

**COMMISSIONER OF
INTERNAL REVENUE**

Annual Report
1960

*for the Fiscal Year
ended June 30, 1960*

**Internal Revenue Service
United States Treasury Department
Publication No. 55**

Summary and Transmittal

TREASURY DEPARTMENT
OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
Washington, D.C., September 28, 1960.

DEAR MR. SECRETARY:

The Internal Revenue Service in the last year has, I believe, crossed the threshold into a new era of major improvements in enforcement and processing.

It was a period during which our "Long-Range Plan" for achieving these goals was developed so thoroughly that the executive and legislative authorities were convinced of the necessity and practicality of the plans and approved the necessary budget for the first-year implementation.

As a result, a program for installing automatic data processing systems advanced to the point where (1) Martinsburg, West Virginia, was selected for the National Computer Center, (2) the Atlanta Region was chosen to conduct a pilot operation, (3) a selection of electronic equipment was made after analysis of proposals from the leading manufacturers, (4) drafting of procedures began, and (5) the selection and training of specialized personnel started. Actual installation should begin sometime next year and actual pilot operations can be expected early in 1962.

Simultaneously, several hundred additional revenue agents, revenue officers, and other enforcement personnel were recruited as a part of the plan to expand enforcement facilities to keep pace with electronic processing—especially, to assure that the Service will be in a position to make use of the data and follow up the leads which should flow from the ADP system.

While these important new plans for the future were being developed, the Service compiled an enviable record of accomplishments in its regular activities. Collections were the highest in history. Audit examinations were increased, resulting in the highest amount of additional assessments ever produced from enforcement activities. Increased effectiveness of the delinquent account collection work caused inventories of delinquent accounts to be substantially reduced and, at the same time, freed personnel for a larger and more successful campaign to obtain delinquent returns.

Summary and Transmittal

The detailed record of the Service's various activities is contained in the attached annual report.



DANA LATHAM,
*Commissioner
of Internal Revenue.*

HON. ROBERT B. ANDERSON,
Secretary of the Treasury.

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COMMISSIONERS OF INTERNAL REVENUE

Name ¹	State	Service	
		From—	To—
George S. Boutwell	Massachusetts	July 17, 1862	Mar. 4, 1863
Joseph J. Lewis	Pennsylvania	Mar. 18, 1863	June 30, 1865
William Orton	New York	July 1, 1865	Oct. 31, 1865
Edward A. Rollins	New Hampshire	Nov. 1, 1865	Mar. 10, 1869
Columbus Delano	Ohio	Mar. 11, 1869	Jan. 2, 1871
Alfred Pleasonton	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 2, 1883	Mar. 19, 1885
Joseph S. Miller	West Virginia	Mar. 20, 1889	Mar. 20, 1889
John W. Mason	do	Apr. 18, 1893	Apr. 18, 1893
Joseph S. Miller	do	Nov. 27, 1896	Nov. 26, 1896
W. St. John Forman	Illinois	Nov. 27, 1896	Dec. 31, 1897
Nathan B. Scott	West Virginia	Jan. 1, 1898	Feb. 28, 1899
George W. Wilson	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
Daniel 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 Burnet	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
Joseph 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	Sept. 30, 1958
Dana Latham	California	Nov. 5, 1958	

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. Knox, of Minnesota, from May 11 to May 20, 1883; Robert Williams, Jr., of Ohio, from Nov. 28 to Dec. 19, 1900; Millard 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. Baldrige, 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 O. Gordon Delk, of Virginia, from Nov. 1 to Dec. 5, 1955, and from Oct. 1 to Nov. 4, 1958.

PRINCIPAL OFFICERS OF THE INTERNAL REVENUE SERVICE AS OF JUNE 30, 1960

NATIONAL OFFICERS

Office of the Commissioner

Commissioner	Dana Latham	
Deputy Commissioner	Charles I. Fox	
Administrative Assistant to the Commissioner	Wilber A. Gallahan	
Division Directors:		
Operating Facilities	Bruce McNair	Training
Personnel	Amos N. Latham, Jr.	
Fiscal Management Officer	Gray W. Hume, Jr.	
Technical Adviser to the Commissioner	Leo Speer	
Director, Public Information Division	Lawrence George	
Director, Reports Division	Harry K. Dellinger	

Inspection

Assistant Commissioner	Vernon D. Acree, Jr.	
Division Directors:		
Internal Audit	Francis I. Geibel	Internal Security
		William A. Kolar

Operations

Assistant Commissioner	William H. Loeb	
Executive Assistant to Assistant Commissioner	Arthur H. Klotz	
Division Directors:		
Alcohol and Tobacco Tax	Dwight E. Avis	Collection
Appellate	H. J. Donnelly, Jr.	Intelligence
Audit	J. B. Siefert	International Operations
		Robert L. Jack
		H. Alan Long
		Dean J. Barron

Planning and Research

Assistant Commissioner..... Bertrand M. Harding
 Division Directors:
 Plans and Policy..... James R. Turner
 Research..... Richard W. Nelson
 Systems Development..... William H. Smith
 Statistics..... Ernest J. Engquist, Jr.

Technical

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

Office of the Chief Counsel

Chief Counsel..... Hart H. Spiege
 Assistant Chief Counsels:
 Administration..... Howard A. Dawson, Jr.
 Claims..... Raymond F. Brown
 Enforcement..... E. Riley Campbell
 Litigation..... Rudy P. Hertzog
 Technical..... Herman T. Reiling

Office of the Director of Practice

Director of Practice..... Joseph L. Carrigg

REGIONAL AND DISTRICT OFFICERS

Atlanta Region

Regional Commissioner..... William J. Bookholt
 Assistant Regional Commissioners:
 Administration..... Burton M. Graham
 Alcohol and Tobacco Tax..... Louis E. Howell
 Appellate..... Norman C. Bailey
 District Directors:
 Atlanta, Ga..... Aubrey C. Ross
 Birmingham, Ala..... George D. Patterson, Jr.
 Columbia, S.C..... Harold M. McLeod
 Greensboro, N.C..... John E. Wall
 Jackson, Miss..... James L. Enoch
 Jacksonville, Fla..... Laurie W. Tomlinson
 Nashville, Tenn..... James M. Rountree
 Regional Counsel..... Henry C. Stockell, Jr.
 Regional Inspector..... Walter F. Connell

Boston Region

Regional Commissioner..... Donald W. Bacon
 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..... Fulton D. Fields
 Hartford, Conn..... Joseph J. Conley, Jr.
 Portsmouth, N.H..... Charles W. Emlen
 Providence, R.I..... John A. O'Connell
 John W. Edwards
 Emanuel M. Schuster
 William H. Weaver
 Regional Counsel..... Emanuel M. Schuster
 Regional Inspector..... William H. Weaver
 Director, Northeast Service Center, Lawrence, Mass.

