Changes in Treasury Tax Policy

By Robert H. Jackson *

AMONG the most controversial and vital problems of the coming years are those relating to taxation. Lawyers will further impair their already declining leadership if they fail to bring disinterested and intelligent influence to bear upon the economic and legal questions involved.

He is blind to coming events, who fails to see ahead a heavy and growing tax burden. This nation, like every organized government, has shown a constant expansion of functions and a tax rate that, whatever the promises, shows a steady upward curve. Emergency expenditures caused by the economic collapse and the cost of our economic reconstruction, have already led Congress to direct a special inquiry into the operation of our tax laws and into new sources of revenue.

All political parties have found the power of taxation a powerful control device. The "protectionists" found tariff taxation a powerful, quick and certain means to divert wealth from its ordinary economic channels and to concentrate it in the hands of "infant industries." Now an opposed group seeks to use the same power to a different end, to equalize incomes and to redistribute concentrated wealth.

Whether or not they accept either of these extreme positions, all governing groups find taxation a powerful measure of regulation. Liquor taxation is an old example. More recent examples are processing taxes and compensating taxes under the Agricultural Adjustment Act, and the new tax on the transfer of firearms and machine guns, really designed to help suppress crime, and the new 50 per cent tax on silver profits designed to prevent speculators from growing rich on the government's silver policy. The impact of a tax law is not wholly absorbed by the field of trade and finance; it jolts the whole social order.

Robert H. Jackson

No more than casual examination of our Federal, state and local tax structures is necessary to convince you that tax laws are too often changed, too immaturely thought out, that they are simply a patchwork put together by compromises among contending groups. Private groups seek special advantages or seek to avoid burdens, and different governmental agencies, federal, state and local, compete with each other to get necessary revenues without unfavorable political results.

It brings despair to those who seek a scientific and equitable tax system that there is nowhere visible a group that is at once informed, influential and unselfish. With few and notable exceptions, the men who throng national and state capitals when tax laws are being revised, who provide the information or misinformation, and the "sentiment" that presses laws through, are each agents of a special cause. Whatever proposals may be made by the Treasury, or by such agencies as New York State's excellent tax department, or by special committees, no scientific and equitable tax system can ever become law until there is developed a strong body of sentiment, sustained by informed opinion and powerful enough to override the contenders for special advantages. Bar associations could, if they but would, contribute powerfully to this cause, but frankly, it seems hopeless to count on most bar associations for much contribution to governmental, economic, or social science unless intellectual inertia be counted a contribution.

Your program today, considering taxation from several angles, is a hopeful sign. The Treasury is making extensive studies of the operation of tax laws here and abroad, welcomes discussion of policies, and will gladly cooperate with its resources of information, statistics and experience with groups everywhere to build up public interest in and information about the tax problem without, however, becoming a party to any group interest propaganda.

Meanwhile, without awaiting more perfect tax laws, we must improve the administration of the one we have. No workable scheme for decentralizing the Federal tax assessing function and spreading it into the several states or regions, has yet been devised. Centralizing the function in Washington, to cover our vast and complex national economy, necessitates a vast machine in the Treasury Department which, under the name "Bureau of Internal Revenue", has much more importance to taxpayers than they generally realize.

Kinds and rates of tax, broad principles of application and the main outline of procedure, are determined by Congress. But upon the Congressional skeleton, the flesh that makes the living figure is added by Treasury regulations and decisions, by General Counsel's rulings and, last but not least, by the administrative attitude of the bureau in individual cases. The extent of Bureau power may be realized from the fact that Congress refrained from enacting a statutory reduction of depreciation rates upon assurance that the Commissioner, simply by administrative regulation and disallowance of unreasonable claims for depreciation would add $85,000,000 to the revenues.

