

(FOR WASHINGTON USE ONLY)
(FOR USE OF COLLECTORS)

1940 RETURN OF CAPITAL-STOCK TAX For Year Ending June 30, 1940 DOMESTIC CORPORATIONS

Form 707
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

(Collection district)

(Month) (Year)

(Page) (Line)

(Chapter 6, Internal Revenue Code, as amended)

This return must be filed, in triplicate, and received with remittance by the Collector for your district on or before July 31, 1940. (See instruction 20, page 10.)

To be stamped above by Collector, showing district and date received

- Name (Print plainly 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")
- Incorporated or organized in State of Month Day Year
- Was a 1939 capital-stock tax return filed? Name under which filed. (If different, attach statement explaining fully.) (District))
- Date of close of last income-tax year ended prior to July 1, 1940 Was an income-tax return filed for that year? Name under which filed (District))
If the corporation is newly organized and has not established an income-tax year, state date of organization
- Nature of business in detail
- Name of parent company, if any (District))
- Name of subsidiary, if any No. shares held (District))
(If more than one, attach list and state number of shares held by parent; also districts where filed)

DECLARED VALUE OF CAPITAL STOCK

Corporations enumerated in instruction 10 on page 10 must report a definite and unqualified declared value in this block. (See also instructions 11 to 13.) (Do not use this block for elective declaration year—see block 10 below.)

ADJUSTED VALUE—ELECTIVE DECLARED VALUE

Corporations described in instruction 5 on page 9 MUST complete Schedules I and II and enter the adjusted value (last item in Schedule I) in Part A of this block. Any corporation of this class may elect to declare, and pay tax on, a value in excess of the adjusted value. If such election is made, a definite and unqualified value MUST be entered in Part B of this block. (See instructions 14 and 15.)

PART A ADJUSTED VALUE OF CAPITAL STOCK

(Last item of Schedule I,
page 2)

\$

PART B ELECTIVE DECLARED VALUE OF CAPITAL STOCK

(Any amount declared below must
be in excess of adjusted value
disclosed by Schedule I)

\$

11. **EXEMPTIONS.**—The law provides for exemption from the tax only on the grounds indicated below. Corporations claiming exemption must (1) complete block 9 or 10 above whichever is applicable, (2) check the appropriate block below, and (3) submit with the return the evidence specified under the block checked.

- Corporation exempt from income tax under section 101, Internal Revenue Code. Furnish information required by instruction 17.
- Insurance company subject to tax under section 201, 204, or 207, Internal Revenue Code. State which section
- Corporation not doing business. Furnish information required by instruction 19.

COMPUTATION OF TAX

FOR USE OF TAXPAYER

FOR USE OF DEPARTMENT

12. Taxable value reported 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 percent for delinquency in filing return								
15. Interest at 6 percent per annum beginning Aug. 1, 1940								
16. Total tax, penalty, and interest								

We, the undersigned (Print plainly name of president, vice president, or other principal officer) (Title)

and (Print plainly 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 any 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 Chapter 6, Internal Revenue Code, and Regulations 64 (1938 edition), as amended.

Sworn to and subscribed before me this day of, 19.....

NOTARIAL
SEAL

(Signature of officer administering oath)

(Official capacity)

CORPORATE
SEAL

(Signature)

(Signature)

(Title)

(Title)

The schedules on this page must be completed by every corporation except those falling within one of the four classes enumerated in instruction 10, even though the corporation elects, under section 1202 (e) of the Code, to make a new declared value. (See instructions 5 to 9, inclusive, 14 and 15.)

SCHEDULE I. STATUTORY ADJUSTMENTS FOR TRANSACTIONS DURING INCOME-TAX YEAR ENDED
DECEMBER 31, 1939, OR INCOME-TAX FISCAL YEAR ENDED _____, 19_____

Value established for the taxable year ended June 30, 1939 (see instruction 7)..... \$.....

Additions:

A. (1) Total cash paid in for stock or shares (see instruction 7, item A)..... \$.....

 (2) Fair market value of all property paid in for stock or shares (see instruction 7, item A).....

B. Paid-in surplus and contributions to capital (see instruction 7, item B).....

C. Net income (if net loss, enter as item 3) (see instruction 7, item C).....

D. Income wholly exempt from Federal income tax (see instruction 7, item D).....

E. Excess, if any, of deduction for depletion over the amount which would be allowable if computed without regard to discovery value or to percentage depletion under section 114 (b) (2), (3), or (4) of the applicable income-tax law (see instruction 7, item E).....

Total additions.....

TOTAL BEFORE DEDUCTIONS..... \$.....

Deductions:

1. (a) Total cash distributed to shareholders (see instruction 7, item 1)..... \$.....

 (b) Fair market value of all property distributed to shareholders (see instruction 7, item 1).....

2. Amount disallowed as deduction by section 24 (a) (5) of the applicable income-tax law (see instruction 7, item 2) (attach itemized statement).....

3. Excess of deductions allowable over gross income and claimed on income-tax return (see instruction 7, item 3).....

Total deductions.....

Adjusted value (enter in Part A of block 10, page 1)..... \$.....

SCHEDULE II. ANALYSIS OF CHANGES IN CAPITAL STOCK AND SURPLUS
 (See instruction 8, page 10)