Chicago Region

Regional Commissioner..... Douglas L. Barnes
 Assistant Regional Commissioners:
 Administration..... Evan S. Lloyd
 Alcohol and Tobacco Tax..... William A. Collawn
 Appellate..... Wallace T. Morris
 District Directors:
 Chicago, Ill..... Harold R. All
 Detroit, Mich..... Raphael I. Nixon
 Milwaukee, Wis..... Emil J. Nelson
 Springfield, Ill..... Jay G. Philpott
 David F. Long
 Henry A. Feltz
 Regional Counsel..... Raphael I. Nixon
 Regional Inspector..... Henry A. Feltz

Cincinnati Region

Regional Commissioner..... Ernest H. Vaughn
 Assistant Regional Commissioners:
 Administration..... F. Dean McCrory
 Alcohol and Tobacco Tax..... Henry R. Peterson
 Appellate..... G. Waldron Snyder
 District Directors:
 Cincinnati, Ohio..... Philipp L. Charles
 Cleveland, Ohio..... Melvin J. Burton
 Indianapolis, Ind..... Sterling M. Dietrich
 Louisville, Ky..... Gilbert C. Hooks
 Parkersburg, W. Va..... Nathaniel Looker
 Richmond, Va..... Clifford W. Glotzbach
 Clarence E. Price
 Gordon M. Anderson
 Arnold S. Dreyer
 Regional Counsel..... Sterling M. Dietrich
 Regional Inspector..... Gordon M. Anderson
 Director, Midwest Service Center, Kansas City, Mo.

Dallas Region

Regional Commissioner..... B. Frank White
 Assistant Regional Commissioners:
 Administration..... Roy W. Hann
 Alcohol and Tobacco Tax..... Joseph F. Black
 Appellate..... Tom F. Reese
 District Directors:
 Austin, Tex..... Robert L. Phinney
 Albuquerque, N. Mex..... Ernest W. Bacon
 Dallas, Tex..... Ellis Campbell, Jr.
 Little Rock, Ark..... Curtis R. Mathis
 New Orleans, La..... Chester A. Usry
 Oklahoma City, Okla..... Earl R. Wiseman
 J. Marvin Kelley
 David O. Lowry, Jr.
 Regional Counsel..... J. Marvin Kelley
 Regional Inspector..... David O. Lowry, Jr.

New York City Region

Regional Commissioner..... Clarence I. Fox, Jr.
 Assistant Regional Commissioners:
 Administration..... Norman D. Nowak
 Alcohol and Tobacco Tax..... F. Virgil Welsh
 Appellate..... Ralph M. Horne
 District Directors:
 Albany, N.Y..... James A. O'Hara
 Brooklyn, N.Y..... Thomas E. Scanlon
 Buffalo, N.Y..... Eugene C. Coyle, Jr.
 Manhattan, N.Y..... Kenneth W. Moe
 Syracuse, N.Y..... Raymond H. Reichel
 William V. Crosswhite
 Frank S. Turbett, Jr.
 Regional Counsel..... William V. Crosswhite
 Regional Inspector..... Frank S. Turbett, Jr.

Omaha Region

Regional Commissioner..... Homer O. Croasmun
 Assistant Regional Commissioners:
 Administration..... Orland V. Steele
 Alcohol and Tobacco Tax..... William K. Lilley
 Appellate..... Vance N. Bates
 District Directors:
 Aberdeen, S. Dak..... William C. Welsh
 Cheyenne, Wyo..... Harry F. Scribner
 Denver, Colo..... George H. Allan
 Des Moines, Iowa..... V. Lee Phillips
 Fargo, N. Dak..... Byron J. Rockwood
 Kansas City, Mo..... Edwin O. Bookwalter
 Omaha, Nebr..... Richard P. Vinal
 St. Louis, Mo..... Alvin M. Kelley
 St. Paul, Minn..... George O. Lethert
 Wichita, Kans..... Gustave F. Koehler
 Frank C. Conley
 Winslow B. Randall
 Regional Counsel..... Frank C. Conley
 Regional Inspector..... Winslow B. Randall

