

1935 RETURN

OF

CAPITAL-STOCK TAX

For year ending June 30, 1935

DOMESTIC CORPORATIONS

(Sec. 701, Revenue Act of 1934, 73d Congress, Public, No. 216)

This return must be filed, in duplicate, with the Collector of Internal Revenue for your district on or before July 31, 1935, and the tax must be paid on or before that date.

(Collection district)
Assessment List, Form 23A

(Month) (Year)

(Page) (Line)

Examined by:

To be stamped by collector, showing district and date received

- Name (Print name of corporation, joint-stock company, or association)
- Address (The address must be that of the principal place of business. Give "Street and number", "City or town", and "State")
- Name of parent company, if any (District filed
- Name of subsidiary, if any No. shares held (District filed
(Or attach list and state number of shares held; also districts where filed)
- Nature of business in detail
- Incorporated or organized in State of Month Year
- Was a capital-stock tax return filed for the preceding taxable year ended June 30, 1934? If filed under a different name, state the name (District filed.....)
- Date of close of last income-tax taxable year ended on or prior to June 30, 1935, or, if newly organized corporation having no income-tax taxable year ended on or prior to June 30, 1935, date of organization.....

Corporations making an original declaration of value upon this return must enter the amount of such declared value in item 9. This block is not to be used by a corporation which established its original declared value by the first return for the year ended June 30, 1934.

9. ORIGINAL DECLARED VALUE OF ENTIRE CAPITAL STOCK AS OF \$.....

Corporations which have established their original declared value by the return for the year ended June 30, 1934, must adjust such declared value as provided for in Schedule I on page 2 of this return and then enter the amount of the adjusted declared value in item 10.

10. ADJUSTED DECLARED VALUE OF ENTIRE CAPITAL STOCK AS OF \$.....

Corporations claiming exemption from the tax must indicate the basis of the claim by a check in the appropriate block under item 11 and must furnish the information specifically requested thereunder.

- Corporation enumerated in section 101, Revenue Act of 1934. (1) State under which subsection exempt
(2) Furnish information requested under instructions 12.
- Insurance company subject to tax under section 201, 204, or 207, Revenue Act of 1934. State which section
- Corporation not doing business. (1) Furnish information requested under instructions 14. (2) See instructions 15 with respect to making or adjusting a declaration of value for capital stock.

COMPUTATION OF TAX	FOR USE OF TAXPAYER				FOR USE OF DEPARTMENT			
	\$.				\$.			
12. Original or adjusted declared value as entered in item 9 or 10.....								
13. Tax at rate of \$1 for each full \$1,000 in item 12 (omit cents).....				X X X X				X X X X
14. Penalty of 25 percent for delinquency in filing return.....								
15. Interest.....								
16. Total tax, penalty, and interest.....								

We, the undersigned (Name of president, vice president, or other principal officer) (Title)

and (Name of treasurer, assistant treasurer, or chief accounting officer) (Title), of the corporation for which this

return is made, being severally duly sworn, each for himself deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed before me this day of, 193



..... (Name)
(Official capacity of officer administering oath)



..... (Name) (Title)
..... (Name) (Title)

The schedules on this page will be filled in only by a corporation making adjustments to an original declared value for the capital stock established by the return for the year ended June 30, 1934. See instructions 5 to 10, inclusive

SCHEDULE I. ADJUSTMENT OF ORIGINAL DECLARED VALUE OF ENTIRE CAPITAL STOCK FOR ALL TRANSACTIONS DURING THE INCOME-TAX TAXABLE YEAR ENDED _____, 193