<p>Capital Stock and Surplus at beginning of year*</p> <p>1. Capital stock: Preferred..... \$.....</p> <p> Common.....</p> <p>2. Capital or paid-in surplus.....</p> <p>3. Surplus reserves.....</p> <p>4. Surplus and undivided profits.....</p> <p>Additions—Capital transactions</p> <p>5. Total cash and fair market value of property paid in for stock or shares (total of items A(1) and A(2) Schedule I)**.....</p> <p>6. Paid-in surplus and contributions to capital (item B, Schedule I)**.....</p> <p>7. Other additions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>Additions—Revenue transactions</p> <p>8. Net income (item C, Schedule I).....</p> <p>9. Income wholly exempt from income tax (item D, Schedule I).....</p> <p>10. Excess of deduction for depletion (same as item E, Schedule I).....</p> <p>11. Other additions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>TOTAL..... \$.....</p>	<p>Deductions—Capital transactions</p> <p>12. Distributions to shareholders (items 1 (a) and (b), Schedule I**):</p> <p> (a) Earnings or profits..... \$.....</p> <p> (b) Liquidating.....</p> <p> (c) Other.....</p> <p>13. Enter class and amount of distributions in corporation's own stock:</p> <p>..... \$..... x x x x x</p> <p>14. Other deductions (to be detailed).....</p> <p>.....</p> <p>Deductions—Revenue transactions</p> <p>15. Excess of deductions allowable over gross income and claimed on income-tax return (item 3, Schedule I).....</p> <p>16. Deductions disallowed by sec. 24 (a) (5) of income-tax law (item 2, Schedule I).....</p> <p>17. Other deductions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>Capital Stock and Surplus at end of year</p> <p>18. Capital stock: Preferred.....</p> <p> Common.....</p> <p>19. Capital or paid-in surplus.....</p> <p>20. Surplus reserves.....</p> <p>21. Surplus and undivided profits.....</p> <p>TOTAL..... \$.....</p>
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*The amounts entered in items 1, 2, 3, and 4 under this heading should correspond to those entered in items 18, 19, 20, and 21 of Schedule II of the return filed for the previous year ended June 30, 1939. If different, submit explanation.
 **Enter values shown by the books and, if different from values entered in Schedule I, explain difference.

(FOR WASHINGTON USE ONLY)
(FOR USE OF COLLECTORS)

1940 RETURN

OF
CAPITAL-STOCK TAX
For Year Ending June 30, 1940
DOMESTIC CORPORATIONS

Form 707
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

(Chapter 6, Internal Revenue Code, as amended)

This return must be filed, in triplicate, and received with remittance by the Collector for your district on or before July 31, 1940. (See instruction 20, page 10.)

To be stamped above by Collector, showing district and date received

- Name
(Print plainly 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")
- Incorporated or organized in State of Month Day Year
- Was a 1939 capital-stock tax return filed? Name under which filed. (If different, attach statement explaining fully.)
(District))
- Date of close of last income-tax year ended prior to July 1, 1940 Was an income-tax return filed for that year? Name under which filed (District))
If the corporation is newly organized and has not established an income-tax year, state date of organization
- Nature of business in detail
- Name of parent company, if any (District))
- Name of subsidiary, if any No. shares held (District))
(If more than one, attach list and state number of shares held by parent; also districts where filed)

9. **DECLARED VALUE OF CAPITAL STOCK** \$.....
Corporations enumerated in instruction 10 on page 10 must report a definite and unqualified declared value in this block. (See also instructions 11 to 13.) (Do not use this block for elective declaration year—see block 10 below.)

ADJUSTED VALUE—ELECTIVE DECLARED VALUE

Corporations described in instruction 5 on page 9 MUST complete Schedules I and II and enter the adjusted value (last item in Schedule I) in Part A of this block. Any corporation of this class may elect to declare, and pay tax on, a value in excess of the adjusted value. If such election is made, a definite and unqualified value MUST be entered in Part B of this block. (See instructions 14 and 15.)

PART A ADJUSTED VALUE OF CAPITAL STOCK

(Last item of Schedule I,
page 2)

\$.....

PART B ELECTIVE DECLARED VALUE OF CAPITAL STOCK

(Any amount declared below must
be in excess of adjusted value
disclosed by Schedule I)

\$.....

11. **EXEMPTIONS.**—The law provides for exemption from the tax only on the grounds indicated below. Corporations claiming exemption must (1) complete block 9 or 10 above whichever is applicable, (2) check the appropriate block below, and (3) submit with the return the evidence specified under the block checked.
- Corporation exempt from income tax under section 101, Internal Revenue Code. Furnish information required by instruction 17.
- Insurance company subject to tax under section 201, 204, or 207, Internal Revenue Code. State which section
- Corporation not doing business. Furnish information required by instruction 19.

COMPUTATION OF TAX	FOR USE OF TAXPAYER				FOR USE OF DEPARTMENT			
	\$				\$			
12. Taxable value reported 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 percent for delinquency in filing return.....								
15. Interest at 6 percent per annum.....								
16. Total tax, penalty, and interest.....								

DUPLICATE

The schedules on this page must be completed by every corporation except those falling within one of the four classes enumerated in instruction 10, even though the corporation elects, under section 1202 (e) of the Code, to make a new declared value. (See instructions 5 to 9, inclusive, 14 and 15.)

**SCHEDULE I. STATUTORY ADJUSTMENTS FOR TRANSACTIONS DURING INCOME-TAX YEAR ENDED
DECEMBER 31, 1939, OR INCOME-TAX FISCAL YEAR ENDED _____, 19____**

Value established for the taxable year ended June 30, 1939 (see instruction 7)..... \$.....

Additions:

A. (1) Total cash paid in for stock or shares (see instruction 7, item A)..... \$.....
 (2) Fair market value of all property paid in for stock or shares (see instruction 7, item A).....

B. Paid-in surplus and contributions to capital (see instruction 7, item B).....

C. Net income (if net loss, enter as item 3) (see instruction 7, item C).....

D. Income wholly exempt from Federal income tax (see instruction 7, item D).....

E. Excess, if any, of deduction for depletion over the amount which would be allowable if computed without regard to discovery value or to percentage depletion under section 114 (b) (2), (3), or (4) of the applicable income-tax law (see instruction 7, item E).....

Total additions.....

TOTAL BEFORE DEDUCTIONS..... \$.....

Deductions:

1. (a) Total cash distributed to shareholders (see instruction 7, item 1)..... \$.....
 (b) Fair market value of all property distributed to shareholders (see instruction 7, item 1).....

2. Amount disallowed as deduction by section 24 (a) (5) of the applicable income-tax law (see instruction 7, item 2) (attach itemized statement).....

3. Excess of deductions allowable over gross income and claimed on income-tax return (see instruction 7, item 3).....

Total deductions.....

Adjusted value (enter in Part A of block 10, page 1)..... \$.....