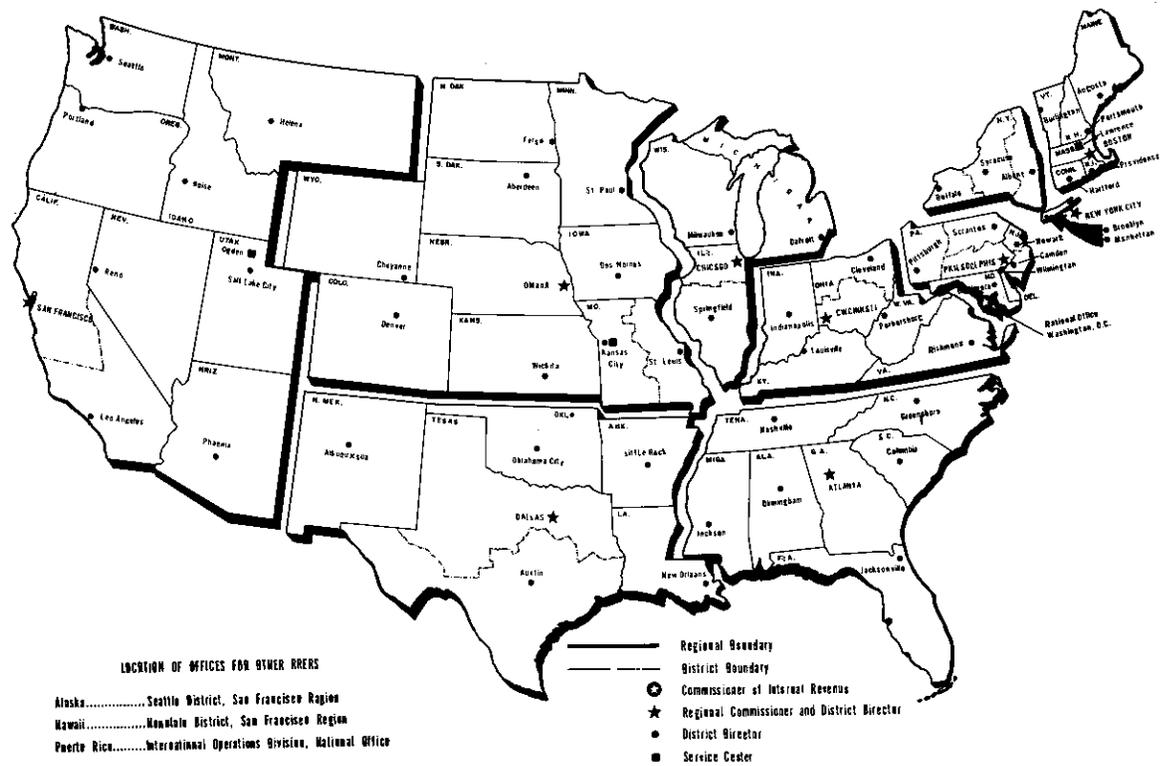
Philadelphia Region

Regional Commissioner..... Alva M. Meyers
 Assistant Regional Commissioners:
 Administration..... Robert D. McDowell
 Alcohol and Tobacco Tax..... Louis DeCarlo
 Appellate..... William E. Steynen
 District Directors:
 Baltimore, Md..... Irving Machiz
 Camden, N.J..... Chris L. Gross
 Newark, N.J..... Joseph F. J. Mayer
 Philadelphia, Pa..... Edgar A. McGinness
 Pittsburgh, Pa..... John H. Bingle
 Scranton, Pa..... Richard P. Brownell
 Wilmington, Del..... Horace L. Brown
 Cecil H. Haas
 William A. Costello
 Regional Counsel..... Cecil H. Haas
 Regional Inspector..... William A. Costello

San Francisco Region

Regional Commissioner..... Harold Hawkins
 Assistant Regional Commissioners:
 Administration..... Homer C. Gant
 Alcohol and Tobacco Tax..... Isham Railey
 Appellate..... Gardiner B. Willmarth
 District Directors:
 Boise, Idaho..... Calvin E. Wright
 Helena, Mont..... Frank J. Healy
 Honolulu, Hawaii..... Vaughn W. Evans
 Los Angeles, Calif..... Robert A. Riddell
 Phoenix, Ariz..... Wilson B. Wood
 Portland, Ore..... Arthur G. Erickson
 Reno, Nev..... Dalmton Davis
 Salt Lake City, Utah..... Roland V. Wise
 San Francisco, Calif..... Joseph M. Cullen
 Seattle, Wash..... William E. Frank
 Melvin L. Sears
 Vacant
 Frederick W. Bearman
 Regional Counsel..... Melvin L. Sears
 Regional Inspector..... Vacant
 Director, Western Service Center, Ogden, Utah..... Frederick W. Bearman

¹ Acting.



