

THE
STATUTES AT LARGE

OF THE
UNITED STATES OF AMERICA

FROM
DECEMBER, 1925, TO MARCH, 1927

CONCURRENT RESOLUTIONS OF THE TWO HOUSES OF CONGRESS
AND
RECENT TREATIES, CONVENTIONS, AND EXECUTIVE
PROCLAMATIONS

EDITED, PRINTED, AND PUBLISHED BY AUTHORITY OF CONGRESS
UNDER THE DIRECTION OF THE SECRETARY OF STATE

VOL. XLIV

IN THREE PARTS

PART 1—Code of Laws of the United States
PART 2—Public Acts and Resolutions
PART 3—Private Acts and Resolutions, Concurrent Resolutions,
Treaties, and Proclamations

PART 2

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON
1927

CHAP. 26.—An Act To provide for the inspection of the battle fields and surrender grounds in and around old Appomattox Court House, Virginia.

February 25, 1926.
[S. 1493.]
[Public, No. 19.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created, to be composed of the following members, who shall be appointed by the Secretary of War:

Appomattox Court House, Va., battle-fields.
Commission created.

(1) A commissioned officer of the Corps of Engineers, United States Army;

Army Engineer officer.

(2) A veteran of the Civil War who served honorably in the military forces of the United States; and

United States Civil War veteran.

(3) A veteran of the Civil War who served honorably in the military forces of the Confederate States of America.

Confederate States Civil War veteran.

SEC. 2. In appointing the members of the commission created by section 1 of this Act the Secretary of War shall, as far as practicable, select persons familiar with the terrain of the battle fields and surrender grounds of old Appomattox Court House, Virginia, and the historical events associated therewith.

Qualifications of commission.

SEC. 3. It shall be the duty of the commission, acting under the direction of the Secretary of War, to inspect the battle fields and surrender grounds in and around old Appomattox Court House, Virginia, in order to ascertain the feasibility of preserving and marking for historical and professional military study such fields. The commission shall submit a report of its findings to the Secretary of War not later than December 1, 1926.

Inspection and report on feasibility of preserving, for historical study, etc.

SEC. 4. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$3,000 in order to carry out the provision of this Act.

Amount authorized for expenses.
Post, p. 878.

Approved, February 25, 1926.

CHAP. 27.—An Act To reduce and equalize taxation, to provide revenue, and for other purposes.

February 26, 1926.
[H. R. 1.]
[Public, No. 20.]

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

Revenue Act of 1926.

TITLE I.—GENERAL DEFINITIONS

Definitions.

SECTION 1. This Act may be cited as the "Revenue Act of 1926."

Title of Act.

SEC. 2. (a) When used in this Act—

Terms construed.

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

"Person."

(2) The term "corporation" includes associations, joint-stock companies, and insurance companies.

"Corporation."

(3) The term "domestic" when applied to a corporation or partnership means created or organized in the United States or under the law of the United States or of any State or Territory.

"Domestic."

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

"Foreign."

(5) The term "United States" when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"United States."

(6) The term "Secretary" means the Secretary of the Treasury.

"Secretary."

(7) The term "Commissioner" means the Commissioner of Internal Revenue.

"Commissioner."

(8) The term "collector" means collector of internal revenue.

"Collector."

(9) The term "taxpayer" means any person subject to a tax imposed by this Act.

"Taxpayer."

"Military or naval forces of the United States."

(10) The term "military or naval forces of the United States" includes the Marine Corps, the Coast Guard, the Army Nurse Corps, Female, and the Navy Nurse Corps, Female.

"Includes" and "including."

(b) The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

INCOME TAX.

TITLE II.—INCOME TAX

General provisions.

PART I.—GENERAL PROVISIONS

Definitions.

DEFINITIONS

Meaning of terms.

SEC. 200. When used in this title—

"Taxable year."

(a) The term "taxable year" means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the net income is computed under section 212 or 232. The term "fiscal year" means an accounting period of twelve months ending on the last day of any month other than December. The term "taxable year" includes, in the case of a return made for a fractional part of a year under the provisions of this title or under regulations prescribed by the Commissioner with the approval of the Secretary, the period for which such return is made. The first taxable year, to be called the taxable year 1925, shall be the calendar year 1925 or any fiscal year ending during the calendar year 1925.