SCHEDULE II. ANALYSIS OF CHANGES IN CAPITAL STOCK AND SURPLUS
(See instruction 8, page 10)

<p>Capital Stock and Surplus at beginning of year*</p> <p>1. Capital stock: Preferred..... \$..... Common.....</p> <p>2. Capital or paid-in surplus.....</p> <p>3. Surplus reserves.....</p> <p>4. Surplus and undivided profits.....</p> <p>Additions—Capital transactions</p> <p>5. Total cash and fair market value of property paid in for stock or shares (total of items A(1) and A(2) Schedule I)**.....</p> <p>6. Paid-in surplus and contributions to capital (item B, Schedule I)**.....</p> <p>7. Other additions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>Additions—Revenue transactions</p> <p>8. Net income (item C, Schedule I).....</p> <p>9. Income wholly exempt from income tax (item D, Schedule I).....</p> <p>10. Excess of deduction for depletion (same as item E, Schedule I).....</p> <p>11. Other additions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>TOTAL..... \$.....</p>	<p>Deductions—Capital transactions</p> <p>12. Distributions to shareholders (items 1 (a) and (b), Schedule I**): (a) Earnings or profits..... \$..... (b) Liquidating..... (c) Other.....</p> <p>13. Enter class and amount of distributions in corporation's own stock: \$..... x x x x x</p> <p>14. Other deductions (to be detailed).....</p> <p>.....</p> <p>Deductions—Revenue transactions</p> <p>15. Excess of deductions allowable over gross income and claimed on income-tax return (item 3, Schedule I).....</p> <p>16. Deductions disallowed by sec. 24 (a) (5) of income-tax law (item 2, Schedule I).....</p> <p>17. Other deductions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>Capital Stock and Surplus at end of year</p> <p>18. Capital stock: Preferred..... Common.....</p> <p>19. Capital or paid-in surplus.....</p> <p>20. Surplus reserves.....</p> <p>21. Surplus and undivided profits.....</p> <p>TOTAL..... \$.....</p>
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*The amounts entered in items 1, 2, 3, and 4 under this heading should correspond to those entered in items 18, 19, 20, and 21 of Schedule II of the return filed for the previous year ended June 30, 1939. If different, submit explanation.
 **Enter values shown by the books and, if different from values entered in Schedule I, explain difference.

(FOR WASHINGTON USE ONLY)
(FOR USE OF COLLECTORS)

1940 RETURN OF CAPITAL-STOCK TAX For Year Ending June 30, 1940 DOMESTIC CORPORATIONS

Form 707
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

(Collection district)

(Month) (Year)

(Page) (Line)

(Chapter 6, Internal Revenue Code, as amended)

This return must be filed, in triplicate, and received with remittance by the Collector for your district on or before July 31, 1940. (See instruction 20, page 10.)

To be stamped above by Collector, showing district and date received

- Name
(Print plainly 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")
- Incorporated or organized in State of Month Day Year
- Was a 1939 capital-stock tax return filed? Name under which filed. (If different, attach statement explaining fully.)
..... (District
- Date of close of last income-tax year ended prior to July 1, 1940 Was an income-tax return filed for that year? Name under which filed (District
- If the corporation is newly organized and has not established an income-tax year, state date of organization
- Nature of business in detail
- Name of parent company, if any (District
- Name of subsidiary, if any No. shares held (District
- (If more than one, attach list and state number of shares held by parent; also districts where filed)

9. **DECLARED VALUE OF CAPITAL STOCK** \$.....
Corporations enumerated in instruction 10 on page 10 must report a definite and unqualified declared value in this block. (See also instructions 11 to 13.) (Do not use this block for elective declaration year—see block 10 below.)

ADJUSTED VALUE—ELECTIVE DECLARED VALUE

10. Corporations described in instruction 5 on page 9 MUST complete Schedules I and II and enter the adjusted value (last item in Schedule I) in Part A of this block. Any corporation of this class may elect to declare, and pay tax on, a value in excess of the adjusted value. If such election is made, a definite and unqualified value MUST be entered in Part B of this block. (See instructions 14 and 15.)

PART A
ADJUSTED VALUE
OF CAPITAL STOCK
(Last item of Schedule I,
page 2)

\$.....

PART B
ELECTIVE DECLARED
VALUE OF
CAPITAL STOCK
(Any amount declared below must
be in excess of adjusted value
disclosed by Schedule I)

\$.....

11. **EXEMPTIONS.**—The law provides for exemption from the tax only on the grounds indicated below. Corporations claiming exemption must (1) complete block 9 or 10 above whichever is applicable, (2) check the appropriate block below, and (3) submit with the return the evidence specified under the block checked.

- Corporation exempt from income tax under section 101, Internal Revenue Code. Furnish information required by instruction 17
- Insurance company subject to tax under section 201, 204, or 207, Internal Revenue Code. State which section
- Corporation not doing business. Furnish information required by instruction 19.

COMPUTATION OF TAX

FOR USE OF TAXPAYER

FOR USE OF DEPARTMENT

12. Taxable value reported 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 percent for delinquency in filing return.....								
15. Interest at 6 percent per annum.....								
16. Total tax, penalty, and interest.....								

COLLECTOR'S COPY

The schedules on this page must be completed by every corporation except those falling within one of the four classes enumerated in instruction 10, even though the corporation elects, under section 1202 (e) of the Code, to make a new declared value. (See instructions 5 to 9, inclusive, 14 and 15.)

SCHEDULE I. STATUTORY ADJUSTMENTS FOR TRANSACTIONS DURING INCOME-TAX YEAR ENDED
DECEMBER 31, 1939, OR INCOME-TAX FISCAL YEAR ENDED _____, 19_____

Value established for the taxable year ended June 30, 1939 (see instruction 7)..... \$.....

Additions:

A. (1) Total cash paid in for stock or shares (see instruction 7, item A)..... \$.....
 (2) Fair market value of all property paid in for stock or shares (see instruction 7, item A).....

B. Paid-in surplus and contributions to capital (see instruction 7, item B).....

C. Net income (if net loss, enter as item 3) (see instruction 7, item C).....

D. Income wholly exempt from Federal income tax (see instruction 7, item D).....

E. Excess, if any, of deduction for depletion over the amount which would be allowable if computed without regard to discovery value or to percentage depletion under section 114 (b) (2), (3), or (4) of the applicable income-tax law (see instruction 7, item E).....