Map of Internal Revenue Regions and Districts

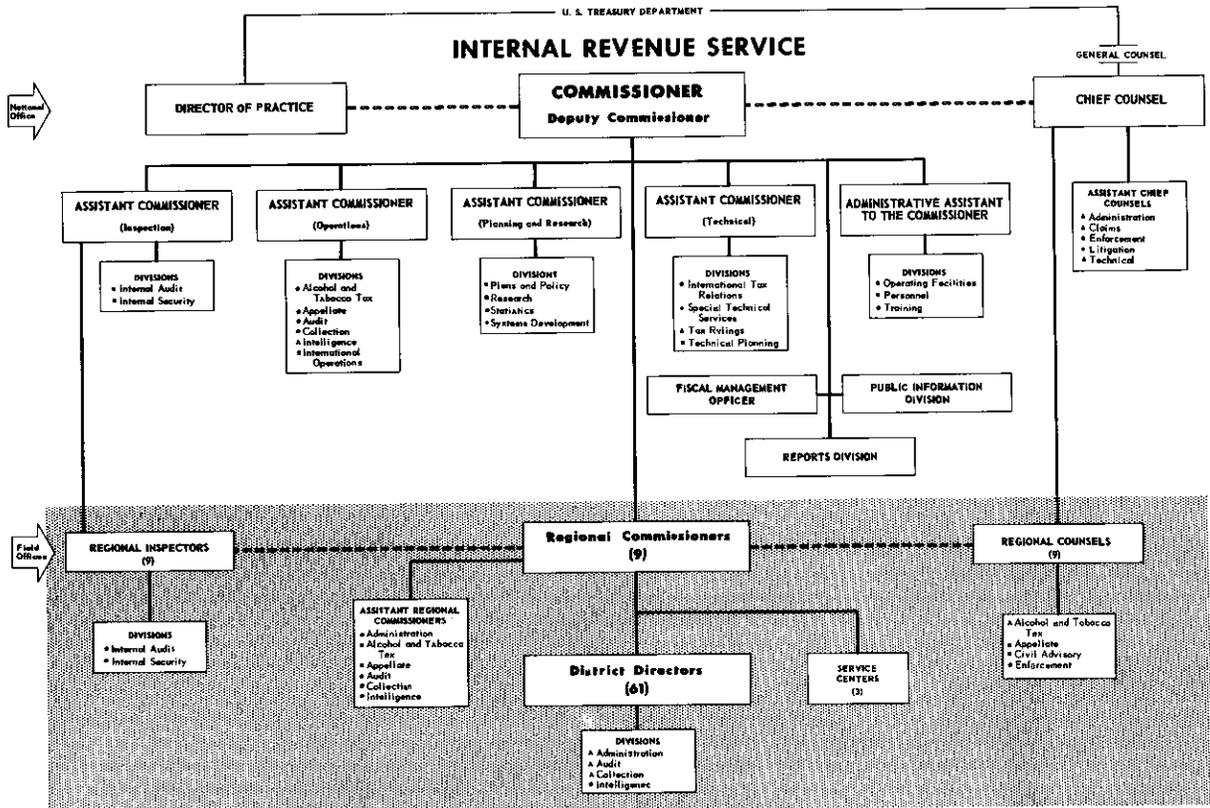


Chart of Internal Revenue Service Organization

Report on Operation

INTERNAL REVENUE COLLECTIONS AND REFUNDS

General

Internal revenue collections amounted to \$91,774,803,000 in the fiscal year 1960, the highest total in history. This represents an increase of \$11,976,830,000, or 15 percent, over the \$79,797,973,000 collected in fiscal year 1959.

All major classes of tax contributed to the overall increase. Income taxes of all types rose \$8,298,872,000, or 14 percent. Employment tax collections increased by \$2,304,845,000, or 26 percent. Amounts collected from excise taxes in 1960 exceeded the amounts collected in 1959 by \$1,105,192,000, or 10 percent. Estate and gift taxes rose by \$273,366,000, or 20 percent.

A comparison of collections by major categories follows:

Internal revenue collections
[In thousands of dollars. For details, see table 3, p. 126]

Source	1960	1959
Grand total ¹	91,774,803	79,797,973
Income taxes, total.....	67,125,126	58,826,254
Corporation.....	22,179,414	18,091,509
Individual, total.....	44,945,711	40,734,744
Withheld by employers ²	31,674,588	29,001,375
Other ²	13,271,124	11,733,369
Employment taxes, total.....	11,158,589	8,853,744
Old-age and disability insurance ²	18,210,550	8,004,355
Unemployment insurance.....	341,108	324,028
Railroad retirement.....	606,931	523,369
Estate and gift taxes.....	1,626,348	1,352,982
Excise taxes, total.....	11,864,741	10,759,549
Alcohol taxes.....	3,193,714	3,002,096
Tobacco taxes.....	1,931,504	1,806,816
Other excise taxes.....	6,739,522	5,950,637
Taxes not otherwise classified ³		5,444

Note.—Calendar year figures by regions, districts, States, and other areas, for selected types of taxes, may be obtained from the Public Information Division, Internal Revenue Service, Washington 25, D.C.

¹ Collections are adjusted to exclude amounts transferred to the Government of Guam. For details, see table 1, p. 108, and footnote 5, p. 130.

² Estimated. Collections of individual income tax withheld are not reported separately from old-age and disability insurance taxes on wages and salaries. Similarly, collections of individual income tax not withheld are not reported separately from old-age and disability insurance taxes on self-employment income. The amount of old-age and disability insurance tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of sec. 281(a) of the Social Security Act, as amended, and includes all old-age and disability insurance taxes. The estimates shown for the 2 classes of individual income taxes were derived by subtracting the old-age and disability insurance tax estimates from the combined totals reported.

³ Includes amount of unidentified and excess collections.

NOTES

All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1960" pertain to the fiscal year ended June 30, 1960, and "July 1" inventory items under this heading reflect inventories as of July 1, 1959.

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.

The use of the depositary receipt method of paying taxes continued to expand in 1960, with depositary receipt purchases totaling \$36,014,993,000. This represents an increase of \$4,068,554,000 over last year's purchases. The 1960 depositary receipt purchases accounted for 72 percent of the withheld income tax and old-age and disability insurance taxes reported on Forms 941 and 943 returns, 97 percent of the railroad retirement taxes reported by employers on Form CT-1 returns, and 89 percent of the excise taxes reported on Form 720 returns.

Corporation Income Taxes

Corporation income taxes collected during 1960 totaled \$22,179,414,000, and accounted for 24 percent of the total revenue collections. As compared with 1959, this represents an increase of \$4,087,905,000, or 23 percent. This rise resulted from the large increase in corporate profits in calendar year 1959.

Individual Income Taxes

The continued rise in personal income was reflected in the collections of individual income taxes during 1960. Total individual income taxes, including those withheld and those not withheld, represented 49 percent of the total internal revenue collections. These taxes rose in 1960 by \$4,210,967,000, or 10 percent; withheld taxes rose 9 percent over the preceding year, and non-withheld taxes increased by 13 percent.