"Fiscal year."

Fractions included.

First taxable year, 1925.

"Fiduciary."

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

"Withholding agent."
Post, pp. 35, 43.

(c) The term "withholding agent" means any person required to deduct and withhold any tax under the provisions of section 221 or 237.

"Paid or incurred" and "paid or accrued."

(d) The terms "paid or incurred" and "paid or accrued" shall be construed according to the method of accounting upon the basis of which the net income is computed under section 212 or 232. The deductions and credits provided for in this title shall be taken for the taxable year in which "paid or accrued" or "paid or incurred", dependent upon the method of accounting upon the basis of which the net income is computed under section 212 or 232, unless in order to clearly reflect the income the deductions or credits should be taken as of a different period.

Application to deductions and credits.

Post, pp. 23, 41.

"Stock."

(e) The term "stock" includes the share in an association, joint-stock company, or insurance company.

"Shareholder."

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

Distributions by corporations.

DISTRIBUTIONS BY CORPORATIONS

From earnings, etc., after February 28, 1913, deemed dividends. To insurance reserve excepted.

SEC. 201. (a) The term "dividend" when used in this title (except in paragraph (9) of subdivision (a) of section 234 and paragraph (4) of subdivision (a) of section 245) means any distribution made by a corporation to its shareholders, whether in money or in other property, out of its earnings or profits accumulated after February 28, 1913.

Application.

(b) For the purposes of this Act every distribution is made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits. Any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been

Accumulations, etc., before March 1, 1913, tax free.

REVENUE ACT OF 1926.

price at which such article is sold or leased, or offered for sale or lease, consists of a tax imposed under the authority of the United States, or (2) ascribing a particular part of such price to a tax imposed under the authority of the United States, knowing that such statement is false or that the tax is not so great as the portion of such price ascribed to such tax, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than \$1,000 or by imprisonment not exceeding one year, or both.

Punishment for.

Lost stamps.

LOST STAMPS FOR TOBACCO, CIGARS, AND SO FORTH

Restamping packages, etc.

SEC. 1124. Section 3315 of the Revised Statutes, as amended, is reenacted without change, as follows:

Issue authorized to replace stamps unavoidably lost, etc.

R. S., sec. 3315, p. 643.

Vol. 43, p. 349.

"SEC. 3315. The Commissioner of Internal Revenue may, under regulations prescribed by him with the approval of the Secretary of the Treasury, issue stamps for restamping packages of distilled spirits, tobacco, cigars, snuff, cigarettes, fermented liquors, and wines which have been duly stamped but from which the stamps have been lost or destroyed by unavoidable accident."

Liberty bonds, etc.

CONSOLIDATION OF LIBERTY BOND TAX EXEMPTIONS

Consolidation of tax exemptions.

Vol. 43, p. 349, amended.

Modification of allowance from graduated income taxes.

SEC. 1125. The various Acts authorizing the issues of Liberty bonds are amended and supplemented as follows:

(a) On and after January 1, 1921, 4 per centum and $4\frac{1}{4}$ per centum Liberty bonds shall be exempt from graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, corporations, or associations, in respect to the interest on aggregate principal amounts thereof as follows:

Until two years after end of World War.

Until the expiration of two years after the date of the termination of the war between the United States and the German Government, as fixed by proclamation of the President, on \$125,000 aggregate principal amount; and for three years more on \$50,000 aggregate principal amount.

For three years more.

Additional to prior exemptions.

Vol. 40, p. 291.

(b) The exemptions provided in subdivision (a) shall be in addition to the exemptions provided in section 7 of the Second Liberty Bond Act, and in addition to the exemption provided in subdivision (3) of section 1 of the Supplement to the Second Liberty Bond Act in respect to bonds issued upon conversion of $3\frac{1}{2}$ per centum bonds, but shall be in lieu of the exemptions provided and free from the conditions and limitations imposed in subdivisions (1) and (2) of section 1 of the Supplement to the Second Liberty Bond Act and in section 2 of the Victory Liberty Loan Act.

Vol. 40, p. 966.

In lieu of exemptions during the war.

Vol. 40, pp. 965, 1310.

Federal bonds or notes.