Total additions.....

TOTAL BEFORE DEDUCTIONS..... \$.....

Deductions:

1. (a) Total cash distributed to shareholders (see instruction 7, item 1)..... \$.....
 (b) Fair market value of all property distributed to shareholders (see instruction 7, item 1).....

2. Amount disallowed as deduction by section 24 (a) (5) of the applicable income-tax law (see instruction 7, item 2) (attach itemized statement).....

3. Excess of deductions allowable over gross income and claimed on income-tax return (see instruction 7, item 3).....

Total deductions.....

Adjusted value (enter in Part A of block 10, page 1)..... \$.....

SCHEDULE II. ANALYSIS OF CHANGES IN CAPITAL STOCK AND SURPLUS

(See instruction 8, page 10)

Capital Stock and Surplus at beginning of year*		Deductions—Capital transactions	
1. Capital stock: Preferred..... \$.....		12. Distributions to shareholders (items 1 (a) and (b), Schedule I**):	
Common.....		(a) Earnings or profits..... \$.....	
2. Capital or paid-in surplus.....		(b) Liquidating.....	
3. Surplus reserves.....		(c) Other.....	
4. Surplus and undivided profits.....		13. Enter class and amount of distributions in corporation's own stock:	
	 \$.....	x x x x x
		14. Other deductions (to be detailed).....	
Additions—Capital transactions			
5. Total cash and fair market value of property paid in for stock or shares (total of items A(1) and A(2) Schedule I)**.....		Deductions—Revenue transactions	
6. Paid-in surplus and contributions to capital (item B, Schedule I)**.....		15. Excess of deductions allowable over gross income and claimed on income-tax return (item 3, Schedule I).....	
7. Other additions (to be detailed).....		16. Deductions disallowed by sec. 24 (a) (5) of income-tax law (item 2, Schedule I).....	
		17. Other deductions (to be detailed).....	
Additions—Revenue transactions			
8. Net income (item C, Schedule I).....			
9. Income wholly exempt from income tax (item D, Schedule I).....			
10. Excess of deduction for depletion (same as item E, Schedule I).....			
11. Other additions (to be detailed).....			
TOTAL \$.....		Capital Stock and Surplus at end of year	
		18. Capital stock: Preferred.....	
		Common.....	
		19. Capital or paid-in surplus.....	
		20. Surplus reserves.....	
		21. Surplus and undivided profits.....	
		TOTAL \$.....	

*The amounts entered in items 1, 2, 3, and 4 under this heading should correspond to those entered in items 18, 19, 20, and 21 of Schedule II of the return filed for the previous year ended June 30, 1939. If different, submit explanation.

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

(FOR WASHINGTON USE ONLY)
(FOR USE OF COLLECTORS)

1940 RETURN OF CAPITAL-STOCK TAX For Year Ending June 30, 1940 DOMESTIC CORPORATIONS

Form 707
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

(Chapter 6, Internal Revenue Code, as amended)

This return must be filed, in triplicate, and received with remittance by the Collector for your district on or before July 31, 1940. (See instruction 20, page 10.)

To be stamped above by Collector, showing district and date received

- Name (Print plainly 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")
- Incorporated or organized in State of Month Day Year
- Was a 1939 capital-stock tax return filed? Name under which filed. (If different, attach statement explaining fully.) (District)
 - Date of close of last income-tax year ended prior to July 1, 1940 Was an income-tax return filed for that year? Name under which filed (District)
 - If the corporation is newly organized and has not established an income-tax year, state date of organization
- Nature of business in detail
- Name of parent company, if any (District)
 - Name of subsidiary, if any No. shares held (District)
 - (If more than one, attach list and state number of shares held by parent; also districts where filed)

DECLARED VALUE OF CAPITAL STOCK

Corporations enumerated in instruction 10 on page 10 must report a definite and unqualified declared value in this block. (See also instructions 11 to 13.) (Do not use this block for elective declaration year—see block 10 below.)

ADJUSTED VALUE—ELECTIVE DECLARED VALUE

Corporations described in instruction 5 on page 9 MUST complete Schedules I and II and enter the adjusted value (last item in Schedule I) in Part A of this block. Any corporation of this class may elect to declare, and pay tax on, a value in excess of the adjusted value. If such election is made, a definite and unqualified value MUST be entered in Part B of this block. (See instructions 14 and 15.)

PART A ADJUSTED VALUE OF CAPITAL STOCK

(Last item of Schedule I,
page 2)

\$.....

PART B ELECTIVE DECLARED VALUE OF CAPITAL STOCK

(Any amount declared below must
be in excess of adjusted value
disclosed by Schedule I)

\$.....

11. EXEMPTIONS.—The law provides for exemption from the tax only on the grounds indicated below. Corporations claiming exemption must (1) complete block 9 or 10 above whichever is applicable, (2) check the appropriate block below, and (3) submit with the return the evidence specified under the block checked.

- Corporation exempt from income tax under section 101, Internal Revenue Code. Furnish information required by instruction 17.
- Insurance company subject to tax under section 201, 204, or 207, Internal Revenue Code. State which section
- Corporation not doing business. Furnish information required by instruction 19.

COMPUTATION OF TAX

FOR USE OF TAXPAYER

FOR USE OF DEPARTMENT

12. Taxable value reported 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 percent for delinquency in filing return.....								
15. Interest at 6 percent per annum.....								
16. Total tax, penalty, and interest.....								

TAXPAYER'S COPY

The schedules on this page must be completed by every corporation except those falling within one of the four classes enumerated in instruction 10, even though the corporation elects, under section 1202 (e) of the Code, to make a new declared value. (See instructions 5 to 9, inclusive, 14 and 15.)

**SCHEDULE I. STATUTORY ADJUSTMENTS FOR TRANSACTIONS DURING INCOME-TAX YEAR ENDED
DECEMBER 31, 1939, OR INCOME-TAX FISCAL YEAR ENDED _____, 19_____**

Value established for the taxable year ended June 30, 1939 (see instruction 7)..... \$.....

Additions:

A. (1) Total cash paid in for stock or shares (see instruction 7, item A)..... \$.....
 (2) Fair market value of all property paid in for stock or shares (see instruction 7, item A).....

