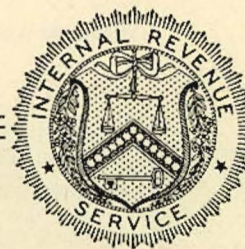


Commissioner of
**INTERNAL
REVENUE**

Annual Report

for the fiscal year ended
June 30, 1956



Internal Revenue Service

United States Treasury Department

Publication No. 55

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1957

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price 50 cents (paper cover)

Contents

Summary and transmittal	Page XI
REPORT ON OPERATIONS	
Internal revenue collections	5
General	5
Individual income taxes	6
Corporation income taxes	6
Employment taxes	6
Other internal revenue collections	7
Receipt and processing of returns	9
General	9
Service centers	10
Mathematical verification	13
Information reports	14
Enforcement work	15
Audit of returns	15
Methods of selecting returns for examination	15
Audit techniques for low-income returns	15
Taxpayer assistance program	15
Changes in excise tax area	15
Returns examined	16
Fraud investigations	16
Alcohol and tobacco tax program	19
Firearms program	20
Rewards to informers	20
Cases involving criminal prosecution	21
Actions by appellate courts	22
Collection of delinquent accounts	24
Delinquent returns	26
Appeals and civil litigation	27
General	27
Income, profits, estate, and gift taxes	27
Excise and employment taxes	29
Claims for relief from excess profits tax	29
Closing agreement cases	29
Other courts	30
Statements on adverse Tax Court decisions	32

	Page
Changes in tax liability	33
Additional taxes	33
Overassessments and overpayments	36
Refunds and repayments	36
Excessive prepayments of individual income tax	37
Carrybacks	38
Claims for refund	39
Review of overassessments exceeding \$100,000	39
Offers in compromise	40
Supervision and control of the alcohol and tobacco industries	42
General	42
Authorization of operations	42
On-premises supervision	43
Inspection of establishments	43
Chemical analyses and research	44
Rulings, regulations, and special technical services	45
Regulations program	45
General	45
Alcohol and tobacco tax	46
Tax return forms program	46
Tax rulings	47
Determination letters	47
Technical publication program	48
Closing agreement cases	49
Civil advisory legal services	50
Aids for taxpayers	52
General	52
Direct taxpayer assistance	52
Taxpayer publications	55
"Your Federal Income Tax"	55
"Farmers' Tax Guide"	55
"Tax Guide for Small Business"	55
Other publications	55
Publicity program	57
High school program	57
International activities	58
International operations	58
International tax conventions	58
Legislation relating to internal revenue matters	60
Legislative services performed	60
Tax legislation during fiscal 1956	60

	Page
Internal controls	61
Internal audit	61
Internal security	62
Administrative functions	65
Personnel	65
Training	67
Other training activities	68
Operating facilities	68
Fiscal management	70
Enrollment of practitioners	71
General management improvements and policy changes	72

STATISTICAL TABLES**Internal Revenue Collections***Table**Page*

1. Internal revenue collections by sources and by internal revenue regions, districts, States, and Territories, fiscal year 1956 . . . 78
2. Internal revenue collections by sources and by quarters, fiscal year 1956 . . . 94
3. Internal revenue collections by sources, fiscal years 1955 and 1956 . . . 96
4. Internal revenue collections by principal sources, fiscal years 1940 through 1956 . . . 99
5. Internal revenue tax on manufactured products from Puerto Rico, by objects of taxation, fiscal years 1955 and 1956 . . . 101

Alcohol and Tobacco Taxes

6. Number of establishments qualified to engage in the production, distribution, storage, or use of alcohol and alcoholic liquors as of June 30, 1955 and 1956, or to engage in the production or distribution of tobacco products as of December 31, 1954 and 1955 . . . 104
7. Permits relating to industrial alcohol, under chapter 51, Internal Revenue Code 1954, fiscal year 1956 . . . 104
8. Permits for operations relating to alcoholic beverages under the Federal Alcohol Administration Act, fiscal year 1956 . . . 105
9. Permits relating to tobacco, under chapter 52, Internal Revenue Code 1954, fiscal year 1956 . . . 105
10. Label activity under the Federal Alcohol Administration Act, fiscal year 1956 . . . 105

Stamp Taxes

11. Number of occupational tax stamps issued, covering the fiscal year 1956, or portion thereof, by class of tax and by internal revenue regions, districts, States and Territories . . . 108

Cases Receiving Appellate Consideration or in Litigation

12. Appellate Division receipt and disposal of income, profits, estate, and gift tax cases not before the Tax Court (pre-90-day and statutory notice cases), fiscal year 1956 . . . 118
13. Results obtained in Appellate Division disposals of income, profits, estate, and gift tax cases not before the Tax Court, fiscal year 1956 . . . 118

Contents*Table*

14. Appellate Division receipt and disposal of income, profits, estate, and gift tax cases docketed in the Tax Court (pending settlement or trial), fiscal year 1956 . . . 119
15. Results obtained in income, profits, estate, and gift tax cases docketed in the Tax Court and disposed of by stipulation (agreed settlement), fiscal year 1956 . . . 119
16. Income, profits, estate, and gift tax cases docketed, stipulated, defaulted, and defended on the merits before the Tax Court, fiscal years 1947 to 1956 . . . 119
17. Appellate Division receipt and disposal of compromise and final closing agreement cases, fiscal year 1956 . . . 120
18. Appellate Division receipt and disposal of nondocketed, docketed, and compromise cases (income, profits, estate, and gift taxes), fiscal years 1947 to 1956 . . . 120
19. Receipt and disposal of income, profits, estate, and gift tax cases in the Tax Court, fiscal year 1956 . . . 120
20. Results obtained in income, profits, estate, and gift tax cases disposed of in the Tax Court, fiscal year 1956 . . . 121
21. Receipt and disposal of Tax Court cases in courts of appeals or in Supreme Court, fiscal year 1956 . . . 121
22. Receipt and disposal of suits filed by taxpayers in Federal courts, fiscal year 1956 . . . 122
23. Receipt and disposal of claims pending and suits filed by the United States in Federal and State courts, fiscal year 1956 . . . 122
24. Receipt and disposal by the Office of the Chief Counsel of insolvency and debtor proceedings, fiscal year 1956 . . . 123
25. Receipt and disposal by the Office of the Chief Counsel of lien cases and noncourt civil advisory cases, fiscal year 1956 . . . 123

Cost of Administration

26. Obligations incurred by the Internal Revenue Service, fiscal year 1956 . . . 126
27. Cost of printing and binding for the Internal Revenue Service, fiscal years 1955 and 1956 . . . 127

COMMISSIONERS OF INTERNAL REVENUE

Name ¹	State	Service	
		From—	To—
George S. Bautwall	Massachusetts	July 17, 1862	Mar. 4, 1863
Jeseph J. Lewis	Pennsylvania	Mar. 18, 1863	June 30, 1865
William Drten	New York	July 1, 1865	Oct. 31, 1865
Edward A. Rollins	New Hampshire	Nov. 1, 1865	Mar. 10, 1869
Columbus Delano	D Ohio	Mar. 11, 1869	Jan. 2, 1871
Alfred Pleasanton	New York	Jan. 3, 1871	Aug. 8, 1871
John W. Douglass	Pennsylvania	Aug. 9, 1871	May 14, 1875
Daniel D. Pratt	Indiana	May 15, 1875	July 31, 1876
Green B. Raum	Illinois	Aug. 2, 1876	Apr. 30, 1883
Walter Evans	Kentucky	May 21, 1883	Mar. 19, 1885
Joseph S. Miller	West Virginia	Mar. 20, 1885	Mar. 20, 1889
John W. Mason	do	Mar. 21, 1889	Apr. 18, 1893
Joseph S. Miller	do	Apr. 19, 1893	Nov. 26, 1896
W. St. John Fernan	Illinois	Nov. 27, 1896	Dec. 31, 1897
Nathan B. Scott	West Virginia	Jan. 1, 1898	Feb. 28, 1899
George W. Wilson	D Ohio	Mar. 1, 1899	Nov. 27, 1900
John W. Yerkes	Kentucky	Dec. 20, 1900	Apr. 30, 1907
John G. Capers	South Carolina	June 5, 1907	Aug. 31, 1909
Royal E. Cabell	Virginia	Sept. 1, 1909	Apr. 27, 1913
William H. Osborn	North Carolina	Apr. 28, 1913	Sept. 25, 1917
Deniel C. Roper	South Carolina	Sept. 26, 1917	Mar. 31, 1920
William M. Williams	Alabama	Apr. 1, 1920	Apr. 11, 1921
David H. Blair	North Carolina	May 27, 1921	May 31, 1929
Robert H. Lucas	Kentucky	June 1, 1929	Aug. 15, 1930
David Burnett	D Ohio	Aug. 20, 1930	May 15, 1933
Guy T. Helvering	Kansas	June 6, 1933	Oct. 8, 1943
Robert E. Hannegan	Missouri	Oct. 9, 1943	Jan. 22, 1944
Jeseph D. Nunan, Jr.	New York	Mar. 1, 1944	June 30, 1947
George J. Schoeneman	Rhode Island	July 1, 1947	July 31, 1951
John B. Dunlap	Texas	Aug. 1, 1951	Nov. 18, 1952
T. Coleman Andrews	Virginia	Feb. 4, 1953	Oct. 31, 1955
Russell C. Harrington	Rhode Island	Dec. 5, 1955	

Note.—Office of Commissioner of Internal Revenue created by act of Congress, July 1, 1862.

¹ In addition, the following were Acting Commissioners during periods of time when there was no Commissioner holding the office: John W. Douglass, of Pennsylvania, from Nov. 1, 1870, to Jan. 2, 1871; Henry C. Rogers, of Pennsylvania, from May 1 to May 10, 1883; John J. Knex, of Minnesota, from May 11 to May 20, 1883; Robert Williams, Jr., of Ohio, from Nov. 28 to Dec. 19, 1900; Willard F. West, of Kentucky, from Apr. 12 to May 26, 1921; H. F. Mires, of Washington, from Aug. 15 to Aug. 20, 1930; Pressly R. Baldridge, of Iowa, from May 15 to June 5, 1933; Harold N. Graves, of Illinois, from Jan. 23 to Feb. 29, 1944; John S. Graham, of North Carolina, from Nov. 19, 1952, to Jan. 19, 1953; Justin F. Winkle, of New York, from Jan. 20 to Feb. 3, 1953; and D. Gordon Delk, of Virginia, from Nov. 1 to Dec. 5, 1955.

PRINCIPAL OFFICERS OF THE INTERNAL REVENUE SERVICE AS OF JUNE 30, 1956

NATIONAL OFFICERS

Office of the Commissioner

Commissioner	Russell C. Harrington
Deputy Commissioner	O. Gordon Delk
Technical Adviser to the Commissioner	Leo Speer
Director, Public Information Division	James C. Rivers
Director of Practice	George C. Lea

Operations

Assistant Commissioner	Clifford W. Stowe
Division Directors:	
Alcohol and Tobacco Tax	Owight E. Avis
Appellate	H. J. Donnelly, Jr.
Audit	Ernest H. Vaughn
Collection	Robert L. Jack
Intelligence	J. Perry August
International Operations	L. Harold Moss

Technical

Assistant Commissioner	Justin F. Winkle
Division Directors:	
International Tax Relations	Eldon P. King
Special Technical Services	Ned W. Arick
Tax Rulings	Harold T. Swartz
Technical Planning	John W. S. Littleton

Principal Officers

Inspection

Assistant Commissioner	Harry J. Trainor
Division Directors:	
Internal Audit	Francis I. Geibel ¹
Internal Security	Vernon C. Acree

Administration

Assistant Commissioner	Harrell T. Vance
Division Directors:	
Fiscal Management	Gray W. Hume, Jr.
Operating Facilities	Bruce McNair
Personnel and Training	Edwin N. Mantague

Planning

Assistant Commissioner	Richard W. Nelsen ¹
Division Directors:	
Planning	James R. Turner ¹
Statistics	Ernest J. Engquist, Jr.

Chief Counsel

Chief Counsel	John Potts Barnes
Assistant Chief Counsels:	
Administration	John W. Burrus
Claims	Vacancy
Enforcement	E. Riley Campbell
Litigation	Rudy P. Hertzog
Technical	Herman T. Reiding

REGIONAL AND DISTRICT OFFICERS

Atlanta Region

Regional Commissioner	Elisan C. Palmer
Assistant Regional Commissioners:	
Administration	Burton M. Graham
Alcohol and Tobacco Tax	Louis E. Hewall
Appellate	Norman C. Bailey
District Directors:	
Atlanta, Ga.	Paul Cobb
Birmingham, Ala.	George D. Patterson, Jr.
Columbia, S. C.	Robert C. Pitts
Greensboro, N. C.	Philip K. Sanders
Jackson, Miss.	James L. Enochs
Jacksonville, Fla.	Laurie W. Tomlinson
Nashville, Tenn.	James M. Reuntree
Regional Counsel	William H. Leeb
Regional Inspector	David L. Lowry, Jr.

Boston Region

Regional Commissioner	Wilber A. Galiana
Assistant Regional Commissioners:	
Administration	Maurice J. Taggart
Alcohol and Tobacco Tax	Harold L. Henneberry
Appellate	Howard D. Taylor
District Directors:	
Augusta, Maine	Whitney L. Wheeler
Boston, Mass.	Frank J. Cavanagh
Burlington, Vt.	John W. Gayner
Hartford, Conn.	Harold R. All ¹
Pertsmouth, N. H.	Charles W. Emlet
Providence, R. I.	John A. O'Connell
Regional Counsel	John W. Edwards
Regional Inspector	Donald W. Bacon
Director, Northeast Service Center, Lawrence, Mass.	Benjamin H. Fisher

Chicago Region

Regional Commissioner	Delford L. Olsen
Assistant Regional Commissioners:	
Administration	Milton T. Houghton
Alcohol and Tobacco Tax	William N. Woodruff
Appellate	Clarence W. Sebring
District Directors:	
Chicago, Ill.	Delbert J. Luippold ¹
Detroit, Mich.	Albert M. Menninger
Milwaukee, Wis.	George Reisimer
Springfield, Ill.	Hezzie J. White
Regional Counsel	John D. Kiley
Regional Inspector	Winslaw B. Randall

¹ Acting.

Commissioner of Internal Revenue Annual Report

Cincinnati Region

Regional Commissioner	Norman B. Eshleman
Assistant Regional Commissioners:	
Administration	Alvin M. Kellay
Alcohol and Tobacco Tax	Henry R. Petersen
Appellate	Jassa F. Gregory
District Directors:	
Cincinnati, Ohio	Russell A. Welch
Cleveland, Ohio	Parker C. Williams
Columbus, Ohio	Nathaniel Losker
Indianapolis, Ind.	Gary Campbell
Regional Counsel	
Regional Inspector	Gordon M. Anderson

Dallas Region

Regional Commissioner	B. Frank White
Assistant Regional Commissioners:	
Administration	Vacancy
Alcohol and Tobacco Tax	Joseph F. Black
Appellate	William G. Cullen
District Directors:	
Austin, Tex.	Robert L. Phinney
Albuquerque, N. Mex.	Stevan P. Vidal
Dallas, Tex.	Ellis Campbell, Jr.
Regional Counsel	
Regional Inspector	Paul A. Hankins

New York Region

Regional Commissioner	Alfred W. Fleming
Assistant Regional Commissioners:	
Administration	Norman D. Nowak
Alcohol and Tobacco Tax	William E. Dunigan
Appellate	Ralph M. Herne
District Directors:	
Albany, N. Y.	Riley J. Ratterree
Brooklyn, N. Y.	Thomas E. Scanlon
Buffalo, N. Y.	Eugene C. Coyle, Jr.
Regional Counsel	
Regional Inspector	Frank S. Turbett, Jr.

Omaha Region

Regional Commissioner	Herbert D. Smith
Assistant Regional Commissioners:	
Administration	Orland V. Steele
Alcohol and Tobacco Tax	William K. Lilley
Appellate	Charles L. Hodgkins
District Directors:	
Aberdeen, S. Dak.	William C. Welsh
Cheyenne, Wyo.	Frank G. Clark
Denver, Colo.	George H. Allan
Des Moines, Iowa	Frank M. Halpin
Fargo, N. Dak.	Byron J. Rockwood
Regional Counsel	
Regional Inspector	Arnold S. Dreyer
Director, Midwest Service Center, Kansas City, Mo.	

Philadelphia Region

Regional Commissioner	L. Alfred Chamberlin
Assistant Regional Commissioners:	
Administration	Donald D. Hays
Alcohol and Tobacco Tax	Louis DeCarlo
Appellate	William E. Steynen
District Directors:	
Baltimore, Md.	Clarence I. Fox, Jr.
Camden, N. J.	Chris L. Gross
Newark, N. J.	Joseph F. J. Mayer
Philadelphia, Pa.	Edgar A. McGinnes
Regional Counsel	
Regional Inspector	William A. Costello

San Francisco Region

Regional Commissioner	Ernest C. Wright
Assistant Regional Commissioners:	
Administration	Homer C. Gant
Alcohol and Tobacco Tax	Henry G. Morthorst
Appellate	Joseph B. Harlacher
District Directors:	
Boise, Idaho	Calvin E. Wright
Helena, Mont.	Thomas M. Robinson
Honolulu, Hawaii	Henry Robinson
Los Angeles, Calif.	Robert A. Riddell
Phoenix, Ariz.	Wilson B. Wood
Regional Counsel	
Regional Inspector	

¹ Acting.

Summary and Transmittal

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, D. C., December 19, 1956.

DEAR MR. SECRETARY:

The fiscal year 1956 was a year of solid progress for the Internal Revenue Service.

It was a year of larger collections, more returns filed, more audit examinations, more prosecutions, and reduced backlogs of delinquent accounts. These gains were accompanied by several less obvious achievements. Work backlogs were reduced in several categories, and important steps were taken toward resolving processing problems by establishing mechanized regional Service Centers. Appellate case inventories moved upward slightly from their abnormally low levels of the year before. Additional assessments were off slightly but showed an upward trend in the latter part of the year as the result of the increased audit examinations.

After five years of numerous organizational and procedural changes, our effort last year was to stabilize conditions so as to promote efficiency and more satisfactory working conditions. With the same goals of improving morale and raising work standards, we abolished the quota system of measuring production of revenue agents and collection officers, thereby emphasizing quality over quantity in our enforcement activities. There is reason to believe these policies are beginning to pay off in both quality and quantity of work accomplished.

A thoroughgoing reappraisal of our training courses for revenue agents and collection officers was made during the year. We are, as a result, installing improvements that give promise for the future of our Service.

Detailed statements of the Service's many work programs will be found in the accompanying annual report of this office.

Russell C. Harrison

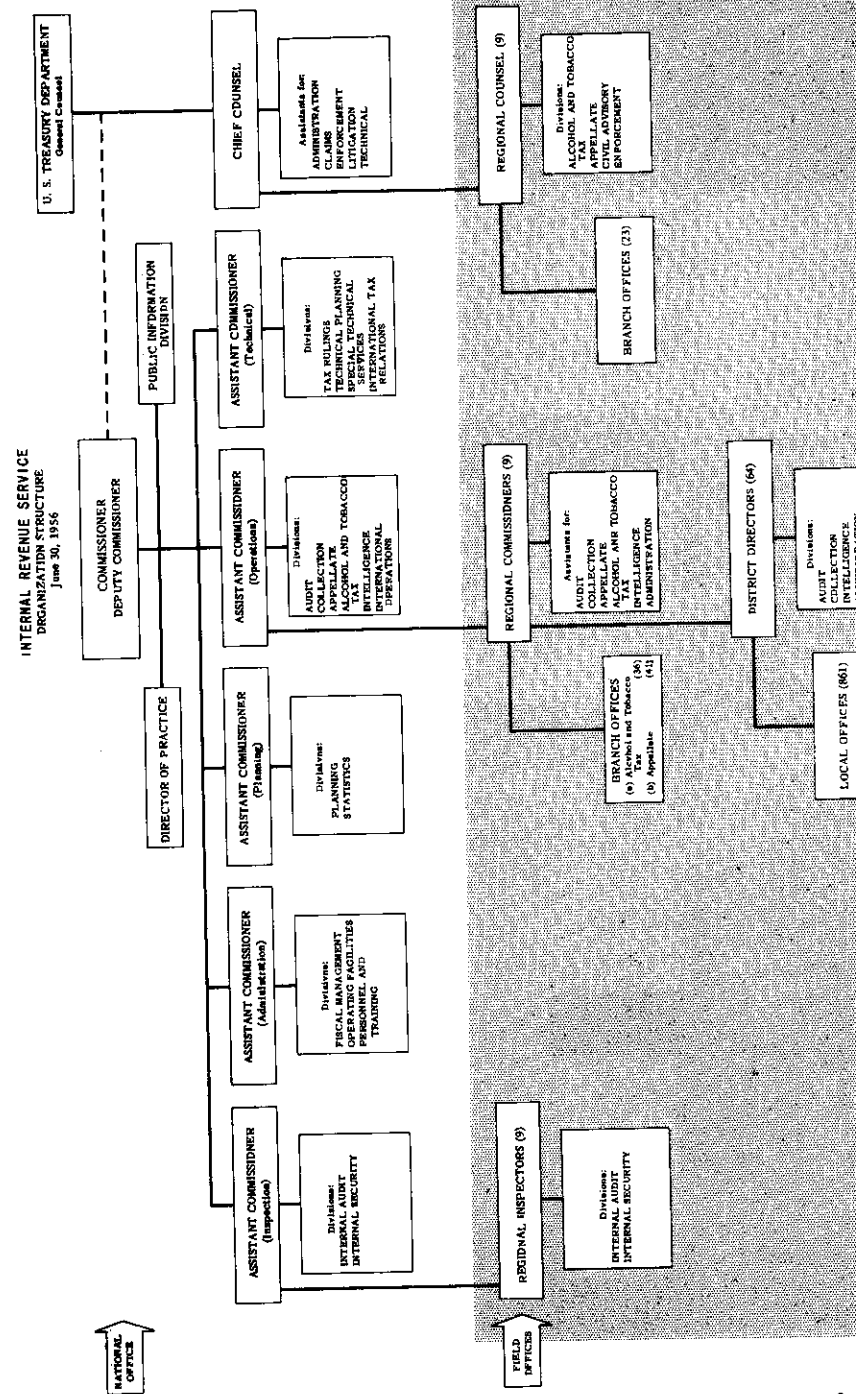
Commissioner of Internal Revenue.

HON. GEORGE M. HUMPHREY,
Secretary of the Treasury.

RESEARCH DISTRICTS



Note.—In many tables and charts, figures have been rounded and therefore will not necessarily add to the printed totals which are based on unrounded figures.



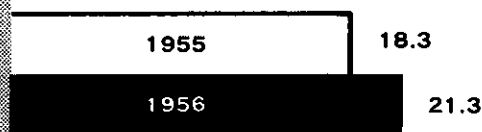
INTERNAL REVENUE COLLECTIONS

fiscal years 1955 and 1956



BILLIONS OF DOLLARS

corporation
income and
profits taxes



individual
income taxes



employment
taxes



all other
(estate, gift
and excise)



TOTALS: 1955—\$66.3 billion

INTERNAL REVENUE COLLECTIONS

General

Internal revenue collections rose from \$66,288,692,000 in the fiscal year 1955 to \$75,112,649,000 in fiscal 1956, representing an increase of \$8,823,,957,000, or more than 13 percent.

This overall rise in collections was supported by significant percentage rises in all major classes of taxes, ranging from 8.6 percent for excise taxes (including alcohol and tobacco taxes) to 25 percent for estate and gift taxes. The largest increases occurred in corporation income taxes, which rose by \$3,033,802,000, and withheld individual income taxes, which rose by \$2,762,051,000. The rise in withheld income taxes was attributable to a large gain in total payments of wages and salaries by employers. The advance in corporation tax collections reflected a large increase over the preceding year in corporate profits.

A comparison of collections by major categories follows:

Internal revenue collections, fiscal years 1955 and 1956

[In thousands of dollars. For details, see appendix table 3, pp. 96-98]

Source	Fiscal year	
	1955	1956
Income taxes:		
Corporation.....	18,264,720	21,298,522
Individual:		
Withheld by employers ¹	21,253,625	24,015,676
Other ¹	10,396,480	11,321,966
Total individual income taxes.....	31,650,106	35,337,642
Total income taxes.....	49,914,826	56,636,164
Employment taxes:		
Old-age insurance ¹	5,339,573	6,336,805
Unemployment insurance.....	279,986	324,656
Carriers taxes—old-age benefits.....	600,106	634,323
Total employment taxes.....	6,219,665	7,295,784
Estate and gift taxes.....	936,267	1,171,237
Alcohol taxes.....	2,742,840	2,920,574
Tobacco taxes.....	1,571,213	1,613,497
Other excise taxes.....	4,896,530	5,470,124
Taxes not otherwise classified ²	7,352	5,269
Grand total.....	66,288,692	75,112,649

¹ Estimated. Collections of individual income tax withheld are not reported separately from old-age insurance taxes on wages and salaries. Similarly, collections of individual income tax not withheld are not reported separately from old-age insurance tax on self-employment income. The amount of old-age insurance tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of sec. 109 (a) (2) of the Social Security Act Amendments of 1950 and includes both classes of old-age insurance taxes mentioned above. The estimates shown for the 2 classes of individual income taxes were derived by subtracting the old-age insurance tax estimates from the combined totals reported. The collections of withheld individual income tax include amounts subsequently transferred to the Government of Guam under the provisions of Public Law 630, approved August 1, 1950.

² Includes amounts of unidentified and excess collections, depository receipts outstanding 6 months or more for which no tax account can be found, and profit from sale of acquired property. Previously included in "Excise taxes, received with returns and from sale of stamps."

Individual Income Taxes

During the fiscal year 1956, total individual income taxes, including those withheld and not withheld, rose by more than 11 percent, or \$3,687,536,000 above the preceding fiscal year's amount, and carried the total for fiscal year 1956 up to \$35,337,642,000. This reflected, primarily, the effects of increased personal incomes. Approximately two-thirds of the total individual income taxes were collected through withholding.

Corporation Income Taxes

Corporation income taxes recovered sharply during fiscal year 1956. The advance from the previous fiscal year amounted to almost 17 percent or \$3,033,802,000.

This advance in corporate tax collections during fiscal year 1956 reflects, for the most part, the current effects of the sharp rise in corporate profits during 1955. The increase would have shown up even more strongly if it had not been for the fact that the 1955 collections were supplemented by accelerated payments under the Revenue Act of 1950 while the 1956 figures had no corresponding factor. Before 1950, a corporation had the right to pay each year's tax in 4 equal installments, spread out over the succeeding year. Under the Revenue Act of 1950, the proportions payable in the first 2 installments were gradually increased, year by year, through fiscal year 1955, and the proportions payable in the last 2 installments were reduced. Acceleration was completed in fiscal year 1956, during which the tax for the income year 1955 was payable in 2 equal installments. Also, the Internal Revenue Code of 1954 added to this schedule (in the case of corporations with over \$100,000 liability) 2 more payments of estimated tax for the current year.

Employment Taxes

Aggregate collections of employment taxes during fiscal year 1956 rose by \$1,076,119,000, or more than 17 percent over the preceding fiscal year, and reached a total of \$7,295,784,000. Although collections of all major categories of employment taxes showed significant rises during the 1956 fiscal year, the most substantial increase occurred in Federal old-age insurance taxes.

The taxes collected in this category rose by more than 18 percent above the preceding fiscal year, and amounted to \$6,336,805,000, including about \$500,000,000 resulting from self-employment taxes which, beginning January 1, 1955, included farmers'. Other changes in the Federal Insurance Contributions Act—such as raising the maximum amount subject to tax from \$3,600 to \$4,200, extending the coverage to farm employees, and liberalizing the eligibility requirements for domestic servants—served to

expand the amount of collections of Federal old-age insurance taxes. As a result of these new statutory developments, together with an increase in employee compensation, the rise in collections from Federal old-age insurance taxes accounted for 93 percent of the total gain in employment tax collections.

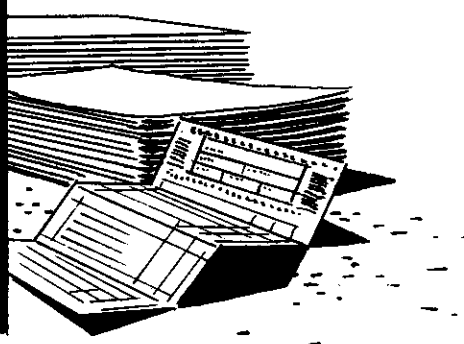
Elimination of quarterly installment payments, and the consequent concentration of receipts in the fiscal year 1956, contributed to a rise in taxes collected under the Federal Unemployment Tax Act of 16 percent, yielding a total for the year of \$324,656,000. Receipts of taxes under the Railroad Retirement Tax Act rose to \$634,323,000.

Other Internal Revenue Collections

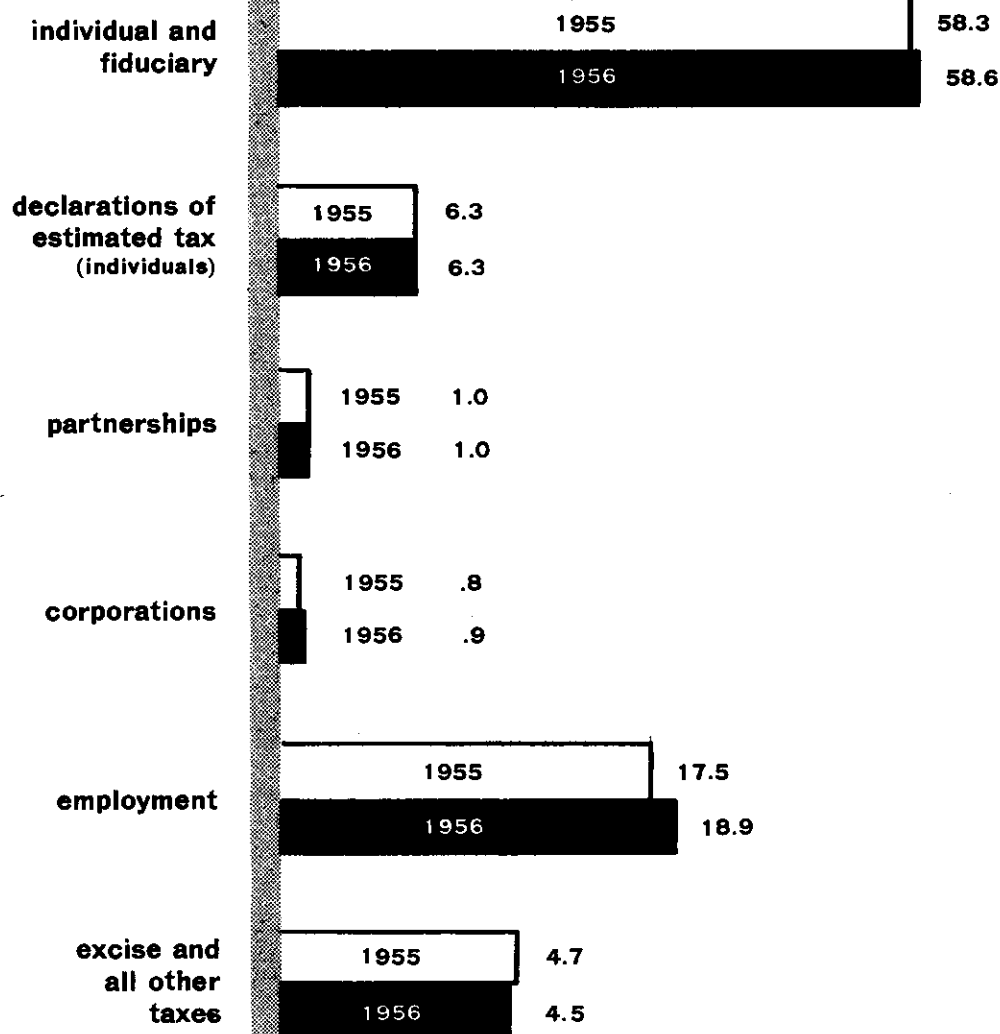
Other internal revenue collections, consisting of estate and gift taxes, alcohol and tobacco taxes, and other excise taxes, amounted to \$11,180,701,000 during fiscal year 1956. This exceeds the amount collected in the preceding year by \$1,026,499,000. It essentially reflects the increase in taxpayers' personal consumption expenditures, together with a sharp recovery in personal incomes from the 1954 level.

NUMBER OF RETURNS FILED

fiscal years 1955 and 1956



FIGURES IN MILLIONS



TOTALS: 1955—88.7 million
1956—90.3 million

RECEIPT AND PROCESSING OF RETURNS

General

During 1956, 90,288,000 returns were filed, representing an increase of 1,638,000 returns, or approximately 2 percent above the number filed in the previous fiscal year.

About 84 percent of the rise in the total number of returns occurred in the category of employment tax returns, resulting primarily from changes in the Federal Insurance Contributions Act. As a result of extending this act to include workers previously not covered, particularly farm laborers and self-employed farmers, the number of employment tax returns rose by 1,379,000 over the last fiscal year, and by 1,800,000 over fiscal year 1954. Almost half of the increase in employment tax returns was due to the filing of Forms 943 for agricultural employees.

Although amendments in the social security field had the most pronounced effect upon the rise in the number of returns filed, the general advance in economic activity during 1955 had some effect, particularly upon the number of corporate returns filed.

The new estimated tax return for large corporations (Form 1120-ES, for a corporation with estimated tax liability of more than \$100,000) accounted for a small part of the increase in volume of returns; about 29,000 Forms 1120-ES were filed in the fiscal year 1956. The shift from a stamps to a returns basis for the payment of beer and wine taxes also contributed to the rise. Form 2034 for beer and Form 2050 for wine were introduced in January 1955. The fiscal year 1955 experienced a half-year's filing of such returns, while fiscal year 1956 experienced a full-year's filing.

A comparison of the number of returns filed in the last 2 fiscal years, by principal types of returns, follows:

Number of returns filed, by principal type of return, fiscal years 1955 and 1956

[Figures in thousands]

Type of return	Fiscal year	
	1955	1956
Income taxes:		
Individual—citizens and resident aliens.....	57,610	57,941
All other individual and fiduciary.....	678	699
Total individual and fiduciary.....	58,289	58,640
Declarations of estimated tax.....	6,303	6,330
Partnerships.....	1,036	1,028
Withholding agents.....	10	10
Corporation.....	836	869
Other ¹	221	280
Total income tax returns.....	66,695	67,156
Employment taxes:		
Withheld income tax and old-age insurance.....	16,864	18,265
Railroad retirement and unemployment insurance.....	649	628
Total employment tax returns.....	17,513	18,892
Estate tax.....	40	44
Gift tax.....	58	68
Special occupational taxes.....	1,441	1,223
All other excise taxes ²	2,900	2,905
Grand total.....	88,650	90,288

¹ Includes exempt organization income tax returns and includes for 1956 24,000 Form 1040 PR returns filed in Puerto Rico with respect to self-employment tax only.