DEPOSIT OF UNITED STATES BONDS OR NOTES IN LIEU OF SURETY

Accepted as penal bonds in lieu of personal sureties.

Vol. 42, p. 318.

SEC. 1126. Wherever by the laws of the United States or regulations made pursuant thereto, any person is required to furnish any recognizance, stipulation, bond, guaranty, or undertaking, hereinafter called "penal bond," with surety or sureties, such person may, in lieu of such surety or sureties, deposit as security with the official having authority to approve such penal bond, United States Liberty bonds or other bonds or notes of the United States in a sum equal at their par value to the amount of such penal bond required to be furnished, together with an agreement authorizing such official to collect or sell such bonds or notes so deposited in case of any default in the performance of any of the conditions or stipulations of such penal bond. The acceptance of such United States bonds or notes in

Legal effect.

lieu of surety or sureties required by law shall have the same force and effect as individual or corporate sureties, or certified checks, bank drafts, post-office money orders, or cash, for the penalty or amount of such penal bond. The bonds or notes deposited hereunder and such other United States bonds or notes as may be substituted therefor from time to time as such security, may be deposited with the Treasurer of the United States, a Federal reserve bank, or other depository duly designated for that purpose by the Secretary, which shall issue receipt therefor, describing such bonds or notes so deposited. As soon as security for the performance of such penal bond is no longer necessary, such bonds or notes so deposited shall be returned to the depositor: *Provided*, That in case a person or persons supplying a contractor with labor or material as provided by the Act of Congress, approved February 24, 1905 (33 Stat. 811), entitled "An Act to amend an Act approved August thirteenth, eighteen hundred and ninety-four, entitled 'An Act for the protection of persons furnishing materials and labor for the construction of public works,'" shall file with the obligee, at any time after a default in the performance of any contract subject to said Acts, the application and affidavit therein provided, the obligee shall not deliver to the obligor the deposited bonds or notes nor any surplus proceeds thereof until the expiration of the time limited by said Acts for the institution of suit by such person or persons, and, in case suit shall be instituted within such time, shall hold said bonds or notes or proceeds subject to the order of the court having jurisdiction thereof: *Provided further*, That nothing herein contained shall affect or impair the priority of the claim of the United States against the bonds or notes deposited or any right or remedy granted by said Acts or by this section to the United States for default upon any obligation of said penal bond: *Provided further*, That all laws inconsistent with this section are hereby so modified as to conform to the provisions hereof: *And provided further*, That nothing contained herein shall affect the authority of courts over the security, where such bonds are taken as security in judicial proceedings, or the authority of any administrative officer of the United States to receive United States bonds for security in cases authorized by existing laws. The Secretary may prescribe rules and regulations necessary and proper for carrying this section into effect.

REVENUE ACT OF 1926.

Depositories.

Return to taxpayer.

Provisos.
Retention on default of contractor for public works.
Vol. 33, p. 811.
Vol. 28, p. 278.

Application to subcontractor, etc.

Priority of United States not affected.

Inconsistent laws modified.

Judicial authority not affected.

Rules to be prescribed.

ENFORCEMENT OF TAX LIENS

Enforcement of tax liens.

SEC. 1127. Section 3207 of the Revised Statutes, as amended, is reenacted without change, as follows:

Law reenacted.
Vol. 43, p. 350.

"SEC. 3207. (a) In any case where there has been a refusal or neglect to pay any tax, and it has become necessary to seize and sell real estate to satisfy the same, the Commissioner of Internal Revenue may direct a bill in chancery to be filed, in a district court of the United States, to enforce the lien of the United States for tax upon any real estate, or to subject any real estate owned by the delinquent, or in which he has any right, title, or interest, to the payment of such tax. All persons having liens upon or claiming any interest in the real estate sought to be subjected as aforesaid, shall be made parties to such proceedings, and be brought into court as provided in other suits in chancery therein. And the said court shall, at the term next after the parties have been duly notified of the proceedings, unless otherwise ordered by the court, proceed to adjudicate all matters involved therein, and finally determine the merits of all claims to and liens upon the real estate in

Bill in chancery authorized to enforce lien on real estate for unpaid taxes.
R. S., sec. 3207, p. 616.

Persons claiming interest made parties.

Determination of merits by court.