLE IX—TAX ON ESTATES AND TRUSTS

SEC. 1. RESIDENT AND NONRESIDENT ESTATES AND TRUSTS.—For the purposes of this title, estates and trusts are (a) resident estates or trusts, or (b) nonresident estates or trusts. If the decedent was at the time of his death domiciled within the District, his estate is a resident estate, and any trust created by his will is a resident trust. If the decedent was not at the time of his death domiciled within the District, his estate is a nonresident estate, and any trust created by his will is a nonresident trust. If the creator of a trust was at the time the trust was created domiciled within the District, or if the trust consists of property of a person domiciled within the District, the trust is a resident trust. If the creator of the trust was not at the time the trust was created domiciled within the District,

Creator of trust.

the trust is a nonresident trust. If the trust resulted from the dissolution of a corporation organized under the laws of the District of Columbia the trust is a resident trust. If the trust resulted from the dissolution of a foreign corporation, the trust is a nonresident trust.

SEC. 2. RESIDENCE OR SITUS OF FIDUCIARY NOT TO CONTROL.—The residence or situs of the fiduciary shall not control the classification of estates and trusts as resident or nonresident under the provisions of section 1 of this title.

SEC. 3. IMPOSITION OF TAX.—The taxes imposed by title VI of this article upon residents shall apply to the income of resident estates, and income from any kind of property held in resident trusts, including— *Ante*, p. 343.

(a) 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;

(b) income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of any infant or incompetent person which is to be held or distributed as the court may direct;

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

(d) income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

SEC. 4. COMPUTATION OF THE TAX.—The tax shall be computed upon the taxable net income of the estate or trust, and shall be paid by the fiduciary, except as provided in section 7 of this title (relating to revocable trusts) and section 8 of this title (relating to income for benefit of the grantor).

SEC. 5. 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 as to the personal exemptions and credits for dependents, and except that— Computation. Exceptions.

(a) 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 (b) of this section in the same or any succeeding taxable year;

(b) 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 properly 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;

(c) there shall be allowed as a deduction (in lieu of the deductions for charitable contributions authorized by title III, section 3 (a) (8), of this article) 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 *Ante*, p. 338.

aside for the purposes and in the manner provided in title III, section 3 (a) (8), of this article or is to be used exclusively for the purposes enumerated in title III, section 3 (a) (8), of this article.

SEC. 6. 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 section 5 (a) of this title, 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 his taxable year.

SEC. 7. REVOCABLE TRUSTS.—The income of a trust shall be included in computing the net income of the grantor of such trust where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested—

(a) 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

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

SEC. 8. INCOME FOR BENEFIT OF GRANTOR.—So much of the income of any trust shall be included in computing the net income of the grantor as—

(a) 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

(b) 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.

(c) 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 title III, section 3 (a) (8), relating to the so-called "charitable contribution" deduction).

Ante, p. 338.

"In the discretion of the grantor."

SEC. 9. DEFINITION OF "IN DISCRETION OF GRANTOR".—As used in this title, 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.

SEC. 10. EMPLOYEES' TRUSTS.—(a) EXEMPTION FROM TAX.—A trust forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries shall not be taxable under this article and no other provision of this article shall apply with respect to such trust or to its beneficiary, except as hereinafter in this section expressly provided, if such trust meets the requirements for exemption from Federal income tax under section 165 of the Federal Internal Revenue Code.

53 Stat. 67.
26 U. S. C. § 165.

(b) TAXABILITY OF BENEFICIARY.—The amount actually distributed or made available to any distributee by any such trust shall be taxable to him, in the year in which so distributed or made available, under section 2 (b) (2) of title III of this article as if it were an annuity the consideration for which is the amount contributed by the employee.

Ante, p. 335.

(c) TREATMENT OF BENEFICIARY OF TRUST NOT EXEMPT UNDER SUBSECTION (a).—Contributions to a trust made by an employer during a taxable year of the employer which ends within or with a taxable year

of the trust for which the trust is not exempt under subsection (a) of this section shall be included in the gross income of an employee for the taxable year in which the contribution is made to the trust in the case of an employee whose beneficial interest in such contribution is nonforfeitable at the time the contribution is made.