Employment Taxes

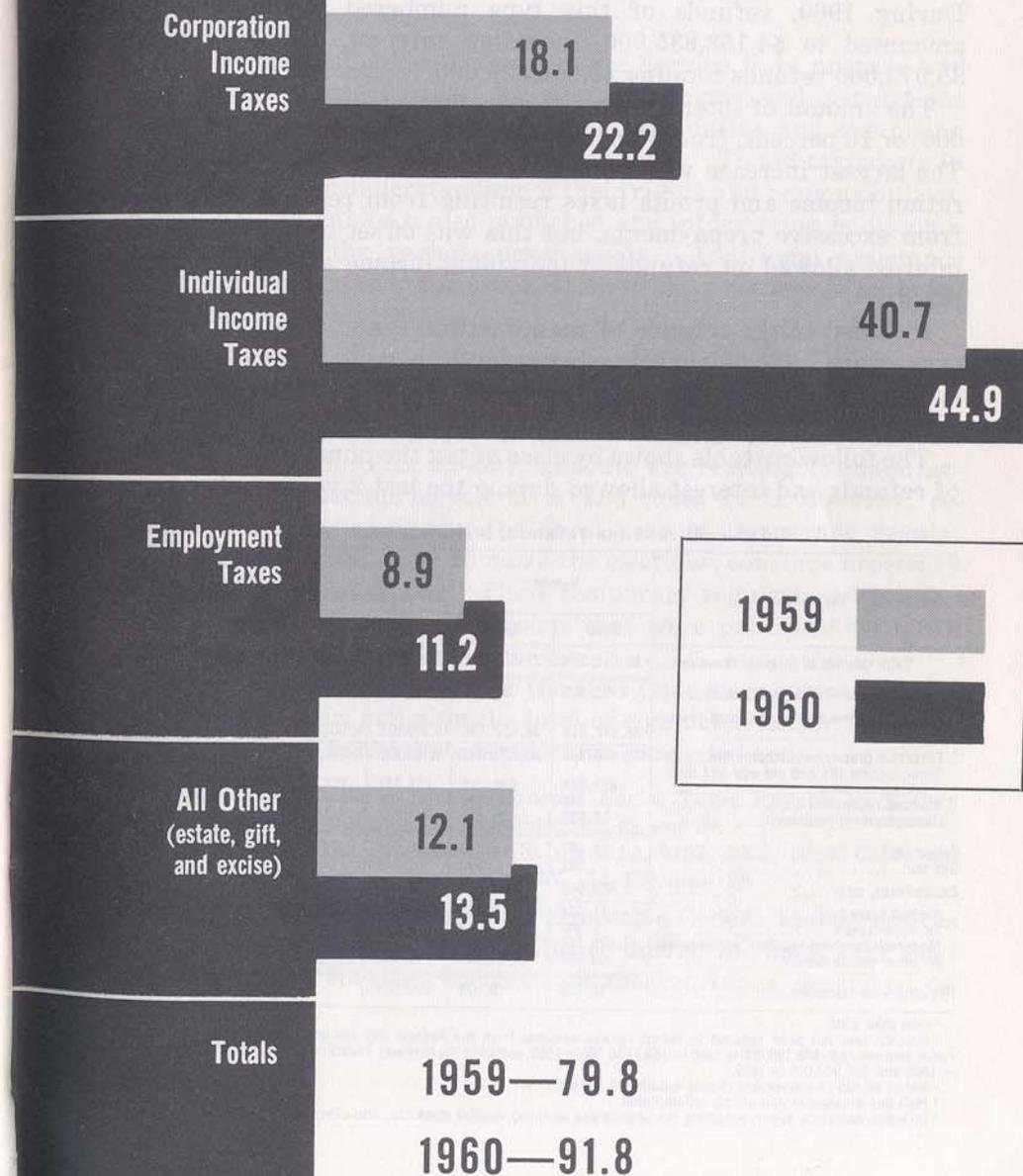
Employment taxes collected during fiscal year 1960 totaled \$11,158,589,000, an increase of \$2,304,845,000, or 26 percent, over the preceding year. Old-age and disability insurance taxes increased by \$2,206,195,000, or 28 percent, reflecting the rise in salary and wage payments and the increase from 5 to 6 percent in the combined rate of employers' and employees' taxes, effective January 1, 1960. Collections of unemployment insurance taxes and railroad retirement taxes showed gains of 5 percent and 16 percent, respectively.

Other Internal Revenue Collections

Other internal revenue collections, including estate and gift taxes, alcohol and tobacco taxes, and other excise taxes, amounted to \$13,491,089,000. This represents an increase of \$1,378,558,000, or 11 percent over similar collections last year. Excise taxes other than alcohol and tobacco taxes increased 13 percent.

Internal Revenue Collections

(billions of dollars)



Internal Revenue Refunds

Refunds of internal revenue increased slightly during 1960 in both number and dollar amount. The number of refunds totaled 38,011,000 compared with 37,580,000 in 1959. The aggregate amount refunded, including interest, was \$5,293,571,000 compared with \$5,156,969,000 in 1959.

The major portion of internal revenue refunds consists of individual income tax refunds resulting from excessive prepayments. During 1960, refunds of this type numbered 35,591,000 and amounted to \$4,163,835,000, including interest, compared with 35,073,000 refunds totaling \$3,956,326,000, issued in 1959.

The amount of interest allowed on refunds increased by \$6,958,000, or 10 percent, from \$69,480,000 in 1959 to \$76,438,000 in 1960. The largest increase was in interest allowed on refunds of corporation income and profits taxes resulting from regular audit and from excessive prepayments, but this was offset by a decrease in interest allowed on refunds of individual income and employment taxes.

Included in the refunds of manufacturers' and retailers' excise taxes were 1,426,000 gasoline tax refunds made to farmers, transit systems, and users of nonhighway vehicles, which aggregated approximately \$106,300,000, an increase of about 7 percent over 1959.

The following table shows by class of tax the number and amount of refunds and interest allowed during the last 2 years.

Internal revenue refunds, including interest

Type of tax	Number		Amount refunded (principal and interest— thousand dollars)		Amount of interest included (thousand dollars)	
	1960	1959	1960	1959	1960	1959
Total refunds of internal revenue ¹	38,011,214	37,579,642	5,293,571	5,156,969	76,438	69,480
Corporation income and profits taxes	93,305	96,577	740,276	829,083	54,939	46,617
Individual income and employment taxes, total	36,442,618	36,032,736	4,339,812	4,122,110	17,595	19,108
Excessive prepayment income tax	35,590,900	35,073,009	4,163,835	3,956,326	6,918	6,569
Other income tax and old-age and disability insurance	837,024	930,098	173,351	162,203	10,614	12,449
Railroad retirement	69	158	66	149	2	21
Unemployment insurance	14,625	29,471	2,561	3,431	62	68
Estate tax	4,947	4,730	20,954	21,827	2,233	2,487
Gift tax	581	590	1,609	806	125	73
Excise taxes, total	1,459,043	1,435,535	189,941	182,366	1,499	1,096
Alcohol taxes ²	11,652	8,888	67,210	63,716	3	4
Tobacco taxes ³	1,847	2,063	4,894	8,446	(*)	374
Manufacturers' and retailers' excise taxes	1,429,686	1,410,033	111,174	102,703	709	718
All other excise taxes ⁴	15,858	14,551	6,663	7,502	786	718
Not otherwise classified	10,720	9,474	978	777	47	99

*Less than \$500.

¹ Figures have not been reduced to reflect reimbursements from the Federal Old-age and Survivors Insurance Trust Fund, amounting to \$89,190,000 in 1960 and \$83,430,000 in 1959, and from the Highway Trust Fund, amounting to \$109,357,000 in 1960 and \$96,900,000 in 1959.