B. Paid-in surplus and contributions to capital (see instruction 7, item B).....

C. Net income (if net loss, enter as item 3) (see instruction 7, item C).....

D. Income wholly exempt from Federal income tax (see instruction 7, item D).....

E. Excess, if any, of deduction for depletion over the amount which would be allowable if computed without regard to discovery value or to percentage depletion under section 114 (b) (2), (3), or (4) of the applicable income-tax law (see instruction 7, item E)....

Total additions.....

TOTAL BEFORE DEDUCTIONS..... \$.....

Deductions:

1. (a) Total cash distributed to shareholders (see instruction 7, item 1)..... \$.....
 (b) Fair market value of all property distributed to shareholders (see instruction 7, item 1).....

2. Amount disallowed as deduction by section 24 (a) (5) of the applicable income-tax law (see instruction 7, item 2) (attach itemized statement).....

3. Excess of deductions allowable over gross income and claimed on income-tax return (see instruction 7, item 3).....

Total deductions.....

Adjusted value (enter in Part A of block 10, page 1)..... \$.....

SCHEDULE II. ANALYSIS OF CHANGES IN CAPITAL STOCK AND SURPLUS
(See instruction 8, page 10)

<p>Capital Stock and Surplus at beginning of year*</p> <p>1. Capital stock: Preferred..... \$..... Common.....</p> <p>2. Capital or paid-in surplus.....</p> <p>3. Surplus reserves.....</p> <p>4. Surplus and undivided profits.....</p> <p>Additions—Capital transactions</p> <p>5. Total cash and fair market value of property paid in for stock or shares (total of items A(1) and A(2) Schedule I)**.....</p> <p>6. Paid-in surplus and contributions to capital (item B, Schedule I)**.....</p> <p>7. Other additions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>Additions—Revenue transactions</p> <p>8. Net income (item C, Schedule I).....</p> <p>9. Income wholly exempt from income tax (item D, Schedule I).....</p> <p>10. Excess of deduction for depletion (same as item E, Schedule I).....</p> <p>11. Other additions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>TOTAL..... \$.....</p>	<p>Deductions—Capital transactions</p> <p>12. Distributions to shareholders (items 1 (a) and (b), Schedule I**): (a) Earnings or profits..... \$..... (b) Liquidating..... (c) Other.....</p> <p>13. Enter class and amount of distributions in corporation's own stock: \$..... x x x x x</p> <p>14. Other deductions (to be detailed).....</p> <p>.....</p> <p>Deductions—Revenue transactions</p> <p>15. Excess of deductions allowable over gross income and claimed on income-tax return (item 3, Schedule I).....</p> <p>16. Deductions disallowed by sec. 24 (a) (5) of income-tax law (item 2, Schedule I).....</p> <p>17. Other deductions (to be detailed).....</p> <p>.....</p> <p>.....</p> <p>Capital Stock and Surplus at end of year</p> <p>18. Capital stock: Preferred..... Common.....</p> <p>19. Capital or paid-in surplus.....</p> <p>20. Surplus reserves.....</p> <p>21. Surplus and undivided profits.....</p> <p>TOTAL..... \$.....</p>
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*The amounts entered in items 1, 2, 3, and 4 under this heading should correspond to those entered in items 18, 19, 20, and 21 of Schedule II of the return filed for the previous year ended June 30, 1939. If different, submit explanation.
 **Enter values shown by the books and, if different from values entered in Schedule I, explain difference.

**Chapter 6, Internal Revenue Code, As Amended,
Capital-Stock Tax
SECTION 1200. TAX**

(a) **Domestic corporations.**—For each year ending June 30, beginning with the year ending June 30, 1939, there shall be 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.

(a) **Time of payment.**—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.

(b) **Extension of time.**—The Commissioner may extend the time for paying the taxes imposed by section 1200, under such rules and regulations as he may prescribe with the approval of the Secretary, but no such extension shall be for more than 60 days.

SECTION 1201. EXEMPTIONS

(a) The taxes imposed by section 1200 shall not apply—

(1) **Corporations exempt from income tax.**—To any corporation enumerated in section 101.

(2) **Insurance companies.**—To any insurance company subject to the tax imposed by section 201, 204, or 207.

(b) **Common trust funds.**—For exemption of common trust funds from the capital-stock tax, see section 169 (b) of chapter 1.

(NOTE.—The exemption for common trust funds relates *only* to a fund maintained by a bank.)

SECTION 1202. ADJUSTED DECLARED VALUE

(a) **Declaration year.**—

(1) The adjusted declared value shall be determined with respect to 3-year periods beginning with the year ending June 30, 1938, and each third year thereafter. The first year of each such 3-year period, or, in case of a corporation not subject to the tax imposed for such year, the first year of such 3-year period for which the corporation is subject to such tax, shall constitute a "declaration year."

(2) For the declaration year of the first 3-year period the adjusted declared value shall be the value as declared by the corporation in its return under section 601 of the Revenue Act of 1938, 52 Stat. 565, for the year ended June 30, 1938, or in the case of a corporation not subject to the tax imposed for such year, the value as declared in its return filed under this chapter for the first year with respect to which it is subject to the tax. For each subsequent 3-year period, the adjusted declared value for a declaration year shall be the value as declared by the corporation in its return for such declaration year. The value declared by a corporation in its return for a declaration year (which declaration of value cannot be amended) shall be as of the close of its last income-tax taxable year ending with or prior to the close of such declaration year (or as of the date of organization in the case of a corporation having no income-tax taxable year ending with or prior to the close of such declaration year).

(b) **Subsequent years.**—

(1) **Domestic corporations.**—For each year of any 3-year period subsequent to the declaration year, the adjusted declared value in the case of a domestic corporation shall be the value declared in the return for the declaration year plus—

(A) the cash, and the fair market value of property, paid in for stock or shares,
(B) paid-in surplus and contributions to capital,
(C) its net income,
(D) its income wholly exempt from Federal income tax, and
(E) the amount, if any, by which the deduction for depletion exceeds the amount which would be allowable if computed without regard to discovery value or to percentage depletion, under section 114 (b) (2), (3), or (4) of chapter 1 or a corresponding section of a later Revenue Act;

and minus—

(i) the cash, and the fair market value of property, distributed to shareholders,
(ii) the amount disallowed as a deduction by section 24 (a) (5) of chapter 1 or a corresponding provision of a later Revenue Act, and
(iii) the excess of the deductions allowable for income-tax purposes over its gross income.