Original declared value as established by the first return for the taxable year ended June 30, 1934	\$	_____
Additions:		
(1) Total cash and fair market value of property paid in for stock or shares	\$	_____
(2) Paid-in surplus and contributions to capital		_____
(3) Net income		_____
(4) Excess of income wholly exempt from tax over the amount disallowed as deductions by section 24 (a) (5) of the Revenue Act of 1934		_____
(5) The amount of the dividend deduction allowable for income-tax purposes		_____
Total additions		_____
TOTAL BEFORE DEDUCTIONS	\$	_____
Deductions:		
(A) Total cash and fair market value of property distributed in liquidation to shareholders	\$	_____
(B) Distributions of earnings or profits		_____
(C) The excess of deductions allowable for income-tax purposes over gross income		_____
Total deductions		_____
ADJUSTED DECLARED VALUE	\$	_____

SCHEDULE II. ANALYSIS OF CHANGES IN CAPITAL STOCK AND SURPLUS

Capital Stock and Surplus at beginning of year		Deductions—Capital transactions	
1. Capital stock: Preferred	\$	12. Liquidating distributions (item A, Sch. I)*	\$
Common	_____	13. Other distributions (item B, Schedule I)*	_____
2. Capital or paid-in surplus	_____	14. Enter class and amount of distributions in corporation's own stock:	
3. Surplus reserves	_____	_____ \$	x x x x x
4. Surplus and undivided profits	_____	15. Other deductions (to be detailed)	_____
Additions—Capital transactions		Deductions—Revenue transactions	
5. Total cash and fair market value of property paid in for stock or shares (item 1, Schedule I)*	_____	16. Excess of allowable deductions over gross income (item C, Schedule I)	_____
6. Paid-in surplus and contributions to capital (item 2, Schedule I)*	_____	17. Deductions disallowed by sec. 24 (a) (5), 1934 Act. (See item 9 of this schedule)	_____
7. Other additions (to be detailed)	_____	18. Other deductions (to be detailed)	_____
Additions—Revenue transactions		Capital Stock and Surplus at end of year	
8. Net income (item 3, Schedule I)	_____	19. Capital stock: Preferred	_____
9. Income wholly exempt from income tax. (This total less the amount entered as item 17 of this schedule should correspond with item 4, Schedule I)	_____	Common	_____
10. The amount of the dividend deduction allowable for income-tax purposes (item 5, Schedule I)	_____	20. Capital or paid-in surplus	_____
11. Other additions (to be detailed)	_____	21. Surplus reserves	_____
	_____	22. Surplus and undivided profits	_____
	_____		_____
TOTAL	\$	TOTAL	\$

* Enter values shown by the books if different from values entered in Schedule I and explain difference.

LAW

SECTION 701, REVENUE ACT OF 1934

(a) For each year ending June 30, beginning with the year ending June 30, 1934, there is hereby imposed upon every domestic corporation with respect to carrying on or doing business for any part of such year an excise tax of \$1 for each \$1,000 of the adjusted declared value of its capital stock.

* * * * *

(c) The taxes imposed by this section shall not apply—

- (1) to any corporation enumerated in section 101;
- (2) to any insurance company subject to the tax imposed by section 201, 204, or 207;
- (3) to any domestic corporation in respect of the year ending June 30, 1934, if it did not carry on or do business during a part of the period from the date of the enactment of this Act to June 30, 1934, both dates inclusive;

* * * * *

(d) Every corporation liable for tax under this section shall make a return under oath within one month after the close of the year with respect to which such tax is imposed to the collector for the district in which is located its principal place of business or, if it has no principal place of business in the United States, then to the collector at Baltimore, Maryland. Such return shall contain such information and be made in such manner as the Commissioner with the approval of the Secretary may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector before the expiration of the period for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per centum a month from the time when the tax became due until paid. All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926 shall, insofar as not inconsistent with this section, be applicable in respect of the taxes imposed by this section. The Commissioner may extend the time for making the returns and paying the taxes imposed by this section, under such rules and regulations as he may prescribe with the approval of the Secretary, but no such extension shall be for more than sixty days.

(e) Returns required to be filed for the purpose of the tax imposed by this section shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under Title II of the Revenue Act of 1926.