² Includes returns previously classified as both "excise taxes" and "all other."

Of the total number of returns filed during 1956, the proportions filed in the various categories remained approximately the same as last year. Individual tax returns accounted for 65 percent of the total returns filed as compared with 66 percent during the previous year, corporate returns accounted for approximately 1 percent during 1956 and 1955, and employment tax returns accounted for 21 percent during 1956 as compared with 20 percent during the last fiscal year.

For individuals filing income tax returns, 1956 represents the second year of experience with the postponed filing date, from March 15 to April 15, and there was a noticeable shift in the filing pattern during 1956, since certain taxpayers gave delayed recognition to the postponement.

Service Centers

Experimentation with large-scale mechanical processing of Forms 1040A in the Processing Branch at Kansas City during the 1955 filing year proved successful, and the tabulating machine program was extended in 1956 by the establishment of another major installation to service the northeastern



Electronic Computing of Tax on Form 1040A Returns, Midwest Service Center.



Addressing Packages of Income Tax Returns and Instructions, Northeast Service Center.

part of the country. The Processing Branch was reorganized as the Midwest Service Center, servicing 10 States in the Middle West. The second installation, designated the Northeast Service Center and located at Lawrence, Mass., services the 6 New England States, plus New York and New Jersey.

The service center program calls for the processing, by means of tabulating machine equipment, of all Forms 1040A filed in the districts concerned and of certain Forms 1040 which reported income and deductions similar to those on Form 1040A. The volume of individual income tax returns processed by the centers in 1956 totaled almost 11,000,000. Additional operations performed in the centers include the establishment and the subsequent processing of accounts receivable originating from the returns processed in the centers, mathematical verification of selected returns otherwise processed in the districts, processing of taxable declarations of estimated tax filed by individuals, matching of information documents, and mailing of returns.

Large-scale mechanical operations are being further extended for processing returns filed in 1957. A Western Service Center is being established in Ogden, Utah, to service the 8 States in the San Francisco region. The Midwest Service Center's operations are being expanded to include two additional States. The programs of the service centers will be enlarged to include the processing of all claims for refund of Federal tax on gasoline used on a farm, Form 2240, which are filed throughout all district offices.

Mathematical Verification

The number of returns checked for mathematical errors during fiscal year 1956 showed a moderate increase over the preceding year, partly due to the increase in volume of individual income tax returns filed. A much sharper increase, however, was observed in the number of returns with tax change. During fiscal year 1955, 1 out of every 42 returns verified resulted in tax change; during 1956, 1 out of every 34 returns resulted in change. Increases of 29 percent were noted both in the number of returns with tax change, and also in the gross amount of tax change, which included both tax increases and tax decreases. During 1956, \$76,266,000, or 70 percent of total tax change, represented increased amounts due from taxpayers. This was 18 percent more than the comparable figure during the preceding fiscal year. Tax decreases during 1956, representing amounts returned to taxpayers, aggregated \$32,601,000 which is 65 percent more than the amount of tax decreases during 1955.

The results of the mathematical verification of income tax returns during the last 2 years are shown in the following table:

Income tax returns mathematically verified, fiscal years 1955 and 1956

(Figures in thousands)

Item	Type of return					
	Individual and fiduciary		Corporation		Total	
	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956
Number of returns verified.....	42,615	43,758	690	825	43,305	44,582
Number of returns on which changes were made.....	1,013	1,314	7	3	1,020	1,317
Amount of tax increase.....	\$62,838	\$74,855	\$1,711	\$1,411	\$64,549	\$76,266
Amount of tax decrease.....	\$19,317	\$32,147	\$417	\$454	\$19,734	\$32,601

Information Reports

Internal Revenue Service has been receiving and processing annually more than 200,000,000 information documents. The documents include Forms W-2 (employers' statements of wages paid and tax withheld), Form 1099 (information returns on payments of dividends, interest, and various other items), and lesser numbers of other types of information documents. During fiscal year 1956 processing of these documents was concentrated in the Midwest Service Center. Future processing of information documents will be undertaken by all service centers in operation.

ENFORCEMENT WORK

Audit of Returns

The examination of returns continued to receive one of the highest priorities in the enforcement program. Emphasis was placed on improved operations and procedures. Of particular significance were the improvements made in methods of selecting returns for examination, in the techniques for auditing low-income returns, in the taxpayer assistance program, and in the organizational and procedural structure of the excise tax work. Although some of the benefits from the last-named improvement were not fully realized in fiscal 1956, all of these advances, plus other behind-the-lines activities too numerous to mention, were factors in effecting an increase in the number of returns examined by the district audit divisions.

Methods of selecting returns for examination.—Along with the adoption of other changes dictated by experience in analyzing results of the examination of returns selected in the prior year, there was established in the audit divisions of the district offices the position of chief classifying officer. By thus centralizing responsibility for the local returns selection and classification program, and by giving special study to the types of returns requiring examination in each district, the overall effectiveness of this important segment of enforcement was materially increased.

Audit techniques for low-income returns.—Steps were taken which, if successful, will expand the scope of the audit activity substantially through the use of mechanical equipment in the processing of low-income returns. As a part of this operation, experimental use was made of mechanized equipment of area service centers to address and prepare for mailing questionnaires to taxpayers in the verification of their returns. The results of this experiment are being evaluated with a view toward extending the procedure on a national basis.

Taxpayer assistance program.—Technical personnel was again detailed to assist taxpayers in the preparation of their returns during the filing period. As a result of new methods, particularly self-help described on page 52, a smaller number of returns examining employees was used in the program, leaving a larger force of agents and auditors to carry on direct enforcement activities during the filing period.

Changes in excise tax area.—Policy changes with respect to excise tax examination procedures were implemented by revisions of organizations and staffing principles. The latter provided for more agents to specialize in excise tax work in each district office and will result in a stepped-up volume of excise tax examination work.

Returns examined.—During the fiscal year 1956, more than 4,331,000 returns were disposed of after selection for examination. Of this total 2,389,000 returns were examined through contact with the taxpayer, while the balance was scrutinized and closed without taxpayer contact. This represents an increase of 354,000 or 17 percent in the number of returns examined by contact with the taxpayer over the preceding fiscal year.

A comparison of the number of examinations by type of returns follows:

Number of tax returns examined, fiscal years 1955 and 1956

[Figures in thousands]

Type of return	Fiscal year	
	1955	1956
Income and profits tax:		
Corporation.....	147	166
Individual and fiduciary.....	1,643	1,951
Total income and profits tax.....	1,790	2,117
Estate and gift tax.....	25	27
Excise and employment tax.....	220	245
Total returns examined.....	2,036	2,389

Note.—For periods prior to January 1955 the figures represent the number of returns covered by examiners' reports submitted for review. Beginning January 1955 the figures represent examined returns disposed of by the Audit Division. The figures shown for excise and employment tax exclude examinations resulting in no tax change, where such examination was made from the taxpayer's copies of returns in the course of an audit covering both income and excise and/or employment tax. The number of such "no-change" returns thus excluded is 431,000 for the fiscal year 1955 and 964,000 for the fiscal year 1956.

In addition to the regular examination of selected returns, field examinations are required in connection with each offer-in-compromise case disposed of. During the fiscal year, there were 8,290 such cases, involving income, profits, estate, gift, excise, employment, and withholding taxes. (See table in the section on Offers in Compromise.) This activity involved the expenditure of 156 man-years by technical personnel.

Other important functions in the audit area include the issuance of determination letters (see section on Rulings, Regulations, etc.) and the holding of informal conferences with taxpayers who did not agree with the examining officers' proposed adjustments to their tax liabilities. A total of 281 man-years was expended on these activities—155 on determination letters and 126 on informal conferences.

Fraud Investigations

The fraud investigation program was strengthened by a number of developments during the year.

The impact of increased manpower on this program is evident from the year's record of operations. A group of 282 special agents was added to the rolls in the latter part of the prior fiscal year, bringing the total of special agents to 1,559. The new agents completed their primary training early in fiscal 1956 and were assigned to regular duties. The number of all types of investigations completed by the special agents increased from 28,430 to 34,886. These included unnumbered (preliminary) investigations, numbered (full-scale extensive) investigations, investigations of applications for admission to practice before the Treasury Department, and charges against enrolled practitioners. The most significant increases are those of completed full-scale tax fraud investigations, from 1,939 to 2,714, and of tax fraud cases in which prosecution was recommended, from 903 to 1,368.

A policy was adopted for the post review by assistant regional commissioners of nonprosecution cases investigated by district offices. This practice will increase uniformity in the interpretation and application of the criminal sections of the Internal Revenue Code, and also serve as a basis for instruction and training of Intelligence technical personnel.

Meetings of the regional Intelligence reviewer-conferees, with National Office representatives, were initiated to increase uniformity in the overall application of policies and procedures in the review of Intelligence reports at the regional level.

The issuance of (1) a statement of Intelligence responsibilities and functions of the regional office and guides for their performance and evaluation; (2) an outline of means for regional officials to guide, evaluate, and review district office actions; and (3) a statement of the district director's responsibilities and functions relating to Intelligence, provides management techniques for use by field officials in discharging their management responsibilities of guidance, evaluation, and followup actions to be taken in the Intelligence program.

Control measures adopted during this fiscal year have resulted in expediting cases containing a recommendation for prosecution where the expiration of the period of limitation on prosecution is imminent. This minimizes the disproportionate number of such cases ordinarily forwarded during the months of August, September, and October; thus resulting in easing the backlogs of such cases in the offices of assistant regional commissioners and regional counsels and in the Department of Justice.

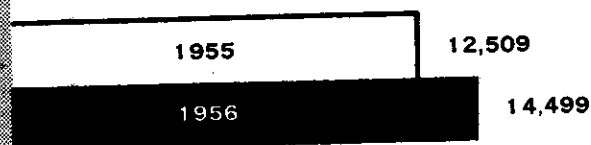
A policy was inaugurated during the last quarter of the fiscal year for increased effort in the investigation of wagering and coin-operated gaming device violations. The effort is aimed at the independent initiation and development of cases against the important operators and in situations involving widespread noncompliance.

SEIZURES AND ARRESTS FOR LIQUOR LAW VIOLATIONS

fiscal years 1955 and 1956



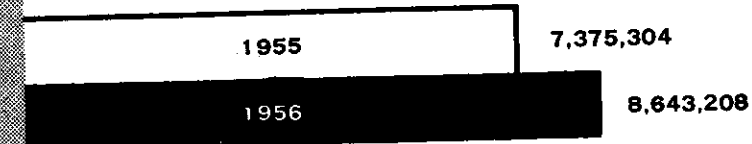
stills seized
(number)



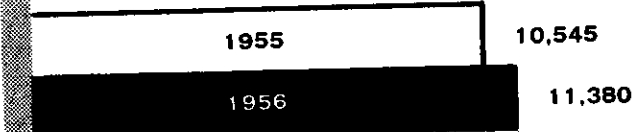
illegal liquor
seized
(wine gallons)



mash seized
(wine gallons)



arrests
(number)



Report on Operations

19

A summary of investigations by the special agents in the fiscal years 1955 and 1956 follows:

Number of tax fraud and other investigations completed by Intelligence Division, fiscal years 1955 and 1956

Type	Fiscal year	
	1955	1956
Suspected fraud and miscellaneous type cases:		
Unnumbered cases:		
Fraud.....	16,150	19,874
Wagering.....	2,097	2,474
Coin-operated gaming devices.....	(1)	1,631
Miscellaneous.....	141	142
Total unnumbered cases investigated.....	18,388	24,121
Numbered cases:		
Prosecution recommended:		
Fraud.....	903	1,368
Wagering.....	957	734
Coin-operated gaming devices.....	369	235
Miscellaneous.....	24	42
Prosecution not recommended:		
Fraud.....	1,036	1,346
Wagering.....	123	99
Coin-operated gaming devices.....	149	55
Miscellaneous.....	24	10
Investigations discontinued:		
Fraud.....	595	689
Wagering.....	39	65
Coin-operated gaming devices.....	7	7
Miscellaneous.....	5	
Total numbered cases investigated.....	4,231	4,650
Other investigations:		
Applications for admission to practice before the Treasury Department.....	5,726	6,039
Charges against enrollees to practice.....	85	76
Total other investigations.....	5,811	6,115
Grand total of all investigations.....	28,430	34,886

¹ Specific information not available. Such cases are included in unnumbered fraud cases for fiscal year 1955.
² Coin-operated gaming device cases were reported with fraud cases in the 1955 annual report.

Alcohol and Tobacco Tax Program

Seizures and arrests for violations of alcohol, tobacco, and firearms tax laws increased during the year. As compared with the preceding fiscal year, the seizure of stills rose almost 16 percent; wine gallons of nontaxpaid distilled spirits also rose by more than 16 percent; and the appraised value of property seized rose from \$3,405,314 to \$3,851,035, an increase of 13 percent. The number of arrests; including 18 arrests for tobacco tax violations and 429 arrests for firearms violations; rose from 10,545 to 11,380, an increase of 8 percent.

A comparison of seizures and arrests follows:

Seizures and arrests for liquor, tobacco, and firearms violations, fiscal years 1955 and 1956

Item	Fiscal year	
	1955	1956
Seizures:		
Stillis (number).....	12, 509	14, 499
Nontaxpaid distilled spirits (wine gallons).....	212, 285	247, 277
Nontaxpaid wines (wine gallons).....	5, 738	6, 635
Mash (wine gallons).....	7, 375, 304	8, 643, 208
Vehicles (number).....	2, 739	3, 229
Property (appraised value).....	\$3, 405, 314	\$3, 851, 035
Arrests (number).....	10, 545	11, 380

¹ Includes 18 arrests for tobacco tax violations and 429 arrests for firearms violations.

Note.—Includes seizures and arrests in cases adopted, as well as originated by the Alcohol and Tobacco Tax Division

During the year 29 arrests were made and 1,777 wine gallons of taxpaid liquor and 27 vehicles (the liquor and property being valued at \$58,540) were seized in connection with the importation, or attempts at importation, of liquors into the State of Oklahoma in violation of the Liquor Enforcement Act of 1936. In the tobacco enforcement program, investigations were made which resulted in 18 arrests.

Firearms Program

The results of investigative work under the National and Federal Firearms Acts and the Act of August 9, 1939 (49 U. S. C. 781) included 429 arrests, the seizure of 76 vehicles, and the making of 380 cases. Registrations during the year totaled 2,358. The reduction in registrations from 37,076 in the preceding year reflected a decrease in the manufacture of firearms requiring registration.

Rewards to Informers

During the fiscal year over 3,900 claims were filed by individuals, as informers, seeking rewards under section 7623 of the Internal Revenue Code of 1954. Out of these claims and others pending from prior years, 478 were allowed; resulting in awards totaling \$563,979 paid to informers who submitted specific information actually leading to detection of violations of the internal revenue laws and consequent assessment and collection of taxes and penalties. The claims allowed represent 16 percent of all claims disposed of, or slightly less than the same percentage in the prior fiscal year. The remainder were disallowed either because they could not be substantiated, or because they could not fulfill the eligibility requirements of the regulations.

The following table shows the receipts and disposition of claims for reward during the fiscal years 1955 and 1956:

Receipt and disposal of claims for informers' rewards, fiscal years 1955 and 1956

Status	Number of claims	
	Fiscal year 1955	Fiscal year 1956
Pending July 1.....	6, 414	6, 624
Received during year.....	3, 049	3, 908
Disposed of during year.....	2, 839	3, 038
Rejected.....	2, 263	2, 560
Allowed:		
Number.....	576	478
Amount.....	\$602, 817	\$563, 979
Pending June 30.....	6, 624	7, 494

Cases Involving Criminal Prosecution

The program of criminal prosecutions against flagrant violators of the tax laws continued with increased tempo during the year. Altogether, 1,955 cases involving 1,928 defendants were forwarded to the Department of Justice, an increase of about 12 percent over the preceding year. Of the new cases, 762 (with 766 defendants) arose from the wagering tax. The remainder involved income and other tax cases.

An analysis of cases flowing from the special agents through the Enforcement Division of the Chief Counsel's office and the Department of Justice follows:

Receipt and disposal of cases in Enforcement Division, fiscal years 1955 and 1956

Status	Fiscal year 1955	Fiscal year 1956
Pending July 1 ¹	3, 802	3, 377
Received during year:		
With recommendation for prosecution.....	2, 112	2, 215
With requests for opinion.....	74	103
Total.....	2, 186	2, 318
Disposed of during year:		
Prosecution not warranted.....	² 613	208
Department of Justice declined to prosecute.....	182	³ 336
Prosecutions.....	1, 635	1, 769
Opinions delivered.....	94	114
All other closings.....	87	128
Total.....	2, 611	2, 555
Pending June 30 ¹	3, 377	3, 140

¹ Includes cases awaiting action in Department of Justice.

² Includes 392 coin-machine cases and 5 cases in which taxpayer died prior to referral to Department of Justice.

³ Includes 191 wagering tax cases.

Grand jury indictments in income tax cases and other miscellaneous tax cases rose during the fiscal year from 532 to 831, an increase of 56 percent. Indictments in wagering tax cases dropped during the fiscal year from 890 to 762, a decline of 14.4 percent. In alcohol, tobacco, and firearms tax cases, indictments and informations increased 7 percent from 6,345 to 6,787.

In cases reaching the courtroom, 6,586 defendants pleaded guilty or nolo contendere, 1,062 were convicted after trial, 535 were acquitted, and 979 were dismissed.

A comparison of indictments and courtroom actions for the last 2 years follows:

Results of criminal action, fiscal years 1955 and 1956

Action	Number of defendants	
	1955	1956
Income tax and miscellaneous cases: ¹		
Indictments returned.....	532	831
Disposals:		
Plea—guilty or nolo contendere.....	523	705
Convicted after trial.....	92	132
Acquitted.....	52	46
Nol-prossed or dismissed.....	107	112
Total disposals.....	774	995
Wagering tax:		
Indictments returned.....	890	762
Disposals:		
Plea—guilty or nolo contendere.....	687	667
Convicted after trial.....	37	68
Acquitted.....	21	14
Nol-prossed or dismissed.....	22	99
Total disposals.....	767	848
Alcohol, tobacco, and firearms taxes:		
Indictments returned.....	6,345	6,787
Disposals:		
Plea of guilty.....	4,226	5,214
Convicted after trial.....	822	862
Acquitted.....	390	475
Nol-prossed or dismissed.....	687	768
Total disposals.....	6,125	7,319
Total:		
Indictments returned.....	7,767	8,380
Disposals:		
Plea—guilty or nolo contendere.....	5,436	6,586
Convicted after trial.....	951	1,062
Acquitted.....	463	535
Nol-prossed or dismissed.....	816	979
Total disposals.....	7,666	9,162

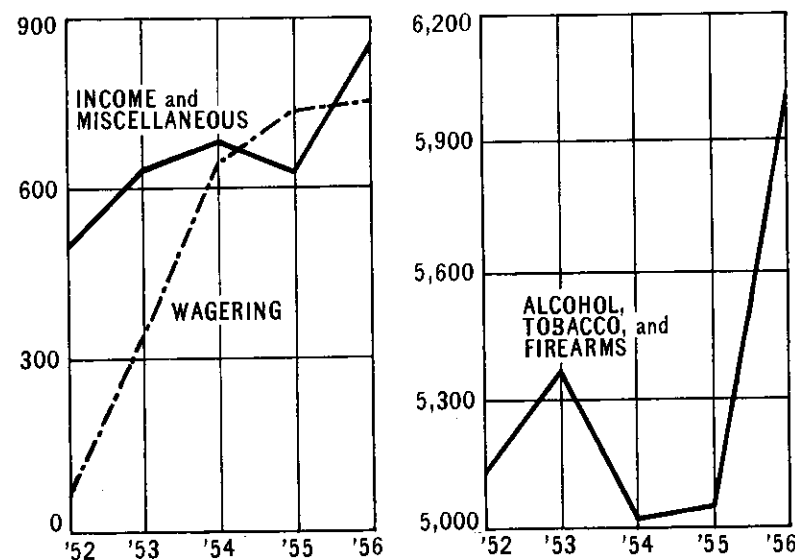
¹ Includes estate, gift, payroll, and miscellaneous excise taxes other than wagering, alcohol, tobacco, and firearms taxes.

² Includes 61 related to cases in which there were pleas or convictions, 14 in which defendant died, 5 in related cases in which the principal defendant died, 1 related to an acquittal, and 5 because of serious illness.

³ Includes defendants prosecuted on the basis of informations.

Actions by appellate courts.—The appellate courts sustained convictions in several important income tax criminal cases.

CONVICTIONS* IN CRIMINAL TAX CASES for the fiscal years 1952 through 1956



*Includes pleas of guilty and nolo contendere

Following the favorable decisions of the Supreme Court upholding the use of the net worth method in determining corrected net income in criminal tax cases, 10 cases involving such evidence were reaffirmed by courts of appeals following remand by the Supreme Court for reconsideration in the light of the decision in *Holland v. United States*, 348 U. S. 121. The Supreme Court denied further review in 9 of the 10 cases. The tenth case reached the Supreme Court for the second time on the basis of alleged procedural error during trial. The Supreme Court denied 29 petitions for certiorari brought by individuals seeking review of convictions for criminal violations of the internal revenue laws.

Decisions during the year included the Supreme Court's affirmance of the conviction of *Frank Costello* for tax evasion, 350 U. S. 359. In that case the Court held that the indictment was not invalid because it was based on hearsay testimony of the agents of the Internal Revenue Service as to their findings. In a second criminal tax case the Supreme Court held that a defendant was not entitled to a jury instruction, in a felony trial, that he could be found guilty of a misdemeanor because the acts necessary to establish the felony were identical to those required to establish a misdemeanor under the 1939 Code. *Berra v. United States*, 351 U. S. 131.

The Second Circuit on April 10, 1956, affirmed the convictions of Henry W. Grunewald, Washington influence peddler, and Daniel A. Bolich,

former Assistant Commissioner of Internal Revenue, on charges of conspiracy to defraud the United States in the exercise of its governmental functions of administering the internal revenue laws and of detecting and prosecuting violations of the internal revenue laws free from improper influence, dishonesty, fraud, and corruption.

Hyman Harvey Klein, a Baltimore liquor dealer who made a fortune during World War II on sales of Canadian whisky, and others were convicted for conspiracy to defraud the United States by impeding, impairing, obstructing, and defeating the lawful functions of the Department of the Treasury in the collection of the revenue. This case was pending on appeal to the Second Circuit at the end of the fiscal year.

Collection of Delinquent Accounts

The drive to reduce the volume of delinquent accounts was accorded one of the Service's top priorities during the year. For many years, there had been a tendency for both the number and dollar amount of such accounts to increase almost every year. A small reduction was actually achieved in 1956. Whether this new trend can be maintained will depend on economic, as well as technical and administrative, factors.

During the year, the Service continued the policy of assigning its collection officers to work primarily on delinquent accounts, and to devote remaining time to enforcement efforts such as canvassing. This plan was fruitful, and 2,360,000 delinquent accounts were closed, as compared with 1,857,000 during the preceding year. This is an increase of 27 percent. Number of closings by collection, by which means 82 percent of all accounts were closed, increased 27 percent. Dollar amounts of closings by collection increased by 29 percent.

By the end of fiscal year 1956, the inventory of delinquent accounts had dropped by 3 percent from 1,549,000 cases on hand June 30, 1955, to 1,505,000 on hand June 30, 1956. Dollarwise, inventory dropped by almost 4 percent from \$1,649,551,000 to \$1,588,008,000. The decrease in inventory is particularly noteworthy when it is considered that some 243,000 more delinquent account assemblies were issued in fiscal year 1956 than were issued in the previous fiscal year.

The increase in the number of assemblies issued is not indicative of an increase in the number of tax delinquents. It is the result of an accelerated program which is aimed at earlier contact with the delinquent taxpayer by the field collection force. In prior years, policy called for the issuance of a first notice, followed by a second notice, and subsequent assignment to the field collection force if payment was not forthcoming as a result of the notices. During 1956 the second notice was discontinued. First notices were promptly issued on accounts which showed tax payments to be due. If such payments were not made within the prescribed period, the

delinquent accounts were assigned for enforced collection action. Thus a substantial portion of the increase in issuances is represented by current year tax accounts which under prior procedure would not have reached a delinquent status until fiscal year 1957.

The following table presents the data on collection of delinquent accounts:

Taxpayer delinquent accounts, fiscal years 1955 and 1956

[Figures in thousands]

Status	Number		Amount	
	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956
Assemblies issued ¹	2,064	2,307	\$ 599,919	1,082,113
Closed:				
Collected	1,526	1,943	\$ 636,967	824,504
Returned as uncollectible	123	200	\$ 110,454	160,085
Abatements and other	208	216	\$ 118,533	167,942
Total	1,857	2,360	\$ 865,955	1,152,531
Pending June 30:				
Active	1,311	1,311	1,024,615	905,791
Inactive ⁴	238	195	624,936	682,217
Total	1,549	1,505	1,649,551	1,588,008

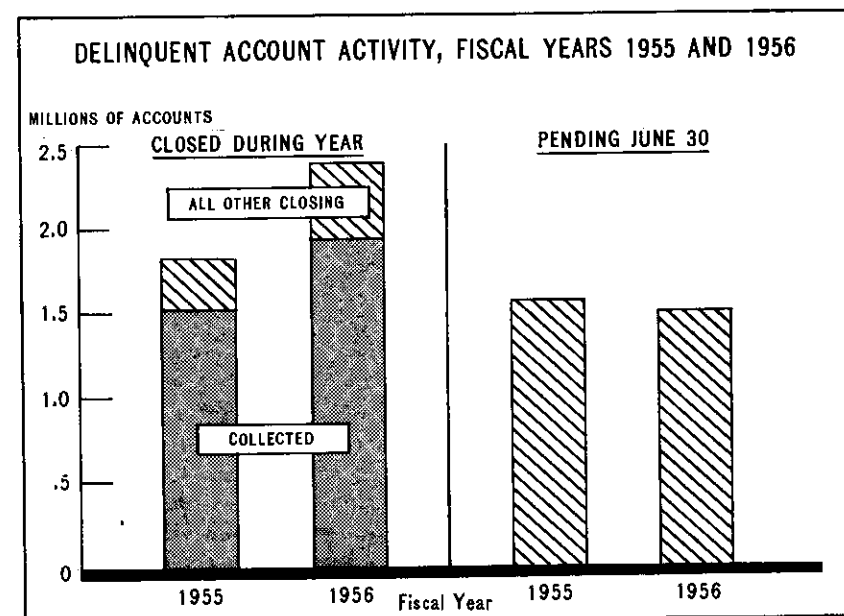
¹ The assembly comprises several parts, all for office use, except one which is a notice to the taxpayer indicating legal action unless immediate payment is made.

² Amount shown covers only the period January-June 1955.

³ Amounts of abatements and other closings for periods prior to Jan. 1, 1955 are excluded.

⁴ Consists of DARB pending accounts on which collection has been deferred such as cases involving military personnel, offers in compromise, etc.

⁵ Revised.



Delinquent Returns

During the fiscal year 1956, as certain districts arrived at a current status and a balanced inventory of delinquent accounts, they were in a position to shift some of their enforcement effort to obtaining delinquent returns. The additional resources allocated to this investigative function resulted in a total of 838,284 delinquent returns of all tax categories secured during the fiscal year. This represents an increase of 9 percent over the 767,125 secured during the preceding year. The amounts of tax, interest, and penalty with respect to the delinquent returns secured during the fiscal year 1956 aggregated \$86,689,000, or 11 percent over the \$77,770,000 secured during 1955.

The vast majority of these delinquent returns were quarterly payroll and excise tax returns. Only a small percentage were annual income tax returns.

APPEALS AND CIVIL LITIGATION

General

Appellate offices succeeded in their goal of maintaining their workloads in a substantially current condition. This meant that cases were handled about as rapidly as taxpayers and their representatives were prepared to proceed with them.

In the preceding year, emphasis was placed on reducing backlogs of cases. The resultant disposal of a large number of older cases put the appellate offices in a position to process cases promptly to the extent permitted by the complexity of the issues and the high standards of technical analysis.

Despite a marked increase in case receipts during the fiscal year 1956 compared with 1955, the objective was substantially attained.

Income, Profits, Estate, and Gift Taxes

The following tables reflect the results of case dispositions by regional appellate divisions for the fiscal years 1955 and 1956:

Appellate Division receipt and disposal of protested income, profits, estate, and gift tax cases not before the Tax Court, fiscal years 1955 and 1956

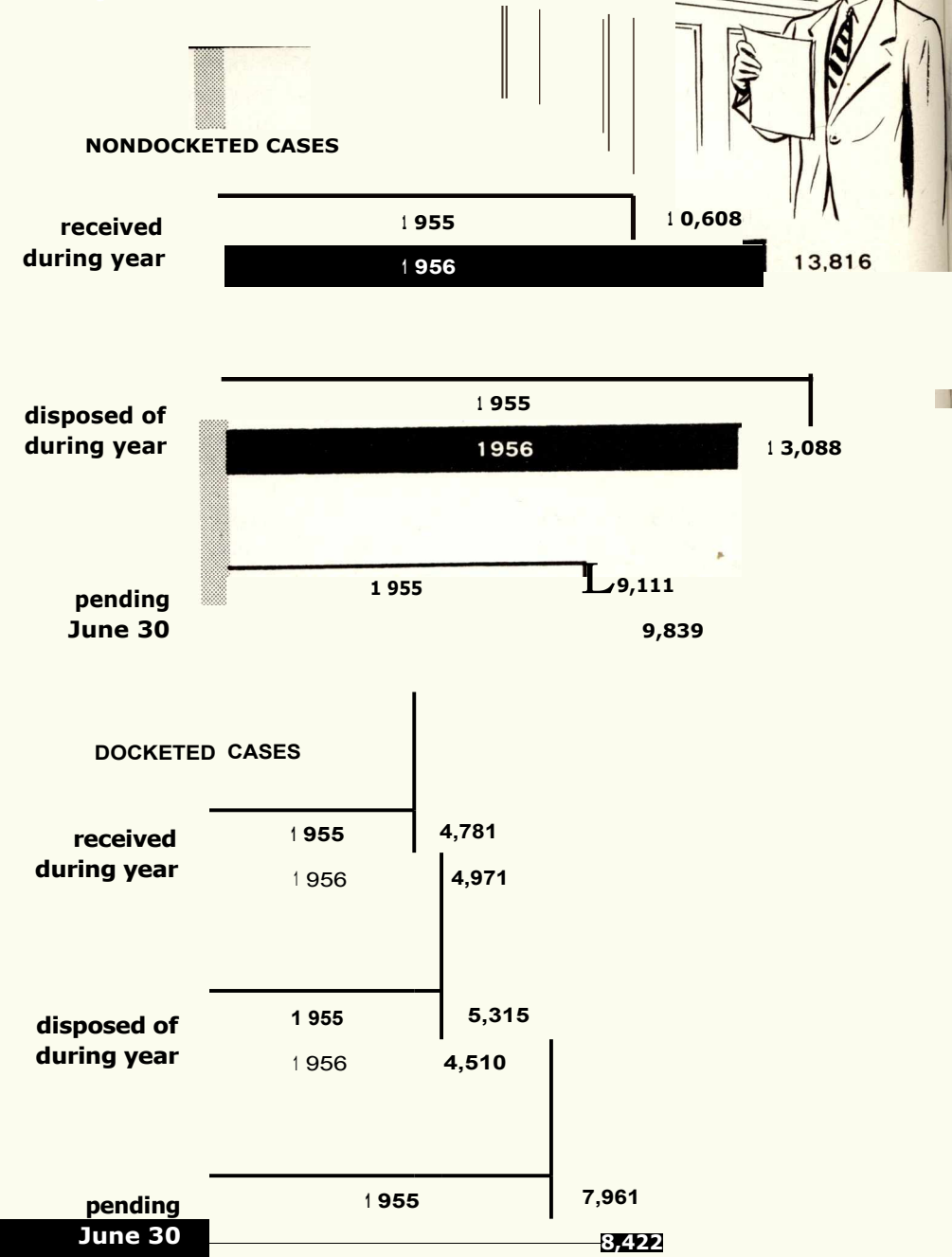
Status	Number of cases	
	Fiscal year 1955	Fiscal year 1956
Pending July 1.....	13,578	9,111
Received during year.....	10,608	13,816
Disposed of during year:		
Closed.....	11,897	10,612
Petitioned.....	3,178	2,476
Total.....	15,075	13,088
Pending June 30.....	9,111	9,839

Appellate Division receipt and disposal of petitioned income, profits, estate, and gift tax cases, fiscal years 1955 and 1956

Status	Number of cases	
	Fiscal year 1955	Fiscal year 1956
Pending July 1.....	8,495	7,961
Received during year.....	4,781	4,971
Disposed of during year:		
Settled by stipulation.....	4,087	3,523
Closed by dismissal or default.....	201	186
Tried before Tax Court on merits.....	1,027	801
Total.....	5,315	4,510
Pending June 30.....	7,961	8,422

APPEALS

(income, estate, and gift taxes)
fiscal years 1955 and 1956



Excise and Employment Taxes

The following table reflects the results in excise and employment taxes:

Appellate Division receipt and disposal of protested excise and employment tax cases, fiscal years 1955 and 1956

Status	Number of cases	
	Fiscal year 1955	Fiscal year 1956
Pending July 1 -----	276	240
Received during year -----	434	662
Disposed of during year:		
Settled by agreement -----	173	354
Unagreed partial allowances and claim rejections -----	297	262
Total -----	470	616
Pending June 30 -----	240	286

Claims for Relief From Excess Profits Tax

During the year the Excess Profits Tax Council concentrated its efforts on the remaining nondocketed section 722 cases and the settlement or trial of docketed section 722 cases.

The inventory of nondocketed cases was reduced from 9 corporations (4 in Council and 5 in field) claiming refunds of \$35,000,000 to 6 corporations (3 in Council and 3 in field) claiming \$30,000,000. No new claims were filed.

The inventory of docketed cases, with 8 new cases received during the year, was reduced from 501 to 414 corporations. The 414 cases in inventory at the close of June 30, 1956, involved claimed refunds of \$898,000,000. Of the 95 docketed cases closed, 13 were tried before the Tax Court and 82 were settled and stipulated before the Court. Of the 82 cases settled, 50 were stipulated without any change in the Commissioner's statutory notice.

Closing Agreement Cases

Closing agreement cases involving completed transactions by taxpayers were also handled on a current basis. (For rulings on closing agreements involving prospective transactions, see p. 49.)