The supervision of this vast power, the new administration has committed to a direct thinking and

* Assistant General Counsel of the U. S. Treasury Department. Address delivered before the Ninth Annual Meeting of the Federation of Bar Associations of Western New York, at Niagara Falls, N. Y., June 30, 1934

dynamic Secretary of the Treasury. The democratic party, long cast for the role of opposition and criticism, from which it has made but brief and widely separated ventures into national administration, has developed more prominently men whose talents were adapted to opposition, such as orators, reformers, critics, political philosophers. It has not had necessity or opportunity to develop so many executives except on the narrower state-wide scale. But in the Treasury, particularly, and I think in all other Departments as well, zeal for reform, and a philosophy of progressivism is not enough to make the "New Deal" effective. The administration must still face the test of administrative competency. It must execute with fidelity the designs it has conceived. It must steer between the twin dangers of yielding itself to patronage pressure on the one hand, and of having loyalty undermined and its work sabotaged by retaining unsympathetic although technically equipped reactionaries. It must handle staggering sums of money without scandal or waste. As the emergency recedes and more normal times resume, the emphasis will shift more and more to a plain test of administrative capacity. There is a certain determination in the Treasury, most noticeable in Washington, that by this test, the Treasury shall not be found wanting.

John Stuart Mill has said:

> The disease which afflicts bureaucratic governments, and which they usually die of, is routine. They perish by the immutability of their maxims; and, still more by the universal law that whatever becomes a routine loses its vital principle, and having no longer a mind acting within it, goes on revolving mechanically, though the work it is intended to do remains undone.

Short contact will verify the deadly tendency of the Revenue Service to "become routine", to "lose its vital principle" and to "go on revolving mechanically" while a great volume of work accumulated. Moreover, the "immutable maxims" of the Bureau were laid down and the routine pretty much cast in the reckless days of rising markets and declining prudence which preceded the crash. Wild disregard by taxpayers of their own expenditure, shameless exploitation of stockholders by corporation executives through salary and bonus and reorganization devices, were the order of that day. The atmosphere of financial laxity and horse-trader ethics which prevailed in the business world could not fail to have its reflection in the government service. The age of $8 bootleg liquor, of watered holding company stocks, of fabulous stock market profits on paper, which became the basis of private cash extravagance, was also the age of big depreciation allowances, approval of wash sales, easy compromises of taxes. In an era when, as we now see, not one of us took real heed of his own interests, could it be expected that the interests of the government would be more strictly guarded? Different times have taught different standards to business and government.

To reanimate the service, to make the non-Civil Service officials give undivided allegiance to the Government and to break up the practice of generations by which the collectors of taxes were also collectors of political assessments, to overcome also the inertia and obstructive spirit of those who are entrenched in the Civil Service, to guard against favoritism or advantage, to stop the holes poked in the law by clever lawyers in aid of powerful clients, is the task bequeathed to this administration. Such is the task for which those working in the new administration generally have been decorated with the title "misguided bureaucrats, who ignore history" by that superb anthology of platitudes and epithets recently promulgated as the "Republican Declaration of Policy."

The income tax law is citizen-administered in the first instance. The individual citizen reports his transactions, confesses his income and even makes the computation and assesses himself the amount of his tax. In applying a technical law which few have read, and voluminous regulations known to fewer, and opinions and decisions some of which are not even published, errors will be made, differences of opinion will arise.

In spite of some widely reported cases of tax evasion, I am convinced that the honor of the taxpayer has not failed but that it is, and always must be, the greatest force in income tax collection. Looking at a cross section of the work of 1933, and using even thousands, 4,798,000 taxpayers filed returns, the Government claimed deficiencies against 85,000 and admitted over-assessments against 45,000. In that year, after all negotiations were over, the Government issued 17,700 deficiency letters and taxpayers took 6,597 appeals. Settlements are reached without trial in about two-thirds of these appealed cases.

I claim no finality for statistics in matters of this kind. Discovered understatements of income may be no measure of those undiscovered. Grievances appealed may be no measure of grievances borne, because of weariness or inability to finance further protest. But for whatever they are worth, the statistics do show annually only about 2,000 actual litigations, and differences of opinion were eventually reconciled, except in cases numbering about 1/20 of 1 per cent of returns filed. If there be any general disposition by taxpayers to hold out on the Government or by government to harass taxpayers, it is not capable of statistical proof.