TITLE X—PURPOSE OF ARTICLE AND ALLOCATION AND APPORTIONMENT

SEC. 1. PURPOSE OF ARTICLE.—It is the purpose of this article to impose (1) an income tax upon the entire net income of every resident and every resident estate and trust, and (2) a franchise tax upon every corporation and unincorporated business for the privilege of carrying on or engaging in any trade or business within the District and of receiving such other income as is derived from sources within the District: *Provided, however*, That, in the case of any corporation, the amount received as dividends from a corporation which is subject to taxation under this article, and, in the case of a corporation not engaged in carrying on any trade or business within the District, interest received by it from a corporation which is subject to taxation under this article shall not be considered as income from sources within the District for the purposes of this article. The measure of the franchise tax shall be that portion of the net income of the corporation and unincorporated business as is fairly attributable to any trade or business carried on or engaged in within the District and such other net income as is derived from sources within the District.

Dividends from a corporation, etc.

Franchise tax.

SEC. 2. ALLOCATION AND APPORTIONMENT.—The entire net income of any corporation or unincorporated business, derived from any trade or business carried on or engaged in wholly within the District shall, for the purposes of this article, be deemed to be from sources within the District, and shall, along with other income from sources within the District, be allocated to the District. If the trade or business of any corporation or unincorporated business is carried on or engaged in both within and without the District, the net income derived therefrom shall, for the purposes of this article, be deemed to be income from sources within and without the District. Where the net income of a corporation or unincorporated business is derived from sources both within and without the District, the portion thereof subject to tax under this article shall be determined under regulation or regulations prescribed by the Commissioners. The Assessor is authorized to employ any formula or formulas provided in any regulation or regulations prescribed by the Commissioners under this article which, in his opinion, should be applied in order to properly determine the net income of any corporation or unincorporated business subject to tax under this article.

Net income derived within District, etc.

SEC. 3. ALLOCATION OF INCOME AND DEDUCTIONS BETWEEN ORGANIZATIONS, AND SO FORTH.—In any of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the District, 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, whenever in his opinion 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 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.

Applicability to common carrier by railroad.

24 Stat. 379.
49 U. S. C. §§ 1-27, 301-327, 901-923, 1001-1022.

TITLE XI—BASES

SEC. 1. BASIS FOR DETERMINING GAIN OR LOSS.—The basis for determining the gain or loss from the sale, exchange, or other disposition of property shall be the cost of such property, except that—

Exceptions.

(a) If the property is of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, the basis shall be the last inventory value thereof.

(b) In respect of any real or tangible property acquired after December 31, 1938, the cost thereof shall be adjusted as follows:

Addition of expenditures.

(1) By adding to its original cost to the taxpayer the amount of all expenditures connected therewith, including real-estate taxes upon the property, which were properly chargeable to capital account and were not deducted in any income-tax return which the taxpayer was required to file under the provisions of this article or the District of Columbia Income Tax Act of 1939, as amended; but such additions as are herein provided for shall include only those expenditures made by the taxpayer between the time the property was acquired by him and the date of sale or other disposition of the property.

53 Stat. 1085. D. C. Code §§ 47-1501 to 47-1543. *Ante*, p. 331.

Deductions for wear and tear, etc.

(2) By deducting from such cost the full loss sustained since acquisition for exhaustion, wear and tear, obsolescence, amortization, and depletion to the extent allowed or allowable (whichever amount is the greater) on such property in all returns required to be filed by the taxpayer under the provisions of this article or of the District of Columbia Income Tax Act of 1939, as amended.

Supra.

Property acquired by gift, etc.