(f) For the first year ending June 30 in respect of which a tax is imposed by this section upon any corporation, the adjusted declared value shall be the value, as declared by the corporation in its first return under this section (which declaration of value cannot be amended), as of the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section (or as of the date of organization in the case of a corporation having no income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section). For any subsequent year ending June 30, the adjusted declared value in the case of a domestic corporation shall be the original declared value plus (1) the cash and fair market value of property paid in for stock or shares, (2) paid in surplus and contributions to capital, (3) its net income, (4) the excess of its income wholly exempt from the taxes imposed by Title I over the amount disallowed as a deduction by section 24 (a) (5) of such title, and (5) the amount of the dividend deduction allowable for income tax purposes, and minus (A) the value of property distributed in liquidation to shareholders, (B) distributions of earnings or profits, and (C) the excess of the deductions allowable for income tax purposes over its gross income; adjustment being made for each income-tax taxable year included in the period from the date as of which the original declared value was declared to the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section. The amount of such adjustment for each such year shall be computed (on the basis of a separate return) according to the income tax law applicable to such year. * * *

INSTRUCTIONS

The sections of the law mentioned throughout these instructions refer to sections of the Revenue Act of 1934. For further information regarding the tax, see Capital Stock Tax Regulations, No. 64 (1934 edition, as amended).

Pertaining to corporations making an original declaration of value for their capital stock

1. Every corporation, unless otherwise exempted, which was not carrying on or doing business during the previous taxable year ended June 30, 1934, but which either (1) commenced or resumed business operations or (2) was doing business at any time, even 1 day,

during the period from July 1, 1934, to June 30, 1935, both dates inclusive, must make an original declaration of value for the capital stock upon the return for the taxable year ended June 30, 1935.

2. The original declared value for the capital stock (or if the organization is without a share capital stock, then the value declared for the net worth of the enterprise) must be made as of the close of the income-tax taxable year ended subsequent to June 30, 1934, and on or prior to June 30, 1935. Thus, if the income-tax return was filed on a calendar year basis, the value must be declared as of December 31, 1934, while if the income-tax return was filed on the basis of a fiscal year ended with any month from July 1934 to and including June 1935, the value must be declared as of the end of such fiscal year. In the case of a newly organized corporation which does not have an income-tax taxable year ended on or prior to June 30, 1935, the value must be declared as of the date of organization.

3. A corporation may declare any value which in its judgment is proper, so long as the value is specific, unqualified, and as of the date required.

4. The original declared value is the base for computing the capital-stock tax liability not only for the current taxable year but (subject to statutory adjustment) also for subsequent taxable years. In addition, the original declared value will be a prime factor in computing the excess-profits tax liability for 1935 and subsequent years. Moreover, the right to declare a value does not recur, and the value, once declared, may not be changed, amended, or corrected, either by the taxpayer or the Commissioner. For these reasons, it is of utmost importance that the greatest care be exercised in making the original declared value.

Pertaining to corporations making an adjusted declared value for their capital stock

5. An adjusted declared value for the capital stock must be made upon this return by every corporation which was carrying on or doing business during the previous taxable year ended June 30, 1934, and accordingly established (or should have established) its original declared value by the first return for such previous taxable year and which (1) continued in business, or (2) was carrying on or doing business at any time, even 1 day, during the period from July 1, 1934, to June 30, 1935.

6. The adjusted declared value must be determined by making the adjustments to the original declared value provided for in section 701 (f). No other adjustments are permitted by the law.

7. The adjustments must be made for transactions taking place during the income-tax taxable year ended subsequent to June 30, 1934, and on or prior to June 30, 1935. Thus, if the income-tax return was filed on a calendar year basis, the adjustments must reflect the transactions happening during the year 1934 while, if the income-tax return was filed on the basis of a fiscal year ended with any month from July 1934 to and including June 1935, the adjustments must reflect the transactions happening during such fiscal year.