There was a tendency in the bureau upon creation of the Board of Tax Appeals to claim the greatest possible tax and let the Board go into the evidence carefully for the first time and determine the tax. Such a policy of tax assessment by litigation was probably never intended by Congress but it came near to being the result. Changes in procedure and organization of the Commissioner's office to overcome that tendency have been made. The Commissioner, before sending a deficiency letter to any taxpayer, makes careful audits and field investigations, holds conferences with the taxpayer or his counsel and makes every effort to act only upon full information and consideration. Such a policy, though not yet fully reflected in pending cases, has contributed largely to the falling off in number and percentage of appeals taken.

Of course, the Government will always be obliged to litigate many cases. Taxpayers are better informed and often have better access to sources of evidence than the Government. The Bureau must often assert the tax on doubtful points of law in order to obtain guiding decisions. If administrative officers concede the point, the revenues have no redress, while if it is asserted in error the taxpayer has rem-

edy. But we do aim at substantial improvement in the percentage of government success through more careful analysis of cases before trial.

Delays in hearings invite appeals to obtain time. Delay results in heavy losses to the revenues through insolvency, dissipation of assets and devices to defeat collection.

Steps to clear calendar congestion were early taken. Rigid refusals of postponements brought cases on. Conferences with taxpayers and counsel result in agreement on some and often on all issues when the date of trial is near at hand. The Board is cooperating by working at top speed. June 1, 1933, saw pending 16,902 cases and June 1, 1934 saw them reduced to 11,099, of which 1944 have been tried and are under submission or awaiting decision, thus remaining to be heard 9,155. At the end of May, 1933, pending litigation before the Board involved $776,800,000, and at the end of May this year it was reduced to $442,600,000.

These figures are prophetic of a not too distant day when delay will no longer vex or advantage the taxpayer.

Compromise of tax, penalties or interest liability to the government is considerably restricted. Congress has given tax liability a preference as to assets and priority of payment over general creditors of the taxpayer, and has provided that the liability is not to be discharged by bankruptcy. Those provisions, to our minds, point to a policy of strict collection.

It is our understanding that the power given to the Secretary of the Treasury to compromise, is lawfully exercised only where there is doubt as to the liability of the taxpayer or the collectibility of the tax. Regardless of former policies, we now hold that an undisputed liability, which by reason of the preferences, or lien provision of the law, is actually collectible, presents no case for compromise, even though the taxpayer is embarrassed or insolvent. We compromise in the same circumstances, and only to the same extent that a good banker does—we compromise only when we cannot collect. Compromise because of alleged "equities" or reasons of "public policy" are no longer considered.

It is urged that this rule is severe and causes hardship. I have yet to learn of a tax that does not. A tax that is only collected from those who find it convenient to pay is not a tax; and few taxpayers live who cannot make out a case of hardship. Taxpayers often neglect to set aside reserves to pay income tax and then use their improvidence as a club to compel compromise lest a business be closed or employees deprived of work, or other creditors prejudiced or credit injured. Too often these claims are not true or are exaggerated by the taxpayer who wishes to blame the government for a failure that would have happened even if there never had been an income tax.

A liberal compromise policy which waives the claims of the Treasury for consideration of "public policy" or hardship is impossible of administration without creating a favored class of taxpayers, and without creating many real discriminations, which give rise to stories of compromise by influence and partiality. It shifts the burden of the taxpayer who has not provided for the claims of his country upon those who have, keeps the improvident in competition with the sound, fills the Revenue Bureau with taxpayers and attorneys crying for special favors and too often getting them. Meanwhile, the taxpayer who seeks no special favors but makes every sacrifice to meet his own burden, has shoved onto him also the burden of those relieved on claim of hardship. If the present policy seems severe, let it have credit for being impartial.

Refunds and abatements of tax are made in those cases where it is apparent that the taxpayer has overpaid or has been overassessed. No allowance is made unless it is clear that the taxpayer has a case which he could establish in court.

Nothing has contributed so much to criticism of Treasury policy as public misunderstanding of the published figures on refunds and abatements.