A table reflecting the number of such cases follows:

Appellate Division receipt and disposal of closing agreement cases, fiscal year 1956

Status	Number of cases
Pending July 1, 1955.....	27
Received during year.....	73
Disposed of during year.....	93
Pending June 30, 1956.....	7

Other Courts

The results of appeals from decisions of the Tax Court to other courts during the year follow:

Cases in appellate courts on appeals from decisions of the Tax Court, fiscal year 1956

Status	Number of cases	
	In courts of appeals	In Supreme Court
Pending July 1, 1955.....	383	6
Appealed.....	388	5
Total to be accounted for.....	771	11
Disposed of during year:		
Favorable to Commissioner.....	152	6
Favorable to taxpayers.....	77	
Modified.....	35	1
Settled.....	6	
Dismissed.....	61	
Total.....	331	7
Pending June 30, 1956.....	440	4

During the year, in addition to the appeals from Tax Court decisions noted above, there were 605 cases involving tax issues decided by the Federal civil courts (exclusive of bankruptcy, receivership, insolvency, compromise, and liquor cases). These cases involve principally suits for refund filed by taxpayers in Federal courts (see table 22) and suits filed by the United States in Federal and State courts for collection of taxes (see table 23).

The distribution of these cases, by court involved and according to the nature of the decision, is as follows:

Cases Involving tax issues decided by Federal civil courts, fiscal year 1956

	For the Government	Against the Government	Partly for and partly against the Government	Total
District courts.....	170	234	60	464
Courts of appeals.....	54	43	2	99
Court of Claims.....	12	23	3	38
Supreme Court.....	1	3		4
Total.....	237	303	65	605

As of June 30, 1956, there were 2,973 civil cases (principally suits for refund and for collection of taxes) involving tax questions pending in district and State courts, 88 pending in courts of appeals, 492 pending in the Court of Claims.

Four civil cases (see "Enforcement" section for criminal cases) were decided by the Supreme Court.

The case of *Huntington Beach Company v. United States*, 76 S. Ct. 395, was decided on February 27, 1956, in favor of the Government. In reversing the Ninth Circuit in *Commissioner v. Southwest Exploration Company* (C. A. 9, 1955), 220 F. (2) 58, the Court held that the contribution by the upland owners of the use of their land as drilling sites for offshore oil was an investment in the oil in place sufficient to establish their economic interest. Their income was dependent entirely on production and the value of that interest decreased with each barrel of oil produced. The upland owners, rather than the producers, were entitled to depletion on the income received by such owners. The decision was of importance in that it further extended the concept of what constitutes an "economic interest," a prerequisite for depletion on oil and gas income.

The case of *Capoeman v. Squire*, 351 U. S. 1, was decided on April 23, 1956, in favor of the taxpayer. The issue was whether proceeds of the sale of standing timber on certain land on the Quinalt Indian Reservation, allotted in trust, were taxable to the restricted Indian allottees. The Government contended that the income of Indians, as that of other citizens, is subject to income tax in the absence of a definitely expressed exemption. The Court held that the proceeds are not subject to tax. The decision is based upon the treaty, the trust patent and the General Allotment Act under which the Secretary of the Interior, upon becoming satisfied that an allottee is competent, is authorized to issue to such allottee a patent in fee simple, after which "all restrictions as to sale, incumbrance or taxation

of said land shall be removed." The Court determined a congressional intent to subject an allotment to taxes only after a patent in fee is issued to the allottee. "Reinvestment income" was distinguished by the Court from the type of direct income under consideration.

Anderson, Clayton & Company v. United States, 350 U. S. 55, was decided on November 7, 1955, in favor of the taxpayer. The Court held that a corporation did not realize taxable gain from the sale of treasury stock to employees where the corporation was not dealing in its own shares "as it might in the shares of another corporation" within the contemplation of Treasury Regulations 111, section 29.22 (a)-15. Purchases and sales of the treasury stock were pursuant to a written agreement between the corporation and its stockholders which restricted ownership to members of the management group, and some of the stock was sold to other executives at a price below that for which it had been acquired. The Court considered it irrelevant that the stock had not been retired and new shares issued since, viewed in its entirety, the transaction was "limited to a wholly intracorporate purpose with no element of speculation or gain." This decision permitted the closing of several pending cases involving sales of treasury stock to employees under similar circumstances.

The case of *Leslie Salt Company v. United States*, 350 U. S. 383, was decided on March 5, 1956, in favor of the taxpayer. The Court held that the corporation's nonnegotiable 3¼ percent promissory notes evidencing a \$4,000,000 loan from two insurance companies, maturing over a 15-year period, containing no interest coupons, not engraved or issued in registered form, and executed simultaneously with loan agreements imposing restrictions upon the corporation for the lender's protection, are not subject to the documentary stamp tax on "debentures" or "certificates of indebtedness" under section 1801 of the Internal Revenue Code of 1939. This decision was decisive of approximately 165 similar cases which were pending in the district courts and the courts of appeals.

Statements on adverse Tax Court decisions.—There were published in the Internal Revenue Bulletin acquiescences of the Commissioner in 407 adverse decisions of the Tax Court and nonacquiescences in 69 adverse decisions.

CHANGES IN TAX LIABILITY

Additional Taxes

Additional taxes assessed, including interest and penalties, found to be due from taxpayers as a result of audit, of obtaining delinquent returns, and of mathematical verification procedures, amounted to \$1,412,823,000 during fiscal year 1956. This amount represented a decrease of 4.5 percent from the previous fiscal year.

Although there was an overall decline, there was also a substantial increase in certain types of audit activities such as prerefund audit, the audit of delinquent returns, and mathematical verification. As a result of prerefund audit during the fiscal year 1956, the amount of additional tax, interest, and penalty rose from \$33,877,000 during the preceding fiscal year to \$73,759,000, an increase of 118 percent. Likewise, the tax, interest, and penalty on delinquent returns rose from \$77,770,000 during the fiscal year 1955 to \$86,689,000 during the fiscal year 1956, an increase of more than 11 percent. Additional income tax resulting from mathematical verification increased 18 percent.

The decrease in additional taxes resulting from enforcement efforts occurred mainly in the area of the regular audit of corporate, individual, and fiduciary returns, and in the audit of employment tax returns. Additional tax, interest, and penalty resulting from regular audit of corporate returns declined from \$587,131,000 during the fiscal year 1955 to \$566,074,000 during the fiscal year 1956, a decrease of approximately 4 percent. In the case of the regular audit of individual and fiduciary returns, the decline was from \$586,560,000 to \$480,889,000, a decrease of 18 percent. The audit results of employment tax returns fell off from \$8,826,000 to \$5,700,000, a decline of more than 35 percent.

There are a number of factors which contributed to the decline in additional tax from audit during the fiscal year 1956, none of which denoted any slackening of audit activity. Actually, as shown on page 16, there was a substantial increase in the number of returns examined. First of the factors in the slightly reduced audit assessments was the drive during the calendar year 1954 to reduce backlogs, which produced an abnormal increase in the flow of cases reaching the assessment stage. By July 1955, this flow of cases had assumed more normal proportions, with an attendant decrease in additional assessments from fiscal 1955.

A second factor was a decrease in interest assessments. Many of the audit and appellate cases closed during the 1954 drive involved tax years extending back into World War II and the years immediately following. The amounts finally assessed in these cases included sizable amounts of interest. When the drive on the older cases was completed, both audit

TAX, INTEREST, AND PENALTY RESULTING FROM ENFORCEMENT EFFORTS

fiscal years 1955 and 1956



and appellate efforts were directed toward cases involving later tax years with correspondingly smaller amounts of interest accrued. This "catching up" process caused the interest component of additional assessments to decrease from \$215,682,762 in fiscal 1955 to \$175,810,565 in fiscal 1956.

A third element contributing to the decrease is the fact that last year's results included a few extremely large assessments which have not been matched in size in the cases closed this year. For example, one group of related income tax cases included in the total for fiscal year 1955 involved approximately \$30,000,000 in additional assessments.

While these factors account for the decline in additional assessments, it should be emphasized that the additional assessment figures for any given period of time should not be regarded as an adequate measure of the enforcement work done during that period. This is due to the length of time which may elapse between the date of completion of the investigative work and the date when the tax has been finally determined and the additional assessment entered officially on the books. To illustrate: the audit adjustment proposed by the revenue agent may not be acceptable to the taxpayer, and he may request an informal conference. This procedure typically consumes a few weeks. Further nonagreement by the taxpayer may result in the issuance of a 30-day letter, and in some cases the 90-day statutory notice may be required. Thus, several months may elapse before an assessment can be entered, even if the case does not go beyond the jurisdiction of the Audit Division.

In general, the larger the amount in dispute, the more likely is the taxpayer to take full advantage of all opportunities for appellate consideration of his case. The time required to see this procedure to its conclusion will be measured in terms of months, and in the exceptionally large and complex cases, in terms of years.

This is not to say that the level of additional assessments is unaffected by changes in the level of audit activity. It simply means that the "pipeline" through which cases travel in reaching the assessment stage has several branches, and that the dollar volume of cases emerging is affected by both (1) the volume of tax changes initially recommended at the audit level, and (2) changes in the volume and rate of flow of cases in different branches of the pipeline.

The criteria which more accurately reflect the level of audit activity are the number of tax returns examined and the additional assessment recommended during a given period. The number of income, estate, and gift tax returns examined in fiscal 1956 was 2,143,000, representing an increase of 18 percent over fiscal 1955. The dollar volume of additional tax recommended at the audit level has shown a steady upward trend over the past year. The amount recommended for assessment in 1956 was \$1,253,411,000, an increase of 14 percent over the amount of \$1,099,226,000 recommended during 1955. Expressed in terms of additional tax and penalties recom-

MILLIONS OF DOLLARS

additional tax,
interest, and
penalty resulting
from audit



increase in tax
resulting from
mathematical
verification



amount of tax,
interest, and
penalty assessed on
delinquent returns



TOTALS: 1955—\$1,479 million

mended by each examiner (both field and office audit), the total recommended during fiscal 1956 averaged \$96,157 per examiner, as compared with \$84,902 for fiscal 1955.

The following table shows a comparison of additional taxes for the fiscal years 1955 and 1956, by general classes of tax:

Tax, interest, and penalty resulting from enforcement efforts, fiscal years 1955 and 1956

(In thousands of dollars)

Item	Fiscal year	
	1955	1956
Additional tax, interest, and penalty resulting from audit		
Income and profits taxes:		
Corporation income and profits	1 587,131	566,074
Individuals and fiduciaries:		
Prerefund audit	33,877	73,759
Regular audit	1 586,560	480,889
Total, income and profits taxes	1 1,207,568	1,120,723
Employment taxes ¹	8,826	5,700
Estate and gift taxes	1 108,235	108,063
All other taxes	11,932	15,381
Total, resulting from audit	1 1,336,560	1,249,868
Increase in income tax resulting from mathematical verification		
Individuals and fiduciaries	62,838	n. a.
Corporations	1,711	n. a.
Total	64,549	76,266
Tax, interest, and penalty on delinquent returns	77,770	86,689
Total, excluding claims disallowed	1 1,478,879	1,412,823
Claims disallowed		
Amount	n. a.	552,046
Grand total	n. a.	1,964,869

n. a.—Not available.

¹ Revised.

² Includes withheld income tax.

Overassessments and Overpayments

Refunds and repayments.—The total amount of refunds and repayments, including interest, drawbacks and stamp redemptions, rose from \$3,513,105,000 during fiscal year 1955 to \$3,772,359,000 during fiscal year 1956, an increase of more than 7 percent.

While the total amount of refunds and the total number of refunds both increased somewhat, the amount of interest allowed on refunds dropped from \$62,127,000 during the previous fiscal year to \$53,747,000, a decline of more than 13 percent.

The principal increase was in refunds resulting from excessive prepayment of individual income tax. These refunds increased by more than 14 percent.

The following table shows by class of tax the number and amount of refunds and interest allowed during fiscal years 1955 and 1956:

Number and amount of internal revenue refunds, including interest, during fiscal years 1955 and 1956

Class of tax	Number		Amount refunded or paid		Interest allowed (included in amounts refunded)	
	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956
(In thousands of dollars)						
Corporation income and profits taxes	49,188	64,081	447,280	453,659	1 43,355	35,549
Individual income and employment taxes:						
Excessive prepayment income tax	1 30,402,667	1 33,392,248	1 2,715,537	3,106,728	1 5,415	6,768
Other income tax and old-age insurance ¹	1 1,810,702	655,019	1 254,452	121,416	1 10,860	8,890
Railroad retirement	116	91	94	61	16	16
Unemployment insurance	13,487	16,871	2,239	2,287	105	68
Total individual income and employment tax	1 32,226,972	34,064,229	1 2,972,322	3,230,493	1 16,396	15,741
Estate tax	2,777	3,219	12,952	10,728	1,484	1,336
Gift tax	378	445	586	1,014	79	165
Alcohol taxes ²	6,854	8,382	1 49,408	52,063	79	1
Tobacco taxes ³	163	398	309	2,028	(⁴)	(⁴)
Manufacturers' and retailers' excise taxes	2,535	2,084	1 10,458	2,303	260	76
Redemption of stamps:						
Alcohol	1,932	1,323	4,472	2,031	10	9
Tobacco	1,642	2,012	2,757	4,023	(⁴)	1
Other ⁵	983	1,544	1,923	1,711	9	297
Total stamp redemptions	4,557	4,879	9,152	7,766	19	307
Other ⁶	21,957	43,755	10,639	12,305	453	572
Total refunds of internal revenue	1 32,315,381	34,191,472	1 3,513,105	3,772,359	1 62,127	53,747

¹ Revised.

² Figures have not been reduced by amounts of \$66,000,000 in 1956 and \$51,000,000 in 1955, reimbursed from the Federal old-age and survivors insurance trust fund.

³ Includes drawbacks.

⁴ Less than \$500.

⁵ Includes narcotics, silver, and wagering stamps previously reported separately.

⁶ Includes capital stock tax and wagering tax (excise) previously reported separately.

⁷ Preliminary.

Excessive prepayments of individual income tax.—Excessive prepayments of the individual income tax through withholding by employers and from overpayment of estimated tax still account for the great majority of refunds made to taxpayers.

Despite the postponed filing date to April 15 for tax year 1954 returns, almost 32,000,000, or 97 percent, of the total number of refunds with respect to such returns were scheduled by June 30, 1955. Over 1,000,000 refunds on 1954 tax year returns were scheduled after June 30. The number of refunds relative to tax year 1955 returns scheduled from January through June 1956 totaled about 32,200,000, or slightly more than in the comparable period of the preceding year. The average amount scheduled through June 30, 1956, with respect to 1955 tax year returns, averaged almost \$90, as compared with an average with respect to 1954 tax year returns of \$88 refunded in the entire calendar year 1955 and almost \$87 in the first six months of 1955.

The following table shows number and amount of refunds and credits, and interest paid out, as a result of excessive prepayments of tax, for returns filed for the tax years 1951 through 1955 (usually received and processed in following fiscal years):

Excessive prepayments of individual income tax, taxable years 1951-55

[Figures in thousands]

Taxable year	Refunds			Credits	
	Number	Principal	Interest	Number	Amount
1951.....	29,043	\$1,903,827	\$3,523	590	\$179,999
1952.....	30,152	2,373,989	1,626	1,020	396,081
1953.....	31,591	2,739,932	3,879	1,130	462,818
1954.....	33,138	2,932,261	3,559	1,681	573,243
1955 ²	32,210	2,886,969	471	902	286,801

¹ Includes 176,000 returns requiring split between credit to ensuing tax year or prior year and current year refund.
² Figures are preliminary and reflect refunds or credits to June 30, 1956. Revised figures to Dec. 31, 1956, will appear in next year's report.
³ Includes 178,000 returns requiring split between credit to ensuing tax year or prior year and current year period.

Carrybacks.—More current processing was achieved in connection with applications of businesses to reduce prior year tax liabilities by carrying back net operating losses under section 172 (b) of the Code.

As of the end of fiscal year 1956, the number of applications pending was 8,152, a reduction of more than 46 percent from a year before. The amount involved in claims pending was \$41,078,000, which was 59 percent less than the amount involved at the close of the previous year.

During the fiscal year adjustments were allowed in whole or in part on 46,649 applications, representing 76.2 percent of the total applications on hand. The amount claimed in these adjustments was \$301,462,000, of which \$297,920,000 was allowed.

Following is a comparison of carryback adjustments received or processed during the last 2 years:

Receipt and disposal of tentative carryback adjustments, fiscal years 1955 and 1956

Status	Number		Amount claimed		Amount allowed	
	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956
			(In thousands of dollars)			
Pending July 1.....	7,038	15,213	50,840	101,396		
Applications received.....	45,892	45,972	377,688	259,696		
Applications adjusted, total.....	37,717	53,033	327,132	320,014	314,467	297,920
Allowed in whole.....	32,517	43,750	299,465	279,911	299,963	280,354
Allowed in part.....	1,595	2,899	17,225	21,551	14,505	17,566
Rejected.....	3,605	6,384	10,442	18,552		
Pending June 30.....	15,213	8,152	101,396	41,078		

¹ Revised.

Claims for refund.—During the year, district audit divisions processed 286,640 claims for refund. These claims involved a total of \$506,239,000, of which \$353,885,000 or 70 percent was disallowed.

Approximately 80 percent of the total number but only 16 percent of the dollar amount of these claims involved individual income taxes. On the other hand, the number of claims involving corporation income and profits taxes represented only 8 percent of the number and 80 percent of the amount of money claimed. However, only 22 percent of the amount claimed by corporations was allowed as compared with an allowance of two-thirds of the amounts claimed by individuals.

An analysis of the action taken on these claims for refund follows:

Claims for refund closed by district audit divisions, fiscal year 1956

Class of tax	Number	Amount (In thousands of dollars)		
		Claimed by taxpayer	Allowed	Disallowed by audit division
Individual income taxes.....	228,753	80,530	51,036	29,494
Corporation income and profits taxes.....	22,843	402,582	89,654	312,928
Estate tax.....	710	6,851	2,242	4,610
Gift tax.....	187	759	197	562
Excise taxes.....	7,623	10,475	5,334	5,141
Employment taxes.....	26,524	5,042	3,891	1,151
Total.....	286,640	506,239	152,355	353,885

Review of overassessments exceeding \$100,000.—A total of 205 cases involving overassessments of \$160,420,683 was reported to the Joint Committee on Internal Revenue Taxation in accordance with the provisions of section 6405 of the Internal Revenue Code of 1954 which requires review by the committee of all refunds and credits exceeding \$100,000. These figures compared with 178 cases involving \$522,634,410 reported in the preceding year.

OFFERS IN COMPROMISE

The program of decentralizing work on offers in compromise was extended further during the year, and resulted in another substantial reduction in backlogs.

In line with the decentralization policy, authority was extended to District Directors and Regional Counsels to make final determinations on substantially all tax and ad valorem penalty offers in compromise involving liabilities under \$5,000. Practically all specific penalty offers have likewise been fully decentralized. This realignment has resulted in more expeditious closing of cases, more effective utilization of personnel and the elimination of considerable administrative and review activities in the National Office.

Progress was also highlighted by a real improvement in the quality of the investigative reports, better development of technical and accounting issues and elimination of misunderstandings relative to jurisdictional questions. In addition, increased emphasis has been placed on improving compromise techniques and developing policy issuances. A handbook for compromise personnel at all Service levels was developed. This publication is designed specifically as a reference work to facilitate the investigation, consideration and disposition of offers in compromise. It embodies the legal, technical and operational phases of the overall compromise program, setting forth Service policy and principles of administration, which have not previously been coordinated for use at district and regional levels.

Compromise cases on hand at the end of the year totaled 8,178 for all Revenue Service levels. This total, when compared with the 21,105 cases pending at the end of fiscal 1953, reflects the success of the drive commenced in 1954 to reverse the longtime trend toward increasing inventories of compromise cases.

District Directors, together with the Assistant Regional Commissioners (Appellate) and the Compromise Branch of the National Office, received 6,701 tax offers and disposed of 7,693 offers, leaving a total of 4,900 tax offers on hand as of June 30, 1956. In addition, these offices received 11,765 specific and delinquency penalty offers and disposed of 12,420, leaving a total of 2,902 penalty offers on hand as of June 30, 1956.

The Chief Counsel and the Regional Counsels consider tax offers in cases in which court proceedings (except the Tax Court of the United States) are involved, or criminal prosecution is pending. During the year these offices received 618 tax offers and disposed of 597 offers, leaving a total of 268 offers on hand as of June 30, 1956.

The Alcohol and Tobacco Tax Division considers all offers relating to alcohol, tobacco, and firearms taxes and penalties. It received 753 tax and penalty offers and disposed of 770 offers, leaving a total of 108 offers on hand as of June 30, 1956.

A comparison of the compromise cases closed in all categories for the fiscal years 1955 and 1956 follows:

Offers in compromise disposed of, fiscal years 1955 and 1956

Type of tax or penalty	Number		Liabilities		Offers	
	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956
[In thousands of dollars]						
Offers accepted						
Income, profits, estate, and gift taxes.....	1,640	1,712	48,128	38,323	13,609	10,836
Excise taxes.....	305	366	1,328	3,375	389	851
Employment and withholding taxes.....	1,323	1,524	2,904	3,688	1,324	1,430
Alcohol taxes.....	134	115	238	338	38	50
Delinquency penalties on all taxes.....	11,280	6,992	5,451	2,249	865	481
Specific penalties.....	4,513	3,806			154	105
Total.....	19,195	14,515	58,048	47,973	16,379	13,753
Offers rejected or withdrawn						
Income, profits, estate, and gift taxes.....	3,004	2,643	84,148	82,749	14,636	12,437
Excise taxes.....	363	434	3,369	3,865	568	683
Employment and withholding taxes.....	1,367	1,611	4,347	6,248	1,210	1,318
Alcohol taxes.....	205	195	715	768	41	59
Delinquency penalties on all taxes.....	1,363	2,052	1,220	1,392	239	320
Specific penalties.....	34	30			10	12
Total.....	6,336	6,965	93,799	95,022	16,704	14,829

SUPERVISION AND CONTROL OF THE ALCOHOL AND TOBACCO INDUSTRIES

General

Continuing progress was maintained during the year toward simplifying supervision of the legal alcohol industry. (Activities relating to illicit alcohol appear on pages 19 and 20 in the section on "Enforcement Work.")

A survey committee composed of members of the Revenue Service with the cooperation of the industry has continued to develop a comprehensive program to modernize the alcohol tax structure. The committee's recommendations with respect to a comprehensive revision of chapters 51, 52, and 53 of subtitle E of the Internal Revenue Code of 1954 were considered by both a subcommittee of the House Committee on Ways and Means and the full House Committee on Ways and Means, and, with minor modifications, were adopted by the full committee. A bill, H. R. 12298, incorporating the proposed revisions of law, was introduced in the House of Representatives upon August 9, 1956, by Representative Aime J. Forand, but time did not permit for a report thereon by the House Committee on Ways and Means, or for consideration of the bill by the House of Representatives. Further administrative improvements have been achieved through the amendment of regulations to curtail storekeeper-gauger supervision of operations at distilleries and internal revenue bonded warehouses, and to shift certain clerical duties to the proprietor. The shifting of responsibilities and transfer of storekeeper-gauger manpower to more urgent duties will result in reduced cost of supervision.

To augment this program, additional improvements in internal operating procedures were initiated which included simplified accounting for distilled spirits in storage in bonded warehouses, and streamlined procedures for the issuance of and accounting for wholesale liquor dealer and export stamps.

Detailed tabulations relating to the production of alcohol, distilled spirits, beer, wine, and tobacco manufactures during the fiscal year 1956 (corresponding to the tables which appear in the appendix of issues of this report for the fiscal year 1952, and earlier years) are presented in a separate Internal Revenue Service publication entitled "Statistics Relating to the Alcohol and Tobacco Industries," which may be obtained from the Superintendent of Documents, Washington 25, D. C.

Authorizations of Operations

The totals of permits issued, terminated, suspended, and in effect at the beginning and the end of the fiscal year, under the provisions of chapters 51 and 52 of the Internal Revenue Code, and sections 3 and 4 of the Federal

Alcohol Administration Act, are shown in appendix tables 7, 8, and 9 on pages 104 and 105, and the totals of all liquor and tobacco establishments qualified under the Internal Revenue Code at the end of the fiscal year are shown in appendix table 6 on page 104. One hundred thirty-five applications for approval of interlocking directorates under section 7 of the Federal Alcohol Administration Act were acted upon. Table 10, showing the number of certificates of label approval and exemption from label approval issued under the provisions of section 27 U. S. C. 205, appears in the appendix on page 105.

On-premises Supervision

During the fiscal year 1956, storekeeper-gauger supervision was provided at registered distilleries, fruit distilleries, internal revenue bonded warehouses (including bottling-in-bond departments), industrial alcohol plants and bonded warehouses, denaturing plants, distillery denaturing bonded warehouses, rectifying plants, and taxpaid bottling houses (and bonded wineries when brandy or other wine spirits are added to wine). These facilities accounted for the production of 485,483,890 proof gallons of ethyl alcohol, the denaturation of 498,614,315 proof gallons of ethyl alcohol, the warehousing of 38,164,509 proof gallons of ethyl alcohol, the production of 234,932,922 tax gallons of distilled spirits of various kinds, the warehousing of 854,755,283 tax gallons of distilled spirits, the tax-payment on 165,537,118 tax gallons of distilled spirits, including alcohol, the rectification of 83,451,296 proof gallons of distilled spirits and wines, and the bottling of 184,745,492 wine gallons of distilled spirits.

Inspection of Establishments

Inspections of establishments for the fiscal year aggregated 52,072, of which 37,922 related to plants and permittees other than dealers. During the previous fiscal year total inspections numbered 52,558, of which 38,199 related to plants and permittees other than dealers.

During the fiscal year, the plants and permittees (other than dealers), which were inspected and had no on-premises supervision produced alcoholic beverages and tobacco products as follows: 90,697,911 barrels (of 31 gallons each) of beer, 159,146,862 wine gallons of still wine, 2,177,507 wine gallons of effervescent wines, 3,301,835 wine gallons of vermouth, and 210,094 wine gallons of special natural wines other than vermouth. The inspected tobacco plants, in the calendar year 1955, produced 5,834,341,325 cigars, 412,308,934,848 cigarettes, and 199,120,245 pounds of other tobacco products (including smoking and plug tobacco, and snuff).

The total reported inspections include periodic inspections of all qualified plant operations and permittees, special inspections such as those covering

plant changes, claims, surveys or instructional activities, investigations incidental to the qualification or requalification of establishments, and investigations of alleged infractions of law and regulations. As an incidental duty in their regular enforcement work, enforcement personnel also made 127,627 inspections of retail liquor dealers and 525 inspections of nonpermittee wholesale liquor dealers.

Chemical Analyses and Research

The National Office laboratory received 5,414 samples for examination during the year, while 34,415 samples were received in the 12 field laboratories. About 13 percent of the National Office samples and approximately 20 percent of the samples received in the field were of narcotics. Both the National Office and field laboratories have joined with other governmental, State, and private laboratories in studies leading to improved official methods of analysis as represented in the publication of the eighth edition of "Official Methods of Analysis" of the Association of Official Agricultural Chemists. A research program, principally concerned with problems encountered in the examination of samples and certain phases of the use of chemical markers for distilled spirits, has been carried out in both the National Office and field laboratories during the past year. Thirteen papers reporting the results of the studies were published in scientific journals of national circulation and nine others appeared as Internal Revenue publications.

RULINGS, REGULATIONS, AND SPECIAL TECHNICAL SERVICES

Regulations Program

General.—The monumental task of revising all of the internal revenue regulations to accord with the enactment of the Internal Revenue Code of 1954 dominated the work of the Service's technical personnel again during the last fiscal year. The year's work brought the assignment substantially nearer completion, although much more remains to be done.

Considerable progress was made in publishing portions of the Income Tax Regulations and the Employment Tax Regulations, first in proposed form and some in final form. Appreciable progress also was made in publishing portions of the regulations under the procedural and administrative provisions of the Code.

Forty-nine notices of proposed rule making and 22 Treasury Decisions relating to regulations under the 1954 Code were published during the year. This compares with 15 notices and 5 Treasury Decisions published during fiscal year 1955. The following are items deserving special mention:

- (1) Regulations relating to consolidated returns (T. D. 6140).
- (2) Regulations relating to corporate distributions and adjustments (T. D. 6152).
- (3) Regulations relating to withholding on payment under a wage continuation plan made after December 31, 1955 (T. D. 6155).
- (4) Regulations under sections 104, 105, and 106 of the 1954 Code, relating to compensation for injuries and sickness, etc. (T. D. 6169).
- (5) Regulations under subchapter K, chapter 1 of the 1954 Code, relating to partners and partnerships (T. D. 6175).
- (6) Regulations under section 167 of the 1954 Code, relating to depreciation (T. D. 6182).

Regulations under public laws other than the 1954 Code became an increasingly important factor in the program of issuing new regulations. To the extent feasible, legislation enacted during both sessions of the 84th Congress, which amended provisions of the 1954 Code, was taken into account and given effect in existing projects for regulations under the 1954 Code. For example, regulations required under the Social Security Amendments of 1954, the Tax Rate Extension Acts of 1955 and 1956, and various public laws relating to excise tax and other matters were absorbed into, and made a part of, the new regulations program. One notice of proposed rule making and six Treasury Decisions were published during the fiscal year under public laws other than the 1954 Code.

Also processed to completion during the fiscal year ended June 30, 1956, were 5 other Treasury Decisions and 3 related executive orders. These Treasury Decisions conformed existing regulations to subsequent court decisions or administrative determinations that the rules in existing regulations should be changed or clarified.

Alcohol and tobacco tax.—Of the 29 regulations required to implement the alcohol and tobacco tax provisions of the 1954 Code, 27 have been issued. Two tobacco tax regulations remain to be issued; 26 CFR, part 285, relating to cigarette papers and tubes, and 26 CFR, part 290, relating to the exportation of tobacco materials and products.

Treasury Decisions of major import issued during the year included:

T. D. 6151, effective October 1, 1955, reduced the requirements for recordkeeping and submission of reports by liquor dealers.

T. D. 6159, effective January 10, 1956, except for records and report requirements which were effective March 1, 1956, reduced nighttime supervision of distilleries and transferred to proprietors certain record-keeping duties formerly performed by storekeeper-gaugers.

T. D. 6165, effective March 27, 1956, eliminated weighing of certain packages prior to dumping or transfer and delegated certain authorities and responsibilities to warehousemen.

T. D. 6166, effective May 1, 1956, permitted persons other than brewers to export taxpaid beer.

T. D. 6185, effective July 1, 1956, extended the returns system for the collection of alcohol and tobacco taxes, previously in effect for wine and beer, for the payment of taxes on cigars.

Tax Return Forms Program

Numerous laws enacted during the fiscal year 1956 required minor revisions of existing forms and instructions. During the year, approximately 200 public-use forms, instructions, and circulars were reviewed or revised. The primary objective was rearrangement and refinement of the forms and instructions, with few changes in basic contents. The following changes are noteworthy:

(1) Form 1040, U. S. Income Tax Return, was rearranged so that entries on pages 3 and 4 are made only by taxpayers having income from sources other than salaries and wages. Payments and refunds of less than one dollar were eliminated, unless, in the case of a refund, it is requested by the taxpayer. The instructions include a new rate table to simplify the computation of tax involving split-income benefits. Schedule F (Form 1040), Schedule of Farm Income and Expenses, and related instructions were revised to provide for the computation and reporting of self-employment tax, applicable to farmers for years ending after 1954.

(2) Form 1041, U. S. Fiduciary Income Tax Return, was rearranged so that "simple trusts" not having capital gains make entries only on pages 1 and 2. A separate Schedule J (Form 1041), Allocation of Accumulation Distribution, was provided for the throw-back provisions of subchapter J of the Code in the case of complex trusts.

(3) Form 1120, U. S. Corporation Income Tax Return, was reduced from "legal" size to letterhead size. It is basically a four-page form, with optional schedules on the fifth and sixth pages.

The enactment of legislation required the initiation of three new forms during the fiscal year. Form 2240, Claim for Refund of Federal Tax on Gasoline Used on a Farm, a punch-card type of form, was printed and widely distributed in order to enable farmers to file claims pursuant to Public Law 466. Pursuant to the Highway Revenue Act of 1956, the Service began the development of Form 2265, a return of excise taxes on certain floor stocks, and Form 2290, a return of the excise tax on the use of certain trucks and buses.

Tax Rulings

A total of 37,504 requests for tax rulings and technical advice were processed during the year. The requests included 34,125 from taxpayers and 3,379 from field offices of the Internal Revenue Service. In addition 15,807 technical conferences with taxpayers and their representatives were held on these and related matters.

An analysis of the cases processed, by subject matter, is as follows:

Requests for tax rulings and technical advice processed fiscal year 1956

Subject	Taxpayers' requests	Field requests	Total
Income and excess profit taxes.....	28,934	1,599	30,533
Excise taxes.....	2,530	732	3,262
Employment and self-employment taxes.....	1,257	695	1,952
Estate and gift taxes.....	785	189	974
Engineering questions (depreciation, etc.).....	619	164	783
Total.....	34,125	3,379	37,504

Determination Letters

In addition to the rulings described above, which are issued by the Tax Rulings Division of the National Office, thousands of determination letters were issued by the Audit Divisions of the District Directors' offices in the field. Determination letters are issued by field offices only where a reply can be made on the basis of clearly established rules as set forth in statutes, regulations, court decisions, published rulings, etc. (as distinguished from new, novel, or difficult matters which must be referred to the National Office).

During the year, a new procedure was instituted which enables taxpayers to appeal to the National Office in connection with adverse determination letters relating to pension and profit-sharing plans.

An analysis of the scope of the determination letter program as applied to employee benefit plans and to exempt organizations during the past year follows:

Pension trust and exempt organization determination letters issued during fiscal year 1956

Item	Pension trust plans			Exempt organizations
	Profit sharing	Pension or annuity	Stock bonus	
Initial qualifications:				
Approved	1,578	2,824	17	5,373
Employees participating under plan	87,470	531,410	177,290	
Total number employed	252,529	1,376,046	904,355	
Disapproved	10	18	1	342
Terminations	113	166		
Closed without issuance of determination letter	60	73	4	1,482

Technical Publication Program

The scope of the weekly Internal Revenue Bulletin was widened during the year by the addition of a new series of "Revenue Procedures" to the "Revenue Rulings" and other features of this key publication of the Service.

Whereas "Revenue Rulings" state the Service's interpretation and application of the substantive or technical phases of the law, the new "Revenue Procedures" cover administrative and procedural matters, particularly those statements of practices and procedures which affect the rights or duties of taxpayers.