(3) In the case of property (including intangible personal property) acquired by gift or inheritance, where the transfer thereof to the taxpayer was subject to tax by the United States or by any jurisdiction in which the property had a taxable situs at that time, the basis of the property so acquired shall be the highest valuation then placed upon such transfer by the United States or by any authorized taxing State or Territory thereof. If such transfer of the property was not subject to the aforesaid transfer tax, the base shall be the fair market value of such property at the time acquired. For the purpose of this subsection, the time such inherited property was acquired shall be the date of death of the decedent. The basis herein provided for shall be subject to the appropriate adjustment or adjustments defined in section 1 (b) of this title.

Time of acquisition.

Acquisition prior to Jan. 1, 1939.

(c) If the property was acquired before January 1, 1939, the basis shall be the fair market value as of that date or, at the option of the taxpayer, the cost of such property, and in the case of real or tangible property such cost shall be diminished by exhaustion, wear and tear, obsolescence, and depletion actually sustained before such date: *Provided, however*, That the preceding valuation so determined shall be adjusted by the appropriate additions and deductions provided for in section 1 (b) of this title to cover the period from January 1, 1939, to the date of sale or other disposition of the property.

Adjustment.

SEC. 2. (a) COMPUTATION OF GAIN OR LOSS.—The gain or loss, as the case may be, from the sale or other disposition of property shall be the difference between (a) the amount realized from such sale or other disposition of the property and (b) the basis as defined in section 1 of this title.

(b) AMOUNT REALIZED.—The amount realized from the sale or exchange of property shall be its selling price, and such price shall include cash payments received or to be received subsequently therefor, plus the sum of any mortgage and other encumbrances thereon at the time of such sale or exchange. The amount realized shall also include at its then market value any property received in part or in full settlement of the property sold or exchanged, adjusted to include the then existing encumbrances on such property received in exchange.

SEC. 3. EXCHANGE IN REORGANIZATIONS.—When in connection with the reorganization of a corporation, a taxpayer receives, in place of stock or securities owned by him, any stock or securities of the reorganized 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. For the purposes of this section, the word "reorganization" means (1) a statutory merger or consolidation; or (2) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of at least 80 per centum of the voting stock and at least 80 per centum of the total number of shares of all other classes of stock of another corporation; or (3) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of substantially all the properties of another corporation, but in determining whether the exchange is solely for voting stock the assumption by the acquiring corporation of a liability of the other, or the fact that property acquired is subject to a liability, shall be disregarded; or (4) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its shareholders or both are in control of the corporation to which the assets are transferred; or (5) a recapitalization; or (6) a mere change in identity, form, or place of organization, however effected.

"Reorganization."

SEC. 4. BASIS FOR DIVIDENDS PAID IN PROPERTY.—Where any property other than money is paid by a corporation as a dividend, the base to the recipient thereof shall be the market value of such property at the time of its distribution by such corporation.

SEC. 5. The provisions of sections 1 through 3 of this title shall not apply to the sale or exchange of any property defined as a capital asset by section 4 (1) of title I of this article.

Ante, p. 332.

SEC. 6. DEPRECIATION.—The bases used in determining the amount allowable as a deduction from gross income under the provisions of section 3 (a) (7) of title III of this article shall be—

Ante, p. 337.

(a) where the property was acquired after December 31, 1938, by purchase, the basis shall be the cost thereof to the taxpayer;

(b) where the property was received in exchange for other property after December 31, 1938, the basis shall be the market value thereof at the time of such exchange;

(c) where the property was inherited or acquired by gift after December 31, 1938, the basis shall be that defined in subsection 1 (b) (3) of this title;

Ante, p. 350.

(d) if the property was acquired prior to January 1, 1939, the appropriate basis set forth in subsection (a), (b), or (c) of this section shall be used: *Provided, however*, That the taxpayer may, at his option, use as the basis the market value of such property as of January 1, 1939;

(e) the taxpayer may deduct in each taxable year only such amount of depreciation as was actually sustained during that year and such annual deduction shall be based upon the useful life of the property remaining after the date used by the taxpayer in establishing the valuation: *Provided, however*, That the allowance for depreciation actually sustained during any taxable year may not be increased by any depreciation of the property which was allowable as a deduction in any earlier taxable year: *And provided further*, That any basis so established may not be changed in a subsequent taxable year, unless written approval of the Assessor has been first obtained.