There are some cases where the taxpayer has overpaid by reason of his misunderstanding of the tax law or where an excessive amount has been collected by action of the Bureau. It would be a shabby Government that would not correct such mistakes. These refunds are carefully audited and investigated and subjected to the examination of the Congressional Joint Committee on Taxation where the amount exceeds $75,000.00.

There are cases where the statute of limitations is about to expire, or for some other good cause the tax liability could not be carefully investigated in the time permitted. In those cases, to protect the interests of the Government, an assessment of the maximum possible amount has been made, with the result that a more careful auditing frequently obliges the Bureau to make abatement because the amount is overstated.

Under the estate tax law, estates receive certain credits upon their Federal taxes for amounts paid to the state. These are published as refunds or abatements, when as a matter of fact they are not refunds at all in any proper sense of the word, and their publication under this heading is misleading. Such credits are allowed by law; the Bureau has no option about it and they do not ordinarily involve a repayment of money. They simply lessen the amount due to the Federal Government.

Another class of cases causes misunderstanding. To use an actual case as an illustration—a deficiency of approximately one million dollars was assessed against a corporation. Because it made a joint return with affiliated companies some seventy other companies were also liable. The same tax was assessed against each of them. Therefore seventy million dollars of tax was written on to the books of the Government, although only one million dollars was ever due, but each and any one of the seventy taxpayers was liable for it. The same thing happens in the case of transferees where the transfer of a taxpayer's assets without the payment of the tax may make many transferees liable, and the full amount of such tax is assessed against each, although one payment discharges the entire liability. The result is that when one pays, there must be an abatement or write-off of the tax as against all of the others. The method of accounting produces an absurd result. If a private banker kept his books on such a basis,

he would be accused of inflating his assets, and properly. Yet the impression is given out that some one has been relieved of a tax, when in fact the amount was never owing except secondarily, and was paid by the primary debtor.

The answer to the question whether refunds and abatements are made is "Yes," provided the taxpayer can prove by clear and convincing evidence that he is entitled to them, and that he would get them in court anyway. The policy is a strict and somewhat technical one.

Criminal prosecutions for fraud are recommended by the Treasury where evidence indicates, in the language of the statute, "fraud with intent to evade tax."

While the present Treasury policy toward fraud is more severe than in times past, it is not as has been portrayed, an undiscriminating severity. Its procedure now, as heretofore, is designed to avoid groundless prosecution as well as to assure deserved ones.

When a deputy or agent suspects a fraud, the investigation is taken over by the experienced investigators of the Intelligence Unit. It is the invariable policy of that Unit to give the taxpayer an opportunity to present his version of the facts and his arguments in defense of his conduct. The history of that Unit shows that of the suspected cases investigated, it has recommended prosecution in about 25 per cent.

This recommendation goes to the General Counsel's Office, where it and the record are reviewed by experienced lawyers of the Penal Division, to make sure the evidence meets legal requirements. Taxpayers are again heard often, in person and by counsel. This review is not merely formal, for only 51 per cent of the cases received are referred out to the Department of Justice for prosecution.

The result of this care has been, over the years, a record of unparalleled success. Of the cases recommended by the Treasury for prosecution, conviction or pleas of guilty have been had in 93.27 per cent. Those prosecuted have included public officials, movie actors, lawyers, business men and racketeers. They include those listed as public enemies, like Al Capone of Chicago and Waxey Gordon of New York, and also men of such influence as to be able to call as character witnesses the governor of a state (not New York) and mayor and a former mayor of a great city. The effect of a conservative policy of prosecution with a large percentage of success was well expressed by a Los Angeles paper upon the collection of $75,000 in taxes and conviction of a magician with the stage name "The Man Who Knows." The headline read "Man Who Knows All Learns It does not Pay to Fool with Internal Revenue Department." The Treasury will not break down this wholesome respect by groundless recommendations for prosecution.