The policy of delaying most rulings on the 1954 Code pending the issuance of applicable regulations, together with additional channels of review required in connection with some Revenue Rulings on the 1954 Code, necessarily reduced the number of rulings published during the year. The number declined from 801 in the previous year to 672 this year.

Among the more significant Revenue Rulings published in the Bulletin during the year were the following:

Benefits paid from a particular trust pursuant to a supplemental unemployment plan are not wages subject to the withholding of employment or income taxes, but are taxable as income (Rev. Rul. 56-249, I. R. B. 56-24, 110).

The question of the deductibility of expenses paid for trips to business conventions especially where opportunities for personal vacationing are involved is discussed in Rev. Rul. 56-168, I. R. B. 56-17, 6.

The Service revoked I. T. 1694 and now holds that allowances made to a clergyman to cover the cost of a parsonage are exempt from taxation under the 1939 Code (Rev. Rul. 56-58, I. R. B. 56-9, 10).

The Revenue Service does not accept the decision in the case of Arthur R. Kinter et ux. (216 Fed. (2d) 418) which attributed corporate status to an association of doctors for pension trust purposes. The Service will continue to regard the association as a partnership and the doctors as employers (Rev. Rul. 56-23, I. R. B. 56-4, 9).

A comparison of the rulings published in the last 3 years follows:

Revenue rulings and procedures published in fiscal years 1954, 1955, and 1956

	Fiscal year		
	1954	1955	1956
Income tax	197	337	279
Excise tax	88	111	116
Employment taxes	40	71	72
Estate and gift taxes	20	51	32
Excess profits tax	13	9	2
Engineering issues	15	26	15
Alcohol and tobacco taxes	40	168	122
Firearms	6	15	15
Administrative and miscellaneous	13	13	19
Total	432	801	672

During the year a program was commenced to publish in separate pamphlet form some of the Treasury Decisions issued under the 1954 Code which were of exceptional interest and value to Revenue Service employees. These pamphlets are also available to tax practitioners and others who have an interest in specific regulations. The first such pamphlet, Internal Revenue Service Publication No. 246, contained the regulations related to consolidated returns.

In addition to the Internal Revenue Bulletin, which is the Service's technical journal, many other publications for the assistance of taxpayers are published. These are described on page 55.

Closing Agreement Cases

Work was kept substantially current on closing agreements involving prospective transactions. (For action on cases involving completed transactions, see p. 29.)

The following table reflects the action of the Tax Rulings Division as to cases of this type:

Tax Rulings Division receipt and disposal of closing agreement cases, fiscal year 1956

Status	Number of cases
Pending July 1, 1955.....	7
Received during year.....	23
Disposed of during year.....	26
Pending June 30, 1956.....	4

Civil Advisory Legal Services

The program which decentralized to the nine regional counsel offices a considerable portion of legal work on civil advisory matters formerly performed in the National Office was continued and strengthened. The decentralized legal tasks relate to proceedings under the Bankruptcy Act, receiverships and other insolvencies, Federal tax liens in quiet title actions and suits for foreclosure by mortgagees and other secured creditors, the discharge of property from liens, the release of liens, the administration of estates of decedents or incompetents, and the handling of offers in compromise (see appendix tables 24 and 25), as well as to the legal work involved in connection with collection cases. (See appendix table 23.)

Under the program of decentralization there was, however, an expansion of authority in the processing of certain offers in compromise. During the fiscal year the authority of District Directors to act with finality in considering offers in compromise was extended to include offers involving tax liabilities of \$500 or more, but less than \$5,000, and certain specific and delinquency penalty offers. Concurrently, the Chief Counsel decentralized to the nine regional counsels the task of reviewing such offers in compromise. This task formerly was accomplished in the National Office.

No changes were inaugurated in the procedures previously adopted under which proofs of claim in liquidating bankruptcies, wage earners' plan proceedings, receiverships, decedents' estates, and other miscellaneous insolvencies are retained in the District Directors' offices, unless and until it appears that legal advice or services are required. These procedures are designed to eliminate the necessity of handling in the Chief Counsel's office, at either National or Regional level, cases which do not require the advice or services of an attorney. These cases usually involve proceedings in which no objections are interposed to the allowance of the claims for Federal taxes filed therein. Similarly, no changes were made in the procedure whereby recommendations by District Directors with respect to the initiation of collection cases, whether by institution of a suit or by intervention in an already pending proceeding, are forwarded for handling

to the appropriate Regional Counsel rather than to the National Office of the Chief Counsel.

The performance of the function of rendering "on the spot" legal advice to District Directors in connection with matters involving civil advisory problems was further emphasized. Each Regional Counsel has continued and expanded the program under which legal personnel competent to handle civil advisory matters visit each District Director's office at regular intervals. In this way District Directors are able to secure immediate answers to many of their questions without being required to reduce their inquiries to writing.

During the fiscal year 1956 two cases pertaining to one of the types of problems considered in connection with civil advisory legal work were decided by the United States Supreme Court. On October 10, 1955, the United States Supreme Court sustained the Government in a case of major importance regarding the relative priority of Federal tax liens and mechanics' liens when it decided the case of *United States v. Colotta*, 350 U. S. 808, reversing 79 So. 2d 474 (Sup. Ct. of Miss.). This case was followed by the Supreme Court's decision on April 9, 1956, in the case of *United States v. White Bear Brewing Co.*, 350 U. S. 1010, reversing 227 F. 2d 359 (C. A. 7th). The two cases stand for the proposition that a mechanic's lienor, at least for purposes of Federal taxation, must be considered essentially like the holder of an attachment or a garnishment or a landlord's lien before it has matured into a judgment and that therefore a mechanic's lien is inchoate until reduced to a conventional judgment which has become a lien in accordance with locally prescribed procedures. In each case the liens of the United States were given priority although they arose after the mechanic's lien became effective under State law but had not been reduced to judgments. The decisions extended to mechanics' liens the doctrine previously applied by the Supreme Court in the cases of *United States v. Security Trust Co.* (1950) 340 U. S. 47; *United States v. Acri* (1955) 348 U. S. 211; *United States v. Liverpool and London and Globe Insurance Co. Limited* (1955) 348 U. S. 215; and *United States v. Scovil* (1955) 348 U. S. 218 to attachments, garnishment and landlord's liens before judgment. The *Colotta* and *White Bear Brewing Co.* cases are decisive of a number of cases pending before the lower courts and before the Revenue Service involving the question of priority of Federal tax liens over mechanics' liens.

AIDS FOR TAXPAYERS

General

Significant improvements were made during the last year in the various programs conducted by the Revenue Service to help taxpayers meet their obligations under the voluntary assessment system. The goal in these changes was to improve service to the public and, at the same time, reduce direct and indirect costs of the program.

These aids for taxpayers have been expanding ever since the tax base was broadened in the early years of World War II to include the large majority of employed persons and other income recipients.

The principal aid programs (other than technical, audit, and appellate activities discussed elsewhere in this report) are described below:

Direct Taxpayer Assistance

Expanded telephone service, publicity, and education programs last year reduced by more than 30 percent the number of taxpayers who found it necessary to come to field offices for assistance in preparing income tax returns during the annual filing period.

Also, more intensive use of "self-help" and "group assistance" techniques made it possible to serve these people with 44 percent less manpower than in the preceding year.

Nearly 7,000,000 individuals came to field offices for help during the filing period, compared with more than 10,000,000 the year before. The number of man-days of work by Revenue employees to serve these taxpayers was reduced from 359,467 in the 1955 filing period to 200,978 in the 1956 period. Since this work is usually done by employees taken off of urgent audit and collection work, the saving of man-days meant increased time spent on enforcement activities.

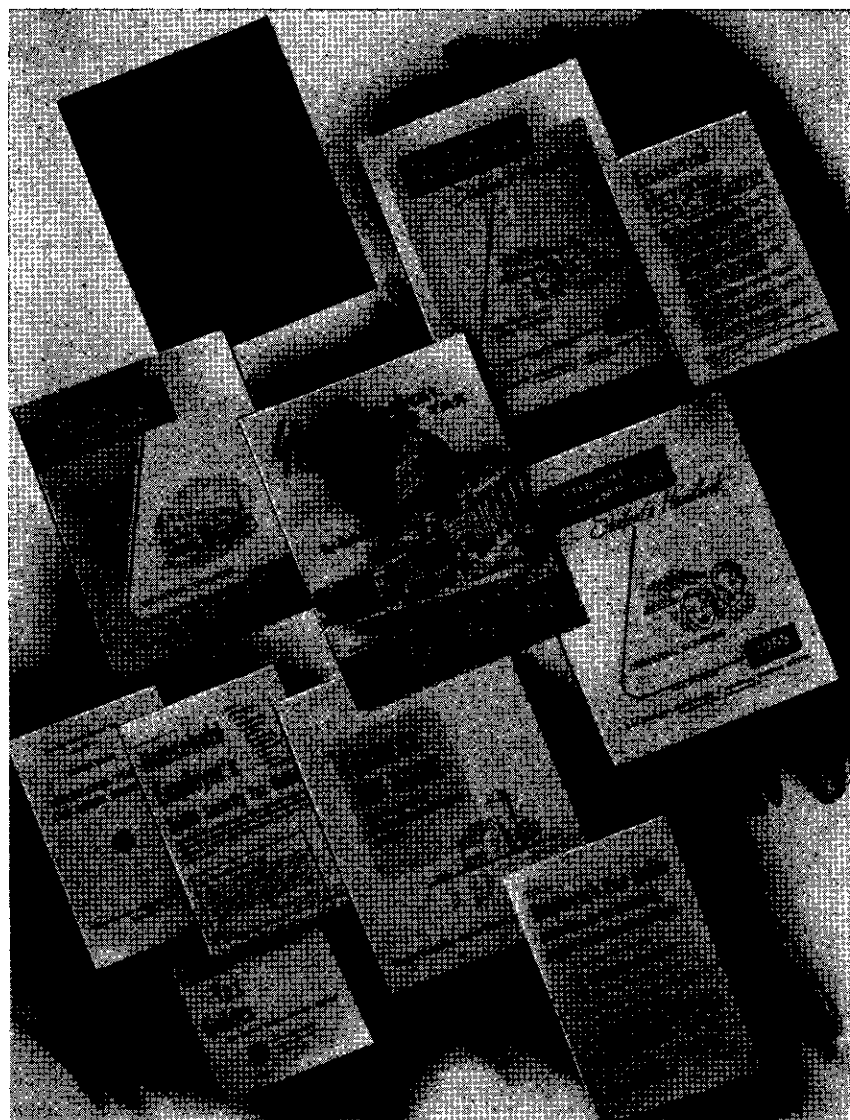
In addition to the assistance rendered during the annual filing period technical personnel of the Audit Divisions also expended 107,024 man-days assisting taxpayers during the other months of the fiscal year.

Part of this improved result was due to the increasing effectiveness of the telephone question-answering service which is set up early each year. Nearly 5,000,000 taxpayers placed such calls last year. Usually, taxpayers who are able to get the answer to one or two questions by this method are able to complete their own income tax returns without further assistance.

The same principle was used on a wider scale in organizing "self-help" programs in field offices. Facilities were provided so that taxpayers could prepare their own returns as far as possible, and Revenue Service instructors stood by to answer questions which might arise.



"Self-Help"—Baltimore Taxpayers Receiving Assistance in Preparing Income Tax Returns.



Examples of Internal Revenue General and Technical Publications.

Also expanded last year was the somewhat similar "group-help" program. Under this method, taxpayers are assembled in classroom fashion so that Revenue instructors can advise numbers of them at the same time.

Since it is the policy of the Service to give all practical aid to taxpayers, personal assistance continued to be given whenever necessary. Insufficient personnel, however, prevents the Service from undertaking the preparation of complicated and detailed returns of businesses and other taxpayers who normally require professional advice or prepare their own returns.

Taxpayer Publications

Major steps were taken to improve the publication of tax pamphlets needed by the general public. These included:

"Your Federal Income Tax."—The booklet, "Your Federal Income Tax," which has been the principal nontechnical Revenue publication for several years, was completely revised in content, phrasing, and format. Greater use was made of examples and an effort was made to simplify explanations. Also included for the first time were filled-out samples of returns.

This pamphlet is sold at cost by the Superintendent of Documents of the Government Printing Office in Washington, D. C., and is also available at some field offices. Sales increased to nearly 400,000 copies, a gain of more than 100,000 over the previous year.

"Farmers' Tax Guide."—A significant new development in taxpayer education during the fiscal year 1956 was the preparation and publication by the Revenue Service of a 64-page booklet entitled "Farmers' Tax Guide." This guide booklet was developed in collaboration with the U. S. Department of Agriculture Extension Service, and it presents comprehensive coverage of the income and self-employment tax matters applying to farmers. One million copies of this guide booklet were distributed to farmers throughout the country. Reports from farm areas indicated that farmers found the booklet very helpful, and plans were made to continue and improve this publication.

"Tax Guide for Small Business."—With the cooperation of the Senate Select Committee for Small Business and the Small Business Administration, the Service began work on a special pamphlet for operators of small businesses. It is expected to be ready for distribution in time for the next return filing period. It will provide answers to Federal tax questions pertaining to sole proprietorships, partnerships, and corporations.

Other publications.—As a guide to taxpayers who travel in their business, the Service published for the first time a "Travel Expense Circular" in question and answer form. Another circular explained how the Federal income tax law applies to losses from hurricanes, floods, and other disasters. This proved to be of benefit to the thousands of citizens and businesses who



Using the Revenue Service's Income Tax Course in a Baltimore High School.

suffered losses when severe hurricanes and floods struck various sections of the country last fall. Another widely distributed booklet has been made available to the half million of United States citizens who are residing abroad, explaining the special provisions of the Federal tax law applicable to them.

Publicity Program

During fiscal year 1956, the National Office of the Revenue Service prepared and released a total of 63 news releases for dissemination by the press, radio, television, and other communications outlets, covering timely tax subjects of widespread interest to the public at large.

The National Office also furnished a "Taxpayer Assistance Kit" to each of the Revenue field offices for use during the return filing period. Each kit contained more than 30 news releases and a number of spot announcements for radio and television, each touching on a matter of timely importance to taxpayers. Also furnished were six 1-minute films and a series of eight 20-second spot slides for television projection, plus a number of spot announcements for television and radio containing helpful hints for taxpayers.

High School Program

Further growth was noted in the program of helping the Nation's high schools to provide basic income tax information to students. Over 3,000,000 high school pupils received instruction under the program, utilizing special texts and other teaching materials provided by the Revenue Service. The program now covers more than 95 percent of the 30,000 secondary schools, both public and private, in the United States. Such materials also are used in many colleges and universities, and by many civic and business groups.

This program is designed to help students prepare their own returns if they work, and to understand basic tax procedures which will be important to them later when they enter business or a profession. Frequently students are able to assist their parents and friends with material learned in these courses.

INTERNATIONAL ACTIVITIES

International Operations

A number of significant measures were taken during the year to improve and strengthen the administration and enforcement of the tax laws as they apply to United States taxpayers abroad. The primary purpose of these measures was to bring about an increase in the level of voluntary compliance among such taxpayers. These measures included:

1. The establishment of the International Operations Division in the National Office, and the centralization in that Division of primary responsibility for the Service's operations in all areas of the world except the continental United States, Alaska, and Hawaii. Heretofore, those responsibilities have been divided among all the district and regional offices and the National Office, which made extremely difficult the effective administration of our tax laws overseas. The plan is to have returns from foreign and overseas addresses filed, audited, and otherwise handled in the new division to the same extent that domestic returns are processed in the district offices in the United States.

2. The establishment abroad, in areas where substantial numbers of United States taxpayers are concentrated, of several additional foreign posts. These were Manila, Philippines; Ottawa, Canada; and Frankfurt, Germany; and were in addition to the Service's overseas offices in Paris, France; San Juan, Puerto Rico; and Balboa, Canal Zone.

International Tax Conventions

Significant progress was made during the year in the program of avoiding double taxation of income of mixed domestic and foreign source. This double taxation by two countries is a recognized impediment to international commercial activity and investment.

Particularly noteworthy was the signing of the first tax convention with a Latin American nation, which occurred with the signature of a pact with Honduras on June 25, 1956. Although this instrument has not yet been ratified, it may be the forerunner of a number of other conventions with the republics to the south of the United States. The economic structure and investment interests of the Latin American countries differ materially from those of industrialized nations, and their governments desire somewhat different treaty provisions than the conventions which have heretofore been concluded with Canada and various European countries.

Other developments included:

An income tax convention and an estate tax convention with Italy, both negotiated and signed in 1955, were ratified by the United States but not by Italy until after the close of the fiscal year.

A formal agreement was signed with France whereby United States licensors who invented or developed patents or secret processes are exempted from the French turnover tax on royalties received from licensees in France. The necessary evidence to establish their character as inventor or developer is prescribed.

A protocol to the income tax convention with the Netherlands took effect upon exchange of ratifications November 10, 1955, and on the same date notes were exchanged, pursuant to the provisions of the protocol, whereby the income tax convention with the Netherlands was extended to the Netherlands Antilles as of January 1, 1955, with minor modifications.

A protocol amending the income tax convention with France was negotiated and signed on June 22, 1956.

Late in the year negotiations were opened in Washington with a Pakistan delegation for an income tax convention with that country.

Sixty-seven foreign officials from 24 countries visited the National Office during the year to study the administration and operation of the United States tax laws.

LEGISLATION RELATING TO INTERNAL REVENUE MATTERS

Legislative Services Performed

The Revenue Service provided technical assistance to the other offices of the Treasury Department and to the Tax Committees of the Congress in connection with the legislative enactments during the fiscal year relating to internal revenue matters. This technical assistance included participation in the drafting of legislation, such as the Highway Revenue Act of 1956 (P. L. 627) and the farmers' gasoline tax refund bill (P. L. 466) and the related committee reports. During the year 146 reports on bills were prepared and forwarded to the Office of the Special Assistant to the Secretary compared to 47 reports forwarded during fiscal 1955.

The Revenue Service developed and presented to the Special Assistant to the Secretary for consideration in connection with the Department's legislative program a number of legislative proposals. These proposals relate primarily to matters which would be of assistance to the Revenue Service in the administration of the tax laws.

Tax Legislation During Fiscal 1956

During July 1955 the Ways and Means Committee considered over 100 minor tax bills and reported out 41 of them. Twenty-one of the bills reported were passed by the first session of the 84th Congress.

In addition to the Highway Revenue Act of 1956 and the farmers' gasoline tax refund bill referred to above, the second session of the 84th Congress passed a bill relating to the taxation of life insurance companies (P. L. 429), the Tax Rate Extension Act of 1956 (P. L. 458) relating to corporation normal tax rates and certain excise taxes, the Bank Holding Company bill (P. L. 511), and 12 minor tax bills. In addition the Ways and Means Committee spent a substantial amount of time on general excise tax revision and a draft of a bill on this subject was nearing completion at the end of the fiscal year.

INTERNAL CONTROLS

Internal Audit

During the year, major improvements in the development of detailed plans and time budgets for internal audit activities resulted in a more effective utilization of available manpower as well as an increase in the number of audits completed. More timely reporting was provided management through adoption of a policy for direct issuance of reports by regional inspectors and continued efforts in the development of audit programs resulted in a more uniform and comprehensive audit coverage of the offices examined.

The internal audit function includes the independent review and appraisal of all internal revenue operations to assure that responsibilities at all organizational levels are properly discharged and provides a basis for constructive action by the Service officials concerned. Internal audit objectives cover the systematic verification and analysis of operating policies, practices, and procedures as well as accounts, financial transactions, and reports. Activities are closely coordinated with those of the Internal Security Division, both at the Regional and National Offices levels.

Statistics covering the internal audit activity of the 9 regional inspection offices for the fiscal year 1956 follow:

Internal audits, started and completed, fiscal year 1956

Activity	In process, July 1, 1955	Started	Completed	In process, June 30, 1956
Regional counsels' offices.....		8	5	3
Regional commissioners' offices:				
Collection.....	1	7	8	
Audit.....		8	8	
Intelligence.....	1	7	8	
Alcohol and Tobacco Tax.....	3	6	7	2
Appellate.....	1	7	7	1
Administrative.....	1	7	8	
Total.....	7	50	51	6
District directors' divisions:				
Collection.....	16	53	57	12
Audit.....	12	57	55	14
Intelligence.....	10	52	52	10
Administrative.....	10	55	57	8
Total.....	48	217	221	44
Grand total.....	55	267	272	50

In addition to the regular audits shown above, the Internal Audit Division conducted a number of special examinations at the request of Service officials. These included: a comprehensive review of admissions tax activities in 29 district offices; a verification of district office reconciliations of revenue receipts deposited; an examination of cost estimates for processing of tax returns by area service centers; and a survey of the National Office Training Division. Regional inspection personnel interviewed taxpayers and taxpayer representatives in connection with an Internal Revenue survey of existing informal conference procedures. The Internal Audit Division also assisted the General Accounting Office in its audit of the reporting requirements prescribed by section 1311 of the Supplemental Appropriation Act of 1955 by examining administrative expense appropriation obligations in 3 of the 9 regional offices.

Internal Security

The most noteworthy achievement of the Internal Security Division during the fiscal year was a tremendous increase in case production. There were 7,063 personnel investigations closed during fiscal year 1956, compared with 4,463 in fiscal year 1955, or an increase of 58 percent. This increase was accomplished with no increase in personnel during the year. Many factors contributed to this surge in production, including streamlining of work, a more effective case assignment system, reduction of time spent in writing reports, and better trained personnel.

Increased emphasis was placed on brevity, uniformity, and logical arrangement of material and evidence in investigative reports and revision of the progress report system to provide for more informative briefing by inspectors on the status of important cases.

One of the major programs in the National Office during the year was the completion of an extensive instructional handbook which contains basic information and guidance for internal security inspectors. This handbook will be distributed early in fiscal year 1957.

An important procedural change was made during the year by designating a new category of investigations, Special Inquiry (Complaints). Previously all cases involving allegations of misconduct on the part of Internal Revenue employees were designated as Conduct Cases. Now where complaints are received which necessitate investigation but are not specific, or fail to definitely identify the accused, or emanate from a person whose reliability appears questionable, a Special Inquiry rather than a Conduct Case is initiated. This new procedure is designed to protect an employee from the stigma which may unfortunately attach simply because he has

been the subject of a "conduct" investigation, even though such investigation disclosed that he was mistakenly or vindictively accused of wrongdoing. The majority of cases initiated as Special Inquiry (Complaints) are closed on the basis of discreet preliminary inquiry indicating no wrongdoing.

On March 19, 1956, Inspection assumed responsibility for conducting Federal Tort Claim investigations in all cases where formal investigations are required. This function was previously performed by the Alcohol and Tobacco Tax Division.

June 30, 1956, marked the first full year of operation under the Memorandum of Agreement, signed by the Secretary of the Treasury and the Attorney General, for carrying out the provisions of Public Law 725 which provides for investigation by the FBI of certain criminal cases. There has been complete harmony between the FBI and Inspection in operating under the Agreement.

Occasionally the query is aptly made, "Who inspects the inspectors?" A twofold program exists within the Department in this regard for inspection of the Internal Security operation. The Office of the Assistant Secretary for Enforcement, Treasury Department, has established a program for periodic inspections of the Inspection Service and all other Treasury inspection activities to assure that such inspections meet the standards and criteria prescribed by the Bureau of the Budget. In addition, comprehensive inspections of the Internal Security Division offices of the various Regional Inspectors are made periodically by teams from the National Office, under the supervision of the Chief, Special Investigations Branch. Six such inspections were made during the fiscal year.

Seventeen Internal Security Division inspectors completed the Treasury Law Enforcement School during the fiscal year. In 3 of the 6 schools held during the year, Inspection as a team finished second among the several Treasury enforcement bureaus represented.

Confidential Defense Clearance letters were issued by Inspection to 1,119 employees during the year.

In addition to the personnel investigations reflected in the statistical table which follows, the Inspection Service conducted police checks on 1,655 employees who received temporary appointments for 90 days or less.

Statistics on personnel investigations and disciplinary actions

	Fiscal year	
	1955	1956
Personnel investigations		
Number of cases closed:		
Character and security investigations.....	2,985	4,868
Conduct investigations.....	829	1,003
Special inquiries ¹	649	1,192
Total.....	4,463	7,063
Disciplinary actions against employees as a result of personnel investigations		
Separation of employees (by type of offense): ²		
Bribery, extortion, or collusion.....	12	7
Embezzlement or theft of Government funds or property.....	5	8
Failure of employee to pay proper tax.....	20	26
Falsification or distortion of Government reports, records, etc.....	115	145
Unauthorized outside activity.....	5	12
Failure to properly discharge duties.....	4	9
Personal misconduct unrelated to tax cases.....	38	50
Refusal to cooperate.....	2	1
Divulgence of confidential information.....	1	6
Acceptance of fees or gratuities.....	6	13
Other misconduct.....	28	31
Total separations.....	236	308
Suspended from duty and pay.....	32	47
Reprimanded, warned, transferred or demoted.....	214	326
Total disciplinary actions.....	482	681

¹ Designated "Other investigations" in 1955 Fiscal Year Report. Special Inquiries include principally National Agency Check and Inquiry and "Complaint" type investigations.

² Includes resignations, retirements, or other separations while employees were under investigation or before administrative decision made on disciplinary action where investigations disclosed derogatory information.

ADMINISTRATIVE FUNCTIONS

Personnel

Staffing throughout the Service remained substantially the same as in fiscal 1955.

One of the few changes resulted from a planned reduction of 114 positions in the force of storekeeper-gaugers. This reduction resulted from simplified procedures and other operational improvements and made possible an increase in the enforcement staff of the alcohol and tobacco tax activity.

A comparison, by categories, of the number of employees at the end of the year with the number at the end of the prior year, follows:

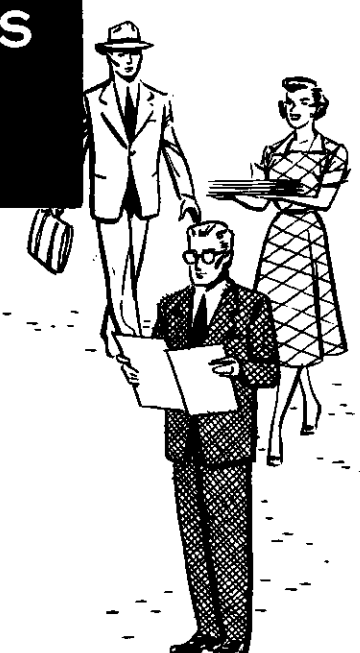
Personnel on Rolls, June 30, 1955 and 1956

Branch of service	Number on payroll as of June 30	
	1955	1956
National Office.....	2,675	2,583
Regional and District Offices:		
Supervisory personnel.....	477	484
Enforcement personnel:		
Collection officers.....	5,585	5,660
Office auditors.....	2,135	2,127
Returns examiners.....	1,274	1,361
Revenue agents.....	11,255	10,862
Special agents.....	1,559	1,549
Alcohol tax inspectors.....	465	481
Alcohol tax investigators.....	891	922
Storekeeper-gaugers.....	1,038	894
Total enforcement personnel.....	24,202	23,856
Other permanent personnel:		
Legal.....	268	277
Other technical.....	2,657	2,922
Clerical (excluding temporary), messengers and laborers.....	20,402	20,196
Total, other permanent personnel.....	23,327	23,395
Total, permanent personnel, regional and district offices.....	48,006	47,735
Temporary employees.....	209	364
Grand total.....	50,890	50,682

For the first time in the history of the Revenue Service, an extensive program was inaugurated to recruit trainee revenue agents from college campuses. There were 341 trainee revenue agents appointed and commitments for future appointment were obtained from 112. Approximately 95 percent of the recruited trainee revenue agents are young college graduates who majored in accounting. Several regions conducted similar vigorous recruiting campaigns for trainee collection officers.

PERSONNEL ON ROLLS

fiscal years 1955 and 1956



national office	1955	2,675
	1956	2,583
regional and district offices		
collection officers	1955	5,585
	1956	5,660
office auditors	1955	2,135
	1956	2,127
returns examiners	1955	1,274
	1956	1,361
revenue agents	1955	11,255
	1956	10,862
special agents	1955	1,559
	1956	1,549
alcohol tax personnel	1955	2,394
	1956	2,297
clerical, all other field personnel	1955	24,013
	1956	24,243

TOTALS: 1955—50,890

Report on Operations

67

Another major move was the development of new or revised qualification standards covering technical positions for the purpose of making the requirements more realistic, both in terms of job requirements and in delineation of lines of advancement. The Civil Service Commission approved and published a revised occupational definition for internal revenue agent positions. All professional tax accounting positions formerly in the accounting and other series are now included in the agent series. This will materially aid recruitment, training, reassignment, and promotion of employees.

A significant accomplishment in the field of position classification was the development of classification guides for evaluating internal revenue agent and special agent positions. By providing equitable pay for employees and clarifying the differences among grade levels, the issuance of such guides contributes significantly toward improved morale, better utilization of skills, and more realistic planning of careers within the Service.

A plan was put into operation on a trial basis at the Midwest Service Center for the systematic use of cash awards for superior work performance to encourage higher production among employees such as card-punch operators. The results of the pilot study will be analyzed and it is hoped to extend the program to other production-type employees throughout the Service.

Noteworthy progress has been made in the Service's Incentive Awards Program. There were 4,317 suggestions received and 727 awards were made. Both figures about double those of last year. The amount paid in awards and the total estimated savings realized as a result of employee suggestions and other contributions also increased substantially.

Greater recognition for superior work performance and special acts and services was made during fiscal year 1956. One hundred and forty employees were given cash awards for their special contributions to the work of the Service.

Training

Management training for supervisors and executives was given intensive attention. The inauguration of an Executive Development Program, conducted at the National Office to train outstanding high-grade employees, selected on a servicewide basis for promotion to key positions, was highly successful. The 11 participants who completed their training in June were placed in Assistant District Director or equivalent executive positions. Preliminary work for selection of members of the second class, to commence in January 1957, was begun.

Basic supervisory development programs were undertaken in all the regions and several regions began advanced executive development programs.

Two 10-day basic supervisory development institutes were held at the University of Michigan. Each session was attended by 50 group supervisors of audit and collection personnel. The success of these institutes spurred planning for an expansion of institute-type training to include Assistant Regional Commissioners, District Directors, Assistant Directors, and Division Chiefs to be held at the University of Rhode Island, Miami University, and the Montecito School at Santa Barbara, Calif., during the summer of 1956.

As the result of a survey conducted of the training courses at the Advanced Training Center, University of Michigan, it was decided to discontinue this particular phase of the agent training program. The survey indicated that the agents needed a more specialized type of instruction than was available at a public university, and that the hardships imposed upon agents in leaving their homes for the 4-month training semester tended to interfere with the fulfillment of the goal of the project. A special committee was designated to examine in detail the entire revenue agent training program. This committee consisted of a professor of law, a public accountant, and a District Director of Internal Revenue, and will report its recommendations to the Commissioner on how the future revenue agent training program, including both basic and advanced training, should be constituted.

Correspondence course training in accounting and tax law, which is an important phase of the training program, had become badly bogged down due to an increasing backlog of ungraded lessons. This was overcome by temporarily assigning extra personnel to this work and by introducing new procedures which markedly reduce the time for grading lessons and otherwise streamline administration of the correspondence training program.

Other training activities.—*Excellent* progress has been made in developing in-service training courses for frontline personnel in the alcohol and tobacco tax area. During the year a 10-text correspondence course on Criminal Investigative Procedure was distributed, 7 training publications were issued which related to plant inspection and supervision, work was initiated in developing other training material for the tobacco tax function, and alcohol and tobacco tax inspectors without previous accounting background were directed to complete the Service's fundamental accounting course.

Operating Facilities

Worthwhile progress was made in the paperwork management area, particularly with respect to (1) improvements in the format and composition of form letters, and (2) the creation of fewer and better forms (administrative forms, schedules relating to tax return forms, etc.) designed

for the simplest preparation and the most economical processing. (For revision of major technical tax return forms, see p. 46.)

In one region 1,000 forms used by district offices were consolidated into 200 regional forms and consolidation of an additional 1,300 district forms into 300 regional forms is anticipated. Another noteworthy example of the results of a study involving both forms and procedure was the elimination of the assembly and the transcription of about 4,000,000 tax computation adjustment notices, which will release a substantial number of typing man-years for other work and reduce the amount of interest paid on refunds.

In addition to making possible improved internal practices and more effective use of personnel, the reduced number and better quality of format and text of form letters are expected to improve taxpayer relations.

Improved procedures were developed for handling and storing income tax returns, which reduce equipment costs from \$5.50 to 500 per foot of records, decrease the amount of floor space needed to file returns by approximately two-thirds, provide faster reference, and facilitate retirement of returns to Federal Records Centers.

Service-wide progress on the disposal and retirement of inactive records continues to represent a significant savings in file equipment and space. A paperwork survey of one National Office division resulted in the reduction of more than 50 percent of the division's records holdings.

Progress continued in a service-wide program for the consolidation and improvement of space. The most significant accomplishment was the acquisition of space for service center operations. Space for the Northeast Service Center was obtained at Lawrence, Mass. Considerable renovation work was completed to permit occupancy December 15, 1955. Space for the establishment of the Western Service Center during fiscal year 1957 was secured at Ogden, Utah. The space, surplus to the Army requirements, was made available at much less cost to the Internal Revenue Service than was originally estimated for the service center location.

Negotiations were completed for new buildings in Albany, N. Y., and Columbia, S. C.; also for larger consolidations of space in New Haven, Conn.; Oklahoma City, Okla.; Lower Manhattan, N. Y.; and Newark, N. J. Completion of the new Peachtree-Baker Building, Atlanta, Ga., occupied early in September, brought together in one building all regional and district office activities in Atlanta.

An intensive and aggressive property utilization program was pursued to augment the furniture and equipment replacement program. An outstanding illustration was the locating and transferring from district offices of \$200,000 worth of equipment of the \$250,000 needed for new service center operations.

As a part of the intensified safety campaign, safety awards have been established to encourage accident prevention throughout the Service.

Eight districts received awards for completing the calendar year 1955 without a lost-time accident. The National Office received the Secretary's Safety Award for completing over 3,000,000 man-hours without a lost-time accident during the same period. The first Internal Revenue Service Annual Regional Safety Award was presented to the Omaha Region for having the lowest accident frequency rate of any region during the year.

Requirements for income tax packages were balanced against production and resulted in substantial savings. New purchasing procedures for tax forms were instituted enabling the Government Printing Office to issue invitations for supplying paper at a much earlier date than ever before. The extra time thus allowed manufacturers will also be advantageous to the Government.

The most significant individual improvement in printing and publication was the designing of a new, smaller cigarette tax stamp.

