

### Corporation Income Tax

By JOHN G. HERNDON, JR., Tax Specialist.

UNDER the excise tax law of 1909, corporations paid a tax equal to 1 per cent. of their net income in excess of \$5,000. This tax remained in force until February 28, 1913. After that date income was taxed under the Act of October 3, 1913. The tax on corporate income under that act was 1 per cent. and remained so until 1916 when the rate was increased to 2 per cent. In 1917 there was added a further tax of 4 per cent. on the net income except that a credit was allowed equal to the amount of dividends received from other corporations. We may, therefore, practically say that the corporation income tax rate for 1917 income was 6 per cent. For 1918 income the rate is 12 per cent.; thereafter the rate is to be 10 per cent. The above mentioned rate of 12 per cent. does not apply to what is customarily known as net income. The most usual variations which a corporation is required to make from its net income as shown by its profit and loss statement for the year are four. First, it may not deduct as an expense of 1918 its income tax or excess-profits tax paid on 1917 earnings. Secondly, it may exclude from income what-

ever it received as dividends on the stock of domestic corporations. Thirdly, having arrived at net income within the meaning of the law, a credit of the amount of the excess-profits tax which the corporation will be required to pay is to be allowed as a deduction from net income. Fourthly, from this amount there is to be subtracted \$2,000 in the case of every domestic corporation. The difference between the amount arrived at as above outlined and the \$2,000 here mentioned is subject to tax at the rate of 12 per cent.

#### An Illustration

In order to make what has been said much clearer, let us assume the following case: A corporation receives tax in 1918 an income of \$100,000. One of the items of income was \$10,000 dividends from domestic corporations. The corporation paid in 1918 an excess-profits tax of \$22,000 on its 1917 income and an income tax of \$8,000 on its 1917 income. Its excess-profits tax on its 1918 income will be \$31,000. What is the amount of its corporation income tax? The solution is thus obtained. To the \$100,000 which the corporation has shown as its income must be added the amount of its income and excess-profits tax paid during the year. From this amount is to be subtracted \$10,000 dividends received by it on stock of other corporations. It is on the amount thus obtained, \$129,000, that its excess-profit tax for 1918, payable during 1919, is to be ascertained. We have assumed in this case that the tax amounts to \$29,000 and the \$10,000 of \$89,000, is to be further credited with a \$2,000 specific deduction which is permitted to every domestic corporation. Therefore, the income which is subject to the corporation 12 per cent. tax, in the case assumed, is \$87,000, and the amount of that tax is \$10,440.

All of those corporations which by reason of their nature were exempt from corporation taxes in the past are exempt from tax under the new law. There has been a slight broadening of the exemption in the case of corporations organized and operated exclusively for religious, charitable, scientific or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual, by including also such associations when organized for the prevention of cruelty to children or animals. There has likewise been a considerable change in the wording of the exempt clause of co-operative societies, such as farmers and fruit-growers' or like associations. In each of our income tax laws enacted since the adoption of the sixteenth amendment to the Constitution there has been a rather arbitrary limit on the amount of interest paid which a corporation might deduct from its gross income in arriving at income subject to tax. The new Revenue Act permits corporations, as well as individuals, to deduct all interest paid within the taxable year, except that paid in order to carry securities, the income from which is tax-exempt both under the excess-profits tax law and the income tax law. An exception is made even in this limitation, however, by permitting a corporation to deduct all interest paid in carrying securities issued by the United States Government since September 1, 1917.

### CHURCH PLANS TO GET \$6,000,000 IN FIVE YEARS

#### Reformed Synod Names Man From Reading to Prepare Campaign

Altoona, Pa., March 6.—The Reformed Churches of the United States will be asked to raise \$6,000,000 during the next five years. Of this sum \$1,115,700 will go to foreign missions; \$1,000,000 to home missions; \$2,125,000 to colleges, seminaries and academies and \$10,000 to assist European churches.

A committee of sixteen, of which the Rev. Dr. C. E. Kretz, of Reading, is chairman, was appointed to plan the campaign.

The general synod of the church was opened yesterday with three hundred delegates, ministers and laymen in attendance. The present session, the first since 1891, was called to consider matters relating to the reconstruction period following the war. Mayor Rhodes welcomed the delegates. Addresses were made yesterday by Dr. Edward S. Bromer, of Greensburg, and Dr. William E. Lampe, of Philadelphia. The principal address at the evening meeting was by Dr. R. E. Dingfelder, of New York City, a Methodist clergyman, his subject being "The Methodist Centenary and the Inter-Church World Movement."