I wish also to make plain that no collector, deputy, or revenue agent whatever has authority to threaten any citizen with prosecution in order to compel agreement with proposed tax changes. No prosecution will be permitted or threatened for a difference of opinion, nor to punish a taxpayer who asserts what he believes to be his rights, even if the Department disallows his claim. We make no recommendation for prosecution and (except for rare jeopardy assessments) no assertion of a fraud penalty except after hearing the taxpayer's side of the case, after careful investigation of what he claims to be the facts and after careful sifting of the evidence by experienced lawyers.

The principal changes in Bureau policy as related to criminal cases are involved in the treatment of voluntary disclosure and tax sale or "wash sale" cases.

The taxpayer who has committed a fraud, and does not sleep well o'nights, either because of conscience or more likely because of the activities of revenue agents, can no more buy his peace by voluntary disclosure and mere payment of the tax. He must now also pay the civil penalty of 50 per cent of the tax and the interest of 12 per cent as fixed by the law if he would be excused from criminal prosecution. Confessions are still heard but penance is more fitting the offense. More than a few citizens can testify that tax frauds are very unprofitable and that from the government few secrets are hidden.

Sales of securities to establish loss have given rise to many charges of fraudulent practice, and the policy of the Treasury in reference to them has abruptly changed. Of course a good faith sale, resulting in a complete separation of the taxpayer from the ownership, benefit, and control of a security and resulting in a loss, is the basis for a deduction. Less than this raises doubt and may, in some circumstances, be fraud. The Treasury now treats trick stock sales the same as any other kind of fraud.

One would be rash to attempt to define the boundaries of fraud. It does not include good faith difference of opinion as to facts, or as to their legal effect. It does include all deliberate and intentional acts or omissions, and every trick, artifice, and pretense which results in a deception or material concealment. Between these two extremes appearances often exist which men of good faith and honest dealing are careful to avoid and others allow at their peril.

Questions arising in the minds of taxpayers were answered by their lawyers, such as these:

"Can I sell to my wife?" "Can a sale be made upon credit terms?" "Can I buy it back having once sold it?"

Then the taxpayer and the sharp practicing lawyer attempted to combine all of these elements into one transaction and omitted entirely the ever present requirement of good faith. Men made sales to their wives that the wives never knew about. In some instances large blocks of securities were sold to a secretary of no means and small income, who put up no money and never knew that she owned the property. Deductions were claimed for mere bookkeeping entries, and for transactions that were no nearer real sales than the moving of securities from one safe deposit box to another.

We hold that only sales which are sales may be the basis for a deduction, and any sale that is a trick to present the appearance of sale, without its substance, is a fraud.

(Continued on page 382)

ment not to reenter the same business for a period of ten years, such payment constituted taxable income in 1928. The record not being complete, the court holds it immaterial in this case whether the amount was received as a liquidating dividend, as the Commissioner held, or in direct payment for the agreement, since it would be taxable in either event.—Court of Appeals of the District of Columbia in *T. L. Cox v. Guy T. Helvering, Commissioner of Internal Revenue.* No. 6124. Unreported memorandum decision of the Board of Tax Appeals affirmed.

Amounts received in 1927, 1928, and 1929 by a taxpayer corporation on the cash basis, under a lease contract whereby the lessees reimbursed the corporation as lessor for Federal taxes for prior years upon the rents and royalties paid to the lessor, constituted income for the respective years in which received.—U. S. Circuit Court of Appeals, Fourth Circuit, in *Wallin Coal Corporation v. Commissioner of Internal Revenue.* No. 3585. Unpublished memorandum decision by Board of Tax Appeals affirmed.

Where a widow elects to take under the will of her husband in lieu of her statutory interest, she is taxable on the income from property bequeathed to her for life by her husband's will. *Allen v. Brandeis,* 29 Fed. (2d) 363, and other cases holding income nontaxable until the value of her statutory interest is recovered were overruled by the Supreme Court in *Helvering v. Butterworth.**

The widow was taxable on the entire income from such property even though, by agreement with her son, the residuary legatee, she withdrew only a part of the income. —U. S. Circuit Court of Appeals in *Guy T. Helvering, Commissioner of Internal Revenue v. Emma H. Schaupp.* No. 9801. May term, 1934. Unreported memorandum decision of the Board of Tax Appeals reversed.