Fiscal Management

Of note in budget activity in 1956 was effective execution of the financial plan. For the first time in recent Revenue Service history virtually the same number of man-years was realized as was estimated prior to the beginning of the fiscal year as available under appropriated funds. More man-years were obtained in certain enforcement personnel categories, including revenue agents and special agents, than originally planned. Obligations for personal services and travel were 99.2 percent of the planned costs for these two items.

Publication of the "1956 Financial Plan compared with the 1957 Budget," a 120-page booklet which was widely used throughout the fiscal year by those engaged in "tracking" and execution of the financial plan, aided in this accomplishment. Preparation of preliminary estimates and budget ceiling requests was extended to the regional offices, thus giving the field the opportunity to collaborate on the long-range planning inherent in the budget operation.

In the accounting area the preparation and posting of obligation documents was greatly simplified by development of a revised procedure for the activity distribution of all expenses except salaries and travel. Effective with the fiscal year 1957, this distribution will be done annually at the National Office, as a part of the budget operation rather than on each individual obligation document.

An analysis of obligations, by classes of expenditures, follows:

Obligations Incurred by the Internal Revenue Service, fiscal years 1955 and 1956, by activity and by class of expenditure

[In thousands of dollars]

Activity	Salaries		Other		Total	
	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956	Fiscal year 1955	Fiscal year 1956
Technical.....	3,865	4,060	171	300	4,036	4,360
Collection.....	95,914	101,141	13,406	18,200	109,320	119,341
Audit.....	87,337	94,639	5,272	6,950	92,609	101,589
Intelligence.....	10,999	13,167	1,130	1,411	12,129	14,578
Alcohol and tobacco tax.....	18,237	19,405	2,440	2,723	20,677	22,128
Appellate.....	8,419	9,031	329	424	8,748	9,455
Legal service.....	5,821	6,193	450	512	6,270	6,705
Inspection.....	2,996	3,347	547	552	3,543	3,899
Statistical reporting.....	1,522	1,553	462	352	1,984	1,905
Executive direction.....	2,395	2,466	695	779	3,090	3,245
Supervision and administration (proratable).....	10,406	11,570	6,021	1,120	16,428	12,690
Total.....	247,911	266,572	30,923	33,323	278,834	299,895

Enrollment of Practitioners

On February 7, 1956, the Department published in the Federal Register an interpretation of its rules of practice set forth in Circular 230. The statement confirms the past policy of the Department and to that end, in effect, declares:

(1) That the Congress has placed upon the Department the responsibility of administering the nationwide system of Federal tax laws and that in discharging such responsibility it is essential that the Department follow a uniform interpretation of its rules of practice, as distinguished from the varying interpretations reflected in certain decisions by State courts.

(2) That the Department does not have the responsibility nor the authority to regulate the professional activities of enrollee lawyers and enrollee accountants beyond the scope of their practice as defined in section 10.2 (b) and nothing in Circular 230 is so intended.

(3) That under section 10.2 (z) of the rules, enrollees, whether lawyers or accountants, must observe the canons of ethics of their respective professions.

The processing of applications for enrollment and of disbarment cases was kept current. Listed below are comparative statistics showing the disposition of cases for the fiscal years 1955 and 1956:

Disposition of enrollment and disbarment cases, fiscal years 1955 and 1956

Type of case	Fiscal year	
	1955	1956
General enrollment—attorneys and agents:		
Applications for enrollment approved.....	4,397	4,522
Applications for enrollment disapproved.....	52	28
Applications withdrawn on advice of the Director.....	150	138
Applications abandoned.....	24	25
Special enrollment to practice before the Internal Revenue Service:		
Applications approved by reason of examination.....		
Applications approved pursuant to standards and procedures based upon former service with the Treasury Department. (Sec. 12, Department Circular No. 230, revised.).....	136	139
Applications approved by reason of having passed CPA examination though CPA certificates not issued.....	13	19
Applications of former employees denied.....	12	15
Applications withdrawn.....	11	15
Applications abandoned.....	52	35
Renewal of enrollment cases:		
Applications for renewal approved.....	751	710
Applications for renewal disapproved.....	19	7
Applications for renewal withdrawn.....	40	41
Applications for renewal abandoned.....	2	4
Disbarment cases:		
Disbarments:		
Resignations accepted.....	3	11
Resignations accepted with prejudice.....	6	6
Reprimands issued.....	3	
Suspensions.....	12	19
Closed without action.....	14	6
Formal complaints pending against enrolled persons.....	17	21
	50	34

General Management Improvements and Policy Changes

Continuous attention was given to the means for improving management policies and procedures in the Revenue Service, and several important changes were made.

The most important of these events was to place all regional and district offices (other than Regional Counsels and Regional Inspectors) under the responsibility and authority of the Assistant Commissioner (Operations). After a 3-year experiment in having field offices report directly to the Commissioner's office, it was found advisable to bring the field offices in closer relationship with the officials immediately responsible for planning and evaluating their programs.

Another significant change abolished the system of production quotas on the work of individual revenue agents and collection officers. The new policy emphasizes that these officers should do their best work consistent with the different conditions in each case, and that quality should not be sacrificed for volume of cases. Reports from field offices indicate that the new policy improved the morale of the affected employees, and it is expected to result in increased production.

Further changes are discussed under the other chapters of this report, including the revision of the taxpayer assistance program, the introduction of the return system in collecting cigar taxes, the adoption of a smaller cigarette tax stamp to reduce printing cost, and the modification of the Form 1040A type of income tax return to permit taxpayers to compute their own taxes.

The Service continued its efforts, through the Treasury Department and the Department of Health, Education and Welfare, to obtain legislation to simplify the reporting of payroll taxes.

The National Office stepped up materially its program of research. The most extensive surveys, utilizing questionnaires and interviews, were conducted among (a) taxpayers who come to Revenue offices for assistance in preparing income tax returns, and (b) practitioners, taxpayers, and revenue officials who are affected by the informal conference procedure.

APPENDIX

STATISTICAL

TABLES

Note.—In many tables and charts, figures have been rounded and therefore will not necessarily add to the printed totals which are based on unrounded figures.

Internal revenue districts are listed in this section by the names of headquarters cities. Each district is identical with the boundaries of the state in which the headquarters city is located except for the states and territories recapitulated at the bottom of Tables 1 and 11. A map of the districts appears on page XII.

Internal Revenue Collections

Tables 1–5

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and Territories, fiscal year 1956

(In thousands of dollars. See table 3, p. 96, for tax rates and further breakdown of national totals by sources)

Internal revenue regions and districts	Corporation income and profits taxes ¹	Individual income and employment taxes					Estate tax ³	Gift tax
		Income tax not withheld ²	Income tax withheld and old-age insurance ²	Railroad retirement ²	Unemployment insurance	Total		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Atlanta region	964,608	914,767	1,671,406	25,734	21,405	2,633,313	71,505	7,463
Atlanta	175,781	143,494	324,083	4,401	4,198	476,175	9,135	884
Birmingham	117,188	109,123	201,810	4,875	2,484	318,293	5,477	581
Columbia	68,773	54,926	128,534	112	1,803	185,375	8,416	709
Greensboro	275,905	139,733	340,162	10,077	5,088	495,060	10,481	1,135
Jackson	29,157	51,114	73,621	368	993	126,095	3,277	436
Jacksonville	171,629	283,551	344,077	1,929	3,683	633,240	27,886	2,952
Nashville	126,175	132,826	259,120	3,973	3,156	399,075	6,833	764
Boston region	959,468	721,567	1,868,848	18,650	20,297	2,629,361	96,618	8,067
Augusta	45,446	39,014	81,849	2,543	1,006	124,411	5,646	436
Boston	466,366	334,430	969,513	5,726	10,525	1,320,194	43,714	2,845
Burlington	13,255	15,767	36,656	1,120	396	53,939	2,275	46
Hartford	338,126	249,425	553,624	9,153	5,745	817,947	34,011	4,127
Portsmouth	28,245	29,798	71,173	97	822	101,890	3,169	146
Providence	68,030	53,133	156,033	10	1,804	210,979	7,804	467
Chicago region	4,969,009	1,632,850	5,163,679	97,616	59,157	6,953,301	117,594	12,129
Chicago	1,643,774	697,358	2,250,487	90,069	24,995	3,062,909	58,915	6,671
Detroit	2,745,211	577,149	2,056,137	6,462	25,043	2,664,791	30,097	3,347
Milwaukee	394,557	210,201	578,361	328	6,161	795,050	15,239	872
Springfield	184,467	148,143	278,694	758	2,957	430,551	13,344	1,238
Cincinnati region	2,166,586	1,230,458	3,620,245	74,101	35,212	4,960,015	87,141	9,677
Cincinnati	417,890	179,824	479,639	1,011	5,181	665,656	18,463	1,098
Cleveland	648,278	281,497	1,188,513	37,542	11,596	1,519,148	21,057	5,315
Columbus	96,034	87,447	201,329	134	2,007	290,917	6,052	277
Indianapolis	316,873	245,105	787,691	892	5,501	1,039,190	14,073	1,239
Louisville	157,115	119,238	205,874	11,643	2,224	338,978	7,556	623
Parkerville	76,109	67,600	148,209	90	1,823	217,721	3,797	375
Richmond	218,138	160,624	359,945	22,046	3,966	546,582	11,168	270
Toledo	236,150	89,123	249,045	742	2,914	341,824	4,974	481
Dallas region	946,973	1,042,916	1,523,096	30,033	17,033	2,613,077	68,979	10,349
Albuquerque	15,197	39,219	61,370	1	507	101,097	2,746	369
Austin	335,010	345,200	467,360	15,675	4,982	833,217	21,831	3,332
Dallas	243,312	321,616	445,336	11,835	4,882	783,670	24,242	3,418
Little Rock	36,103	59,700	72,554	149	959	133,362	3,007	272
New Orleans	131,038	157,086	225,023	1,931	2,796	386,836	9,225	1,558
Oklahoma City	186,313	120,096	251,452	442	2,907	374,896	7,928	1,301
New York City region	5,427,105	1,785,579	5,413,613	80,636	65,800	7,345,628	252,169	22,921
Albany	243,767	67,993	417,696	2,981	5,023	493,694	9,971	1,511
Brooklyn	213,682	349,240	628,348	3,706	6,966	988,260	49,760	2,940

Buffalo	309,533	151,047	415,304	61	5,038	571,450	13,621	908
Lower Manhattan *	2,777,771	508,814	1,717,683	8,582	20,711	2,255,790	14,692	7,559
Syracuse	126,912	73,636	220,681	47	2,531	296,894	5,667	368
Upper Manhattan	1,755,441	634,848	2,013,900	65,259	25,531	2,739,539	158,456	9,635
Omaha region	1,348,348	1,031,607	2,409,404	125,948	22,289	3,589,247	65,168	7,064
Aberdeen	11,091	29,076	34,951	12	289	64,328	1,187	22
Cheyenne	6,726	20,344	25,637	5	205	46,192	1,013	205
Denver	129,409	114,954	467,200	4,473	2,309	588,936	5,529	1,215
Des Moines	141,913	155,648	241,087	677	2,526	399,938	7,507	1,178
Fargo	8,103	27,507	30,604	19	247	58,377	676	20
Kansas City	169,221	104,156	244,389	3,444	2,726	354,715	8,190	579
Omaha	74,252	85,481	183,521	25,066	1,791	295,859	5,833	179
St. Louis	353,587	186,390	496,561	32,272	5,749	720,973	12,942	1,141
St. Paul	322,693	185,277	489,494	36,139	4,840	715,751	13,667	1,690
Wichita	131,353	122,775	195,959	23,840	1,606	344,180	8,624	834
Philadelphia region	2,792,208	1,622,261	4,415,670	136,751	48,604	6,223,286	165,592	30,754
Baltimore *	289,486	345,686	892,194	46,707	5,600	1,290,187	24,255	1,891
Camden	95,285	106,839	194,164	7	2,047	303,056	10,925	932
Newark	394,556	317,149	776,110	4,136	9,689	1,107,085	31,916	1,545
Philadelphia	641,082	435,293	1,152,263	73,819	12,238	1,673,613	37,530	8,612
Pittsburgh	641,064	239,278	972,718	8,839	13,045	1,233,880	26,185	3,303
Scranton	227,865	64,418	253,838	3,241	3,738	325,234	7,501	304
Wilmington	502,871	113,599	174,383	2	2,247	290,230	27,280	14,168
San Francisco region	1,725,217	1,848,255	3,758,227	44,854	34,861	5,686,198	129,101	8,947
Boise	22,965	32,541	59,143	259	565	92,507	1,813	37
Helena	23,997	42,273	53,971	293	424	96,961	2,624	46
Honolulu	30,846	29,838	70,782	227	612	101,459	1,621	416
Los Angeles	669,259	744,855	1,533,574	2,078	14,886	2,995,394	61,543	3,735
Portland	29,380	60,222	84,945	70	779	146,016	2,607	313
Reno	98,174	129,695	241,552	2,425	2,320	375,992	6,706	644
Salt Lake City	12,815	28,000	43,234	(*)	412	71,647	1,783	102
San Francisco	40,614	36,506	82,181	1,060	700	120,447	1,258	61
Seattle *	608,749	543,086	1,156,376	37,745	10,075	1,747,282	41,560	2,595
	188,418	201,238	432,470	696	4,088	638,493	7,586	998
Total	21,298,522	11,830,260	29,844,187	634,323	324,656	42,633,426	1,053,867	117,370

Totals for States and Territories comprising part of or more than one district

Alaska	2,455	8,203	30,711		131	39,045	35	
California	1,278,008	1,287,941	2,689,949	39,824	24,961	4,042,676	103,103	6,329
Illinois	1,828,241	845,500	2,529,181	90,826	27,952	3,493,460	72,259	7,909
Missouri	522,808	290,546	740,950	35,716	8,475	1,075,687	21,132	1,720
New Jersey	489,840	423,988	970,274	4,143	11,736	1,410,141	42,841	2,477
New York	5,427,095	1,783,975	5,401,578	80,636	65,800	7,331,989	252,169	22,921
Ohio	1,398,351	637,891	2,118,527	39,430	21,698	2,731,545	50,546	7,171
Pennsylvania	1,510,012	738,989	2,378,819	85,899	29,020	3,232,727	71,216	12,218
Texas	578,322	666,815	912,696	27,510	9,865	1,616,887	46,073	6,749
Washington	185,962	193,035	401,760	696	3,957	599,448	7,551	998
Puerto Rico	10	1,604	12,034			13,638	(*)	

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and Territories, fiscal year 1956—Continued
[In thousands of dollars. See table 3, p. 96, for tax rates and further breakdown of national totals by sources]

Internal revenue regions and districts	Alcohol taxes					
	Distilled spirits taxes					
	Excise		Rectification ⁷	Special or occupational ⁸	Other ⁹	Total
	Imported (collected by Customs)	Domestic ⁷				
	(9)	(10)	(11)	(12)	(13)	(14)
Atlanta region	6,909	6,545	4	631	977	15,067
Atlanta	358	1		86	147	591
Birmingham	162	17		40	70	289
Columbia	224			59	107	390
Greensboro	(*)	22		31	424	477
Jackson				64	91	155
Jacksonville	5,910	63	4	286	72	6,335
Nashville	254	6,443	1	66	67	6,831
Boston region	10,407	88,813	904	906	9	101,040
Augusta	3	36	2		(*)	63
Boston	6,363	49,220	686	414	5	56,689
Burlington	1,675			27	(*)	1,703
Hartford	1,847	39,557	216	319	2	41,941
Portsmouth				23		24
Providence	519			101	(*)	620
Chicago region	65,589	237,436	3,844	2,931	48	309,848
Chicago	20,009	9,082	70	889	31	30,081
Detroit	44,933	7,854	168	948	9	53,912
Milwaukee	647		4	758	1	1,410
Springfield		220,499	3,602	336	8	224,445
Cincinnati region	10,929	865,139	10,120	1,405	64	887,656
Cincinnati		106,109	1,039	214	5	107,366
Cleveland	4,071	241	19	495	3	4,829
Columbus				133	(*)	133
Indianapolis	5,002	219,891	5,173	202	2	230,269
Louisville	1,840	535,661	3,889	136	28	541,554
Parkersburg		42		32	6	80
Richmond	17	3,195		27	20	3,259
Toledo				165	(*)	165
Dallas region	8,438	6,592	1	656	79	15,767
Albuquerque				83	4	86
Austin	5,864	1	(*)	129	1	5,994
Dallas			(*)	112	6	118
Little Rock		2		35	1	37
New Orleans	2,574	6,588	1	272	20	9,454
Oklahoma City		1	(*)	27	49	77

New York City region	113,191	63,880	1,240	1,605	46	179,961
Albany		49	4	228	9	291
Brooklyn		533	80	390	22	1,025
Buffalo	3,731	5		261	5	4,002
Lower Manhattan ^a	84,381	16,813	489	127	4	101,814
Syracuse	25,078			201	2	25,281
Upper Manhattan				398	4	47,548
Omaha region	4,541	46,480	667	1,070	107	17,600
Aberdeen		11,776	105	54	1	54
Cheyenne				35	2	37
Denver				75	4	708
Des Moines	540		1	55	2	137
Fargo		60	(*)	75	2	137
Kansas City	1			55	2	57
Omaha		1,048	1	124	5	1,177
St. Louis				67	9	76
St. Paul	2,410	3,646	69	221	6	6,352
Wichita	1,590	3,142	34	207	56	5,030
Philadelphia region		3,881	(*)	68	20	3,970
Baltimore ^a	9,810	398,134	7,134	2,435	311	417,825
Camden	4,338	124,829	3,271	377	147	132,962
Newark		1,142	69	198	3	1,412
Philadelphia		76,395	147	486	32	77,060
Pittsburgh	4,253	95,169	1,150	505	120	101,197
Scranton	1,219	100,598	2,497	574	8	104,896
Wilmington				259	(*)	260
San Francisco region	37,223	76,328	1,031	2,835	61	117,478
Beise		(*)		30	(*)	30
Helena	1			97	(*)	98
Honolulu	637	11		58	7	713
Los Angeles	14,416	16,027	103	885	19	31,450
Phoenix	(*)			127	(*)	128
Portland	1,402	106		177	1	1,687
Reno				65	1	66
Salt Lake City				8		8
San Francisco	10,462	60,156	927	1,006	23	72,574
Seattle ^a	10,305	28		382	9	10,724
Total	267,037	1,754,644	24,384	14,475	1,703	2,062,242

Totals for States and Territories comprising part of or more than one district

Alaska	(*)			31	1	32
California	24,878	76,183	1,031	1,891	42	104,024
Illinois	20,009	229,581	3,672	1,225	38	254,526
Missouri	2,410	4,693	70	345	11	7,529
New Jersey		77,537	216	683	36	78,472
New York	113,191	47,068	752	1,605	46	162,661
Ohio	4,071	106,350	1,058	1,007	8	112,493
Pennsylvania	5,472	195,768	3,647	1,338	127	206,352
Texas	5,864	1	(*)	241	7	6,112
Washington	10,305	28		351	8	10,682
Puerto Rico		16,812	488			17,300

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and Territories, fiscal year 1956—Continued

[In thousands of dollars. See table 3, p. 96, for the tax rates and further breakdown of national totals by sources]

Internal revenue regions and districts	Tobacco taxes ⁷					Stamp taxes on documents, other instruments, and playing cards			
	Cigarettes	Cigars ¹⁴	Manu- factured tobacco	Other taxes ¹⁴	Total	Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance		Other ¹⁶	Total
						Sales by postmasters	Sales by directors		
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
Atlanta region	851,343	12,510	7,997	596	872,446	4,411	1,359	()	5,771
Atlanta	(*)	840		1	840	632	456	()	1,089
Birmingham		747		(*)	747	267	90	()	357
Columbia		1,692			1,692	435	59	()	494
Greensboro	851,341	52	6,019	570	857,983	621	102	()	723
Jackson						171	72	()	243
Jacksonville	1	9,014	(*)	19	9,034	1,785	360	()	2,145
Nashville	(*)	165	1,979	6	2,150	499	220	()	719
Boston region	(*)	918	14	47	978	1,768	2,414	4	4,186
Augusta	(*)			(*)	(*)	162	10	()	172
Boston	(*)	403	13	7	423	844	1,685	1	2,530
Burlington						57	29	()	87
Hartford	(*)	222	1	37	261	547	420	(*)	967
Portsmouth		285		(*)	286	93	35	()	129
Providence		7	(*)	2	9	64	234	3	301
Chicago region	(*)	744	1,961	5	2,710	2,750	8,583	1,260	12,594
Chicago	(*)	55	1,174	5	1,234	1,118	5,692	776	7,586
Detroit	(*)	564	767	(*)	1,332	955	2,332	1	3,190
Milwaukee		119	15		134	677	507	483	1,667
Springfield		6	4		10		151		151
Cincinnati region	674,530	4,776	6,075	6	685,387	3,662	3,794	4,943	12,398
Cincinnati		88	29		117	1,471	810	4,935	7,217
Cleveland	(*)	1	8	(*)	9		977	(*)	978
Columbus	(*)						307	5	313
Indianapolis		843	2		845	700	1,128	2	1,830
Louisville	308,114	609	2,671	(*)	311,394	420	190		610
Parkersburg	1	909	1,046		1,957	213	43		255
Richmond	366,414	611	1,918	6	368,949	857	143	()	1,000
Toledo	(*)	1,713	401		2,114	195		()	1,915
Dallas region	(*)	1,206	2	2	1,210	3,048	3,416	5	6,470
Albuquerque	(*)					125	86	()	211
Austin	(*)	109	2	2	113		1,393	()	1,393
Dallas	(*)	1		(*)	1	1,502	1,341	5	2,849
Little Rock	(*)					175	74	()	249
New Orleans	(*)	1,095	(*)	1	1,096	645	312	()	957
Oklahoma City	(*)					601	210	()	811

New York City region	913	2,342	99	10	3,363	1,362	41,658	117	43,136
Albany		473	(*)	(*)	474		93	77	169
Brooklyn	808	463	30	4	1,306		421	1	422
Buffalo	(*)	3	(*)	(*)	3		607	(*)	608
Lower Manhattan ⁸	96	1,317	24	3	1,441	1,362	40,120	30	41,511
Syracuse	(*)	3	36		40		283		283
Upper Manhattan	8	82	8	3	100		133	9	142
Omaha region	(*)	27	1,429	1	1,458	3,476	2,739	544	6,759
Aberdeen						115	8		123
Cheyenne	(*)			(*)	(*)	70	16	()	86
Denver	(*)			(*)	(*)	425	589	()	1,015
Des Moines		1	(*)		1	680	5	()	685
Fargo						83	12	()	96
Kansas City		6			6		500	()	501
Omaha	(*)			(*)	(*)	263	149	()	417
St. Louis	(*)	20	1,429	(*)	1,449	1,031	477	()	1,508
St. Paul	(*)	1		1	1	422	789	543	1,755
Wichita	(*)			(*)	(*)	382	192	()	574
Philadelphia region	22,255	22,221	1,098	23	45,597	3,385	5,554	2	8,940
Baltimore ⁹	(*)	63		6	70	826	702	1	1,529
Camden		1,828	1	1	1,829		204	()	204
Newark	20,341	721	889	12	21,962	1,452	802	1	2,255
Philadelphia	1,912	11,202	207	3	13,325		2,834	()	2,834
Pittsburgh	(*)	26	2		28		631	()	1,714
Scranton	2	8,379		1	8,382		125		125
Wilmington						24	255		279
San Francisco region	3	298	18	29	349	7,099	7,553	21	14,674
Boise						156	16		172
Helena		(*)			(*)	171	11		182
Honolulu	1	20	(*)	3	25	6	155	3	165
Los Angeles	2	262	2	13	278		4,108	2	4,110
Phoenix						144	254	15	412
Portland	(*)	(*)	(*)	(*)	(*)	384	268	(*)	652
Reno						100	70		170
Salt Lake City						66	189		255
San Francisco	1	15	16	6	38	5,645	1,679	1	7,325
Seattle ⁹	(*)	(*)	(*)	8	8	427	804	(*)	1,231
Total	1,549,045	45,040	18,693	719	1,613,497	30,961	77,069	6,896	114,927

Totals for States and Territories comprising part of or more than one district

Alaska				3	3	24			24
California	2	277	18	19	315	5,645	5,786	3	11,434
Illinois	(*)	61	1,178	5	1,244	1,118	5,843	776	7,737
Missouri	(*)	26	1,429	(*)	1,455	1,031	978	(*)	2,009
New Jersey	20,341	2,550	889	13	23,791	1,452	1,006	1	2,460
New York	913	1,423	97	10	2,442	1,362	41,658	117	43,136
Ohio	(*)	1,803	437	(*)	2,241	1,471	2,290	4,941	8,702
Pennsylvania	1,915	19,607	209	4	21,735	1,083	3,590	(*)	4,673
Texas	(*)	110	2	2	114	1,502	2,734	5	4,242
Washington	(*)	(*)	(*)	4	5	403	804	(*)	1,207
Puerto Rico	(*)	919	2		921				

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and Territories, fiscal year 1956—Continued

[In thousands of dollars. See table 3, p. 96, for tax rates and further breakdown of national totals by sources]

Internal revenue regions and districts	Manufacturers' excise taxes							Total
	Gasoline	Lubricating oils	Tires (wholly or in part of rubber) and inner tubes	Automobile truck and bus chassis and bodies, and parts and accessories for automobiles and motorcycles	Electric, gas, and oil appliances, refrigerators, freezers, air conditioners, etc.	Radio and television sets, phonographs, components, etc.	Other ¹⁷	
	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
Atlanta region	7,571	121	3,514	5,348	3,990	3,360	2,114	26,018
Atlanta	405	34	1,136	1,136	155	1	1,115	2,846
Birmingham	5	2	371	1,313	94		86	1,871
Columbia	(*)			77	5		145	226
Greensboro				913	204	2	152	1,271
Jackson	404		3,127	102	368	(*)	2	4,004
Jacksonville	4,285	(*)	(*)	906	100	11	120	5,423
Nashville	2,472	85	15	900	3,064	3,346	494	10,376
Boston region	4,795	104	1,546	5,750	6,022	4,205	18,403	40,824
Augusta			10	36	6		103	155
Boston	3,872	93	1	1,717	331	3,067	4,463	13,544
Burlington				8	(*)		159	167
Hartford	593	10	1,535	2,647	5,684	1,138	12,989	24,596
Portsmouth				17	2	(*)	392	412
Providence	330	(*)	(*)	1,324	(*)	(*)	296	1,950
Chicago region	100,290	7,112	223	1,575,471	53,049	58,462	28,680	1,823,287
Chicago	82,838	6,400	40	35,491	19,773	48,186	13,765	206,493
Detroit	8,832	319	157	1,531,809	24,281	10,250	7,860	1,583,508
Milwaukee	6,018	335	27	7,222	5,961	11	1,875	21,448
Springfield	2,602	58		949	3,034	16	5,180	11,838
Cincinnati region	64,350	4,732	119,634	55,470	20,195	5,366	23,835	293,582
Cincinnati	889	85	2,804	7,089	3,258	2,150	5,765	22,040
Cleveland	19,610	1,789	115,451	19,268	3,031	97	16,191	175,436
Columbus	47	25	(*)	1,013	1,567	(*)	225	2,878
Indianapolis	4,854	174	7	7,582	2,116	2,290	1,145	18,170
Louisville	30,847	2,192		716	9,978	822	220	44,775
Parkersburg	734	128	(*)	72	87	(*)	1	1,022
Richmond	(*)	41		656	2	3	202	903
Toledo	7,368	298	1,372	19,074	156	3	86	28,357
Dallas region	176,708	8,044	1	4,832	279	51	595	190,509
Albuquerque	2,039		(*)	75	(*)	(*)	2	2,116
Austin	27,905	948	1	761	93	9	83	29,799
Dallas	20,159	1,051	(*)	2,705	130	34	91	24,172
Little Rock	2,401	220	(*)	114	3	(*)	29	2,767
New Orleans	13,438	873	(*)	491	37	7	88	14,935
Oklahoma City	110,766	4,952	(*)	685	14	1	302	116,720

New York City region	346,305	28,499	39,617	12,414	8,100	59,025	82,461	576,421
Albany	131			449	18	40	146	785
Brooklyn	770	190	264	3,089	2,656	4,175	1,895	13,040
Buffalo	1,602	67	2,691	2,134	1,210	1,007	13,003	21,715
Lower Manhattan	135,387	9,805	14	342	1,027	706	10,562	157,843
Syracuse	92	1		1,389	1,668	10,778	4,219	18,147
Upper Manhattan	208,322	16,436	36,648	5,011	1,520	42,318	52,635	364,892
Omaha region	32,793	3,268	5,396	13,100	10,718	1,271	4,764	71,308
Aberdeen	65			38			1	104
Cheyenne	2,737	1	(*)	6	(*)	(*)	2	2,747
Denver	2,065	127	2,294	1,522	(*)	8	167	6,183
Des Moines	672	126	2,374	853	2,673	613	1,886	9,197
Fargo	82	7		61				149
Kansas City	2,243	1,557	(*)	1,330	1,249	9	71	6,459
Omaha	139	156		360	29	(*)	43	729
St. Louis	4,568	360	546	3,664	1,642	1	1,058	11,839
St. Paul	11,063	715	182	4,975	3,730	607	1,518	22,789
Wichita	9,159	217	(*)	291	1,394	33	18	11,112
Philadelphia region	179,148	14,405	7,920	23,360	12,281	25,249	12,260	274,622
Baltimore	29,257	1,115	4,349	471	195	2,393	328	38,108
Camden		16		688	155	75	747	1,680
Newark	5,670	834	(*)	10,397	1,172	7,701	4,979	30,754
Philadelphia	60,633	4,215	3,224	7,827	5,517	11,952	1,269	94,638
Pittsburgh	83,250	8,225	346	3,706	5,201	3,105	4,844	108,677
Scranton	1	(*)		238	16	23	64	343
Wilmington	337			33	25		27	422
San Francisco region	118,437	8,299	22	15,860	5,509	4,109	7,206	159,441
Boise	6	(*)		32		(*)	40	78
Helena	20	(*)	(*)	18	(*)	(*)	3	42
Honolulu	1		(*)	62		(*)	25	88
Los Angeles	58,172	3,917	16	7,814	3,490	4,056	3,797	81,263
Phoenix	2		(*)	73	9	(*)	5	89
Portland			(*)	1,341	137	6	55	1,540
Reno			(*)	5		(*)	(*)	5
Salt Lake City	2,533	104	(*)	143	1	1	714	3,495
San Francisco	56,149	4,260	5	3,457	1,727	45	2,260	67,904
Seattle	1,554	17	(*)	2,913	146	1	306	4,938
Total	1,030,397	74,584	177,872	1,711,604	120,142	161,098	180,317	3,456,013

Totals for States and Territories comprising part of or more than one district

Alaska	(*)			(*)			(*)	(*)
California	114,322	8,177	21	11,272	5,216	4,101	6,058	149,167
Illinois	85,439	6,458	40	36,440	22,807	48,202	18,945	218,331
Missouri	6,811	1,917	546	4,994	2,891	10	1,129	18,298
New Jersey	5,670		(*)	11,084	1,327	7,776	5,726	32,434
New York	346,305	28,499	39,617	12,414	8,100	59,025	82,461	576,421
Ohio	27,915	2,197	119,626	46,444	8,012	2,251	22,267	228,712
Pennsylvania	143,884	12,440	3,571	11,771	10,734	15,080	6,178	203,658
Texas	48,064	1,999	1	3,467	224	43	174	53,971
Washington	1,554	17	(*)	2,913	146	1	306	4,938
Puerto Rico								

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and Territories, fiscal year 1956—Continued

[In thousands of dollars. See table 3, p. 96, for tax rates and further breakdown of national totals by sources]

Internal revenue regions and districts	Retailers' excise taxes					Miscellaneous excise taxes				
	Furs	Jewelry	Luggage	Toilet goods	Total	Sugar	Long-distance telephone, telegraph, cable, radio, etc.	Leased wires	Local telephone service	Transportation of oil by pipeline
	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
Atlanta region	1,082	14,126	4,448	6,236	25,893	3,895	24,638	516	30,007	1,221
Atlanta	231	2,876	1,018	1,106	5,232	3,808	20,327	330	26,218	1,220
Birmingham	146	1,631	422	688	2,887		282	24	236	
Columbia	53	898	235	524	1,711		319	6	301	
Greensboro	197	2,376	598	1,032	4,204		1,503	14	1,537	
Jackson	40	664	207	376	1,287		49	2	52	1
Jacksonville	175	3,533	1,251	1,582	6,541	87	1,689	117	1,115	
Nashville	240	2,146	716	928	4,031		469	24	548	
Boston region	1,895	8,721	3,078	4,360	18,054	2,731	10,651	820	17,201	1
Augusta	71	482	135	186	873		83	8	69	1
Boston	1,217	5,312	1,933	1,603	10,065	2,731	6,821	267	12,417	(*)
Burlington	16	160	43	49	268		56	30	46	
Hartford	439	1,914	539	2,156	5,049		3,657	473	4,637	
Portsmouth	29	248	100	97	474		31	11	29	
Providence	124	605	328	267	1,325		2	32	1	
Chicago region	5,079	21,689	9,170	11,295	47,232	1,070	25,586	1,709	44,029	1,687
Chicago	3,045	11,467	5,569	5,018	25,098	38	12,251	1,022	22,074	1,143
Detroit	1,316	6,398	2,326	4,394	14,434	929	8,569	541	14,285	342
Milwaukee	595	2,361	859	1,070	4,886	103	3,446	126	5,844	199
Springfield	124	1,463	415	813	2,815		1,319	21	1,826	3
Cincinnati region	2,115	16,835	4,802	7,302	31,053	187	20,173	849	31,471	2,255
Cincinnati	382	2,527	778	1,238	4,924		1,421	88	2,446	
Cleveland	532	3,651	993	1,779	6,955		7,768	293	12,650	471
Columbus	159	1,274	463	508	2,403		705	9	1,180	
Indianapolis	366	3,585	896	1,240	6,087	96	4,407	141	6,537	49
Louisville	147	1,581	400	531	2,658		510	32	833	198
Parkersburg	128	917	283	453	1,780		1,526	197	2,150	60
Richmond	282	2,121	647	949	3,999		2,920	79	4,519	(*)
Toledo	120	1,179	341	605	2,246	91	915	9	1,155	1,477
Dallas region	1,302	13,494	3,708	5,775	24,279	12,451	2,965	272	2,489	17,540
Albuquerque	16	492	100	275	884		56	43	43	38
Austin	350	3,675	1,208	1,822	7,055	2,872	336	42	234	6,660
Dallas	580	4,923	1,088	1,534	8,126	(*)	2,115	103	1,855	2,727
Little Rock	45	721	211	353	1,329		189	25	157	84
New Orleans	160	2,145	592	997	3,894	9,578	105	12	69	1,294
Oklahoma City	151	1,539	507	795	2,992	1	165	47	132	6,738
New York City region	7,775	25,737	14,447	21,155	69,115	33,607	44,053	9,816	47,271	1,232
Albany	186	841	266	387	1,680		419	23	436	
Brooklyn	504	2,232	1,177	1,731	5,644	(*)	19	84	8	1
Buffalo	523	2,117	788	1,043	4,470		818	63	1,693	33