² Net of 80,435 undeliverable checks totaling \$4,309,000.

³ Includes drawbacks and stamp redemptions.

⁴ Includes narcotics, silver, wagering tax (excise and stamps), capital stock tax, and other excise refunds.

INTERPRETATION AND COMMUNICATION OF TAX LAW TO TAXPAYERS

General

One of the primary functions of the Service is to prepare and distribute the basic regulations, rules, tax forms, and instructions needed by taxpayers in discharging their duties and exercising their rights under the internal revenue laws. To aid taxpayers in obtaining a clear understanding of their rights and responsibilities, a series of tax guides is also published and information is disseminated through the various news media. Additional assistance needed by taxpayers in the preparation of their returns is provided at district and local offices.

Regulations Program

General.—Enactment of the Life Insurance Company Income Tax Act of 1959 (P.L. 86-69), and the act relating to manufacturers' excise tax on bicycle tires and tubes (P.L. 86-418), required the issuance during the fiscal year of temporary regulations to permit taxpayers to make the elections, conclude necessary business transactions, etc. These temporary regulations were the subject of four Treasury Decisions that were published within a few weeks of the enactment of the laws.

Two major regulations under the 1954 Code were completed during the fiscal year, bringing the total of completed major tax regulations to six. The two new regulations completed are:

Regulations Relating to Miscellaneous Excise Taxes Payable by Return (T.D. 6461) to supersede Regulations 1, 48, and 99.

Employment Tax Regulations (T.D.'s 6190, 6199, 6200, 6259, 6354, and 6472) to supersede Regulations 107, 114, 120, and 128.

In all, 59 Treasury Decisions, 4 Executive Orders, and 41 notices of proposed rulemaking were published during the fiscal year (not including those covering alcohol and tobacco taxes, described on

pp. 9 and 10). In addition to the temporary regulations and the new complete regulations noted above, some of the more important regulations published are as follows:

Manufacturers and Retailers Excise Tax Regulations under sections 4111, 4121, and 4131 of the Code. These regulations published in the Federal Register for October 30, 1959, as Treasury Decision 6423, provide the regulations relating to the excise tax on refrigeration equipment, electric, gas, and oil appliances, and electric light bulbs. They provide a new concept for determining whether air conditioners shall be taxable as a household type unit.

Income Tax Regulations under sections 1371 through 1377, 442, and 6037 of the Code, relating to small business corporations. These regulations published in the Federal Register for December 19, 1959, as Treasury Decision 6432, provide the manner in which certain small business corporations may elect to be treated as partnerships instead of corporations for tax purposes.

Income Tax Regulations under section 162 of the Code, relating to lobbying expenditures. These regulations published in the Federal Register for December 29, 1959, as Treasury Decision 6435, provide the manner for determining whether certain expenditures were for lobbying purposes, and thus not allowable as a deduction for tax purposes.

Income Tax Regulations under section 6081 of the Code, relating to extension of time for filing returns. These regulations published in the Federal Register for December 31, 1959, as Treasury Decision 6436, provide that taxpayers seeking an extension of time for filing Form 1040 or Form 1040W must furnish the Service with certain information.

Income Tax Regulations under sections 611, 612, 613, 615, 616, and 621 of the Code, relating to natural resources. These regulations published in the Federal Register for January 21, 1960, as Treasury Decision 6446, concern depletion deduction in the case of mines, oil and gas wells, and other natural resources.

Sixteen public hearings on the provisions of proposed regulations were held in accordance with the provisions of the Administrative Procedure Act. Approximately 500 taxpayers or their representatives participated in these public hearings.

During the fiscal year plans were formulated, and a considerable amount of the work was accomplished, to republish in one document various regulations that were issued on a piecemeal basis. These include the income tax regulations, the employment tax regulations, and the regulations on procedure and administration.

Alcohol and tobacco taxes.—The regulations revision program begun in 1959 and completed in 1960 was the most extensive and significant in the history of alcohol and tobacco taxes.

Public Law 85-859, enacted September 2, 1958, incorporated Revenue Service recommendations for modernization of the distilled spirits provisions of the Internal Revenue Code, together with minor revisions in the wine and beer statutes. By June 30, 1960, the regulatory program necessitated by Public Law 85-859, as it relates to the liquor industry, had been completed. The responsibility of proprietors for the proper conduct and control of their operations has been recognized and the conduct of operations and utilization of facilities have been made subject only to such controls as are reasonably necessary to protect the Government's interest.

One new regulation, 26 CFR Part 201, "Distilled Spirits Plants," and 14 Treasury Decisions were issued, effective July 1, 1959, to implement the mandatory provisions of Public Law 85-859 which were effective on that date, and to provide for the orderly transition from then existing nine different establishments to a single distilled spirits plant. During fiscal year 1960 the regulatory program, under Public Law 85-859, was completed. Two new regulations were issued, three regulations were reissued, and seven regulations were amended, comprised as follows:

NEW REGULATIONS

- 26 CFR Part 211, "Distribution and Use of Denatured Alcohol and Rum,"
- 26 CFR Part 213, "Distribution and Use of Tax-Free Alcohol,"

REISSUED REGULATIONS

- 26 CFR Part 194, "Liquor Dealers,"
- 26 CFR Part 201, "Distilled Spirits Plants,"
- 26 CFR Part 252, "Exportation of Liquors,"

AMENDED REGULATIONS

- 26 CFR Part 175, "Traffic in Containers of Distilled Spirits," amended by Treasury Decision 6471,
- 26 CFR Part 186, "Gauging Manual," amended by Treasury Decision 6467,
- 26 CFR Part 212, "Formulas for Denatured Alcohol," amended by Treasury Decision 6474,
- 26 CFR Part 240, "Wine," amended by Treasury Decision 6475,
- 26 CFR Part 245, "Beer," amended by Treasury Decision 6473,
- 26 CFR Part 250, "Liquors and Articles From Puerto Rico and the Virgin Islands," amended by Treasury Decision 6478,
- 26 CFR Part 251, "Importation of Distilled Spirits, Wines, and Beer," amended by Treasury Decision 6477.