Tax-exempt Income.—No taxable income was chargeable to the individual taxpayer as to the rental value of home occupied by his family and previously owned by him but during the tax year owned by a corporation whose stock was owned in substantial amounts by his wife, his minor children, and himself and to whom he had conveyed the home.—U. S. Circuit Court of Appeals, Third Circuit, in *J. H. Hillman, Jr., v. Commissioner of Internal Revenue.* No. 5244. Oct. term, 1933. Unreported memorandum decision of the Board of Tax Appeals reversed.

Transferee, Liability.—A tax due the United States is a debt, and a corporation which purchased the assets of another for cash and an agreement to pay the debts of the other corporation is liable, as transferee, for the taxes of such other corporation under Section 280 of the 1926 Act.—U. S. Circuit Court of Appeals, Fourth Circuit, in *Guy T. Helvering, Commissioner of Internal Revenue, v. Wheeling Mold and Foundry Company.* No. 3633. Board of Tax Appeals decision, 27 BTA 929, reversed.

Valuation of Stock Received as Attorney Fee.—Value of shares of stock received as a fee by a law partnership is determined by the value on the date received by the partnership and not by the value when distributed to the partners.—U. S. Circuit Court of Appeals, Fourth Circuit, in *J. Kemp Bartlett, Edgar Allan Poe, and J. Kemp Bartlett and Edgar Allan Poe, Surviving Executors of the Estate of L. B. Keene Claggett, v. Commissioner of Internal Revenue.* No. 3624. Board of Tax Appeals decision, 28 BTA 285, affirmed.

Changes in Treasury Tax Policy

(Continued from page 345)

Taxpayers who had come to accept the tax sale as an approved device, or who on past experience or bad advice had come to rely on Treasury approval of such attempts to reduce taxes, now find themselves in an embarrassing position. But no one can acquire a vested interest in tax evasion.

Tax lawyers are a necessity because the tax law and regulations and their application present technical and controversial questions. It is the policy that the taxpayer who employs no counsel shall receive fair and equal treatment. But most taxpayers feel insecure without their own advisers, and a tax bar with many honorable and able members presents cases to the Bureau, the General Counsel's office, the Board of Tax Appeals, and to the courts, with skill and fidelity to the ideals of our profession.

But they are not alone. The shyster tax lawyer, like his blood brother in other specialties, challenges the profession as well as the Treasury. However apt the public may be to blame the whole profession for the delinquencies of the few, we know that the legal profession collectively has less control over the conduct of its individual member than does the bricklayer's union over the conduct of bricklayers, or the Railway Brotherhoods over the conduct of trainmen. To prevent or punish lawyer misconduct, we are unable to rely upon any established discipline by professional associations. Splendid as are isolated examples of Bar Association activity in dealing with professional misconduct, the associations really effective are few and local. State and national Bar Associations are usually without the implements and too often without the motive or the will to be real governing professional bodies. If we dealt with lawyers alone, the problem of discipline would be left on our door step by the profession's default.

But the problem is complicated because departmental practice is not limited to the legal profession. Many lawyers avoided tax practice and in some sections that field was almost abandoned to the accountant. Upon many occasions justice requires that the taxpayer be allowed representation by an employee, or an agent, who is neither lawyer nor accountant.

From this mixed bar of lawyers, accountants and agents, are experienced two principal difficulties. One is the lawyer whose bid for business is some slick scheme to outwit the Treasury and evade tax. Conservative and honorable lawyers, whose habit has been to advise clients against tricks and deception to evade taxes, have seen their clients taken away by the solicitation of sharp practitioners who claimed to have safe schemes of evasion. The lawyer got the fee, the client, who signed the return, thought he had closed up a sharp deal with the government. His harvest of grief was a long time maturing, for the government moves slowly, and the conservative adviser's business meanwhile slipped into the hands of the soliciting competitors.

The second evil is the lawyer, also usually a solicitor, whose bait is the claim of political or personal influence, or inside knowledge not available to general practitioners.