Lower Manhattan ⁶	3,041	8,546	7,125	5,110	23,821	29,341	42,538	9,450	44,771	314
Syracuse	217	1,983	374	750	3,324		235	30	289	
Upper Manhattan	3,305	10,017	4,718	12,135	30,175	4,267	23	166	75	885
Omaha region	2,280	13,004	5,725	6,867	27,877	9,774	36,558	1,422	51,741	5,413
Aberdeen	32	322	80	166	600		61	9	123	
Cheyenne	16	225	51	99	391		23	32	13	97
Denver	268	1,196	336	574	2,374	9,519	6,705	257	9,073	2
Des Moines	176	1,649	501	894	3,220		700	74	988	
Fargo	43	289	69	132	533		83	1	77	
Kansas City	274	1,667	520	1,061	3,522		192	23	243	3,328
Omaha	135	872	286	555	1,849		7,750	194	11,597	1
St. Louis	715	2,664	2,635	1,373	7,387	175	19,818	805	28,072	9
St. Paul	558	2,974	929	1,339	5,800		568	15	782	43
Wichita	64	1,145	317	673	2,199	79	660	11	775	1,932
Philadelphia region	3,591	16,012	5,773	7,976	33,352	3,917	29,656	1,887	47,137	3,773
Baltimore ⁶	788	3,716	1,633	2,095	8,232		4,220	185	7,864	(*)
Camden	203	940	286	409	1,838		10	5	4	(*)
Newark	609	2,455	920	1,219	5,204		10,818	440	14,456	
Philadelphia	1,325	4,689	1,500	1,701	9,216	3,917	13,580	862	23,066	1,437
Pittsburgh	483	3,002	1,077	2,115	6,677		780	156	1,465	2,335
Scranton	134	940	292	345	1,711		247	239	282	(*)
Wilmington	49	270	64	91	474		1	(*)	(*)	
San Francisco region	3,140	22,723	6,368	12,810	45,040	15,262	28,171	1,802	44,343	2,558
Boise	12	376	84	209	681	95	42	28	36	(*)
Helena	55	414	102	166	737		74	38	68	65
Honolulu	1	613	162	204	980	27	443	23	765	2
Los Angeles	1,459	9,068	2,679	5,622	18,829		4,106	165	4,435	1,092
Phoenix	29	798	183	394	1,404		47	31	25	
Portland	113	1,313	390	819	2,636		324	98	261	
Reno	34	329	70	129	562		259	10	146	
Salt Lake City	68	636	158	371	1,233	4,326	54	13	37	557
San Francisco	1,114	6,672	1,930	3,662	13,379	10,814	21,697	1,213	37,299	803
Seattle ⁶	255	2,503	610	1,232	4,600		1,125	183	1,271	38
Total	28,261	152,340	57,519	83,776	321,896	82,894	222,449	19,094	315,690	35,681

Totals for States and Territories comprising part of or more than one district

Alaska	32	236	49	78	395		152	7	135	
California	2,573	15,740	4,610	9,284	32,208	10,814	25,803	1,378	41,734	1,895
Illinois	3,169	12,930	5,984	5,831	27,913	38	13,570	1,043	23,901	1,146
Missouri	989	4,331	3,155	2,434	10,909	175	20,010	828	28,315	3,338
New Jersey	812	3,395	1,206	1,628	7,042		10,828	445	14,460	(*)
New York	7,775	25,737	14,447	21,155	69,115	31,318	44,053	9,816	47,271	1,232
Ohio	1,193	8,631	2,575	4,130	16,529	91	10,809	400	17,432	1,948
Pennsylvania	1,942	8,631	2,869	4,161	17,604	3,917	14,606	1,257	24,813	3,772
Texas	930	8,598	2,297	3,356	15,180	2,872	2,451	145	2,089	9,387
Washington	222	2,267	561	1,154	4,205		973	176	1,135	38
Puerto Rico						2,289				

Footnotes on p. 100.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and Territories, fiscal year 1956—Continued

[In thousands of dollars. See table 3, p. 96, for tax rates and further breakdown of national totals by sources]

Internal revenue regions and districts	Miscellaneous excise taxes—Continued									
	Transporta- tion of persons	Transporta- tion of property	Use of safe deposit boxes	Club dues and initiation fees	Bowling alleys, pool tables, etc.	Coin-operated amusement and gaming devices	Admissions— Theaters, concerts, athletic contests, etc. ¹⁸	Admissions— Roof gardens, cabarets, etc.	Narcotics, including marihuana and special taxes ¹⁹	Coconut and other vegetable oils processed ²⁰
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
Atlanta region	14,735	27,077	323	3,731	277	1,075	6,461	3,122	65	64
Atlanta	5,299	3,996	47	722	40	326	1,749	257	9	10
Birmingham	702	4,403	33	448	33	44	266	129	6	
Columbia	143	868	17	196	24	188	213	46	5	
Greensboro	2,134	8,098	43	632	63	84	422	64	12	3
Jackson	24	1,872	21	140	24	149	87	70	4	
Jacksonville	6,097	3,913	115	1,037	52	143	3,172	2,418	17	
Nashville	336	4,726	47	557	42	148	553	138	11	51
Boston region	6,795	16,710	389	2,897	202	319	6,283	1,890	36	26
Augusta	193	1,705	24	91	21	27	184	125	2	
Boston	2,252	6,994	211	1,300	98	141	4,275	1,221	20	20
Burlington	134	768	10	45	9	12	89	21	1	
Hartford	4,133	6,274	93	1,164	42	83	930	327	9	5
Portsmouth	23	494	18	65	15	28	294	14	2	
Providence	44	474	34	232	18	28	512	182	3	1
Chicago region	38,747	77,731	827	6,728	478	1,746	12,836	6,410	67	1,229
Chicago	36,001	49,633	396	3,373	148	633	6,587	3,665	22	1,209
Detroit	2,403	20,046	229	2,187	161	200	4,055	1,686	26	7
Milwaukee	241	5,183	122	719	89	284	1,573	513	9	13
Springfield	103	2,868	91	448	80	629	621	545	10	
Cincinnati region	11,839	53,873	546	5,164	390	1,222	7,355	2,667	108	7,738
Cincinnati	163	2,436	57	684	31	60	957	259	9	6,082
Cleveland	4,699	19,051	147	1,394	81	159	2,347	915	10	1,508
Columbus	72	1,794	39	358	23	49	461	258	4	147
Indianapolis	781	8,585	118	822	80	249	1,390	287	48	(*)
Louisville	3,140	4,991	44	484	53	216	519	495	8	
Parkersburg	960	1,184	32	254	39	330	346	74	4	1
Richmond	1,863	12,905	66	849	53	84	990	84	18	
Toledo	160	2,928	43	326	31	75	345	295	7	(*)
Dallas region	10,358	30,285	338	4,898	257	827	5,155	2,036	60	419
Albuquerque	142	498	15	115	17	34	320	198	4	
Austin	1,197	10,373	99	1,622	87	245	861	584	22	(*)
Dallas	7,593	12,012	93	1,734	46	92	2,528	469	11	(*)
Little Rock	77	1,047	24	187	38	82	133	66	5	
New Orleans	976	3,449	43	531	28	223	744	631	11	419
Oklahoma City	373	2,914	65	709	43	152	570	88	7	
New York City region	54,737	60,238	858	7,202	243	499	30,509	6,611	266	1,936
Albany	241	2,303	45	410	24	95	1,350	374	84	(*)

Brooklyn.....	45	3,066	154	1,396	71	120	3,557	743	78	22
Buffalo.....	167	2,239	90	813	49	72	946	655	12	206
Lower Manhattan *	1,937	17,331	340	865	15	24	641	613	23	22
Syracuse.....	259	1,679	46	324	38	90	474	290	5	4
Upper Manhattan.....	52,089	33,620	183	3,394	47	98	23,541	3,937	65	1,681
Omaha region	33,567	66,123	604	3,956	408	775	7,934	3,128	84	769
Aberdeen.....	69	754	21	33	25	43	234	57	2	---
Cheyenne.....	23	341	9	28	10	44	157	87	1	---
Denver.....	2,224	4,813	52	597	35	66	1,517	672	12	---
Des Moines.....	52	3,672	111	428	66	83	1,020	158	7	29
Fargo.....	21	369	15	32	22	36	91	47	1	---
Kansas City.....	13,673	4,805	64	505	41	68	1,430	495	7	---
Dmaha.....	3,834	9,294	57	250	39	39	238	238	6	71
St. Louis.....	2,422	16,392	94	847	50	135	870	338	30	479
St. Paul.....	7,585	16,838	108	772	64	150	1,552	898	11	189
Wichita.....	3,665	8,845	74	464	57	109	579	139	7	---
Philadelphia region	26,867	71,209	760	6,204	354	2,274	9,659	4,533	234	3,553
Baltimore *	9,794	20,709	107	1,447	67	1,298	2,256	1,195	12	6
Camden.....	210	1,210	54	381	24	148	1,953	1,151	5	---
Newark.....	1,477	6,810	180	1,230	57	127	1,314	680	162	2,979
Philadelphia.....	14,015	30,856	208	1,583	78	217	2,256	533	36	99
Pittsburgh.....	1,066	7,549	150	1,084	96	360	1,232	823	13	5
Scranton.....	206	3,886	46	289	27	124	356	116	4	---
Wilmington.....	98	689	16	191	5	9	292	36	t	464
San Francisco region	17,257	47,335	867	6,391	345	5,509	17,826	11,858	82	2,800
Boise.....	35	727	23	47	15	40	208	132	2	---
Helena.....	104	746	25	63	13	54	358	121	2	---
Honolulu.....	759	392	9	133	23	38	361	773	2	---
Los Angeles.....	4,473	10,614	190	2,713	105	209	9,289	4,159	29	1,052
Phoenix.....	79	557	22	316	22	83	390	408	9	---
Portland.....	251	4,585	77	473	29	190	836	628	6	40
Reno.....	177	156	7	5	3	3,867	246	2,663	1	---
Salt Lake City.....	69	895	19	195	11	31	505	87	2	---
San Francisco.....	9,276	23,473	367	1,780	76	319	4,072	2,339	20	1,708
Seattle *	2,034	5,189	127	666	48	677	1,560	548	11	(*)
Total	214,903	450,579	5,512	47,171	2,955	14,246	104,018	42,255	1,002	18,535

Totals for States and Territories comprising part of or more than one district

								(*)	
Alaska	375	515	4	1	3	72	167	99	
California	13,749	34,087	557	4,492	181	528	13,361	6,498	48
Illinois	36,104	52,501	477	3,822	228	1,262	7,208	4,210	32
Missouri	16,095	21,197	158	1,351	91	283	2,300	833	37
New Jersey	1,687	8,020	234	1,611	82	267	3,267	1,831	167
New York	54,737	60,238	858	7,282	243	499	30,509	6,611	266
Ohio	5,095	26,208	286	2,754	166	343	4,110	1,727	30
Pennsylvania	15,287	41,791	403	2,956	200	700	3,844	1,471	53
Texas	8,790	22,385	192	3,355	132	336	3,388	1,053	39
Washington	1,659	4,674	123	666	45	605	1,393	449	11
Puerto Rico									

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and Territories, fiscal year 1956—Continued

[In thousands of dollars. See table 3, p. 96, for tax rates and further breakdown of national totals by sources]

Internal revenue regions and districts	Miscellaneous excise taxes—Continued					Unclassified excise taxes ¹ 21	Taxes not otherwise classified ²²	Grand total, all internal revenue taxes ²
	Diesel fuel, including special motor fuel	Wagering—occupational	Wagering—Excise	Other	Total			
	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)
Atlanta region	904	59	395	4	118,570	5,545	740	4,753,433
Atlanta	100	6	87		64,550	3,918	(-89)	741,193
Birmingham	115	16	64	3	6,805	152	(-12)	454,878
Columbia	74	1	4		2,405	(-102)	(-38)	270,292
Greensboro	178	22	43		14,852	308	23	1,663,147
Jackson	147	4	61		1,908	203	(*)	165,854
Jacksonville	166	3	50	1	20,194	253	846	891,307
Nashville	124	3	86		7,855	813	10	565,762
Boston region	417	19	53	1	67,441	8,091	4	3,953,472
Augusta	34				2,567	69	1	180,096
Boston	158	8	32		38,966	8,191	391	1,972,897
Burlington	20				1,242	29	1	73,074
Hartford	182	9	14	1	22,031	(-61)	(-397)	1,290,299
Portsmouth	15	1	6		1,062	(-12)	2	135,874
Providence	7		1		1,572	(-126)	5	301,232
Chicago region	1,926	99	1,039	1	223,946	(-45,458)	1,085	14,604,993
Chicago	1,332	60	706		140,285	(-230)	1,243	5,206,412
Detroit	178	5	80		55,931	(-47,060)	(-264)	7,156,469
Milwaukee	269	2	(*)		18,734	350	88	1,350,491
Springfield	147	31	253	1	8,996	1,483	17	891,622
Cincinnati region	2,167	90	2,650	1	150,744	(-7,119)	230	9,366,764
Cincinnati	65	4	83		14,844	1,235	33	1,276,882
Cleveland	694	9	294		52,490	(-9,327)	78	2,449,051
Columbus	83	2	64		5,239	52	8	405,841
Indianapolis	320	33	1,212		25,154	(-9)	24	1,674,703
Louisville	447	16	639		12,626	922	45	1,439,530
Parkersburg	135	20	223		7,536	334	11	311,614
Richmond	203	4	16		24,653	(-52)	30	1,181,631
Toledo	220	2	118		8,201	(-274)	1	627,512
Dallas region	3,679	67	806	3	94,905	(-235)	(-48)	4,014,389
Albuquerque	616	2	1		2,132	83	(-60)	124,869
Austin	607	35	487	1	26,363	262	3	1,283,026
Dallas	870	2	5		32,256	1,174	9	1,123,832
Little Rock	281	5	116	1	2,517	(-402)	4	179,410
New Orleans	196	15	120		18,442	483	(-7)	600,400
Oklahoma City	1,108	8	77		13,196	(-1,835)	3	702,851
New York City region	3,220	31	36	2	302,367	12,895	542	14,350,335
Albany	165	1	1		5,972	220	(-1)	766,545
Brooklyn	62	(*)	23		9,450	(-428)	496	1,337,446
Buffalo	191	(*)	1		8,048	617	40	954,890

92

Commissioner of Internal Revenue Annual Report

Internal Revenue Collections

93

Lower Manhattan ^a	1,175	2	(*)	1	149,401	3,152	(-202)	5,542,882
Syracuse	55	3	1		3,820	(-534)	3	485,933
Upper Manhattan	1,573	24	10		125,677	9,868	206	5,262,639
Omaha region	2,277	23	126	10	224,692	786	145	5,473,426
Aberdeen	102	(*)	1		1,533	(-50)	(*)	79,036
Cheyenne	200	12	41		1,117	26	27	58,578
Denver	513				36,058	(-224)	6	782,106
Des Moines	243	1	(*)		7,638	13	12	572,345
Fargo	82	1	15		894	36	(-1)	58,955
Kansas City	131	2	11	6	25,024	1,149	63	576,214
Omaha	260	1	29	1	34,142	(-15)	5	423,246
St. Louis	259	3	8	2	70,808	660	18	1,241,334
St. Paul	224	1	12	(*)	29,812	(-512)	14	1,151,297
Wichita	264	1	7	1	17,670	(-296)	1	520,316
Philadelphia region	1,978	35	217	2	214,247	(-17,244)	1,709	10,351,843
Baltimore ^a	207	5	21	1	49,395	805	(-23)	1,859,169
Camden	50	1	3		5,202	(-8,282)	47	417,471
Newark	299	1	8		41,039	(-6,963)	1,580	1,773,358
Philadelphia	417	9	39	(*)	93,208	(-3,401)	85	2,710,851
Pittsburgh	937	13	91	1	18,154	(-6)	23	2,169,492
Scranton	43	2	8	(*)	5,374	275	(-2)	583,534
Wilmington	25	3	46		1,875	327	(*)	837,968
San Francisco region	7,895	217	1,064	4	211,585	11,529	862	8,243,994
Boise	105	(*)	9		1,545	54	(*)	120,184
Helena	178	11	15	(*)	1,934	114	10	128,991
Honolulu	23	1	2		3,775	10	1	140,693
Los Angeles	2,281	3	10	4	44,929	8,189	515	3,250,061
Phoenix	280	4	2		2,274	(-2)	1	184,565
Portland	387	5	26	(*)	8,217	77	(*)	498,205
Reno	238	21	395		8,198	279	7	95,690
Salt Lake City	278	28	90		7,199	124	(*)	176,107
San Francisco	3,874	4	21	(*)	119,154	3,750	300	2,758,358
Seattle ^a	251	138	493	(*)	14,361	(-1,065)	27	891,140
Total	24,464	639	6,385	27	1,608,497	(-31,209)	5,269	75,112,649

Totals for States and Territories comprising part of or more than one district

Alaska	6	4	24		1,564		8	43,566
California	6,155	7	31	4	164,083	11,938	815	6,008,419
Illinois	1,479	91	958	1	149,281	1,253	1,261	6,098,034
Missouri	389	5	20	8	95,832	1,808	82	1,817,548
New Jersey	349	2	11		46,241	(-15,245)	1,627	2,190,829
New York	3,220	31	36	2	300,078	12,978	542	14,316,258
Ohio	1,061	17	560	(*)	80,774	(-8,314)	120	4,759,286
Pennsylvania	1,396	25	138	1	116,736	(-3,132)	105	5,463,877
Texas	1,478	37	492	2	58,618	1,435	12	2,406,858
Washington	245	135	468	(*)	12,797	(-1,065)	19	847,574
Puerto Rico					2,289	(-83)	(*)	34,077

Table 2.—Internal revenue collections by sources and by quarters, fiscal year 1956

[in thousands of dollars]

Sources of revenue	Quarter ended—			
	Sept. 30, 1955 (1)	Dec. 31, 1955 (2)	Mar. 31, 1956 (3)	June 30, 1956 (4)
Corporation income and profits taxes ¹	1,974,870	2,133,835	8,993,456	8,196,361
Individual income and employment taxes:				
income tax not withheld ²	2,076,776	624,417	3,767,276	5,361,791
income tax withheld and old-age insurance ³	7,121,132	7,115,547	7,834,471	7,773,038
Railroad retirement ⁴	160,200	157,520	156,228	160,375
Unemployment insurance	18,913	19,028	278,876	7,839
Total individual income and employment taxes	9,377,021	7,916,512	12,036,851	13,303,042
Estate tax ⁵	220,207	240,598	287,552	305,509
Gift tax	1,984	4,340	24,362	86,685
Alcohol taxes: ⁷				
Distilled spirits:				
Excise:				
imported (collected by Customs)	57,665	91,990	53,570	63,812
Domestic	409,002	496,844	394,976	453,823
Rectification	5,680	7,537	5,335	5,832
Special or occupational ⁸	8,955	577	420	4,522
Other ⁹	588	445	290	379
Total distilled spirits taxes	481,889	597,393	454,591	528,369
Wines, cordials, etc.:				
Excise:				
Imported (collected by Customs)	924	2,043	1,066	1,226
Domestic	18,074	23,789	19,363	20,095
Special or occupational ¹⁰	707	38	54	372
Floor stocks tax	(*)	(*)	(*)	(*)
Total wines, cordials, etc., taxes	19,704	25,870	20,483	21,693
Beer:				
Excise	227,503	168,755	162,702	206,481
Special or occupational ¹²	3,046	155	191	1,742
Floor stocks tax	(*)	4	1	2
Total beer taxes	230,549	168,914	162,893	208,225
Total alcohol taxes	732,142	792,177	637,968	758,287
Tobacco taxes: ⁷				
Cigarettes	388,283	370,111	388,200	402,451
Cigars ¹⁴	11,572	12,090	10,942	10,436
Manufactured tobacco	4,791	4,524	4,621	4,758
Other ¹⁵	210	244	152	113
Total tobacco taxes	404,856	386,969	403,913	417,758
Stamp taxes on documents, other instruments, and playing cards:				
Issues and transfers of bonds of indebtedness, or capital stock, foreign insurance policies and deeds of conveyance:				
Sales by postmaster	5,205	7,940	9,703	8,113
Sales by directors	18,364	20,410	18,208	20,088
Other ¹⁶	1,567	1,893	1,823	1,613
Total stamp taxes on documents, other instruments, and playing cards	25,136	30,243	29,734	29,814

Footnotes on p. 100.

Table 2.—Internal revenue collections by sources and by quarters, fiscal year 1956—Continued

[In thousands of dollars]

Sources of revenue	Quarter ended—			
	Sept. 30, 1955 (1)	Dec. 31, 1955 (2)	Mar. 31, 1956 (3)	June 30, 1956 (4)
Manufacturers' excise taxes: ¹				
Gasoline	260,212	279,116	255,879	235,190
Lubricating oils	24,107	15,122	17,873	17,482
Tires (wholly or in part of rubber) and inner tubes	49,476	46,457	40,570	41,368
Automobile truck and bus chassis and bodies and parts and accessories for automobiles and motorcycles	464,339	391,440	446,660	409,165
Electric, gas, and oil appliances, mechanical refrigerators and quick-freeze units, air-conditioners, etc.	32,286	29,303	26,742	31,810
Radio sets, television sets, phonographs, components, etc.	33,482	42,634	50,073	34,909
Other ¹⁷	44,050	43,362	48,815	44,090
Total manufacturers' excise taxes	907,953	847,434	886,611	814,015
Retailers' excise taxes: ³				
Furs	3,334	5,148	12,951	6,829
Jewelry	33,611	30,341	57,826	30,561
Luggage	13,676	11,578	20,408	11,858
Toilet goods	18,490	18,060	27,121	20,105
Total retailers' excise taxes	69,111	65,127	118,306	69,352
Miscellaneous excise taxes: ³				
Sugar	20,688	24,455	18,907	18,844
Long-distance telephone, telegraph, cable, radio, etc.	57,131	55,048	53,526	56,743
Leased wires	4,777	4,623	4,821	4,872
Local telephone service	82,965	76,639	74,892	81,195
Transportation of oil by pipeline	8,341	8,191	9,072	10,077
Transportation of persons, seats and berths	55,582	50,793	59,142	49,387
Transportation of property	108,911	122,033	109,655	109,981
Leases of safe deposit boxes	1,315	1,279	1,242	1,676
Club dues and initiation fees	13,041	10,126	9,963	14,041
Bowling alleys, pool tables, etc.	1,932	297	116	609
Coin-operated amusement and gaming devices	8,855	894	655	3,843
Admissions—Theaters, concerts, athletic contests, etc. ¹⁸	26,889	31,286	22,176	23,666
Admissions—Roof gardens, cabarets, etc.	10,330	10,891	10,689	10,345
Narcotics, including marihuana and special taxes ¹⁹	314	150	153	384
Coconut and other vegetable oils processed ²⁰	4,457	4,648	4,572	4,857
Diesel fuel (including special motor fuels)	7,091	5,166	6,488	5,719
Wagering—Occupational	315	87	89	148
Wagering—Excise	1,651	1,556	1,594	1,585
Other (including repealed taxes)	15	1	5	6
Total miscellaneous excise taxes	414,598	408,162	387,758	397,980
Undistributed depository receipts of excise taxes ²	(-11,022)	1,520	(-16,236)	(-6,038)
Unclassified advance payments of excise taxes	1,498	(-888)	(-90)	47
Taxes not otherwise classified ²²	2,119	873	387	1,890
Grand total, all internal revenue taxes ²	14,120,473	12,826,902	23,790,571	24,374,703

Footnotes on p. 100.

Table 3.—Internal revenue collections by sources, fiscal years 1955 and 1956

[in thousands of dollars]

Sources of revenue	Fiscal year	
	1955	1956
Corporation income and profits taxes:		
Regular ²²	18,262,571	21,297,167
Exempt organization business income tax ²³	2,150	1,355
Total corporation income and profits taxes	18,264,720	21,298,522
Individual income and employment taxes:		
Income tax not withheld ²	10,724,120	11,830,260
Withheld taxes:		
Income tax and old-age insurance: ²⁴		
Received with returns	25,673,490	29,280,756
Undistributed depositary receipts ²	592,068	563,431
Total income tax and old-age insurance	26,265,558	29,844,187
Railroad retirement:		
Railroad employment compensation tax received with returns, 12 percent of taxable portion of payrolls to 12/31/54, 12½ percent thereafter	597,218	628,610
Railroad employees' representative tax received with returns, 12 percent of taxable portion of payrolls to 12/31/54, 12½ percent thereafter	44	133
Undistributed depositary receipts ²	2,844	5,580
Total railroad retirement	600,106	634,323
Total withheld taxes	26,865,663	30,478,510
Unemployment insurance, 3 percent of taxable portion of payrolls	279,986	324,656
Total individual income and employment taxes	37,869,770	42,633,426
Estate tax ⁵	848,492	1,053,867
Gift tax	87,775	117,370
Alcohol taxes:		
Distilled spirits: ⁷		
Excise taxes:		
Imported (collected by Customs) \$10.50 per gallon	242,848	267,037
Domestic, \$10.50 per gallon	1,626,255	1,754,644
Seizures, penalties, etc.	1,497	1,654
Floor stocks tax (tax-paid stocks on hand)	45	43
Rectification tax, per proof gallon, 30 cents	23,867	24,384
Export stamps, 10 cents per cask and 5 cents per case ²⁵	8	
Container stamps, 1 cent per bottle, or ½ cent if less than ½ pint: ²⁶		
Bottled in bond	519	
Bottled other than in bond	6,213	5
Still or worms manufactured, \$22 each	6	
Special or occupational taxes:		
Manufacturers of stills, \$55 per year	6	6
Rectifiers:		
Less than 500 barrels, \$110 per year	8	6
500 barrels or more, \$220 per year	21	28
Wholesale liquor dealers, \$200 per year	1,272	1,272
Retail dealers in liquor or medicinal spirits, \$50 per year	14,367	13,069
Nonbeverage manufacturers of spirits, \$25, \$50, \$100 per year	105	94
Total distilled spirits	1,917,038	2,062,242
Wines, cordials, etc.:		
Excise taxes:		
Imported (collected by Customs)	4,689	5,259
Domestic	77,135	81,321
Floor stocks tax (tax-paid stocks on hand)	2	1
Special or occupational taxes:		
Wholesale dealers in wines or in wines and beer, \$200 per year	106	115
Retail dealers in wines or in wines and beer, \$50 per year	1,085	1,056
Total wines	83,017	87,751

Footnotes on p. 100.

Table 3.—Internal revenue collections by sources, fiscal years 1955 and 1956—Continued

[in thousands of dollars]

Sources of revenue	Fiscal year	
	1955	1956
Alcohol taxes—Continued		
Beer:		
Excise tax per barrel of 31 gallons, \$9	737,233	765,441
Floor stocks tax (tax-paid stocks on hand)	7	6
Special or occupational taxes:		
Brewers, 500 barrels or more, \$110 per year; less than 500 barrels, \$55 per year	34	31
Wholesale dealers in beer, \$100 per year	1,225	1,155
Retail dealers in beer, \$22 per year	4,285	3,949
Total beer	742,784	770,581
Total alcohol taxes	2,742,840	2,920,574
Tobacco taxes: ⁷		
Large cigars classified by intended retail prices:		
Class A, tax per thousand, \$2.50	78	88
Class B, tax per thousand, \$3	673	628
Class C, tax per thousand, \$4	9,274	8,881
Class D, tax per thousand, \$7	4,025	4,148
Class E, tax per thousand, \$10	25,353	24,474
Class F, tax per thousand, \$15	3,091	3,053
Class G, tax per thousand, \$20	3,706	3,710
Small cigars, tax per thousand, 75 cents	46	58
Cigar and cigarette floor stocks tax (tax-paid stocks on hand)	2	91
Cigarettes per thousand, class A (small) \$4, class B (large) \$8.40	1,504,197	1,549,045
Cigarette papers (½ cent) and tubes (1 cent)	693	622
Manufactured tobacco (chewing, smoking, and snuff), 10 cents per pound	20,064	18,693
Court fines, penalties, and taxes on leaf tobacco sold or removed in violation of sec. 5731, Internal Revenue Code of 1954	12	7
Total tobacco taxes	1,571,213	1,613,497
Stamp taxes on documents, other instruments, and playing cards:		
Issues and transfers of bonds of indebtedness, or capital stock, foreign insurance policies, and deeds of conveyance:		
Sales by postmasters	26,388	30,961
Sales by directors	78,901	77,069
Silver bullion transfers, 50 percent of profit	60	53
Playing cards, per pack, 13 cents	6,700	6,843
Total stamp taxes on documents, etc.	112,049	114,927
Manufacturers' excise taxes: ⁸		
Lubricating oils, per gallon, 6 cents	69,818	74,584
Gasoline, per gallon, 2 cents	954,658	1,030,383
Floor stocks tax, gasoline, ½ cent per gallon	20	14
Tires (wholly or in part of rubber), per pound, 5 cents	141,961	159,733
Inner tubes, per pound, 9 cents	22,355	18,139
Mechanical pencils, pens, and lighters, 10 percent	8,366	9,576
Automobile truck and bus chassis and bodies, 8 percent	134,805	189,434
Other automobile chassis and bodies and motorcycles, 10 percent	1,047,813	1,376,372
Parts and accessories for automobiles and motorcycles, 8 percent	136,709	145,797
Electric, gas, and oil appliances, 5 percent	50,859	71,064
Electric light bulbs, 10 percent	18,673	22,854
Radio and television sets, phonographs, components, etc., 10 percent	136,849	161,098
Phonograph records, 10 percent	8,287	12,324
Musical instruments, 10 percent	10,783	12,776
Refrigerators, freezers, air-conditioners, etc., 5 percent except for self-contained air-conditioning units which are 10 percent	38,004	49,078
Malches, per thousand, 2 cents, and fancy wooden or colored stems, 5½ cents	5,808	6,160
Business and store machines, 10 percent	57,281	70,146
Cameras, lenses, and film, 10 percent	15,157	17,373
Sporting goods, 10 percent	8,112	8,503
Fishing rods, creels, etc., 10 percent	5,347	5,150
Firearms, shells, and cartridges, 11 percent	12,401	14,302
Pistols and revolvers, 10 percent	949	1,153
Total manufacturers' excise taxes	2,885,016	3,456,013

Footnotes on p. 100.

Table 3.—Internal revenue collections by sources, fiscal years 1955 and 1956—
Continued

[In thousands of dollars]

Sources of revenue	Fiscal year	
	1955	1956
Retailers' excise taxes: ³		
Furs, 10 percent	27,053	28,261
Jewelry, 10 percent	142,366	152,340
Luggage, 10 percent	50,896	57,519
Toilet goods, 10 percent	71,829	83,776
Total retailers' excise taxes	292,145	321,896
Miscellaneous excise taxes: ³		
Sugar, per pound, approximately 1/4 cent	78,512	82,894
Telephone, telegraph, cable, radio, 10 percent	212,458	222,449
Leased wires, 10 percent; wire and equipment service, 8 percent	17,793	19,094
Local telephone service, 10 percent	290,198	315,690
Transportation of oil by pipeline, 4 1/2 percent	33,458	35,681
Transportation of persons, 10 percent	200,465	214,903
Transportation of property, 3 percent of amount paid, except coal which is 4 cents per ton	398,039	450,579
Use of safe deposit boxes, 10 percent	5,553	5,512
Club dues and initiation fees, 20 percent	41,963	47,171
Bowling alleys, pool tables, etc., \$20 per alley or table	3,364	2,955
Coin-operated amusement and gaming devices, \$10 and \$250 per device	14,994	14,246
Admissions:		
Admissions, 1 cent for each 10 cents or major fraction thereof of the amount paid ²⁰	105,139	102,979
Ticket brokers' sales, 10 percent for amounts in excess of box office price ²⁰	492	482
Leases of boxes or seats, 10 percent of the amount for which similar accommodations are sold ²⁰	377	490
Roof gardens, cabarets, etc., 20 percent of total paid for admissions, services, etc.	39,271	42,255
Admissions sold by proprietors in excess of established price, 50 percent of such excess	77	67
Total admissions taxes	145,357	146,272
Narcotics (opium, coca leaves, or derivatives thereof):		
Opium, coca leaves, etc., per ounce or fraction thereof, 1 cent	416	423
Opium order blanks, per hundred, \$1	20	23
Accepted offers in compromise, etc., on account of narcotics law violations	44	47
Special taxes:		
Importers, manufacturers, and compounders, \$24 per year	3	3
Wholesale dealers, \$12 per year	15	14
Retail dealers, \$3 per year	180	180
Practitioners, \$1 per year	267	263
Dealers in unlicensed narcotic preparations, and laboratories, \$1 per year	5	4
Total narcotics taxes	950	957
Marihuana taxes	43	45
Coconut and other vegetable oils processed:		
Coconut oil from the Philippines, per pound, 3 cents	16,064	16,542
Coconut oil from Trust Territory, per pound, 3 cents	46	35
Coconut oil from other United States possessions, per pound, 3 cents	17	132
Coconut oil and combination containing coconut oil (other than in preceding listing), per pound, 5 cents	47	32
Other, per pound, 3 cents	2,776	1,795
Total coconut and other vegetable oils processed	18,950	18,535
Adulterated and process or renovated butter and filled cheese	23	15
Firearms transfer and occupational taxes	11	11
Diesel fuel, including special motor fuels, 2 cents per gallon	22,692	24,464
Wagering:		
Occupational, \$50	835	639
Excise, 10 percent	6,973	6,385
Other receipts (including repealed taxes)	4	(*)
Total miscellaneous excise taxes	1,492,633	1,608,497
Undistributed depositary receipts—excise taxes³	113,298	(-31,776)
Unclassified advance payments of excise taxes	1,389	567
Taxes not otherwise classified²²	7,352	5,269
Grand total all internal revenue taxes³	66,288,692	75,112,649

Footnotes on p. 100.