8. The adjustments to the original declared value must be entered in Schedule I on page 2 of the return, as follows:

ADDITIONS

Item 1. If any cash or property was paid in during the income-tax taxable year ended on or prior to June 30, 1935, for stock or shares of the corporation, the total amount of the cash and fair market value of the property so acquired will be entered as item 1. In every instance, a statement must be attached to the return explaining the transaction and if the property was other than cash explaining also how the value was determined. If the property was acquired in connection with a reorganization the statement should further show full particulars as to the corporations involved, the plan of reorganization, and its execution.

Item 2. If any cash or property was acquired during the income-tax taxable year ended on or prior to June 30, 1935, as a paid-in surplus or contribution to capital, whether received from shareholders or from other than shareholders, the total amount of the cash and fair market value of the property so acquired will be entered as item 2. In every instance a statement must be attached to the return setting forth substantially the same information as required with respect to item 1.

Item 3. The net income of the corporation for the income-tax taxable year ended on or prior to June 30, 1935, as returned for income-tax purposes, will be entered as item 3. In the case of a net loss, see instructions under item C below.

Item 4. The total income received (or accrued, if the books are kept on an accrual basis) during the income-tax taxable year ended on or prior to June 30, 1935, wholly exempt from taxation, regardless of its nature and its source, less the total expenses chargeable thereto, paid (or accrued) and disallowed as a deduction under section 24 (a) (5) will be entered as item 4.

Item 5. The total income derived during the income-tax taxable year ended on or prior to June 30, 1935, from dividends upon stocks of other domestic corporations and allowed as a deduction under section 23 (p) in computing the net income for income-tax purposes will be entered as item 5.

DEDUCTIONS

Item A. The total amount of cash and fair market value of property distributed during the income-tax taxable year ended on or prior to June 30, 1935, in liquidation (whether partial or complete) to the shareholders will be entered as item A. In every instance, a statement must be attached to the return explaining the transaction and if the property was other than cash, explaining also how the value was determined.

Item B. The total of all distributions (other than liquidating distributions) made during the income-tax taxable year ended on or prior to June 30, 1935, from earnings and profits will be entered as item B. For this purpose a distribution takes effect on the date of the resolution making an unqualified declaration of a dividend to the shareholders. Hence dividends declared prior to but paid during the income-tax taxable year ended on or prior to June 30, 1935, should be excluded from the deduction, while dividends declared during but paid subsequent to such year must be included in the deduction. In the case of informal distributions in which no dividend declaration or resolution was made, the date of payment should be used as the basis for the adjustment. A statement must be attached showing the amount of each dividend, date of dividend resolution, and if the distribution was made in property, a description thereof and a statement of how the value was determined. *Stock dividends which do not effect a distribution of earnings or profits should not be taken into consideration.*

Item C. If a loss was disclosed by the income-tax return for the income-tax taxable year ended on or prior to June 30, 1935, the excess of the deductions allowable for income-tax purposes over gross income will be entered as item C. *Losses and deductions not allowed for income-tax purposes shall not be taken into consideration.*

9. Any explanatory statements attached to the return should properly identify the respective items to which related.

10. The adjustment of the original declared value is to be further explained by a reconciliation of the changes taking place in the capital stock and surplus accounts during the income-tax taxable year ended on or prior to June 30, 1935. For this purpose, the reconciliation is to be made as provided for in Schedule II on page 2 of the return.

Corporations Claiming Exemption from the Capital Stock Tax

11. Three classes of corporations (or organizations) are exempt from the capital-stock tax: (1) Corporations specifically exempted from tax under section 101; (2) insurance companies subject to tax under section 201, 204, or 207; and (3) corporations not carrying on or doing business at any time during the period from July 1, 1934, to June 30, 1935, inclusive.

12. **Exemption as a corporation enumerated in section 101.**—In every case, where not already established under section 215(c)(1) of the National Industrial Recovery Act, the exemption from the capital stock tax under section 701(c)(1) as a corporation enumerated in section 101 must be established by an official ruling. For that purpose a capital stock tax return must be filed accompanied by the proof of exemption as required by article 71, Regulations 64 (1934 edition). If, at the time the return for the current year becomes due, an exemption claim as a corporation enumerated in section 101 (or section 103 of the Revenue Act of 1932), is pending with respect to a capital stock tax return for a previous taxable year, a return for the current taxable year must be filed, but in that event only a reference to the pending claim need be made upon the current return. Where the exempt status under section 701(c)(1), or section 215(c)(1) of the National Industrial Recovery Act, has been established by an official ruling, no further returns are required so long as the corporation retains such status.