Amount of depreciation deductible.

Change of basis.

TITLE XII—ASSESSMENT AND COLLECTION; TIME OF PAYMENT

SEC. 1. DUTIES OF ASSESSOR.—The Assessor is hereby required to administer the provisions of this article. As soon as practicable after the return is filed, the Assessor shall examine it and shall determine the correct amount of tax.

SEC. 2. STATEMENTS AND SPECIAL RETURNS.—Every person upon whom the duty is imposed by this article to file any applications, returns, or reports or who is liable for any tax imposed by this article shall keep such records, render under oath such statements, and comply with such rules and regulations as the Assessor from time to time may prescribe. Whenever the Assessor deems it necessary, he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as he believes sufficient to show whether or not such person is liable to tax under this article and the extent of such liability.

SEC. 3. 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 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 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 municipal court of the District of Columbia on information by the Corporation Counsel of the District of Columbia or any of his assistants in the name of the District of Columbia.

Summons, etc.

Penalty.

Prosecutions.

SEC. 4. 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.

Notice to taxpayer.

SEC. 5. DETERMINATION AND ASSESSMENT OF DEFICIENCY.—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.

Opportunity for hearing.

SEC. 6. JEOPARDY ASSESSMENT.—(a) AUTHORITY FOR MAKING.—If the Assessor believes that the collection of any tax imposed by this article 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.

(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.

SEC. 7. (a) TIME OF PAYMENT.—One-half of the total amount of the tax due as shown on the taxpayer's return shall be paid to the Collector on the 15th day of April following the close of the calendar year and the remaining one-half of such tax shall be paid to the Collector on the 15th day of October following the close of the calendar year, or, if the return be made on the basis of a fiscal year, then one-half of the total amount of such tax shall be paid on the 15th day of the fourth month following the close of the fiscal year and the remaining one-half of such tax shall be paid on the 15th day of the tenth month following the close of the fiscal year. Any deficiency in tax determined by the Assessor under the provisions of section 5 of this title shall be due and payable within ten days from the date of the assessment.

Payment of deficiency.

(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 title V, section 3 (b), 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.

Extension exceeding six months.

Ante, p. 342.

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

SEC. 8. WITHHOLDING OF TAX AT SOURCE.—Whenever the Assessor shall deem it necessary in order to satisfy the District's claim for a tax payable by any foreign corporation or unincorporated business, he may, by rules and regulations, require any person subject to the jurisdiction of the District to withhold and pay to the Collector an amount not in excess of 5 per centum of all income payable by such person to such foreign corporation or unincorporated business. After such foreign corporation or unincorporated business shall have filed all returns required under this title, and the same shall have been audited, the Collector shall refund any overpayment to the taxpayer.

Tax payable by foreign corporation, etc.

Refund of overpayment.

SEC. 9. TAX A PERSONAL DEBT.—Every tax imposed by this article, and all increases, interest, and penalties thereof, shall become, from the time it is due and payable, a personal debt, from the person or

Priority, etc.

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 under this article and the interest and penalties thereon shall be collected by the Collector 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.

SEC. 10. PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION.—(a) GENERAL RULE.—Except as provided in subsection (b) of this section—

Assessment within three years.

(1) the amount of income taxes imposed by this article shall be assessed within three 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 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 three years after the return is filed. This subsection shall not apply in the case of a corporation unless—

Applicability to corporation.

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

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

(C) the dissolution is completed;

Omission from 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;

Return filed prior to last day.

(4) for the purposes of subsections (a) (1), (a) (2), and (a) (3), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day: *Provided, however*, That the periods of limitation upon the assessment and collection of taxes provided in this section in cases where the taxpayer has appealed to the Board of Tax Appeals as provided in this article shall be suspended until such cases have been finally disposed of in the Board of Tax Appeals by final decision, dismissal, or otherwise.