Among the prominent delegates were Dr. H. H. Apple, Dr. J. C. Bowman and Professor E. M. Hartman, of Franklin and Marshall College, Lancaster; Dr. Henry J. Cristman, Dayton, Ohio; Dr. Charles E. Tiffin, Ohio; Dr. A. W. Wolfinger, Newton, N. C.; Dr. William Mann Irvine, Mercersburg; Dr. W. Leslie Swike, Collegeville, Pa.; Professor Howard Benchoff, Woodstock, Va., and the Rev. Frank Bucher, of the Boys' school at Sheshego, China. The synod will close this evening.

#### Employees' Suits Against Hershey Chocolate Co. Sustained by the Courts

Suits against the Hershey Chocolate Company started about two years ago by employees for bonuses which were paid shortly before but had been refused them, were sustained in the Superior Court. A test case, Harry D. School vs. Hershey, was tried in the Dauphin county courts and after the verdict had been returned, an appeal was taken from the court decision, permitting the verdict to stand. The Superior Court affirmed the decision of the county bench.

Shortly after the suits were started a case was heard and appealed to the Superior Court, allowing this verdict to stand. Sixteen similar actions were settled at that time, but eight other ones, including the School vs. Hershey case, are still pending. The facts in the former cases the company contended, and another trial was necessary. The eight actions which have been pending since the Superior Court decision, have been closed now, Wickersham and Metzger, counsel for the plaintiffs, announced.

#### To Open Bids For Laying of Water Pipe in 14th Ward

Bids for laying water pipes in Vaughn street, Fourteenth ward, from Sixth to Fourth streets; Fourth, from Tenth to Lewis, and Lewis from Fourth to Front, will be opened at the office of Commissioner S. F. Hassler, on Monday, March 17.

Provision has been made in the 1919 budget for the water main extensions in the recently annexed district, and Dr. Hassler said he is anxious to have the pipes laid as soon as possible. While the entire work has been using the city water supply for household purposes since January 1, there is very little fire protection afforded the district at present, because of the lack of hydrants there can not be used for city fire hose connections. As soon as the new main is laid additional hydrants will be connected to it and the district will have ample protection against any fires, he explained.

Because of the building operations which are being contemplated in other outlying districts of the city, other extensions may soon be authorized also. At the session of council this week an ordinance was introduced authorizing water main extensions in Twenty-sixth and Twenty-seventh streets, from Derry street south to the Philadelphia and Reading railway tracks.

**SOLDIERS TO GET BONUS**  
For the information of men who have been discharged from the service of their country, it was stated today by officials of the Home Service Section of the local Red Cross Chapter that when a man is honorably discharged and fails to receive his \$60 bonus, he should write the Zone Finance Officer, Lemon Building, Washington, D. C. Full particulars as to his service, date and place of discharge, present address, etc., should be given and the certificate of discharge should be enclosed, by registered mail. It is suggested that the soldier have a certified copy of the discharge made for his own use until the original is returned.

**AINY TO SPEAK**  
W. D. E. Ainey, chairman of the Public Service Commission, will address the men's mass meeting to be held in Falmestock Hall Sunday afternoon under the auspices of the Central Y. M. C. A. His subject will be "Religion in the Reconstruction Period." Robert C. Smith, baritone soloist at the Zion Lutheran Church, will sing.

**RED CROSS WORK**  
Twenty-four cases, containing a total of 5,340 articles, were shipped by the Harrisburg Chapter, American Red Cross, during the past month, it was revealed today in the report of the shipping department. The shipments included: Hospital supplies, 52; tefuge garments, 2,113; articles for soldiers, 3,175.

**ASKS POLICE CAR**  
Recommendations that the police department be furnished with a light touring car and rifles for emergency cases were made by Chief Wetzel last evening. The chief embodied the recommendations in his annual report to Council some time ago.

### Returns Required Under the Revenue Act

By JOHN G. HERNDON, JR., Tax Specialist

EVERY individual having a net income for the taxable year of \$1,000 or over if single, or married and not living with husband or wife must make a return setting forth the items of gross income, deductions and credits allowed under the income tax law. If a husband and wife live together, a return is required if their combined net income is as much as \$2,000. It may happen that persons will be required to file returns who will have no tax to pay. This invariably occurs in the case of a head of a family whose income is between \$1,000 and \$2,000. If a husband has a net income of \$1,500 and his wife a net income of \$600, the two incomes must be united for the purpose of determining whether a return is necessary. In the case cited a return need not be filed. On the other hand, if a husband had a net income of \$1,800 and his wife \$600, they would be liable for a return.