13. **Exemption as an insurance company.**—In every case, where not already established under section 215(c)(2) of the National Industrial Recovery Act, the exemption from the capital-stock tax under section 701(c)(2) as an insurance company subject to the tax imposed by section 201, 204, or 207 must be established by an official ruling. For that purpose a capital stock tax return must be filed to show under which of the specified sections the corporation

is subject to tax. Where the exempt status under section 701(c)(2), or section 215(c)(2), National Industrial Recovery Act, has been established by an official ruling no further returns are required so long as the corporation retains such status.

14. **Exemption as not doing business.**—In every case, a corporation claiming exemption from the capital-stock tax for the taxable year ended June 30, 1935, because it was not carrying on or doing business at any time during such taxable year must file a return for the current taxable year. The current return must be filed regardless of whether an exemption because of not doing business was allowed for a previous taxable year. In every instance, the claim for exemption must be supported by an affidavit of one of the principal officers having knowledge of the facts, in which the following particulars must be set forth:

- (a) A history of the organization, when, where, how, and for what purpose created.
- (b) A general statement of the operations prior to July 1, 1934, and a detailed statement of the operations for the period from July 1, 1934, to June 30, 1935, inclusive.
- (c) A detailed statement of the cash receipts and disbursements for the period from July 1, 1934, to June 30, 1935, inclusive.
- (d) A comparative detailed statement of the assets and liabilities as of June 30, 1934, and June 30, 1935, respectively, with a full explanation of the changes reflected by the comparative statement.
- (e) A statement of the number of salaried officers and employees, their duties, and the salary of each.
- (f) A copy of the minutes of each directors' meeting held from July 1, 1934, to June 30, 1935, inclusive.
- (g) If the exemption is claimed because the corporation *prior to July 1, 1934*, definitely abandoned or suspended business operations, a statement of the relevant facts and circumstances should be submitted. If in such case the corporation did not dispose of its assets, the statement should also show the nature of the assets retained, the purpose of their retention, and the use being made of them.
- (h) If exemption is claimed because the corporation *prior to July 1, 1934*, began to liquidate and wind up its affairs, submit a dated copy of the resolution authorizing the liquidation and a detailed statement of the action taken to effect the liquidation.
- (i) A statement of whatever changes, if any, occurred in the status or activities of the corporation during the taxable year ended June 30, 1935, as compared with the status or activities during the taxable year ended June 30, 1934.

15. In addition to furnishing the information required by paragraph 14, a corporation claiming exemption because of not doing business must (1) make an original declaration of value for its capital stock, or (2) adjust a previously established original declared value, accordingly, as its case falls within the following rules:

- (a) In the case of a corporation which did not establish an original declared value by the return for the previous taxable year ended June 30, 1934, either because it was *allowed* an exemption from the tax for not doing business in that year, or because it was organized after June 30, 1934, an original declared value for the capital stock must be made upon the return for the taxable year ended June 30, 1935. If the claim for exemption is allowed for the current year, the value so declared will not become effective as the "original declared value", but if the claim for exemption is denied, the value will constitute the "original declared value." Hence the greatest care should be exercised in making the declaration of value. (See also paragraph 3.)
- (b) In the case of a corporation which established an original declared value by the return for the previous taxable year ended June 30, 1934, either because the exemption claim for that year was *denied* or because no exemption had been claimed for that year, the original declared value must be adjusted in accordance with the instructions under paragraphs 6 to 10, inclusive. If the exemption claim for the current taxable year is allowed, there will be no current tax liability, but if the claim is denied, the tax will be computed on the basis of such adjusted declared value.