Suspension of periods of limitation.

(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.

(c) WAIVER.—Where before the expiration of the time prescribed in subsection (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.

(d) COLLECTION AFTER ASSESSMENT.—Where the assessment of any income tax imposed by this article 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

(1) within three years after the assessment of the tax or (2) 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.

Crediting of overpayment, etc.
Ante, p. 352.

SEC. 11. REFUNDS.—Except as to any deficiency taxes assessed under the provisions of section 5 of this title, where there has been an overpayment of any tax imposed by this article, the amount of such overpayment shall be credited against any income tax or installment thereof, whether such tax was assessed as a deficiency or otherwise, then due from the taxpayer, and the balance shall be refunded to the taxpayer. No such credit or refund shall be allowed after three years from the time the tax was paid unless before the expiration of such period a claim therefor is filed by the taxpayer, and no tax or part thereof which the Assessor may determine to have been an overpayment shall be refunded after the period prescribed therefor in the Act appropriating the funds from which such refund would otherwise be made. The amount of such credit or refund shall not exceed the portion of the tax paid during the three years immediately preceding the filing of the claim, or if no claim was filed, then during the three years immediately preceding the allowance of such credit or refund. Every claim for credit or 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: *Provided*, That if it shall be determined by the Assessor, the Board of Tax Appeals for the District of Columbia, or any court that any part of any tax which was assessed as a deficiency under the provisions of section 5 of this title was an overpayment, interest shall be allowed and paid upon such overpayment at the rate of 4 per centum per annum from the date such overpayments were paid until the date of refund.

Time limitation.

Limitation on amount of credit or refund.

Filing of claim.

Interest on overpayment.

Ante, p. 352.

SEC. 12. CLOSING AGREEMENTS.—The Assessor is authorized to enter into a written 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.

SEC. 13. COMPROMISES.—(a) AUTHORITY TO MAKE.—Whenever in the opinion of the Commissioners there shall arise with respect of any tax imposed under this article 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.

Penalty.

(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.

Prosecutions.

All prosecutions under this section shall be brought in the municipal court of the District of Columbia on information by the Corporation Counsel of the District of Columbia or any of his assistants in the name of the District of Columbia.

(c) OF PENALTIES AND INTEREST.—The Commissioners shall have the power for cause shown to compromise any penalty which may be imposed by the Assessor under the provisions of this article. The Assessor may adjust any interest where, in his opinion, the facts in the case warrant such action.

SEC. 14. DEFINITION OF "PERSON".—The term "person" as used in this title 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.

SEC. 15. PAYMENT TO COLLECTOR AND RECEIPTS.—The taxes provided under this article shall be collected by the Collector and the revenues derived therefrom shall be turned over to the Treasury of the United States for credit to the District in the same manner as other revenues are turned over to the United States Treasury for 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.

TITLE XIII—PENALTIES AND INTEREST

Addition to tax.

SEC. 1. FAILURE TO FILE RETURN.—In case of any failure to make and file a return required by this article, within the time prescribed by law or prescribed by the Commissioners or Assessor in pursuance of law, 5 per centum of the tax shall be added to the tax for each month or fraction thereof that such failure continues, not to exceed 25 per centum in the aggregate, 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 assessed and collected.

SEC. 2. INTEREST ON DEFICIENCIES.—(a) 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 6 per centum per annum 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.

(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 6 per centum per annum 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 6 per centum per annum 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.

SEC. 3. ADDITIONS TO THE TAX IN CASE OF DEFICIENCY.—(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.

(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.

SEC. 4. ADDITIONS TO THE TAX IN CASE OF NONPAYMENT.—(a) TAX SHOWN ON RETURN.—(1) GENERAL RULE.—Where the amount determined by the taxpayer as the tax imposed by this article, 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 6 per centum per annum from the date prescribed for its payment until it is paid.