Nine regulations were superseded by the above new regulations and Treasury Decisions to become effective on July 1, 1960. A total of 19 regulations, issued under the Internal Revenue Code, now re-

late to the permissive activities of the liquor industry. This regulatory program necessitated numerous changes in forms: 57 forms were revised, 25 new forms were developed, and 85 forms were eliminated. Simplification of forms and reduction of paperwork were the primary objectives of the forms program.

Pursuant to public hearings held to consider amendments to Regulations No. 4, Relating to Labeling and Advertising of Wine (27 CFR Part 4), and Regulations No. 5, Relating to Labeling and Advertising of Distilled Spirits (27 CFR Part 5), Treasury Decisions 6409, 6410, and 6411 were issued during the fiscal year.

Subsequent to an earlier amendment of Regulations No. 4, giving the Service authority to require certificates of origin and identity (T.D. 6319 issued October 4, 1958), wines from the following countries have been covered by the compulsory certification system: (1) France (wines containing 14 percent or less alcohol by volume), (2) Spain (Riojo wines), (3) Germany (all wines), and (4) Hungary (all wines).

New tobacco export regulations in 26 CFR Part 290 were issued, to become effective July 1, 1960. These regulations implement the 1954 Code, as amended by the Excise Tax Technical Changes Act of 1958. They combine in one part the regulations relating to the exportation (including supplies for vessels and aircraft) of tobacco materials, tobacco products, and cigarette papers and tubes, without payment of tax; the qualification of, and operations by, export warehouse proprietors; and the allowance of drawback on taxpaid tobacco products and cigarette papers and tubes exported. On May 20, 1960, the cigarette papers and tubes regulations in 26 CFR Part 285 were published as a notice of proposed rulemaking. These proposed regulations relate to the manufacture, importation, and removal of cigarette papers and tubes; implement the 1954 Code, as amended by the Excise Tax Technical Changes Act of 1958; and supersede 26 CFR (1939) Part 140, Subpart N.

Treasury Decisions of major import issued during the year in the tobacco tax area include—

T.D. 6424, effective January 1, 1960, and T.D. 6457, effective June 1, 1960, which implemented the provisions of the 1954 Code, as amended by section 202 of the Excise Tax Technical Changes Act of 1958 (P. L. 85-859) with respect to tobacco materials and tobacco products.

Tax Rulings and Determination Letters

General.—Rulings and determination letters are issued to individuals and organizations upon written request, whenever appropriate in the interests of sound tax administration, as to their status for tax purposes and as to the tax effects of their acts or transactions, prior to their filing of returns or reports as required by the revenue laws.

Requests for tax rulings.—During the year, 36,595 requests from taxpayers for rulings and requests from field offices of the Service for technical advice were processed by the National Office. The number processed included 33,224 requests which had been received from taxpayers or their representatives and 3,371 requests received from field offices. At the close of the fiscal year, 8,856 requests for rulings and technical advice were on hand to be processed.

In addition to the processing of rulings and technical advice, 15,432 formal and informal technical conferences or consultations were held with taxpayers or their representatives.

An analysis of the rulings and technical advice processed, by subject matter, follows:

Requests for tax rulings and technical advice processed

Subject	Total	Taxpayers' requests	Field requests
Total	36,595	33,224	3,371
Income and excess profits taxes	29,122	28,034	1,088
Employment and self-employment taxes	1,036	800	236
Estate and gift taxes	807	616	191
Alcohol and tobacco taxes	2,111	1,053	1,058
Other excise taxes	2,865	2,223	642
Engineering questions (depreciation, etc.)	654	498	156

Determination letters.—Determination letters are issued by district offices in reply to inquiries which can be answered on the basis of clearly established rulings and regulations. Determinations requested of district offices involving new or complex issues are referred to the National Office for consideration.

District offices received 10,583 requests for determinations pertaining to the initial qualification or termination of employee benefit plans and 11,708 requests from organizations seeking to establish their exemption from Federal income taxes. Determination letters were issued in 9,299 cases involving employee benefit plans and 5,237 cases involving exempt organizations, with less than 3 percent of the letters involving adverse determinations. The fol-

Following table provides additional details as to the type of employee benefit plans involved and the nature of the determinations:

Determination letters issued on employee benefit plans and exempt organizations

Item	Employee benefit plans			Exempt organizations
	Profit-sharing	Pension or annuity	Stock bonus	
Initial qualifications:				
Approved.....	4,369	4,328	30	4,907
Employees participating under plan.....	190,460	591,304	2,895	
Total number employed.....	609,452	1,160,948	6,647	
Disapproved.....	41	31		330
Terminations:				
Closed without issuance of determination letter.....	233	264	3	1,433
	276	177	4	

Note.—Since determination letters for the initial qualification or termination of employee benefit plans are not mandatory, it is not possible to determine from an accumulation of these figures how many plans remain in existence.

Under established procedure taxpayers may appeal adverse field determinations relating to employee benefit plans. During the year 31 appeals were considered by the National Office. Of these, 18 appeals were decided in favor of the taxpayer; 9 decisions were against the taxpayer; and 4 decisions were partially in favor of the taxpayer.

Closing agreements.—Closing agreement cases involving the tax status of prospective transactions are considered by the Tax Rulings Division of the National Office. Two cases were received during the year and were pending at the close of the year.

Publication of rulings and procedures.—The procedures for selecting, preparing, and processing Revenue Rulings for publication in the Internal Revenue Bulletin were streamlined to expedite the publication of significant rulings. The time required for publication has been reduced to the point where priority rulings are generally published within three or four months after their issuance.

Preliminary work was done in the preparation of the "Index-Digest Supplement to Cumulative Bulletins 1957-1960" to be published in the latter part of fiscal year 1961. Corresponding in format to the index-digest covering the 1953-56 Cumulative Bulletins, this publication will serve as a reference guide to the rulings, procedures, decisions, and other matters published in the 4-year period. As in the preceding edition, the material will appear in digest form and by topical arrangement, including a listing of the published items by law section involved.