The adjustments provided in this paragraph shall be made for each income-tax taxable year included in the 3-year period from the date as of which the value was declared in the return for the declaration year to the close of the last income-tax taxable year ending with 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.

(c) **Corporations in bankruptcy or receivership.**—The capital-stock tax year beginning with or within an income-tax taxable year within which bankruptcy or receivership, due to insolvency, of a domestic corporation is terminated shall constitute a declaration year. In such case the adjusted declared value for any subsequent year of the 3-year period shall be determined on the basis of the value declared in the return for such declaration year.

(e) **Additional declaration years.**—In the case of any domestic corporation, the year ending June 30, 1939, and the year ending June 30, 1940, shall each, if not otherwise a declaration year, constitute an additional declaration year if with respect to such year (1) the taxpayer so elects (which election cannot be changed) in its return filed before the expiration of the statutory filing period or any authorized extension thereof, and (2) the value declared by the taxpayer is in excess of the adjusted declared value computed under paragraph (1) of subsection (b). If, under this subsection, the year ending June 30, 1939, is a declaration year, the computation, under paragraph (1) of subsection (b), of the adjusted declared value for the year ending June 30, 1940, shall be made on the basis of the value declared for the year ending June 30, 1939.

SECTION 1203. RETURNS

(a) **Requirement.**—Every corporation liable for tax under section 1200 shall make a return under oath. 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.

(b) **Time for filing:**

(1) **General rule.**—Such return shall be made within 1 month after the close of the year with respect to which such tax is imposed.

(2) **Extension of time.**—The Commissioner may extend the time for making the returns, under such rules and regulations as he may prescribe with the approval of the Secretary, but no such extension shall be for more than 60 days.

(c) **Place for filing.**—The return shall be made to the collector for the district in which is located the principal place of business of the corporation, or, if it has no principal place of business in the United States, then to the collector at Baltimore, Md.

SECTION 1206. ADDITION TO THE TAX IN CASE OF DELINQUENCY

If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 6 per centum per annum from the time when the tax became due until paid.

**Chapter 2, Subchapter B. Excess-Profits Tax
SECTION 600. RATE OF TAX**

If any corporation is taxable under section 1200 with respect to any year ending June 30, there shall be imposed upon its net income for the income-tax taxable year ending after the close of such year an excess-profits tax equal to the sum of the following:

6 per centum of such portion of its net income for such income-tax taxable year as is in excess of 10 per centum and not in excess of 15 per centum of the adjusted declared value;

12 per centum of such portion of its net income for such income-tax taxable year as is in excess of 15 per centum of the adjusted declared value.

INSTRUCTIONS

The sections of the law mentioned throughout these instructions, unless otherwise stated, refer to sections of the Internal Revenue Code in which are consolidated all internal revenue laws (including section 601 of the Revenue Act of 1938 imposing the capital-stock tax) which were in force on the 2d day of January 1939. The Code was enacted February 10, 1939, and is applicable with respect to the capital-stock tax for the year ending June 30, 1940.

RETURN

1. (a) Every domestic corporation (including an association, common-law trust, and any other organization which is required to file income-tax returns as a corporation) which was in existence during the period July 1, 1939, to June 30, 1940, or any fractional part thereof, must, unless specifically exempted, file a capital-stock tax return in triplicate with the collector for the district in which is located its principal place of business. The return must be *complete* in every respect, including either a declared value or an adjusted value. So-called parent and subsidiary corporations must each submit a separate return.

(b) If at the time for filing a return all the property of a corporation is in custody of a receiver (including a trustee in bankruptcy or other like representative), the return shall be filed by the receiver. In such case, if the property of the corporation was under the control of the receiver during the entire year July 1, 1939, to June 30, 1940, no value will be required to be shown on the return, but, in lieu of such value, the receiver should attach a statement to the return showing the date on which the property came into his custody and whether his custody was continuous thereafter.

2. For corporations required to compute and report an adjusted value, see instructions under the heading "ADJUSTED VALUE."

3. For corporations required to report a declared value, see instructions under the heading "DECLARED VALUE—MANDATORY." For corporations electing under section 1202 (e) to report a new declared value, see instructions under the heading "DECLARED VALUE—ELECTIVE."

4. For corporations claiming exemption, see instructions under the heading "EXEMPTIONS."

ADJUSTED VALUE

5. Every corporation created prior to July 1, 1938, which was not granted exemption for both the years ended June 30, 1938, and June 30, 1939, and every corporation created during the year ended June 30, 1939, which was not granted exemption for that year, must compute and report an adjusted value on this return, unless by reason of termination of bankruptcy or receivership the corporation comes within the rule specified in instruction 10 (d). In the case of a corporation electing to establish the year ending June 30, 1940, as an additional declaration year under section 1202 (e), the adjusted value must, nevertheless, be computed. (See instructions 14 and 15.)

6. The adjusted value must be determined by making the adjustments provided for in section 1202 (b) (1). The adjustments must be confined to transactions during the income-tax taxable year ended subsequent to June 30, 1939, and on or prior to June 30, 1940. Thus, if the income-tax return was filed for the calendar year 1939, the adjustments must reflect the transactions during that year; whereas, if the income-tax return was filed or is to be filed for a fiscal year ended subsequent to June 30, 1939, and prior to July 1, 1940, the adjustments must reflect the transactions during such fiscal year. *Only adjustments provided for by the law reflecting transactions during the applicable income-tax taxable year may be made.*

7. The adjusted value must be computed in Schedule I of the return by making the following additions to and deductions from the value established for the year ended June 30, 1939; that is, the declared value if such year was a mandatory declaration year, the elective declared value if such year was established as an additional declaration year under section 1202 (e), or the adjusted value if such year was not a declaration year.

ADDITIONS.