(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 5 of this title is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in subsection (a) (1) of this section, interest at the rate of 6 per centum per annum shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

(b) DEFICIENCY.—Where a deficiency, or any interest or additional amounts assessed in connection therewith under section 2 or under section 3, or any addition to the tax in case of delinquency provided for in section 1 is not paid in full within ten days from the date of assessment thereof, there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 6 per centum per annum from the date of such notice and demand until it is paid.

SEC. 5. TIME EXTENDED FOR PAYMENT OF TAX SHOWN ON RETURN.—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 title XII, section 7 (b), there shall be collected, as a part of such amount, interest thereon at the rate of 6 per centum per annum 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.

Ante, p. 353.

SEC. 6. PENALTIES.—(a) WILLFUL VIOLATION.—Any person required under this article 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 article, who willfully refuses to pay or collect such tax, to make such return, to keep such records, or to supply such information, or who makes a false or fraudulent return, or who willfully attempts in any manner to defeat or evade the tax imposed by this Act, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and shall be fined not more than $5,000 or imprisoned for not more than one year, or both, together with costs of prosecution. All prosecutions under this section shall be brought in the Municipal Court of the District of Columbia on information by the Corporation Counsel or one of his assistants in the name of the District.

Prosecutions.

(b) DEFINITION OF "PERSON".—The term "person" as used in this title 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.

TITLE XIV—LICENSES

SEC. 1. REQUIREMENT.—No corporation or unincorporated business, except such corporations or unincorporated businesses as are expressly exempt under the provisions of title II of this article, shall engage in or carry on any trade or business in the District without a license

Ante, p. 334.

so to do issued under this article in addition to all other licenses and permits required by law, except as hereinafter provided. For the first calendar year to which this article is applicable, no license shall be required of any corporation licensed under the provisions of the Act of July 26, 1939, as amended. Every corporation not so licensed and every unincorporated business shall obtain such license within sixty days after the approval of this Act. Every corporation or unincorporated business which commences to engage in or carry on any trade or business in the District after the passage of this Act shall obtain a license under this article within sixty days after the date of the commencement of such trade or business in the District. Applications for licenses shall be filed with the Assessor prior to January 1 of each year upon forms prescribed and furnished by the Assessor, and each application shall be accompanied by a fee of $10.

53 Stat. 1085. D. C. Code §§ 47-1501 to 47-1543. *Ante*, p. 331. Time limitation.

Applications.

SEC. 2. DURATION OF LICENSE.—All licenses issued under this title shall be in effect for the duration of the calendar year for which issued, unless revoked as provided in this title, and shall expire at midnight on the 31st day of December of each year. No license may be transferred to any other corporation or unincorporated business.

Nontransferability.

SEC. 3. LICENSES TO BE POSTED.—All licenses granted under this title to corporations or unincorporated businesses 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.

SEC. 4. WHERE A CORPORATION OR UNINCORPORATED BUSINESS HAS NO OFFICE OR PLACE OF BUSINESS IN THE DISTRICT, AGENT OR EMPLOYEE SHALL CARRY CERTIFICATE OR LICENSE.—Every corporation and every unincorporated business not having an office or place of business in the District which engages in or carries on any trade or 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 or unincorporated business 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 the corporation not having an office or place of business in the District shall engage in or carry on any trade or business in the District for or on behalf of such corporation or unincorporated business unless such corporation or unincorporated business shall have first obtained a license, as provided by this title.

SEC. 5. REVOCATION.—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 article, or to pay any installment of tax when due.

SEC. 6. RENEWAL.—Licenses shall be renewed for the ensuing calendar year upon application as provided in section 1 of this title. No license shall be issued or renewed if the taxpayer has failed or refused to pay any tax or installment thereof, or penalties or interest thereon, imposed by this article: *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 section.

Waiver.