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1956
[In thousands of dollars]

Fiscal year ended June 30	Income, profits, and employment taxes			Estate and gift taxes	Alcohol taxes	Tobacco taxes	Manufacturers' excise taxes	All other taxes	Total internal revenue collections
	Corporation income and profits taxes ¹	Individual income and employment taxes ²	Total						
1940	1,147,592	1,815,538	2,963,130	360,071	624,253	608,518	447,088	337,392	5,340,452
1941	2,053,469	2,343,512	4,396,980	407,058	820,096	698,077	517,573	430,964	7,370,108
1942	4,744,083	9,192,245	13,936,328	432,540	1,048,517	780,982	771,902	821,682	13,047,869
1943	9,668,956	17,797,593	27,466,549	447,496	1,423,646	923,857	504,746	1,274,048	22,371,386
1944	14,766,796	19,999,378	34,766,174	511,210	1,618,775	988,483	503,462	1,733,655	40,121,760
1945	16,027,213	20,405,364	36,432,577	676,832	2,526,165	1,165,519	782,511	2,292,108	43,800,388
1946	12,553,602	20,813,491	33,367,093	779,291	2,309,866	1,237,788	922,671	2,421,944	40,672,097
1947	9,676,459	21,367,662	31,044,121	796,345	2,474,762	1,300,280	1,549,234	2,147,184	39,108,386
1948	10,174,410	23,379,123	33,553,533	796,538	2,210,607	1,321,875	1,771,533	2,206,823	41,864,542
1949	11,553,669	20,527,935	32,081,604	706,227	2,255,327	1,300,280	1,836,053	2,280,969	40,463,125
1950	10,854,351	19,797,883	30,652,234	729,730	2,219,202	1,328,464	1,836,053	2,214,951	38,957,132
1951	14,387,569	26,624,788	41,012,357	833,147	2,546,808	1,380,396	2,383,677	2,392,719	50,445,686
1952	21,466,910	33,738,370	55,205,280	833,147	2,549,120	1,565,162	2,862,788	2,507,933	65,009,586
1953	21,594,515	37,254,619	58,849,134	891,284	2,780,925	1,654,911	2,346,943	2,647,492	69,686,535
1954	21,546,322	37,921,314	59,467,637	936,121	2,783,012	1,580,229	2,862,788	2,464,859	69,919,991
1955	18,264,720	37,869,770	56,134,490	936,267	2,742,840	1,571,213	2,885,016	2,018,866	66,288,692
1956	21,298,522	42,633,426	63,931,948	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380	75,112,649

Footnotes on p. 100.

Footnotes for Tables 1, 2, 3, and 4

*Less than \$500.

¹ Includes tax on business income of exempt organizations.² Includes old-age insurance tax on self-employment income. Rates of tax are as follows:

Individual income tax: Graduated rates from 20 percent on first \$2,000 net income in excess of exemption to 91 percent on amount over \$200,000.

Self-employment tax: 3 percent of self-employment income.

³ Under revised accounting procedures effective July 1, 1954, tax payments made to banks under the depositary receipts system are included in internal revenue collections for the month in which the depositary receipts are issued instead of the month in which tax returns supported by the depositary receipts are received in internal revenue offices. The revised procedure conforms to the practice followed in other Treasury Department reports dealing with internal revenue receipts. The classes of taxes affected by this change are shown in table 3, p. 96. It is not possible to make a complete classification of such payments until the returns are received. Accordingly, the items shown as "Undistributed depositary receipts" represent the amount of depositary receipts issued, less the amount of depositary receipts received with returns and distributed by classes of tax. The collections of withheld individual income tax include amounts subsequently transferred to the Government of Guam under the provisions of Public Law 630, approved August 1, 1950.⁴ Includes railroad employment compensation tax and tax on railroad employee representatives.⁵ Advance payments of estate and gift taxes are reported in combined amount only and for the purpose of this tabulation are included in estate tax. The total amount of such advance payments for 1956 is \$19,381,000.⁶ Lower Manhattan district includes Puerto Rico; Baltimore district includes Maryland and the District of Columbia; Seattle district includes Washington and Alaska.⁷ Included are amounts of tax collected in Puerto Rico upon articles of merchandise of Puerto Rican manufacture coming into the United States. For amounts of such collections see table 5. Prior to 1955 such collections were shown separately but were excluded from overall collections results.⁸ Includes special or occupational taxes on manufacturers of stills, rectifiers, wholesale liquor dealers, retail dealers in liquor or medicinal spirits, and nonbeverage manufacturers of spirits.⁹ Includes floor stocks tax; tax on stills or worms manufactured; and seizures, penalties, etc.¹⁰ Includes special or occupational taxes on wholesale and retail dealers in wines or in wines and beer.¹¹ Includes \$538.76 of floor stocks tax.¹² Includes special or occupational taxes on brewers and wholesale and retail dealers in beer.¹³ Includes \$6,047.03 of floor stocks tax.¹⁴ Includes taxes on large cigars, classes A through G, and on small cigars.¹⁵ Includes floor stocks taxes, taxes on cigarette papers and tubes, court fines, penalties, and taxes on leaf tobacco sold or removed in violation of sec. 5731, Internal Revenue Code of 1954.¹⁶ Includes taxes on silver bullion transfers and on playing cards.¹⁷ Includes taxes on mechanical pens, pencils, and lighters; electric light bulbs; phonograph records; musical instruments; matches; business and store machines; cameras, lenses, and film; sporting goods; fishing rods, creels, etc.; firearms, shells, and cartridges; and pistols and revolvers.¹⁸ Includes taxes on ticket brokers' sales, leases on boxes or seats, and admissions sold by proprietors in excess of established price, as well as general admissions tax.¹⁹ Includes all narcotics and marihuana taxes.²⁰ Includes taxes on coconut oil from the Philippines, the Trust Territory, and United States possessions as well as other coconut and vegetable oils processed.²¹ Includes undistributed depositary receipts and unclassified advance payments of excise taxes.²² Includes amounts of unidentified and excess collections, depositary receipts outstanding 6 months or more for which no tax account can be found, and profit from sale of acquired property. In previous annual reports these amounts were included in "Miscellaneous excise taxes—Other."²³ Corporation income and profits tax rates: First \$25,000 of net income, normal tax of 30 percent for taxable years beginning before April 1, 1955; 25 percent for taxable years beginning after Mar. 31, 1955. Net income in excess of \$25,000, surtax of 22 percent. Normal tax and surtax rates also apply to net income derived by certain exempt organizations from unrelated trade or business.²⁴ Rates of income tax withheld and old-age insurance taxes:

Income tax withheld: Wages in excess of exemptions taxed at 18 percent.

Old-age insurance taxes (including employers' and employees' taxes): Taxable portion of payrolls taxed at 4 percent.

²⁵ Effective Jan. 1, 1955, container stamps and export stamps are furnished without charge.²⁶ In the case of certain racetracks the following rates apply:

Admissions—1 cent for each 5 cents of amount paid

Ticket brokers' sales—20 percent

Leases of boxes or seats—20 percent

²⁷ Beginning Jan. 1951, withheld income taxes and social security employment taxes on employees and employers are paid into the Treasury in combined amounts without separation as to type of tax. The figures for prior periods have been combined accordingly in this table for purposes of comparison, but are shown separately in previous annual reports.

* Revised.

Table 5.—Internal revenue tax on manufactured products from Puerto Rico, by objects of taxation, fiscal years 1955 and 1956

[In thousands of dollars]

Articles taxed	Fiscal year	
	1955	1956
Distilled spirits, excise tax	16,285	16,795
Distilled spirits, rectification tax	459	488
Cigars, large:		
Class A		
Class B		
Class C	6	4
Class D	4	8
Class E	642	903
Class F	3	2
Class G	1	
Cigars, small		
Cigarettes, small		
Chewing and smoking tobacco	2	2
Total	17,402	18,204

Note.—Amounts of taxes collected in Puerto Rico on tobacco and liquor manufactures coming into the United States are covered into the Treasury of Puerto Rico under the provisions of section 7652 (a) (3) of the Internal Revenue Code of 1954. Such amounts are included in overall collections results (tables 1 through 4). Reports prior to 1955 included in the overall results only the amounts of such taxes collected at United States ports of entry.

Alcohol and Tobacco Taxes

Tables 6-10

Table 6.—Number of establishments qualified to engage in the production, distribution, storage, or use of alcohol and alcoholic liquors as of June 30, 1955 and 1956, or to engage in the production or distribution of tobacco products as of Dec. 31, 1954 and 1955.

Class of establishment	June 30	
	1955	1956
Alcohol, distilled spirits, beer, wines, etc.		
Industrial alcohol:		
Industrial alcohol plants	37	36
Industrial alcohol bonded warehouses	47	43
Industrial alcohol denaturing plants	46	44
Dealers in specially denatured alcohol	35	34
Users of specially denatured alcohol and rum	4,077	4,020
Reprocessors, rebottlers, etc., of specially denatured alcohol articles	1,545	1,424
Users of tax-free alcohol	7,592	7,504
Distilled spirits:		
Fruit distilleries	102	101
Registered distilleries	95	94
Internal revenue bonded warehouses	221	213
Distillery denaturing bonded warehouses	2	2
Taxpaid bottling houses	52	53
Rectifying plants	141	133
Beer: Breweries	283	266
Wine:		
Bonded wine cellars	621	580
Taxpaid wine-bottling houses	111	136
Vinegar: Vinegar factories using vaporizing process	7	7
Beverage dealers:		
Importers	1,290	1,309
Wholesale dealers in liquors	7,555	7,329
Wholesale dealers in beer	11,461	11,087
Retail dealers in liquors	277,466	274,877
Retail dealers in beer	164,323	168,180
Other:		
Manufacturers of nonbeverage products (drawback)	1,049	1,040
Bottle manufacturers	87	85
Carriers	470	452
Fruit-flavor concentrate plants	16	20
Tobacco		
	Dec. 31	
	1954	1955
Manufacturers of tobacco	246	222
Manufacturers of cigars and cigarettes	1,016	881
Sea stores warehouses	58	58
Export warehouses	6	5

Table 7.—Permits relating to industrial alcohol, under Chapter 51, Internal Revenue Code 1954, fiscal year 1956

	Industrial alcohol plants, bonded warehouses, and denaturing plants ¹	Dealers in specially denatured alcohol	Users of—			Carriers of tax-free and specially denatured alcohol	Total
			Specially denatured alcohol	Specially denatured rum	Tax-free alcohol		
In effect July 1, 1955	73	35	4,031	48	7,592	470	12,249
Issued	5	4	311	5	262	33	620
Terminated:							
Revoked	9	5	368	5	350	51	788
Otherwise terminated	69	34	3,974	48	7,504	452	12,081
In effect June 30, 1956	67	31	3,750	47	7,022	424	11,341
Renewals approved	13	12	1,459	2	700	50	2,236
Amended							

¹ Permits cover industrial alcohol plants, bonded warehouses, and denaturing plants, either singly or in combination.

Table 8.—Permits for operations relating to alcoholic beverages, under the Federal Alcohol Administration Act, fiscal year 1956

	Dis- tillers	Ware- housing and bottling	Recti- fiers	Wine producers and blenders	Wine blenders	Importers	Whole- salers	Total
In effect July 1, 1955	257	303	192	549	66	1,289	12,775	15,431
Issued	27	36	23	39	17	182	1,628	1,952
Terminated	35	50	37	76	20	162	1,969	2,349
Revoked						2	29	31
Otherwise terminated	35	50	37	76	20	160	1,940	2,318
In effect June 30, 1956	249	289	178	512	63	1,309	12,434	15,034
Amended	57	135	78	90	9	155	1,107	1,631

Table 9.—Permits relating to tobacco, under Chapter 52, Internal Revenue Code 1954, fiscal year 1956¹

	Manufacturers of—			Dealers in tobacco materials	Total
	Cigars and cigarettes	Tobacco	Cigarette papers and tubes		
In effect July 1, 1955					
Issued	464	164	1	292	921
Terminated:	524	151	1	2,127	2,803
Revoked					
Otherwise terminated	171	93		119	383
In effect June 30, 1956	817	222	2	2,300	3,341
Amended	178	51		98	327

¹ The permit system for the tobacco industry was established by the Internal Revenue Code 1954 and became effective upon adoption of regulations implementing the Code.

Table 10.—Label activity under Federal Alcohol Administration Act, fiscal year 1956

	Applications received			Applications acted upon			
	For approval	For exemption	Total	Certificates issued		Dis-approved	Total
				Approvals	Exemptions		
Distilled spirits							
Domestic	14,042	72	14,114	13,227	57	143	13,427
Imported	1,512		1,512	1,272		45	1,317
Total	15,554	72	15,626	14,499	57	188	14,744
Wines							
Domestic	7,539	339	7,878	6,939	347	92	7,378
Imported	10,862		10,862	9,954		96	10,050
Total	18,401	339	18,740	16,893	347	188	17,428
Malt beverages							
Domestic	1,184		1,184	1,083		22	1,105
Imported	271		271	192		20	212
Total	1,455		1,455	1,275		42	1,317
Grand total	35,410	411	35,821	32,667	404	418	33,489

Stamp Taxes

Table 11

Table 11.—Number of occupational tax stamps issued, covering the fiscal year 1956, or portion thereof, by class of tax and by internal revenue regions, districts, States, and Territories

Internal revenue regions and districts	Distilled spirits									
	Manufacturers of stills, \$55	Rectifiers		Wholesale dealers, \$200	Retail dealers			Manufacturers of nonbeverage products		
		Less than 500 bbls., \$110	500 bbls. or more, \$220		Retail dealers, \$50	At large, \$50	Medicinal spirits, \$50	Less than 25 gals., \$25	Not exceeding 50 gals., \$50	50 gals. or more, \$100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Atlanta region		1		328	9,581		14	10	1	59
Atlanta				48	1,512			3		13
Birmingham				21	600		4			8
Columbia				13	932					1
Greensboro				57	314		7	3	t	7
Jackson				31	1,186		t			2
Jacksonville		1		98	4,380			1		23
Nashville				60	657		2	3		6
Boston region	8	8	10	427	16,530	3	774	10	9	85
Augusta			1	6	334					25
Boston	6	5	6	244	8,251	t	716	3	6	64
Burlington				5	458					
Hartford	2	3	3	134	5,186			3		12
Portsmouth				t	384					3
Providence				37	t, 907	2	58	2		6
Chicago region	9	7	9	1,036	53,276	13	499	9	10	134
Chicago	2		3	283	17,788		5	5	7	82
Detroit	5	5	2	550	16,390	8		1		27
Milwaukee		2	1	109	13,566	1	492	2	2	14
Springfield	2		3	94	5,532	1	2	1	1	11
Cincinnati region	14	10	28	670	29,462	27	11	15	13	92
Cincinnati	4		3	89	4,217			3	2	27
Cleveland	5		1	222	10,988	3		4	3	20
Columbus				101	2,723			2	1	6
Indianapolis		5	6	28	5,267			3	1	14
Louisville	3	5	18	138	2,040	24	1	2	2	5
Parkersburg	1			t	601					1
Richmond	1			5	449		10	t	2	12
Toledo				86	3,177			t	2	7
Dallas region	2	2		300	12,452	18	2	9	t2	24
Albuquerque		1		33	t, 413					
Austin	1			65	2,560			t	9	4
Dallas				123	t, 730	18	2	2		8
Little Rock				8	771			2		
New Orleans		1		69	5,400			4	3	10
Oklahoma City	1			2	578					2

New York City region	14	5	4	517	30,442	157		6	14	159
Albany	3			17	5,172					10
Brooklyn	3	4	t	143	7,296	6		2	6	47
Buffalo	5			24	5,705			1		19
Lower Manhattan	t	1		95	1,969	151		2		40
Syracuse	1			16	4,386			1	3	12
Upper Manhattan	1		2	222	5,914			1	2	31
Omaha region	4	2	2	398	18,402	184	370	12	16	73
Aberdeen				12	954					1
Cheyenne				2	695		1			
Denver		1		40	2,340	16	283	2	1	10
Des Moines				3	1,386		3	1	2	7
Fargo				15	1,055					
Kansas City		1		108	2,353	32	2	1	7	
Omaha				17	1,668	84	13	1	4	2
St. Louis	4		t	70	4,095	52	5			36
St. Paul			1	99	2,692		61	7	1	15
Wichita				32	1,164		2		1	2
Philadelphia region	40	3	25	1,185	42,554	176	3	14	10	179
Baltimore	1	2		257	5,957	143	2	3		25
Camden	4		3	160	3,901					7
Newark	13		7	160	10,213	15		2	3	68
Philadelphia	11	1	7	324	8,922	16	t	5	3	63
Pittsburgh	5		1	249	8,430	1		2	3	12
Scranton	1			127	4,421			1		4
Wilmington				17	710	1			1	
San Francisco region	9	14	14	1,454	51,388		55	9	10	99
Boise				6	718					
Helena				38	1,812					1
Honolulu				36	1,073					2
Los Angeles	5	4	6	361	16,430			3	5	44
Phoenix				72	2,391					
Portland				124	2,778			t		3
Reno				23	1,236		55			
Salt Lake City		9		527	173					t
San Francisco	4		8	266	18,276			2	2	43
Seattle		1			6,501			3	2	5
Total	100	52	92	6,315	264,087	578	1,728	94	95	904

Totals for States and Territories comprising part of or more than one district

Alaska				21	571			1	1	t
California	9	13	14	888	34,706			5	7	87
Illinois	4		6	377	23,320	1	7	6	8	93
Missouri	4	1	1	178	6,448	84	7	2	t	36
New Jersey	22		10	209	14,114	15		3	3	75
New York	14	5	4	517	30,442	157		6	14	159
Ohio	9		4	498	21,105	3		10	8	60
Pennsylvania	17	1	8	700	21,773	17		8	9	79
Texas	1			188	4,290	18	2	3	6	12
Washington		1		245	5,930			2	t	4

Table 11.—Number of occupational tax stamps issued, covering the fiscal year 1956, or portion thereof, by class of tax and by internal revenue regions, districts, States, and Territories—Continued

Internal revenue regions and districts	Wines				Beer					
	Wholesale dealers		Retail dealers		Brewers		Wholesale dealers, \$100	Retail dealers, \$22	Retail dealers at large, \$22	Temporary dealers in liquors (beer or wine), \$2.20 per mo.
	Wines, \$200	Wines and malt liquors, \$200	Wines, \$50	Wines and malt liquors, \$50	Less than 500 bbls., \$55	500 bbls. or more, \$110				
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Atlanta region										
Atlanta	9	104	117	7,365		8	586	27,819		82
Birmingham	3	14	40	1,084			66	2,233		
Columbia							75	2,818		1
Greensboro	2	19	3	1,031			50	4,008		32
Jackson	2	24	72	1,424		1	102	4,247		4
Jacksonville	2		2	164			76	3,290		10
Nashville		47		3,661		7	122	5,748		1
Boston region										
Augusta		33		919		13	95	5,475		34
Boston							766	7,765	2	782
Burlington						9	60	2,569		
Hartford		28		915			418	210	2	388
Portsmouth		3		3		2	19	281		5
Providence							181	2,784		359
Chicago region										
Chicago	5	59	86	778		2	39	1,862		30
Detroit	3	2	4	25		69	49	59		
Milwaukee	1	57	80	746		14	2,068	6,985		2,885
Springfield						7	608	621		831
Cincinnati region										
Cincinnati	12	69	17	6,676		43	370	362		790
Cleveland	3	1	5	60		5	864	5,508		812
Columbus						28	226	494	2	452
Indianapolis		3	1	104		5	798	13,207		1,304
Louisville	2	13	3	2,643		1	43	698		343
Parkersburg	2					4	51	331		486
Richmond	1	1	3	484		5	24	396		73
Toledo	4	51	5	3,384		1	212	796		82
Dallas region										
Albuquerque	1	29	30	3,844		2	174	2,766	2	99
Austin	1	5	2			3	131	3,937		
Dallas		7	25	3,201		3	117	3,832		5
Little Rock		1		360		2	46	451		216
New Orleans		16	3	270		12	1,042	31,271	46	224
Oklahoma City				11			32	33		
							469	16,150	32	54
						7	189	4,140	14	45
							50	1,905		3
						4	178	4,050		95
						1	124	4,993		27

New York City region	90		83	166		26	808	28,589	26	1,073
Albany	1					4	107	3,760		110
Brooklyn	13		7	65		6	311	9,373	23	53
Buffalo	10		10	4		9	159	4,631		419
Lower Manhattan	37		40	35		2	36	1,408	3	32
Syracuse						3	100	3,315		345
Upper Manhattan	29		26	62		2	95	6,102		114
Omaha region	11	3	13	150	1	33	1,555	30,253	10	751
Abbeville							68	1,558		8
Cheyenne							62	1,158		29
Denver				35		3	98	1,115		7
Des Moines				93		3	249	5,753		18
Fargo		1		2			47	431		12
Kansas City	4	1	5			3	114	2,075	4	25
Omaha			1			6	134	1,389		3
St. Louis	5		5			6	225	3,802	6	288
St. Paul	2	1	2	19	1	15	415	9,722		316
Wichita				1			143	4,250		45
Philadelphia region	13	3	8	478		50	3,090	6,996	16	1,747
Baltimore		1		474		7	187	2,497	14	1,036
Camden	1	1	3	1		3	232	215	1	166
Newark	9		5	1		6	369	339		514
Philadelphia						19	1,018	1,844		7
Pittsburgh	2	1		2		10	1,005	1,499	1	
Scranton	1					5	264	569		11
Wilmington							15	33		13
San Francisco region	46	37	42	409	1	33	824	20,039		1,018
Bolse							82	1,725		10
Helena						5	82	512		34
Honolulu		2		5		5	28	58		5
Los Angeles					1		182	5,983		206
Phoenix						1	19	336		
Portland						1	56	2,695		62
Reno						2	29	238		15
Salt Lake City						1	32	1,514		19
San Francisco	46	35	42	404		8	186	5,214		646
Seattle						1	130	1,764		21
Total	187	337	396	20,785	2	272	11,537	172,924	102	9,866

Totals for States and Territories comprising part of or more than one district

Alaska							27	44		
California	46	35	42	404	1	16	368	11,197		852
Illinois	4	2	6	32		19	834	1,115		1,283
Missouri	9	1	10			9	339	5,877	10	313
New Jersey	10	1	8	2		9	601	554	1	680
New York	90		83	166		26	808	28,589	26	1,073
Ohio		4	6	164		15	164	1,876		1,118
Pennsylvania	3			2		34	2,287	3,912	1	18
Texas		8	25	3,561		7	658	20,290	46	99
Washington						1	103	1,720		21

Table 11.—Number of occupational tax stamps issued, covering the fiscal year 1956, or portion thereof, by class of tax and by internal revenue regions, districts, States, and Territories—Continued

Internal revenue regions and districts	Narcotics						Marihuana				
	Manufac- turers, importers, and com- pounders of opium, etc., \$24 (21)	Wholesale dealers, \$12 (22)	Retail dealers, \$3 (23)	Practi- tioners, \$1 (24)	Dealers, untaxed prepara- tions, \$1 (25)	Labora- tories etc., \$1 (26)	Manufac- turers, \$24 (27)	Dealers, \$3 (28)	Pro- ducers, \$1 (29)	Practi- tioners, \$1 (30)	Labora- tories, \$1 (31)
Atlanta region	8	144	6,334	23,808	252	24		1		5	
Atlanta	1	42	1,135	3,984	26	8				4	
Birmingham	1	19	802	2,740	11	3		1		1	
Columbia	1	8	653	2,032	2						
Greensboro		16	973	4,201	148	6					
Jackson		5	515	1,888	30						
Jacksonville		20	1,229	5,003	5	2					
Nashville	5	34	1,027	3,960	30	5					
Boston region	7	78	3,878	17,925	277	33		1		10	4
Augusta		5	275	1,366	3	1					
Boston	5	44	2,062	9,561	19	18				9	3
Burlington		3	116	625	90	2					
Hartford	1	16	906	4,258	132	11				1	1
Portsmouth	1	3	169	836	2						
Providence		7	350	1,279	31	1		1			
Chicago region	13	146	6,457	28,989	220	27	1	7	84	5	
Chicago	3	47	2,424	11,130	72	15		2	6		
Detroit	4	58	2,150	10,058	64	6		3		1	
Milwaukee	4	16	1,187	4,889	33			1		1	
Springfield	2	25	696	2,912	51	6	1	1	78	1	
Cincinnati region	22	161	5,933	26,355	465	19		1		3	2
Cincinnati	3	12	659	2,871	26	3		8	7	13	
Cleveland	6	35	1,213	5,851	23	4		1		1	
Columbus	3	12	380	1,564	20	2		1		2	
Indianapolis	5	48	1,347	5,200	39	6		2		4	1
Louisville		22	788	3,016	45	1		4	7	1	1
Parkersburg		8	380	2,082	1						
Richmond	4	12	794	4,045	290	2				1	
Toledo	1	12	372	1,726	21	1					
Dallas region	3	109	5,629	16,270	666	13		2		2	
Albuquerque		3	264	849	13						
Austin	1	28	1,438	1,632	219	2		1		1	
Dallas	2	35	1,382	5,308	381	1					
Little Rock		7	624	1,844	5	2					
New Orleans		17	1,002	3,619	20	6		1		1	
Oklahoma City		19	919	3,018	28	1					

New York City region	27	92	6,322	34,880	89	41	2	3		17	2
Albany	3	14	587	2,547	1	2				1	1
Brooklyn	6	13	2,519	11,371	5	6					
Buffalo	4	13	785	4,238	22	6				5	
Lower Manhattan	5	21	387	1,633	13	9	2				
Syracuse	3	14	465	2,710	19	2				1	
Upper Manhattan	6	17	1,579	12,381	29	16		3		9	1
Omaha region	13	152	5,888	23,971	181	19	2	2	1	31	1
Aberdeen		4	265	713	5	1					
Cheyenne		2	121	383						1	
Denver		25	660	2,760	8	2					
Des Moines	2	36	815	3,525	79	6				7	
Fargo		4	190	658							
Kansas City		20	673	2,824	33	3				2	
Omaha	1	5	533	2,074	2		2	1	1	21	1
St. Louis	8	20	851	3,617	31	7					
St. Paul	1	22	990	4,797	12			1			
Wichita	1	14	790	2,620	11						
Philadelphia region	35	142	6,919	32,730	134	55	1	7		39	4
Baltimore	4	26	969	6,251	12	5		1		4	
Camden		2	495	2,224	2	1		1		3	
Newark	11	24	1,366	6,391	33	20				6	
Philadelphia	19	64	2,199	10,063	60	21	1	4		9	3
Pittsburgh	1	15	1,269	5,257	14	7				6	1
Scranton		11	502	2,008	6			1		10	
Wilmington			119	536	7	1				1	
San Francisco region	12	159	6,062	38,333	253	36		1		20	
Boise		1	234	814	1						
Helena		6	236	827	2	1					
Honolulu		6	51	553	35	1				1	
Los Angeles	7	42	1,666	15,877	47	24				15	
Phoenix		8	356	1,125	8	1					
Portland	1	20	557	2,748	4					2	
Reno		1	99	356	1						
Salt Lake City		11	228	1,162	2	1					
San Francisco	3	34	1,644	10,781	21	4		1		1	
Seattle	1	30	991	4,090	132					1	
Total	140	1,183	53,422	243,261	2,537	267	6	32	92	142	13

Totals for States and Territories comprising part of or more than one district

Alaska			112	124							
California	10	76	3,310	26,658	68	28		1		16	
Illinois	5	72	3,120	14,042	123	21		3	6	3	
Missouri	8	40	1,524	6,441	64	10				2	
New Jersey	11	26	1,861	8,615	35	21		1		9	
New York	27	92	6,322	34,880	89	41	2	3		17	2
Ohio	13	71	2,624	12,012	90	10		2		7	
Pennsylvania	20	90	3,970	17,328	80	28	1	5		25	4
Texas	3	63	2,820	6,940	600	3		1		1	
Washington	1	30	879	3,966	132	4				1	

Table 11.—Number of occupational tax stamps issued, covering the fiscal year 1956, or portion thereof, by class of tax and by internal revenue regions, districts, States, and Territories—Continued

Internal revenue regions and districts	National Firearms Act					Coin-operated devices, billiard, pool, and bowling alley premises			Adulterated, and process or renovated butter, and filled cheese	Wagering, \$50	Total number of occupational tax stamps issued
	Manufacturers or importers		Pawn-brokers, class 3, \$300	Dealers other than pawn-brokers, class 4, \$200	Dealers, class 5, \$1	Billiard or pool room and bowling alley premises, \$20	Amusement device premises, \$10	Gaming device premises, \$250			
	Class 1, \$500 (32)	Class 2, \$25 (33)									
Atlanta region	2			1	90	3,452	29,330	779	1	325	110,640
Atlanta						453	3,212	283		75	14,239
Birmingham						336	2,782	1	1	32	10,258
Columbia						329	2,962	142		16	12,239
Greenboro	1				18	992	4,116	49		23	16,808
Jackson					1	323	3,421	233		118	11,301
Jacksonville	1			1	60	562	7,373	4		3	28,331
Nashville					8	457	5,464	67		58	17,464
Boston region	4			1	11	2,570	16,906	74		172	70,095
Augusta					5	337	1,735				6,700
Boston	1					1,148	7,102	57		135	30,493
Burlington						159	614	1		1	3,324
Hartford	3			1	6	481	4,460	3		22	18,977
Portsmouth						254	1,230	10		6	4,810
Providence						191	1,765	3		8	5,791
Chicago region					15	4,840	51,795	1,467	103	1,098	163,204
Chicago						1,183	13,644	708	25	452	49,994
Detroit					13	1,402	13,850	9		55	47,074
Milwaukee						1,193	15,900	1		1	44,724
Springfield					2	1,062	8,401	749	78	590	21,412
Cincinnati region		1			10	4,803	43,196	589	7	1,682	135,728
Cincinnati						364	3,844			50	13,340
Cleveland						828	8,423	6		196	28,706
Columbus		1				359	3,108	4		24	8,916
Indianapolis						965	8,048	52		712	25,508
Louisville					3	652	4,993	205		251	15,277
Parkersburg					3	591	5,161	296		366	14,049
Richmond					4	569	5,299	5		21	18,926
Toledo						475	4,320	21	7	62	11,006
Dallas region		1		1	46	3,729	36,935	1,133	194	1,329	115,382
Albuquerque					23	188	2,046	5		1	4,915
Austin					17	1,529	13,254	594	74	852	42,227
Dallas					1	496	6,136	7	32	17	20,430
Little Rock						462	3,079	84	37	100	9,272
New Orleans				1		488	8,100	284		195	23,548
Oklahoma City		1			5	566	4,320	159	51	164	14,990
New York City region	1				5	2,128	26,690	9	2	16	132,510
Albany				1	1	296	4,877			4	17,520

Brooklyn				1	1	415	6,777	1	1	2	38,476
Buffalo					1	518	5,050	1		5	21,646
Lower Manhattan				2	1	103	1,340				7,370
Syracuse	1				1	477	4,558	7	1	1	16,442
Upper Manhattan				1	1	319	4,088			4	31,056
Omaha region					37	6,393	40,475	177	247	400	130,233
Aberdeen						395	1,797	37		2	5,820
Cheyenne						118	1,293	54		279	3,198
Denver						416	3,044	1			10,967
Des Moines					9	1,268	5,950				19,215
Fargo						526	1,821	25		17	4,804
Kansas City					12	511	3,822	9	98	32	12,774
Omaha					6	625	3,354	1		27	9,968
St. Louis						740	7,262	23	149	20	21,334
St. Paul						862	7,196	4		3	27,257
Wichita					9	932	4,936	23		20	14,996
Philadelphia region	2			4	10	4,227	47,452	2,185		273	150,809
Baltimore	1			3	6	570	8,060	2,080		12	28,617
Camden						318	3,712	26			11,372
Newark						648	8,250	6		6	28,490
Philadelphia					2	1,023	11,185	55		20	36,969
Pittsburgh	1			1	2	1,165	10,129	8		140	29,239
Scranton						438	5,580	9		38	14,007
Wilmington						65	536	1		57	2,115
San Francisco region	3	1		16	8	4,107	44,684	3,542	2	4,267	177,007
Boise						247	1,889		2	7	5,737
Helena						241	2,359	42		214	6,412
Honolulu						303	1,463	10			3,636
Los Angeles	3	1		16		918	10,278	55		16	52,203
Phoenix						188	2,519	186		6	7,216
Portland						430	3,677	125		110	13,394
Reno						44	1,120	1,265		173	4,556
Salt Lake City						202	1,237	19		684	5,288
San Francisco						949	12,984	455		12	52,341
Seattle					8	585	7,158	1,385		3,045	26,124
Total	12	3		28	232	36,249	337,463	9,955	556	9,562	1,185,608

Totals for States and Territories comprising part of or more than one district

Alaska				1		60	701	157		170	1,991
California	3	1		16		1,867	23,262	510		28	104,544
Illinois					2	2,245	22,045	1,457	103	1,042	71,406
Missouri					13	1,251	11,084	32	247	52	34,108
New Jersey						966	11,962	32		6	39,862
New York	1			5	5	2,128	26,690	9	2	16	132,510
Ohio		1				2,026	19,695	31	7	332	61,968
Pennsylvania	1			1	4	2,626	26,894	72		198	80,215
Texas					18	2,025	19,390	601	106	869	62,657
Washington					7	525	6,457	1,228		2,875	24,133

¹ Baltimore district includes Maryland and the District of Columbia; Seattle district includes Washington and Alaska.

Cases Receiving Appellate Consideration or in Litigation

Tables 12-25

Table 12.—Appellate Division receipt and disposal of income, profits, estate, and gift tax cases not before the Tax Court (pre-90-day and statutory notice cases), fiscal year 1956

Status	Number of cases (1)	Amount stated in revenue agent's report or in statutory notice		
		Deficiency In tax (2)	Penalty (3)	Overassessment (4)
(In thousands of dollars)				
Pending July 1, 1955:				
Awaiting Appellate Division action.....	8, 128	406, 530	27, 603	195, 115
Awaiting taxpayer's action on statutory notice directed or sustained.....	983	32, 761	4, 876	78
Received during year.....	13, 816	351, 588	34, 284	100, 144
Disposed of during year:				
Closed.....	10, 612	254, 539	15, 363	140, 790
Petitioned to the Tax Court.....	2, 476	104, 182	13, 226	69
Total.....	13, 088	358, 721	28, 589	140, 859
Pending June 30, 1956:				
Awaiting Appellate Division action.....	8, 848	391, 952	33, 867	154, 121
Awaiting taxpayer's action on statutory notice directed or sustained.....	991	40, 206	4, 307	356
Total.....	9, 839	432, 158	38, 174	154, 477

Table 13.—Results obtained in Appellate Division disposals of income, profits, estate, and gift tax cases not before the Tax Court, fiscal year 1956

Disposal	Number of cases	Decision of Appellate Division		
		Amount of deficiency in tax	Amount of penalty	Amount of overassessment
	(1)	(2)	(3)	(4)
		(In thousands of dollars)		
Agreements before statutory notice (including agreed overassessments and agreed claim rejections).....	8,062	129,705	5,002	132,613
Agreements on directors' statutory notice during 90-day period.....	481	1,887	761	7
Agreements on reconsideration after Appellate Division's statutory notices.....	352	6,635	124	56
Defaults on Appellate Division's statutory notices (no petition filed).....	806	10,695	769	-----
Defaults on directors' statutory notices sustained by Appellate Division (no petition filed).....	130	367	44	(*)
Unagreed overassessments and claims rejections.....	781	51	23	2,425
Total.....	10,612	149,340	6,723	135,101

*Less than \$500.