Item A. If cash was paid in during the income-tax taxable year for stock or shares of the corporation, the total amount of the cash paid in shall be entered as item A (1). If a corporation pays a liability by issuing stock therefor, the amount of the liability so paid shall be included in item A (1). If property other than cash was received for stock or shares, enter as item A (2) the fair market value of such property as of the date paid in and attach a statement describing the property and explaining how the value was determined. If property was acquired in connection with a reorganization, full particulars as to the corporations involved, the plan of reorganization, and other details of the transaction should also be submitted.

Item B. The total amount of cash and the fair market value of property acquired during the income-tax taxable year as paid-in surplus or contributions to capital, whether received from shareholders or from others, will be entered as item B. In every instance a statement setting forth substantially the same information as required with respect to Item A (2) must be submitted.

Item C. The amount to be entered as item C will be the net income as reported under item 30, page 1, of Form 1120 or 1120A. In case of a net loss, see instructions under "DEDUCTIONS," item 13.

Item D. The total income received (or accrued if the books are kept on an accrual basis) during the applicable income-tax taxable year which is wholly exempt from Federal taxation, regardless of its nature and its source, will be entered as item D. The amount entered under this item shall include (1) all items excluded from gross income by sections 22 and 116 of the applicable income-tax law, (2) items which do not constitute income within the meaning of the Sixteenth Amendment, and (3) items which are exempt from Federal taxation under the provision of any Act of Congress not inconsistent with the applicable income-tax law.

Item E. The amount of depletion claimed as a deduction on the income-tax return less the amount which would be allowable if computed without regard to discovery value or percentage depletion under section 114 (b) (2), (3), or (4) of the applicable income-tax law will be entered as item E.

DEDUCTIONS.

Item 1. The total amount of cash distributed to shareholders during the applicable income-tax taxable year will be entered as item 1 (a). If property other than cash was distributed to shareholders, enter the fair market value thereof as of the date of distribution as item 1 (b) and attach a statement describing the property and explaining how the value was determined. The deductions under this item shall include all distributions of earnings or profits, whether current or accumulated, all distributions in partial or complete liquidation, and all other distributions from capital, but shall not include any payments to shareholders for stock acquired for the treasury or for subsequent resale. In support of deductions under this item, there must be submitted, in addition to other required evidence, a copy of all resolutions authorizing distributions and, if stock was acquired, a statement disclosing the number and classes of shares acquired and the dates of acquisition and cancellation.

Item 2. The total amounts disallowed by section 24 (a) (5) of the applicable income-tax law as deductions in the computation of net income will be entered as item 2. *Deductions disallowed by other sections are not to be included.* An itemized statement of the amounts included in this deduction must be attached.

Item 3. If a net income was not reported on the income-tax return, the excess of the deductions allowable and claimed over the amount of gross income (i. e., net loss, item 28, Form 1120 or 1120A) will be entered as item 3. *Losses and other charges to surplus not allowable as deductions, and deductions allowable but not claimed, on the income-tax return shall not be included.*

8. A reconciliation of changes in capital stock and surplus accounts during the income-tax taxable year (including the adjustments in Schedule I) must be made by completing Schedule II. Any differences between the amounts entered as adjustments in Schedule I and the corresponding entries in Schedule II must be explained.

9. All statements attached to the return in support of the adjustments in Schedule I or in explanation of the entries in Schedule II should properly identify the items to which related. Such statements need not be submitted in duplicate.

DECLARED VALUE—MANDATORY

10. The following corporations are required to report a declared value on this return:

- Every corporation created during the year July 1, 1939, to June 30, 1940.
- Every corporation created during the year July 1, 1938, to June 30, 1939, which was granted exemption from the capital stock tax for the year ended June 30, 1939.
- Every corporation created prior to July 1, 1938, which was granted exemption from the capital stock tax for both the years ended June 30, 1938, and June 30, 1939.
- Every corporation which, during its income-tax taxable year which began on or prior to July 1, 1939, and ended subsequent to that date and prior to July 1, 1940, emerged from proceedings in bankruptcy or receivership due to insolvency.

11. A corporation required to report a declared value in this return is not bound by any value declared upon a return for a prior year but may exercise unrestricted judgment and discretion in determining the value to be declared. In making such determination, consideration should be given to the earning power and to the net worth of the organization. Whether it is a stock or a nonstock corporation, an association, or other entity, taxable as a corporation, net worth includes: (a) The capital paid in for stock, or as capital surplus, or otherwise; (b) surplus, surplus reserves, and undivided profits; and (c) all other values, tangible and intangible, which enter into the net worth of the organization. However, the declared value is not limited to the net worth but may be any amount greater or less than the net worth which the corporation in its judgment may elect to declare.

12. Extreme care should be exercised in making a declared value, since: (a) Under the provisions of section 1202 (a) (2) the value declared for a declaration year cannot be changed, amended, or corrected after the close of the filing period or any authorized extension thereof; (b) the value will be the measure of the capital-stock tax; and (c) the value is a prime factor in determining the excess-profits tax liability under section 600, quoted on page 9.

13. The declared value must be definite and unqualified and must be stated as an amount in United States dollars, or as "Zero," in the event it is intended to make a declaration of no value. Statements such as "None," "No value," "Deficit," and similar expressions, or specific amounts stated as deficits, will be considered as declarations of "Zero." The value must be declared as of the close of the last income-tax taxable year ended subsequent to June 30, 1939, and with or prior to June 30, 1940. Thus, if the last income-tax return was made on a calendar-year basis, the value must be declared as of December 31, 1939, or if the last income-tax return was made on the basis of a fiscal year ended subsequent to June 30, 1939, and prior to July 1, 1940, the value must be declared as of the close of such fiscal year. In the case of a corporation created during the year ended June 30, 1940, which has not established an income-tax taxable year, the value must be declared as of the date of organization.

DECLARED VALUE—ELECTIVE

14. Any corporation required to report an adjusted value for the year ending June 30, 1940, may elect under section 1202 (c) to establish such year as an additional declaration year provided (a) such election is made in a return filed before the expiration of the filing period or any authorized extension thereof, and (b) a value is declared in excess of the adjusted value computed under section 1202 (b) (1). Such declared value must be as of the close of the last income-tax taxable year ended on or prior to June 30, 1940. In the event of such election, Schedules I and II on page 2 must be completed, the adjusted value entered in Part A of block 10 on page 1 and the elective declared value entered in Part B of that block.