It would be rash to say that no case was, or is, or shall be helped by political influence or personal relations. But I give it as my general observation—and my bureau connection is so brief that I have hardly become defensive minded, and that the statement is hardly self serving—that if a taxpayer wanted to prejudice his case the most certain method would be to employ a political lawyer, not ordinarily connected with his business and obviously employed for his prominence and alleged influence. It arouses resentment in the honest official, and puts even a weak or unfaithful one on his guard. If the public understood that it pays such men extravagant fees only to have cases subjected to suspicion and double check, the political lawyer's sucker list would be greatly dimin-

*Synopsis of this decision appears in the January, 1934, issue of THE TAX MAGAZINE at page 28.

ished. I can give no better advice to those in trouble with the Bureau than to say "Don't underestimate the integrity of the men you deal with." James M. Beck, unsparing in his criticism of the Federal Government says, "I state as my belief that while today it is too complex, and needlessly large, yet in integrity it need yield to that of no other nation."

The Treasury administration is determined that its responsibility for the character of the Treasury bar shall be discharged with strictness and vigor. Regulations are to be revised, enrollment will be granted only after searching investigation by the Intelligence Unit and disbarment will be freely used where offenses against fair dealing are revealed. A pronounced stiffening of the disbarment policy is already noticeable to one who follows the course of events in the department.

It is possible that enrollment for an indefinite period will be abolished and enrollment for not to exceed three years substituted so as to insure revision of the list and fresh scrutiny of the bar at stated intervals.

Also every one who advises a taxpayer in the preparation of his tax return must now be named in the return. Responsibility will be fixed at the time the return is made. It cannot later be shifted on to a lawyer who has obligingly died, nor can an honest advisor be blamed for schemes he never advised.

In dealing with this troublesome problem of maintaining a Treasury Bar of lawyers, accountants and agents of high standards of ethics and intelligence, it is the purpose to avoid all unnecessary suspicion toward and vexation of those who would practice before the department. In framing new regulations and in their enforcement, there will be three purposes in mind.

First, To protect against fraud and waste, the subject of its special trust, the revenues of the United States.

Second, To protect the taxpayers against dishonest or tricky advice which leads them to trouble and controversy.

Third, To protect honorable lawyers who give clients faithful advice, against the unfair competition of slickers whose stock in trade is fraudulent practice or false claims of influence.

The Treasury never has, and probably never will, rank as a popular or even a well understood department of government. But in these last two troubled years, when the credit of almost every bank, every business and every municipality trembled, the Treasury of the United States has stood almost solitary in its unshaken credit. The present tax policies of the Treasury are dictated by a high sense of responsibility for the integrity of the revenue system upon which economic existence as well as economic reconstruction depend.

Rulings of the Bureau of Internal Revenue

(Continued from page 372)

Publicity of Tax Returns.—Treasury Decision 4359, as amended, is further amended by T. D. 4436, XIII-23-6840 (p. 6), by changing paragraph 13(a) to permit inspection of returns by the Committee on the Judiciary of the House of Representatives authorized by House Resolution 145, Seventy-third Congress, to investigate the conduct of equity

Annuities

The safest known investment

Eight Hundred Million dollars of United States Government Bonds, have been offered recently to the public for investment to yield from 2⅛ to 3 percent interest.

An annuity, backed by America's oldest life insurance company will guarantee an interest return for life of—

7.60%	interest at age	55
8.67%	" " "	60
10.10%	" " "	65
12.03%	" " "	70
14.67%	" " "	75
18.39%	" " "	80

This interest yield is likely to be lowered any day.

I shall be pleased to advise you fully with regard to this important matter.

WILLIAM S. BLIZZARD

107 William Street NEW YORK CITY

Telephone John 4-2570

THE

BROUN-GREEN COMPANY

48 John Street New York

Telephone John 4-4540

EST'D 1875

Corporation Outfits

Stock Certificates Bonds

Printers Lithographers Engravers

PROTECTION AGAINST DUPLICATION

All Certificates and Bonds manufactured by us are of exclusive design, prepared in our own plant and never sold except in completed form