Table 14.—Appellate Division receipt and disposal of income, profits, estate, and gift tax cases docketed in the Tax Court (pending settlement or trial), fiscal year 1956

Status	Number of cases (1)	Amount stated in statutory notice		
		Deficiency in tax (2)	Penalty (3)	Overassessment (4)
		(In thousands of dollars)		
Pending July 1, 1955.....	7,961	505,211	114,837	12,917
Received during year.....	4,971	206,105	31,422	1,289
Disposed of during year:				
Closed by stipulation—agreed settlement.....	3,523	159,345	33,175	3,021
Closed by dismissal or default.....	186	4,710	1,207	-----
Tried before the Tax Court on merits.....	801	34,364	4,788	377
Total.....	4,510	198,419	39,170	3,398
Pending June 30, 1956:				
In hands of technical advisers.....	2,999	213,292	56,946	3,514
In hands of regional counsel.....	5,423	299,604	50,142	7,294
Total.....	8,422	512,896	107,088	10,808

Table 15.—Results obtained in income, profits, estate, and gift tax cases docketed in the Tax Court and disposed of by stipulation (agreed settlement), fiscal year 1956

item	Stipulations filed
Cases.....	number..... 3,523
Deficiency in tax.....	thousand dollars..... 63,805
Penalty.....	do..... 12,065
Overassessment.....	do..... 11,908
Net deficiency and penalty.....	do..... 63,962

Table 16.—Income, profits, estate and gift tax cases docketed, stipulated, defaulted, and defended on the merits before the Tax Court, fiscal years 1947 to 1956

Fiscal year	Number			
	Docketed (1)	Stipulated (2)	Defaulted (3)	Defended on the merits (4)
1947.....	3,652	1,913	217	791
1948.....	4,402	2,526	458	949
1949.....	4,537	3,065	413	946
1950.....	5,362	2,732	419	956
1951.....	6,137	3,364	541	1,064
1952.....	6,870	3,326	596	1,002
1953.....	7,122	4,189	520	1,014
1954.....	4,194	5,465	300	1,191
1955.....	4,971	4,018	201	1,027
1956.....	4,574	3,605	186	801
Total.....	51,821	34,203	3,851	9,741

Table 17.—Appellate Division receipt and disposal of compromise and final closing agreement cases, fiscal year 1956

Status	Compromise cases	Final closing agreement cases
Pending July 1, 1955.....	283	27
Received during year.....	442	73
Disposed of during year:		
Accepted, granted, or approved.....	158	
Rejected.....	270	
Withdrawn.....	62	
Total.....	490	93
Pending June 30, 1956.....	235	7

* Revised.

Table 18.—Appellate Division receipt and disposal of nondocketed, docketed, and compromise cases (income, profits, estate, and gift taxes), fiscal years 1947 to 1956

Type of case and status	Fiscal year									
	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Nondocketed cases										
Receipts.....	5,325	7,515	8,036	7,384	7,014	7,398	120,962	8,950	10,608	13,816
Disposals.....	5,243	5,473	6,108	6,896	7,147	7,528	11,674	14,737	15,075	13,088
Pending June 30.....	5,882	7,924	9,852	10,340	10,207	10,077	19,365	13,578	9,111	9,839
Docketed cases										
Receipts.....	3,332	4,598	4,624	5,335	6,115	6,434	7,677	4,433	4,781	4,971
Disposals.....	2,986	3,879	4,484	4,097	4,941	4,971	5,763	6,858	5,315	4,510
Pending June 30.....	4,272	4,991	5,131	6,369	7,543	9,006	10,920	8,495	7,961	8,422
Compromise cases										
Receipts.....	1,075	1,629	2,434	3,810	3,862	3,184	1,742	807	415	442
Disposals.....	863	1,293	1,942	2,327	3,348	3,445	3,263	2,085	758	490
Pending June 30.....	861	1,197	1,689	3,172	3,686	3,425	1,904	626	283	235
Total cases										
Receipts.....	9,732	13,742	15,094	16,529	16,991	17,016	130,381	14,190	15,804	19,229
Disposals.....	9,092	10,645	12,534	13,320	15,436	15,944	20,700	23,680	21,148	18,088
Pending June 30.....	11,015	14,112	16,672	19,881	21,436	22,508	32,189	22,699	17,355	18,496

* Revised.

† Receipts of nondocketed cases for the fiscal year 1953 include 10,069 cases transferred from internal revenue agents, conference sections merged into the Appellate Division during 1952 under Reorganization Plan No. 1 of 1952.

Table 19.—Receipt and disposal of income, profits, estate, and gift tax cases in the Tax Court, fiscal year 1956

Status	Number of cases	Amount in dispute		
		Deficiency in tax	Penalty	Overpayment
	(1)	(2)	(3)	(4)
(In thousands of dollars)				
Pending July 1, 1955.....	9,243	597,621	124,388	1,080,048
Filed or reopened during year.....	5,002	224,278	17,083	75,073
Disposed of during year.....	4,787	212,586	34,383	90,936
Pending June 30, 1956.....	9,458	609,313	107,088	1,065,186

Table 20.—Results obtained in income, profits, estate, and gift tax cases disposed of in the Tax Court, fiscal year 1956

Basis of closing	Number	Amount in dispute		Amount approved		Saved or recovered	
		Deficiency and penalty	Overpayment	Deficiency and penalty	Overpayment	Amount	Percent of amount in dispute
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In thousands of dollars)							
Dismissed.....	186	5,918	2,419	5,913		8,332	99.9
Decision on merits.....	1,078	48,531	15,518	21,650	1,603	35,565	55.5
Agreed settlement.....	3,523	192,520	72,999	75,870	1,931	146,939	55.3
Total.....	4,787	246,969	90,936	103,433	3,534	190,836	56.5

Table 21.—Receipt and disposal of Tax Court cases in courts of appeals or in Supreme Court, fiscal year 1956

Status	In courts of appeals		In Supreme Court	
	Number of cases	Amount (thousand dollars)	Number of cases	Amount (thousand dollars)
Pending July 1, 1955:				
Appealed by Commissioner.....	59	4,681	3	316
Appealed by taxpayers.....	309	15,936	3	1,753
Appealed by both.....	15	3,493		
Total.....	383	24,110	6	2,069
Appealed during year:				
By Commissioner.....	75	6,224	2	192
By taxpayers.....	301	23,940	3	839
By both.....	12	1,689		
Total.....	388	31,853	5	1,030
Disposed of during year:				
Favorable to Commissioner.....	152	7,255	6	1,687
Favorable to taxpayers.....	77	4,672		
Modified.....	35	4,185	1	435
Settled.....	6	881		
Dismissed.....	61	2,628		
Total.....	331	19,621	7	2,122
Pending June 30, 1956:				
Appealed by Commissioner.....	51	5,445	2	178
Appealed by taxpayers.....	375	30,326	2	799
Appealed by both.....	14	571		
Total.....	440	36,343	4	977

Table 22.—Receipt and disposal of suits filed by taxpayers in Federal courts, fiscal year 1956

Courts	Pending July 1, 1955		Received during year		Disposed of during year		Refunded		Pending July 1, 1956	
	Number	Amount in dispute (thousand dollars)	Number	Amount in dispute (thousand dollars)	Number	Amount in dispute (thousand dollars)	Amount (thousand dollars)	Percent	Number	Amount in dispute (thousand dollars)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Court of claims.....	493	160,212	162	87,587	163	19,216	5,159	26.8	492	228,582
District courts.....	2,351	117,059	889	58,155	781	37,267	13,162	35.3	2,459	137,946
Total ¹	2,844	277,270	1,051	145,742	944	56,484	18,321	32.4	2,951	366,528

¹ Six processing tax cases, \$259,876.63 in dispute, were pending July 1, 1955; 2 cases involving \$15,713.97, no part of which was refunded, were disposed of during the year; 4 cases, \$244,162.66 in dispute, were pending July 1, 1956.

Note.—Suits filed by taxpayers are primarily suits for refund of taxes or to enjoin the collection of taxes (other than those relating to alcohol, tobacco, and firearms taxes). For distribution of these cases by court involved and according to the nature of the decision and for cases on appeal see table and text on pp. 30 and 31.

Table 23.—Receipt and disposal of claims pending and suits filed by the United States in Federal and State Courts, fiscal year 1956

Status	Number			Amount (thousand dollars)		Percent recovered
	In suit	Not in suit	Total	In dispute	Recovered	
	(1)	(2)	(3)	(4)	(5)	
Pending July 1, 1955.....	612	201	813	\$30,215		
Received during year in suit and for institution of suit.....	45	22	67	7,125		
Total.....	657	223	880			
Suits instituted during year.....	114	114				
Total to be accounted for.....	771	109	880	37,339		
Disposed of during year.....	253	25	278	14,766	\$5,071	34.3
Pending July 1, 1956.....	518	84	602	\$22,573		

Note.—This table pertains primarily to suits to collect taxes or to recover erroneous refunds (other than those relating to alcohol, tobacco, and firearms taxes). However, it does not include insolvency and debtor proceedings or lien cases in court which are included in tables 24 and 25.

Table 24.—Receipt and disposal by the Office of the Chief Counsel of insolvency and debtor proceedings,¹ fiscal year 1956

	Reorganization proceedings ²	Bankruptcy and receivership proceedings ³	Miscellaneous insolvency proceedings ⁴	Total
	(1)	(2)	(3)	
Pending July 1, 1955.....	824	627	697	2,148
Received during year.....	880	714	673	2,267
Total cases.....	1,704	1,341	1,370	4,415
Disposed of during year.....	1,002	956	837	2,795
Pending June 30, 1956.....	702	385	533	1,620

¹ Includes cases handled at national and regional levels.

² Proceedings instituted under the following sections or chapters of the Bankruptcy Act: secs. 75 (agricultural compositions and extensions) and 77 (railroad reorganizations) and chs. X (corporate reorganizations), XI (arrangements as to unsecured indebtedness), XII (real property arrangements), and XIII (wage earners' plans) which involve tax claims and other rights and interests of the United States, and also require action by legal personnel.

³ Bankruptcy liquidation proceedings and Federal or State receivership proceedings which involve tax claims of the United States, and also require action by legal personnel.

⁴ Proceedings relating to corporate dissolutions, insolvent banks, assignments for the benefit of creditors or administration of estates of decedents which involve tax claims of the United States, and also require action by legal personnel.

Table 25.—Receipt and disposal by the Office of the Chief Counsel of lien cases and noncourt civil advisory cases,¹ fiscal year 1956

	Lien cases		Noncourt civil advisory cases ⁴	Total
	In court ²	Not in court ³		
	(1)	(2)	(3)	
Pending July 1, 1955.....	1,075	186	330	1,591
Received during year.....	1,543	1,842	1,650	5,035
Total cases.....	2,618	2,028	1,980	6,626
Disposed of during year.....	2,070	1,882	1,587	5,539
Pending June 30, 1956.....	548	146	393	1,087

¹ Includes cases handled at national and regional levels.

² Primarily suits for foreclosure by mortgagees or other secured creditors and suits to quiet title to which the United States is made a party.

³ Primarily applications for discharge of property from tax liens.

⁴ Primarily memorandums on civil advisory matters from Regional Counsel to District Directors which are not related to court proceedings or lien cases.

Cost of Administration

Tables 26–27

Table 26.—Obligations incurred by the Internal Revenue Service, fiscal year 1956

[In thousands of dollars]

Internal Revenue office, district, or region	Salaries (1)	Travel (2)	Communi- cation services (3)	Rent and utility services (4)	Supplies and equip- ment (5)	Other (6)	Total (7)
A. National office and regional totals (including Directors' offices)							
Total, Internal Revenue Service.....	266,572	7,149	6,078	1,973	5,070	13,053	299,895
National office.....	16,019	528	3,807	105	922	8,373	29,754
Atlanta region.....	22,594	868	175	181	471	529	24,818
Boston region ¹	16,452	349	161	192	257	211	17,622
Chicago region.....	30,046	550	255	383	435	427	32,096
Cincinnati region.....	29,407	866	250	175	537	465	31,701
Dallas region.....	18,589	793	148	209	409	526	20,674
New York City region.....	34,172	349	365	135	511	1,032	36,564
Omaha region ²	25,759	905	169	141	457	452	27,883
Philadelphia region ³	36,108	605	340	205	407	428	38,093
San Francisco region.....	31,188	853	306	225	524	536	33,632
Regional counsel.....	3,633	87	71	11	121	45	3,968
Regional inspection.....	2,604	396	29	11	22	27	3,089
B. Regional offices (excluding Di- rectors' offices)							
Atlanta region.....	4,078	190	41	19	193	205	4,726
Boston region ¹	2,521	44	24	173	95	74	2,931
Chicago region.....	3,757	75	41	42	83	76	4,074
Cincinnati region.....	5,642	192	34	11	146	143	6,168
Dallas region.....	2,391	113	21	18	80	88	2,711
New York City region.....	5,377	77	61	1	120	101	5,737
Omaha region ²	5,700	156	41	135	149	187	6,368
Philadelphia region.....	5,157	121	46	90	107	99	5,620
San Francisco region.....	4,008	140	41		113	111	4,413
C. District Directors' offices							
Atlanta:							
Atlanta.....	3,123	120	22	11	43	55	3,374
Birmingham.....	2,426	85	20	19	29	29	2,608
Columbia.....	1,578	58	9	4	26	21	1,696
Greensboro.....	3,169	129	21	84	46	85	3,534
Jackson.....	1,297	63	9	8	21	24	1,422
Jacksonville.....	3,932	129	32	34	66	56	4,249
Nashville.....	2,991	92	20	3	45	59	3,210
Boston:							
Augusta.....	1,127	52	11	1	20	17	1,228
Boston.....	6,758	108	78	4	57	52	7,057
Burlington.....	507	25	6	4	11	8	561
Hartford.....	3,401	70	21	8	44	32	3,576
Portsmouth.....	804	33	6	2	15	13	873
Providence.....	1,333	16	14		15	17	1,395
Chicago:							
Chicago.....	10,474	80	105	212	154	131	11,156
Detroit.....	8,004	142	54	111	94	118	8,523
Milwaukee.....	4,368	111	31	1	62	52	4,625
Springfield.....	3,443	141	24	18	42	50	3,718
Cincinnati:							
Cincinnati.....	2,652	45	16	2	49	30	2,794
Cleveland.....	5,368	81	60	116	65	72	5,762
Columbus.....	1,710	41	16		31	20	1,818
Indianapolis.....	4,483	121	29	6	83	55	4,777
Louisville.....	2,668	100	28	6	41	34	2,877
Parkersburg.....	1,774	82	16	5	32	28	1,937
Richmond.....	3,369	160	40	12	57	54	3,692
Toledo.....	1,742	45	12	17	34	26	1,876
Dallas:							
Albuquerque.....	794	38	7	2	25	13	879
Austin.....	4,529	195	36	161	96	96	5,108
Dallas.....	4,461	188	36	12	73	50	4,820
Little Rock.....	1,422	87	12	5	33	29	1,588
New Orleans.....	2,647	97	18	10	50	220	3,042
Oklahoma City.....	2,345	75	19	2	56	29	2,526

Footnotes on p. 127.

Table 26.—Obligations incurred by the Internal Revenue Service, fiscal year 1956—
Continued

[In thousands of dollars]

Internal Revenue office, district, or region	Salaries (1)	Travel (2)	Communi- cation services (3)	Rent and utility services (4)	Supplies and equip- ment (5)	Other (6)	Total (7)
New York City:							
Albany.....	2,150	45	17		39	22	2,273
Brooklyn.....	6,621	36	81	45	117	88	6,988
Buffalo.....	3,112	54	22	16	42	31	3,277
Lower Manhattan.....	6,449	45	71	19	68	693	7,345
Syracuse.....	1,907	64	16	5	37	29	2,058
Upper Manhattan.....	8,554	29	97	49	88	69	8,886
Omaha:							
Aberdeen.....	732	51	4		15	10	812
Cheyenne.....	472	38	4		15	6	535
Denver.....	2,163	63	22		28	25	2,301
Des Moines.....	2,781	110	15	2	41	25	2,974
Fargo.....	705	47	5		9	11	777
Kansas City.....	2,117	63	10		34	29	2,253
Omaha.....	1,777	69	9		35	27	1,912
St. Louis.....	2,953	70	11	1	41	47	3,123
St. Paul.....	3,835	124	26	1	55	64	4,105
Wichita.....	2,525	113	22		35	26	2,721
Philadelphia:							
Baltimore.....	6,664	81	64	8	48	71	6,936
Camden.....	2,065	46	13		23	23	2,170
Newark.....	6,301	59	78	77	60	75	6,650
Philadelphia.....	7,925	108	94	2	77	75	8,281
Pittsburgh.....	4,991	84	28	19	47	43	5,212
Scranton.....	1,924	41	13	5	18	25	2,026
Wilmington.....	819	14	4	4	7	5	853
San Francisco:							
Boise.....	818	46	9	4	15	15	907
Helena.....	822	53	8		14	16	913
Honolulu.....	1,071	33	11		16	12	1,143
Los Angeles.....	9,456	158	98	159	125	136	10,126
Phoenix.....	1,046	41	11		25	23	1,148
Portland.....	2,027	83	15	2	32	55	2,213
Reno.....	617	19	6	1	14	7	666
Salt Lake City.....	1,006	25	7		14	10	1,062
San Francisco.....	6,976	123	61	22	105	97	7,384
Seattle.....	3,341	131	40	36	47	59	3,654

¹ Includes Northeast Service Center.² Includes Midwest Service Center.³ Includes International Operations Division.Table 27.—Cost of printing and binding for Internal Revenue Service, fiscal years 1955
and 1956

[Figures in thousands]

Class of work	Fiscal year			
	1955 ¹		1956	
	Quantity	Cost	Quantity	Cost
Tax return forms and other public-use forms and instructions.....	928,222	\$3,216	1,066,127	\$3,687
Administrative forms and pamphlets.....	557,301	1,279	324,044	935
All field printing.....	13,655	65	32,000	97
Excise tax stamps.....		2,345		2,305
Total.....	1,499,178	\$6,906	1,422,171	\$7,024

¹ The method of reporting has been changed starting in the fiscal year 1956. The figures given for the fiscal year 1955 were adjusted to correspond to the new framework for purposes of comparison.

INDEX

	<i>Page</i>
Accounting simplified, distilled spirits.....	42
Accounts, delinquent:	
Analysis, 2-year period.....	25
Closures, percentage of, increase in.....	24
Collection program accelerated.....	24
Administration, cost of:	
By activity, 2-year comparison.....	71
By office and class of expenditure.....	126
Printing and binding.....	127
Agriculture, Department of, Extension Service.....	55
Agricultural Chemists, Association of.....	44
Alcohol and tobacco taxes:	
Alcohol taxes:	
Accounting simplified.....	42
Collections:	
By regions, districts, States and Territories.....	80
Comparison:	
2-year period.....	96
1940-1956.....	99
Quarterly.....	94
Total amount.....	5, 81, 83, 94, 97
Offers in compromise disposed of.....	41
Refunds, number and amount.....	37
Enforcement program:	
Criminal action, results of.....	22
Dealers, liquor, inspections of.....	44
Investigations, firearms.....	19, 20
Seizures and arrests, liquor and tobacco law violations.....	19, 20
State of Oklahoma, violations of Liquor Enforcement Act of 1936.....	20
Label activity under the Federal Alcohol Administration Act.....	42, 105
Laboratories:	
Analysis, chemical.....	44
Research program.....	44
Scientific journals, results of studies published in.....	44
Obligations incurred.....	71
Offers in compromise.....	40, 41
Permits authorizing operation:	
Alcohol, industrial, total number.....	104
Establishments qualified, number of.....	42, 104
Federal Alcohol Administration Act, under the.....	42, 105
Tobacco, relating to.....	43, 105
Personnel.....	65
Plants and permittees, inspection of.....	43
Puerto Rico, manufactured products, collections.....	101
Regulations.....	46
Revenue Rulings published.....	49
Stamps, beer and wine changed to return system.....	9
Supervision, storekeeper-gauger, amount of production under.....	43
Tabulations, production.....	42
Tax structure, program to modernize and simplify.....	42

Alcohol and tobacco taxes—Continued	
Tobacco tax:	Page
Cigar tax, collection by return	73
Collections:	
By region, district, State, and Territories	84
Comparison:	
2-year period	5, 97
1940-1956	99
Increase in	7
Quarterly	94
Refunds, amount of	37
Seizures and arrests	19, 20
Training, in-service	68
Transfer of Federal tort claims investigations	63
Appellate Division:	
Case receipts, increase in	27
Dockets substantially current	27
Excess profits tax	29
Obligations incurred, total	71
Suits, receipt and disposal of:	
Taxpayers, filed by, in Federal courts	122
United States, filed by, in Federal and State courts	122
Tax cases:	
Not before the Tax Court, tax case results	118, 120
Receipt and disposal of:	
Backlog reduced	27
Closing agreement	30, 120
Offers in compromise	40, 120
Pre-90-day and statutory notice	118
Protested, 2-year comparison	27, 29
Tax Court cases:	
Decisions, appeals from	30
Petitioned, comparison, 2-year period	27
Receipt and disposal of tax cases:	
Comparison, 10-year period	120
Docketed, pending settlement or trial	119
In courts of appeals or Supreme Court	121
Status, fiscal year 1956	120
Results obtained in disposal of:	
By stipulation	119
Closures, fiscal year 1956	121
Comparison, 1947-1956	120
Audit:	
Determination letters:	
Adverse, appeal of	48
Exempt organizations	48
Pension trust	48
Internal:	
Activities, regular, statistics covering	61
Examinations, special	62
Functions and objectives	61
Obligations incurred, by class	71
Return examination:	
Additional taxes, interest and penalties assessed:	
Analysis, 2-year period	36
Decline in, reasons for	33
Delinquent returns	33, 36
Offers in compromise	40

Audit—Continued	
Return examination—Continued	
Additional taxes, interest and penalties assessed—Continued	Page
Prerefund	33, 36
Verification, mathematical	13, 33, 36
Increase in number, reasons for:	
Equipment, mechanized program	15
Excise tax procedures implemented	15
Selection, method of, improved	15
Taxpayer assistance, new methods for	15
Number examined, comparison, 2-year period	16
Offers in compromise	16
Awards, cash and incentive	67
Bank Holding Company bill	60
Bankruptcy Act	50
Budget operation, field collaboration in	70
Chief Counsel, Office of (<i>see also</i> Regional Counsel):	
Appellate courts, actions by	22
Courtroom cases, results of	22
Criminal action cases, 2-year period	22
Decentralization of review of some offers in compromise	5
Federal civil courts, cases decided	31
Indictments, increase in	22
Obligations incurred, by class	71
Offers in compromise	40
Receipt and disposal of cases:	
Civil advisory, lien and noncourt	123
Enforcement Division	21
Insolvency and debtor proceedings	123
Suits filed by:	
Taxpayers in Federal courts	122
United States in Federal and State courts	122
Tax Court cases. (<i>See</i> Appellate Division.)	
Civil Service Commission	67
Closing agreement cases:	
Final	120
Tax Rulings Division, pending in	50
Transactions, prospective	49
Collections, internal revenue, total:	
All taxes	5, 93
Comparison:	
2-year period	5, 98
1940-1956, by source	99
Increase in, reasons for	5
Quarterly, by source	95
Regions, districts, States, and Territories, by source	92
Conventions, tax. (<i>See</i> Tax conventions and protocols.)	
Courts:	
Appeals, in, or Supreme Court, status of cases in	121
Decisions affecting the Service:	
Second Circuit decision	23
Supreme Court decisions	23, 31, 51
District and State, pending tax cases	31
Federal and State:	
Tax issues, cases involving	30
United States, suits filed by	122

Courts—Continued	Page
Federal civil courts, cases decided by	30
Federal, suits filed by taxpayer	122
Criminal action, results of, analysis, 2-year period	22
Employment taxes:	
Collections, total:	
All types	5, 79
By regions, district, States, and Territories	78
Comparison:	
2-year period	96
1940-1956	99
Quarterly	94
Farmers, self-employment	6, 9
Farm laborers	6, 9
Federal old-age insurance	6, 10, 37, 78
Increase in	5, 6, 9
Offers in compromise	40
Protested tax cases, receipt and disposal of	29
Refunds, number and amount	37
Returns examined, number of	16
Returns filed, number of	10
Revenue Rulings, publication of	49
Tax liability, changes in	33, 36
Tax rulings and technical advice processed, requests for	47
Enforcement. (See Alcohol and tobacco taxes, Audit, Office of Chief Counsel, and Intelligence Division.)	
Engineering issues:	
Advice, technical, requests for	47
Revenue Rulings, publication of	49
Enrollment and disbarment:	
Case statistics	72
Investigations, fraud	16, 19
Practitioners, policy statement on uniform treatment of	71
Estate and gift taxes:	
Collections, total:	
By regions, districts, States, and Territories	79
Combined taxes	5
Comparison:	
2-year period	5, 96
1940-1956	99
Increase in	5, 10
Quarterly	94
Offers in compromise	41
Receipt and disposal of tax cases:	
Nondocketed, comparison, 10-year period	120
Pre-90-day and statutory notice	118
Protested and petitioned, comparison, 2-year period	27
Refunds, number and amount	37
Returns examined, number of	16
Returns filed, number of	10
Revenue Rulings, publication of	49
Tax cases, not before the Tax Court	118
Tax Court cases:	
Receipt and disposal of:	
Petitioned, comparison, 2-year period	27
Status, fiscal year 1956	120

Estate and gift taxes—Continued	
Tax Court cases—Continued	
Results obtained:	Page
By stipulation	119
Closures, total for fiscal year	121
Comparison, 1947-1956	120
Tax liability, changes in	36
Tax rulings and technical advice, requests processed	47
Excess profits tax. (See Appellate Division.)	
Excise taxes:	
Collections, total:	
Combined taxes	7
Manufacturers:	
By region, districts, States, or Territories	86
Comparison:	
2-year period	97
1940-1956	99
Quarterly	95
Miscellaneous:	
By regions, districts, States, and Territories	88
Comparison, 2-year period	98
Quarterly	95
Retailers:	
By regions, district, States and Territories	88
Comparison, 2-year period	98
Quarterly	95
Criminal action, results of	22
Offers in compromise	41
Increase in	5
Cases, tax, protested, receipt and disposal of	29
Refunds, number and amount	37
Returns examination implemented	15
Returns examined, number of	16
Returns filed, number of	10
Revenue Rulings, publication of	49
Revision of	60
Tax rulings and technical advice, requests processed	47
Expenditures, analysis of	71
Farmer:	
Gasoline tax refund bill	13
Self-employment tax	6, 9
Federal Alcohol Administrations Act	42, 105
Federal Bureau of Investigation	63
Federal Insurance Contributions Act	6, 9
Federal Unemployment Tax Act	7
Firearms Acts, National and Federal:	
Investigations	19
Revenue Rulings, number published	49
Stamps, tax, number issued	114
Foreign officials, tax law study	59
Forms:	
Consolidation and simplification	68
Printing, cost of	127
Tax returns program	9, 46
General Accounting Office	62
Government Printing Office	70
Health, Education and Welfare, Department of	73
Highway Act of 1956	47

Income and profits taxes:

Collections, total:	Page
By regions, districts, States, and Territories	78
Comparison:	
2-year period	5, 96
1940-1956	99
Increase in	5, 6
Quarterly	94
Compromise cases, 10-year period	120
Criminal action, results of	22
Enforcement efforts, results of	36
Individual income, excessive prepayment of	37
Conventions, international	58
Increase in, percentage and reasons for	5
Postponed filing date	10
Refunds, number and amount	37
Refunds, claims for	39
Returns examined, number of	16
Returns filed, number of	10
Revenue Rulings, publication of	49
Service centers, returns processed in	13
Tax cases:	
Not before the Tax Court, results of	118
Receipt and disposal of:	
Nondocketed, comparison, 10-year period	120
Pre-90-day and statutory notice	118
Protested and petitioned, comparison, 2-year period	27
Tax Court cases:	
Receipt and disposal of:	
Comparison, 10-year period	120
Petitioned, comparison, 2-year period	27
Status, fiscal year 1956	120
Results obtained:	
By stipulation	119
Closures, total for fiscal year	121
Comparison, 1947-1956	120
Tax liability, changes in	33, 36
Tax rulings and technical advice, requests processed	47
Informers, claims for rewards	20
Inspection (<i>see also</i> Security, internal; Audit, internal):	
Investigations, Federal tort claims transferred to	63
Obligations incurred, by class	71
Reports, direct issuance by Regional Inspectors	61
Intelligence Division, fraud investigations:	
Cases completed, 2-year period comparison	19
Cases, nonprosecution, post review of	17
Conferences instituted, Regional-National Office	17
Criminal prosecution, cases involving	21
Management techniques issued	17
Obligations incurred, by class	71
Personnel, investigative, results from increase in	17
Prosecution cases, control measures adopted	17
Violations, wagering and gaming	17
International Operations Division:	
Posts, foreign, established	58
Returns centralized, foreign and overseas addresses	58
Internal audit. (<i>See</i> Audit, internal.)	
Internal revenue. (<i>See</i> Collections.)	

Joint Committee on Internal Revenue Taxation, review of overassessments	Page
Justice, Department of	17, 2
Management improvements:	
Cooperation, closer, between field and Operations	7
Form 1040A and other forms, modification of	46, 7
Quotas, production, abolished	7
Research program accelerated	7
Taxes, payroll, effort to simplify	7
Taxpayer assistance program revised	52, 7
Net worth method	2
Offers in compromise:	
Cases disposed of, comparison 2-year period	4
Cases, receipt and disposal of	12
Decrease in backlog, reasons for	4
Regional Counsel, decentralization continued	5
Old-age insurance:	
Collections, total:	
Comparison, 2-year period	5, 9
Increase in, reasons for	
Quarterly	9
Refunds, number and amount	3
Returns filed, number of	1
Organizations, exempt, determination letters	4
Overassessments and overpayments (<i>see also</i> Refunds):	
Carryback adjustments received and disposed of	3
Refunds and credits exceeding \$100,000	3
Personnel (<i>see also</i> Security, internal):	
Enforcement:	
On rolls, total number	6
Guides, classification, development of	6
Technical, revision of qualification standards for	6
Total, comparison, 2-year period	6
Printing and publication:	
Forms packages, income tax	7
Procedures, purchasing, revised	7
Stamp, cigarette tax, new design a saving	70, 7
Property utilization program	6
Publication program, technical (<i>see also</i> Regulations, internal revenue):	
Internal Revenue Bulletin; number of Revenue Rulings published:	
Comparison, 3-year period	4
Decline in number	4
Public laws, factor in issuing regulations	4
Puerto Rico, manufactured products, tax on	10
Railroad Retirement Tax Act:	
Collections, total:	
By region, districts, States, and Territories	7
Comparison, 2-year period	5, 9
Increase in	
Quarterly	5
Refunds, including interest	3
Records, retirement of inactive	6
Recruitment, revenue agents	6
Refunds, internal revenue:	
Claims for	3
Gasoline for farm use, tax	1
Income tax, excessive prepayment of individual	3

Refunds, internal revenue—Continued	Page
Number and amount	36
Stamps, tax, redemption of	36
Regional Counsel, civil advisory matters	50
Regulations, internal revenue:	
Number published during year	45
Public laws, important factor in issuing	45
Revision program nearer completion	45
Treasury Decisions published in pamphlet form	45, 49
Returns, tax:	
Cigar, beer, and wine stamps changed to	9, 73
Delinquent:	
Audit of	33
Number secured, increase in	26
Errors, mathematical:	
Comparison, number verified, 2-year period	14
Percentage checked and amount of tax changes	13
Reason for increase in number checked for	13
Handling and storing, improved	69
Number filed:	
Comparison, 2-year period	10
Increase, percentage of	9
Processing, service centers:	
Expansion plans	13
Information documents processed	14
Operations performed	13
Tabulating machine program	10
Revenue Act of 1950	6
Rulings, tax, and technical advice:	
Requests, number of:	
By subject	47
Total processed	47
Safety campaign and awards	69
Self-employment taxes	5, 6, 9
Service centers (<i>see also</i> Returns, tax), space for	69
Security, internal:	
Case designation change	62
Handbook, instructional	62
Increase, case production	62
Inspections periodic, by Treasury Department	63
Investigations:	
Federal tort claims	63
Personnel statistics	64
Small Business Administration	55
Social Security Amendments of 1954	45
Space, consolidation and improvement of	69
Stamp taxes:	
Cigarette tax stamp redesigned	70, 73
Collections, total:	
By regions, districts, States, and Territories	84
Comparison, 2-year period	97
Quarterly	94
Liquor, wholesale	42
Redemptions, stamp	36
Return system, beer and wine changed to	9
Special-taxpayers, total number	115
Special-tax stamp purchases by region and district	112

Supplemental Appropriation Act of 1955	Page
Supreme Court of the United States. (<i>See</i> Courts; Appellate Division; Chief Counsel, Office of.)	62
Tax conventions and protocols	58, 59
Tax Court of the United States. (<i>See</i> Courts; Appellate Division; Chief Counsel, Office of.)	57, 58
Taxpayers abroad	57, 58
Taxpayer assistance:	
News releases, spot announcements and slides	57
Publication program	57
Self and group help expanded	57
Student, civic, and business group instruction	57
Telephone question-answering service expanded	57
Tax Rate Extension Act of 1956	60
Technical assistance, legislative enactments:	
Tax committees of Congress	60
Treasury Decisions	60
Technical, obligations incurred, by class, total	7
Tobacco tax. (<i>See</i> Alcohol and tobacco tax.)	
Training:	
Advanced Training Center discontinued	60
Executive and supervisory development programs undertaken	60
Revenue agents, committee studying program for	60
Treasury Law Enforcement School	60
Treasury, Department of	17, 24, 63, 7
Unemployment insurance:	
Total collections:	
By regions, districts, States, and Territories	7
Comparison, 2-year period	5, 9
Quarterly	9
Refunds, number and amount	3
Returns filed, number of	1
Wagering tax:	
Collections, total	93, 95, 9
Criminal action, indictments and results of	2
Criminal prosecution, results of	2
Investigations, number of	1
Ways and Means Committee, tax bill consideration	6
Withholding	5, 6, 3