15. Extreme care should be exercised in making the election to declare a value and in determining the amount to be declared, since under the provisions of the law: (a) The election to declare may not be changed and the value declared may

not be amended or corrected after the close of the filing period or any authorized extension thereof; (b) such value will be the measure of the capital-stock tax; and (c) such value will be a prime factor in determining the excess-profits tax liability under section 600. (See page 9.)

EXEMPTIONS

16. **Corporations claiming exemption from the capital-stock tax.**—Three classes of corporations (or organizations) are entitled to exemption from the capital-stock tax: (1) Corporations enumerated in section 101; (2) insurance companies subject to income tax under section 201, 204, or 207; and (3) corporations not carrying on or doing business at any time during the period July 1, 1939, to June 30, 1940.

17. **Exemption as a corporation enumerated in section 101.**—A mere claim or contention by a corporation (or other organization) that it is exempt from income tax as a corporation enumerated in section 101 will not relieve the corporation from filing a capital stock tax return. Unless the Commissioner has determined that a corporation is exempt, it must prepare and file a capital stock tax return, complete in all respects, including a declared value or an adjusted value, or both (see instructions 1, 5, 10, 14, and 15 above), accompanied by complete information regarding the corporation as follows: If exemption is claimed as a corporation enumerated in either subsection (1), (3), (4), (6), (7), (8), (9), (10), (12), (14), or (16) of section 101 the form of questionnaire designed for the particular type of corporation should be obtained from the collector of internal revenue and, after it has been completely filled in and duly executed and there has been attached thereto the various statements and documents specified therein it should be filed with the capital stock tax return on or before the prescribed due date. If the corporation claims exemption under either subsection (2), (5), (11), (13), (15), (17), (18), or (19) of section 101 there should be attached to the capital stock tax return when filed a statement setting forth (1) the subsection under which exemption is claimed, (2) the character of the organization, (3) the purpose for which it was organized, (4) its actual activities, (5) the sources of its income and the purposes for which expended, (6) whether or not any of its income is credited to surplus or may inure to the benefit of any private shareholder or individual, and (7) all other facts deemed material in determining whether it qualifies for exemption under the law. There must accompany such a statement a copy of the (1) charter and articles of incorporation or of association, (2) bylaws, and (3) classified statement of receipts and expenditures during the last complete year of operation, and a complete statement of assets and liabilities as of the end of that year. Original documents such as charters, bylaws, etc., should not be submitted as all evidence becomes a part of the record of the Bureau and, under the rules of the Department, may not be returned. See sections 19.101-1 to 19.101 (18)-1 of Regulations 10⁵ relating to the income tax under the Internal Revenue Code for more detailed information regarding proof of exemption. If, however, the corporation has received a ruling from the Commissioner exempting it from filing Federal income-tax returns, and if the conditions on which such ruling was based have not changed, the corporation may submit a copy of such ruling with the capital stock tax return in lieu of the detailed information specified herein.

18. **Exemption as an insurance company.**—Exemption from the capital-stock tax under section 1201 (a) (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, complete in all respects, including a declared value or an adjusted value, or both (see instructions 1, 5, 10, 14, and 15), must be filed. The return must state the section under which the corporation is subject to income tax.

19. **Exemption as not doing business.**—A corporation which claims exemption on the ground that it was not carrying on or doing business at any time during the year ended June 30, 1940, must file a return, complete in all respects, including a declared value or an adjusted value, or both (see instructions 1, 5, 10, 14, and 15), even though exemption was allowed for the previous taxable year. In every instance the claim for exemption must be supported by an affidavit of one of the responsible officers having knowledge of the facts, in which the following information must be set forth:

(a) A general statement of the operations prior to July 1, 1939, and a detailed statement of the operations for the period July 1, 1939 to June 30, 1940. The latter statement must be complete and show all transactions such as purchases, orders, commitments, sales, agreements, contracts (including contracts of employment), acquisitions of property for stock of the corporation, etc.

(b) A detailed statement of the receipts and disbursements by or on behalf of the corporation for the period July 1, 1939, to June 30, 1940.

(c) A comparative detailed statement of the assets and liabilities as of June 30, 1939, and June 30, 1940, respectively, with a full explanation of the changes reflected by the comparative statement. The explanation should include the exchange of any assets not disclosed by this statement.

(d) Copies of the minutes of all meetings of the stockholders and of the board of directors held during the year ended June 30, 1940, and of all reports made by an executive or other standing committee, or any governing body.

(e) If exemption is claimed as a new corporation which did not engage in business activities prior to July 1, 1940, submit the information required under (a), (b), and (d) for the period between date of incorporation and June 30, 1940, and in addition furnish (1) an excerpt from the charter setting forth the corporate powers, and (2) a statement of assets and liabilities as of June 30, 1940.

GENERAL

20. **Penalties and interest.**—Failure to file a return on or before July 31, 1940 (or before the expiration of a period of extension), causes to accrue the following graduated scale of penalties: 5 percent of the amount of the tax if the failure is for not more than 30 days, with an additional 5 percent for each additional 30 days, or fraction thereof, during which failure continued. Such penalties may not, however, exceed 25 percent in the aggregate. Failure to pay the tax on or before the due date causes to accrue interest at the rate of 6 percent per annum until paid, even though the time for filing the return is extended by the collector. Failure to pay within 10 days after the issuance of notice and demand, based on assessment approved by the Commissioner, causes to accrue a penalty of 5 percent of the total assessment and interest at the rate of 6 percent per annum on the entire assessment from the date of issuance of notice and demand until date of payment. Severe penalties for willful failure to pay tax, keep records, file returns, or for false or fraudulent returns are imposed by law.

21. **Signatures and verification.**—The return must be signed and verified under oath or affirmation by at least one of the responsible officers of the corporation. Execution by two officers, the president, vice president, or other executive officer, and the treasurer, assistant treasurer, or chief accounting officer, is, however, preferred. If at the time the return is required to be filed a receiver or trustee in bankruptcy is operating the property or business of the corporation, such officer shall execute the return of such corporation.