SEC. 7. PENALTY FOR FAILURE TO OBTAIN LICENSE.—Any corporation or unincorporated business engaged in or carrying on any trade or business in the District or receiving income from sources within the District within the meaning of title X of this article without having obtained a license so to do, within the time prescribed by section 1 of

Ante, p. 349.

this title, and any person engaging in or carrying on any trade or business in the District or receiving income from sources within the District within the meaning of title X of this article for or on behalf of any corporation or unincorporated business 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 section shall be brought in the municipal court of the District of Columbia on information by the Corporation Counsel or any of his assistants in the name of the District: *Provided, however*, That the provisions of this section shall not apply to mere collection by an agent of income of a corporation or unincorporated business not having the license required under this title.

Prosecutions.

Nonapplicability.

TITLE XV—APPEAL

SEC. 1. APPEAL TO BOARD OF TAX APPEALS FOR THE DISTRICT OF COLUMBIA.—Any person aggrieved by any assessment of a deficiency in tax determined and assessed by the Assessor under the provisions of title XII, section 5, of this article and any person aggrieved by the denial of any claim for refund made under the provisions of title XII, section 11 of this article, may, within ninety days from the date of the assessment of the deficiency or from the date of the denial of a claim for refund, as the case may be, appeal 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 the Act entitled "An Act to amend the District of Columbia Revenue Act of 1937, and for other purposes", approved May 16, 1938, and as the same may hereafter be amended.

Ante, p. 352.

Ante, p. 355.

52 Stat. 371, 374-375. D. C. Code §§ 47-2403, 47-2404, 47-2407 to 47-2411.

SEC. 2. ELECTION OF REMEDY.—The remedy provided in section 1 of this title 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 any tax shall be instituted in any court if the taxpayer has elected to file an appeal with respect to such tax in accordance with the provisions of section 1 of this title.

TITLE XVI—RULES AND REGULATIONS

SEC. 1. The Commissioners shall prescribe and publish such rules and regulations, consistent with the provisions of this article, as may be necessary and proper for its enforcement and efficient administration.

ARTICLE II—INCREASE IN RATE OF TAXATION OF REAL AND TANGIBLE PERSONAL PROPERTY

For each of the fiscal years ending June 30, 1948, and June 30, 1949, respectively, the rate of taxation imposed for the District of Columbia on real and tangible personal property shall not be less than 2 per centum on the assessed value of such property.

ARTICLE III—INCREASE IN MOTOR-FUEL TAX

SEC. 1. The tax of 2 cents per gallon on motor-vehicle fuels within the District of Columbia, sold or otherwise disposed of by an importer, or used by him in a motor vehicle operated for hire or for commercial purposes, imposed by the Act entitled "An Act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes", approved April 23, 1924, as amended, and increased by the Act entitled "An Act increasing motor-vehicle-fuel taxes in the District of Columbia for the period January 1, 1942, to June 30, 1951", approved

43 Stat. 106. D. C. Code §§ 47-1901 to 47-1916.

55 Stat. 871. D. C. Code, Supp. V, §§ 47-1901a, 47-1904 to 47-1906.

December 26, 1941, to 3 cents per gallon effective January 1, 1942, and extending to and including June 30, 1951, is hereby further increased to 4 cents per gallon effective on the first day of the first month following the approval of this Act and extending to and including June 30, 1952, and thereafter the tax shall be 3 cents per gallon. When, pursuant to section 14 of such Act, gasoline or other motor-vehicle fuel is sold by any agency of the United States within the District of Columbia, for use in privately owned vehicles, such agency of the United States shall, by agreement with the Commissioners of the District of Columbia, arrange for the collection of the full amount of the tax per gallon herein authorized to be imposed and as increased by this section, and shall account to the collector of taxes of the District of Columbia for the proceeds of such tax collections.

43 Stat. 109. D. C. Code § 47-1912.

Repeal.

SEC. 2. Section 1 of the Act entitled "An Act increasing motor-vehicle-fuel taxes in the District of Columbia for the period January 1, 1942, to June 30, 1951", approved December 26, 1941, is hereby repealed, effective on the first day of the first month following the approval of this Act.