Every partnership is required to make a return setting forth the items of gross income and deductions permitted under the income tax law, and in addition must state the names and addresses of each individual partner, and the amount of the net income to which each partner would be entitled if the income were distributed. Although a partnership has to pay no tax, it must file a return giving the above mentioned data. Personal service corporations are liable for return in exactly the same way as partnerships and throughout the tax law are treated on the same basis as partnerships. The returns required of fiduciaries have already been discussed in connection with the taxation of trusts and estates.

The Commissioner of Internal Revenue has ruled that the burden of proof rests upon corporations claiming to be exempt from tax to prove their tax-exempt status, and not upon the Bureau of Internal Revenue to prove that they are liable for a return. It may happen that such corporations as are enumerated under section 231 may be required to file a return or statement in lieu of a return proving to the satisfaction of the Commissioner of Internal Revenue their nontaxable status. Every corporation which is not specifically exempt is required to file a return. The return shall set forth the gross income, the deductions and the credits allowed under the tax law. It must be sworn to by the president, vice-president, or other principal officer, and by the treasurer or assistant treasurer. In the case of a receivership, or the appointment of the trustees in bankruptcy, when assignees are operating the property or business of a corporation, such receivers, trustees or assignees must make the corporation returns.

Consolidated corporation returns will be the subject of a separate article in this series. Every broker, however, transacting business, that is to say whether as an individual, corporation or partnership, is required to render a correct return duly verified under oath, whenever requested to do so by the Commissioner of Internal Revenue, getting forth the names of customers for whom he has transacted business with such details as to profits, losses and other information as the Commissioner of Internal Revenue may require.

Every individual, corporation, or partnership paying to another individual, corporation, or partnership interest, rent, salaries, wages, premiums, annuities, compensations or

reimbursements, emoluments, or other fixed or determinable gains, profits and income, except dividends, of as much as \$1,000 a year must report to the government the amounts so paid and the names and addresses of the recipient of such payments. This is the purpose of the provision in the act of 1916, as amended, requiring the filing of such returns of information in the case of similar payments in excess of \$500 per annum.

#### Easy to Forecast the Weather by the Moon—If You Can See the Moon

The cold wave that was to have come out of the West didn't materialize to the extent its prophets predicted to-day. The mild weather and the failure of the temperature materially to drop are attributed to the capers of the March moon which has been lying low in the northwest for several evenings. The trouble is this self-same moon persists in surrounding itself with haze so that those who delight in forecasting colder weather by the actions of the moon are not able to see the color of its rim with the distinctness they would prefer. "If the rim was silver," said a local weather observer to-day, "one easily could see whether to say the next few succeeding days would be cold. But the rim is neither gold nor silver. It is a cross between the two, which means the temperature will be neither too cold or too warm. Full moon occurs on March 16, after which one may be able to tell how March is to behave from the middle to the end of the month."

The weather was clear and cold and there was some wind this morning when people hurried to work, but it was not unpleasant, nor is it likely to be for the remainder of the week.

#### May Extend Walk With New Fill in River Park

With the dumping of ashes along the river front in North Front street above Maclay street, park department officials may be able to extend a walk along the bank there and do some planting of shrubbery and additional trees later in the year.

Commissioners E. Z. Gross and S. F. Hassler made arrangements to have the ashes collected from the uptown district, hauled to the bank and dumped there. Workmen will be kept on duty to collect waste paper and rubbish each day. By using the ashes for fill the city can be saved much expense officials said.

**CURTAIN BLAZES**  
A curtain which caught fire when the wind blew it over a gas jet, caused a slight fire at Sixth and Mahantongo streets last evening.

### SACRIFICED MEN TO HONOR OFFICER HUGHES CHARGES

#### Former Canadian Minister of Militia Makes Serious Statements

Toronto, March 6.—All Canada has been stirred by charges made in the House of Commons by Sir Sam Hughes, former minister of militia, that officers commanding the Dominion's forces in France had needlessly sacrificed the lives of their men in order to advance themselves. Although his allegations were assumed to refer to Sir Arthur Currie, commander in chief of the Canadian forces, there is apparent today a strong inclination in many quarters to disagree with him. Soldiers who served overseas already have taken up the cudgels in support of General Currie.

Sir Sam opened his attack with the announcement that he had protested several times to Premier Borden "against the waste of Canadian boys' lives in unnecessary stunts on the battle field." He then read a letter he had sent to Sir Robert Borden protesting against what he termed needless slaughter at Cambrai and stating that he had drawn attention of the prime minister on previous occasions to the "massacres at Lens, Passchendaele, etc., where the only apparent object was to glorify the general in command."

He declared that any general who would undertake the attack at Cambrai by suburban or street fighting should be court-martialed. The same was true of the officer who had ordered the storming of Mons four hours before the signing of the armistice. This he characterized as a bit of theatrical display which had cost the lives of many fine Canadian boys who could ill be spared. Some of the papers hint that Sir Sam's attack was inspired by chagrin at the failure of his son, General Garnet Hughes, to get to France as the commander of a Fifth brigade of Canadians, but all are unanimous in their assertion that the charges call for an immediate and thorough investigation.

### "And by the way!" exclaimed Mr. Hershey,

"before I forget it I want to show you something that just came in. Come along with me."

The Ad man followed him out into the room where the fruit flavors were kept.

"Look at them," commanded the general manager of the big creamery, "look at them; fresh from Florida! A shipment of fresh strawberries!"

"Well, they certainly are worth looking at," agreed the Ad man. "Is this the only shipment you have?" he queried.

"Not a bit of it," replied Mr. Hershey, "we have a standing order to ship them right along from now on as fast as they can. We're giving you fresh strawberry ice cream, now, right in March."

The Ad man didn't wait to be invited to taste them. He helped himself, even though it wasn't quite conventional.

Now, dear reader, admit it; doesn't it make your mouth water for fresh strawberry ice cream? Doesn't it make you want to put on your hat and run right over to the nearest dealer for a quart of HERSHEY'S SUPERIOR ICE CREAM? Doesn't it?

You can talk about your flavors, but FRESH FRUIT flavored ice cream—that's real!

While the two men were inspecting the shipment of fresh strawberries, Mr. Hershey thought of something else of interest and straightway darted out the room, the Ad man following.

Realizing that Mr. Hershey was leading him to another place of interest in the big creamery, the Ad man caught up with him and accompanied him to the big basement.

This part of the building was extremely cold, reminding one somewhat of a huge cold storage place.

There were so many things to see and learn about in the plant the Ad man was kept at a high pitch of interest every moment, and now he was wondering what would be the next surprise.

Presently they arrived at another door, which was locked. Here they waited while Mr. Hershey unlocked and opened it.

March 6, 1919, Harrisburg, Pa. Look for Friday's continuation of this—

Signed,  
The Ad-man.

Written Especially For Hershey Creamery Co., Makers of Hershey's Superior Ice Cream.

### Corns Peel Off Painlessly

There's Only One Genuine Corn-Peeler—That's "Gets-It."

There's only one happy way to get rid of any corn or callus, and that's the painless-peel-off "Gets-It" is the only corn remedy in



"3 drops of 'Gets-It'—Corn is doomed."

the world that does it that way—effectively, thoroughly. Why get down on the floor, tie yourself up into a knot, and have to fool with "packages" plasters, greasy ointments that rub off, sticky tape, and digging knives and scissors, when you can peel off your corn or callus in one complete piece, peacefully and surely, with magic, simple, easy "Gets-It" It takes 2 or 3 seconds to apply "Gets-It"; you use 2 or 3 drops, and that's all. "Gets-It" does the rest! Get rid of that corn-pain at once, so that you can work and play without corn torture. Be sure to use "Gets-It." It never fails.

"Gets-It," the guaranteed, money-back corn-remover, the only sure way, casts but a trifle at any drug store. Mfd by E. Lawrence & Co., Chicago, Ill. Sold in Harrisburg and recommended as the world's best corn remedy by Clark's Medicine Store, H. C. Kennedy, G. A. Gorgas, Keller's Drug Store, Frank K. Kitzmiller, C. M. Forney, Golden Seal Drug Company.

### Bowman's

HARRISBURG, THURSDAY, MARCH 6, 1919.

March Sale of Housewares Now on

BOWMAN'S-Basement

### Rishell Phonographs

Play Any Record Made

Can you visualize what a wealth of music will come into your home if your phonograph choice is the Rishell?

The adjustable Sound Box makes it possible to play any record. All you have to do is to turn the sound box to the correct position, insert the proper needle, and then—

perfection reproduction. That same bewitching, vibrant sound that issues from an old master's violin.

Permit us to demonstrate the Rishell to you. We know you'll be pleased with it.

All styles in stock—no waiting.

\$65.00 to \$225.00

On easy payment terms.

Victor Talking Machines and Victor Records



312 MARKET ST.



\$40 \$45 \$50

### A Word of Appreciation

HARRISBURG is proud, yes, more than proud of her returning colored troops. We meet you with a fervent and joyous greeting. You have "done your bit" and now return—a fine example of clean-cut Americans. Wm. Strouse adds his welcome and wishes you your well earned success in future life.

## Wm. Strouse

310 Market Street

Harrisburg, Pa.