55 Stat. 871. D. C. Code, Supp. V, § 47-1901a.

ARTICLE IV—AMENDMENT TO MOTOR VEHICLE INSPECTION ACT

SEC 1. Section 1 of the Act entitled "An Act to provide for the annual inspection of all motor vehicles in the District of Columbia", approved February 18, 1938, be, and the same hereby is, amended to read as follows:

52 Stat. 78. D. C. Code § 40-201.

"That at the time of the registration of each motor vehicle or trailer there shall be levied and collected a fee known as the 'inspection fee' of $1."

52 Stat. 78. D. C. Code § 40-203.

SEC. 2. Section 3 of said Act is hereby amended by inserting immediately after the words "motor vehicles" the words "and trailers".

52 Stat. 78. D. C. Code § 40-204.

SEC. 3. Section 4 of said Act is hereby amended by inserting immediately after the words "motor vehicles" the words "and trailers".

Effective date.

SEC. 4. This article shall become effective thirty days after the approval of this Act.

ARTICLE V—INCREASE IN WATER RENTS AND ASSESSMENTS FOR WATER MAINS

SEC. 1. Water rents charged by the District of Columbia for water used in the District of Columbia on and after July 1, 1947, shall be increased 25 per centum over the rents now in effect. Whenever the application of this increase to an existing rate results in a rate with a fractional part of a cent, the rate shall be, if the fraction be one-half cent or more, the nearest higher amount not containing a fraction, and, if the fraction be less than one-half cent, the nearest lower amount not containing a fraction. In computing the rent for the consumption of water in excess of the minimum amount allowed by law for metered service, if the rent is charged for a period beginning prior to July 1, 1947, and ending thereafter, the rent for such excess consumption shall be prorated.

SEC. 2. The rate of assessment for laying or constructing water mains in the District of Columbia under the provisions of the Act entitled "An Act authorizing the laying of water mains and service sewers, and for other purposes", approved April 22, 1904, is hereby established at $1.90 per linear foot for any water mains constructed or laid on and after July 1, 1947.

33 Stat. 244. D. C. Code §§ 43-1510 to 43-1517.

ARTICLE VI—FEDERAL PAYMENT

For the fiscal year ending June 30, 1948, 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 $12,000,000, of which $11,000,000 shall be credited to the general fund of the District of Columbia and $1,000,000 shall be credited to the water fund of the District of Columbia, established by law (title 43, ch. 15, D. C. Code, 1940 edition).

Appropriations authorized.
Post, p. 425.

ARTICLE VII—SEPARABILITY CLAUSE

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 the other persons or circumstances, shall not be affected thereby.

Approved July 16, 1947.

[CHAPTER 261]

JOINT RESOLUTION

Making temporary appropriations for the fiscal year 1948.

July 17, 1947
[H. J. Res. 240]
[Public Law 196]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby appropriated, and out of applicable corporate or other revenue, receipts, and funds, respectively, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to meet pay rolls (obligations for which were incurred in accordance with section 102 of the Second Urgent Deficiency Appropriation Act, 1947, Public Law 122, or in accordance with provisions of the Emergency Appropriation Act, 1948, Public Law 161) for pay periods ending prior to July 16, 1947: *Provided*, That expenditures hereunder shall be charged to the appropriate appropriations for the fiscal year 1948 when made.

Temporary appropriations, 1948.
Ante, p. 187.
Ante, p. 243.

Approved July 17, 1947.

[CHAPTER 262]

AN ACT

Making appropriations for the Legislative Branch for the fiscal year ending June 30, 1948, and for other purposes.

July 17, 1947
[H. R. 3993]
[Public Law 197]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Legislative Branch for the fiscal year ending June 30, 1948, namely:

Legislative Branch Appropriation Act, 1948.
Supra; ante, pp. 118, 187, 188, 245; *post*, pp. 608, 609, 610, 611, 695, 696, 941.

SENATE

SALARIES, MILEAGE, AND EXPENSES OF SENATORS

For compensation of Senators, $1,200,000.
For mileage of the President of the Senate and of Senators, $51,000.
For expense allowance of Senators, $240,000.

Post, p. 941.