The number of rulings and procedures published in the Internal Revenue Bulletin during 1960 decreased by 16 percent. The prin-

cipal decline was in the number of excise tax rulings published. These totaled 127 compared to 191 published in 1959.

A comparison of the rulings and procedures published in 1959 and 1960 follows:

Revenue rulings and procedures published

Type	1960	1959
Total.....	459	546
Income tax.....	216	224
Employment taxes.....	22	21
Estate and gift taxes.....	9	10
Alcohol and tobacco taxes.....	58	71
Other excise taxes.....	127	191
Firearms.....	4	4
Engineering issues.....	11	6
Administrative and miscellaneous.....	12	19

Among the more significant Revenue Rulings and Procedures published during the year were the following:

- A real-estate board whose primary purpose or activity is the operation of a multiple listing system is not exempt from Federal income tax as an organization described in section 501(c)(6) of the Code (Rev. Rul. 59-234, C.B. 1959-2, 149).
- A stock option issued under a plan which requires the Treasury Department to assume the function of making determinations of fair market value for the purpose of fixing the option price does not qualify as a restricted stock option (Rev. Rul. 59-243, C.B. 1959-2, 123).
- Income derived from the operation of newspapers by a corporation, as purported agent, and by its corporate owners, as purported principals, is partly attributable to each corporation, the amounts thereof to be determined on the basis of the facts involved (Rev. Rul. 59-247, C.B. 1959-2, 14).
- A pinball machine which is so equipped that it is especially adapted for gambling purposes is a coin-operated gaming device *per se*, and evidence of actual payoffs is not necessary in order to hold applicable thereto the \$250 special tax (Rev. Rul. 59-294, C.B. 1959-2, 340).
- A provision in a newly established pension plan providing for the return of the employer's contributions if the plan fails to qualify will not, of itself, prevent qualification of the plan (Rev. Rul. 59-309, C.B. 1959-2, 117).
- A ruling was published which discusses the income, estate, and gift tax consequences of a transfer of property to a minor pursuant to either the Uniform Gifts to Minors Act or the Model Gifts of Securities to Minors Act (Rev. Rul. 59-357, C.B. 1959-2, 212).
- Rules were set forth with respect to the withholding of income tax on amounts paid to and received by employees as daily transportation and per diem allowances to cover expenses for meals and lodging, etc., while working on construction and other projects in remote areas (Rev. Rul. 59-371, C.B. 1959-2, 236).
- Depreciation of construction equipment sustained by a taxpayer in erecting a capital improvement for his own use is not an allowable deduc-

tion but becomes a part of the cost of the capital improvement (Rev. Rul. 59-380, C.B. 1959-2, 87).

The spin-off of a hotel business for stock in a new corporation is not a nontaxable exchange where hotel earnings were used to acquire substantial properties for the retained business during the 5-year period preceding the date of distribution (Rev. Rul. 59-400, C.B. 1959-2, 114).

Telephone companies which keep their records in accordance with the uniform system of accounts prescribed by the Federal Communications Commission may, under certain conditions, file quarterly Federal excise tax returns reporting only "net tax due" and using estimated amounts in the separate categories of communication services (Rev. Rul. 60-7, I.R.B. 1960-1, 25).

A ruling was published to announce the position of the Internal Revenue Service as to the application of the doctrine of constructive receipt to a number of deferred compensation arrangements (Rev. Rul. 60-31, I.R.B. 1960-5, 17).

Claims for refund of overpayments of the so-called "collected" excise taxes may be filed by the "taxpayer" within 3 years after the return is filed by the collecting agency (Rev. Rul. 60-58, I.R.B. 1960-6, 75).

The Service published a ruling in which it set forth criteria and guides to be applied in determining the deductibility of educational expenses (Rev. Rul. 60-97, I.R.B. 1960-11, 9).

Basic guides and criteria were published to announce and illustrate Service position on the deductibility of traveling expenses incurred by construction workers (Rev. Rul. 60-189, I.R.B. 1960-20, 12).

The cost of hens and baby chicks purchased for egg-laying or for raising and sale may be deducted in the year of payment by cash method farmers, provided such method is consistently followed and clearly reflects income (Rev. Rul. 60-191, I.R.B. 1960-20, 22).

A licensed small-loan company will not become subject to personal holding company tax solely by reason of its adoption of a plan, authorized by State law, of precomputing interest on loans (Rev. Rul. 60-194, I.R.B. 1960-20, 26).

The several areas of the Internal Revenue Code of 1954 in which the Service will not issue advance rulings and determination letters were described in a special Revenue Procedure published by the Service (Rev. Proc. 60-6, I.R.B. 1960-12, 27).

Seventy-one Technical Information Releases were issued during the year, 14 of which announced the position of the Internal Revenue Service with respect to adverse court decisions having an important effect on tax administration. Among the more important releases issued were the following:

The application of the retailers' excise taxes to sales of taxable articles for use or disposition by the purchaser as awards, premiums, prizes, advertising media, or for similar purposes, depends in part upon the nature of the seller's business (T.I.R. 170, August 18, 1959).

The restyling or remodeling of the cabinet or the overhauling or replacement of minor parts of a used piano does not constitute a rebuilding operation for purposes of the manufacturers' excise tax; however, where major components are replaced, the piano is considered to be rebuilt and

subject to the manufacturers' excise tax on musical instruments (T.I.R. 174, September 8, 1959).

Amounts deposited in vending machines which dispense only merchandise of nominal value do not constitute amounts paid for food, refreshment, or merchandise for purposes of the cabaret tax, even though such vending machines are located in roof gardens, cabarets, or other similar places (T.I.R. 180, September 28, 1959).

For purposes of the depletion deduction, a deposit of sand and gravel is not considered a quartzite deposit; the contrary court decision in the case of *W. R. Bonsal Company* will not be followed (T.I.R. 183, October 26, 1959).

The simultaneous conveyance (for cash) and leaseback (for 30 years) of business property is considered one integrated transaction under which there is an exchange of like properties, with cash as boot; the contrary court decision in the case of *Jordan Marsh Company* will not be followed (T.I.R. 194, December 18, 1959).

Three Technical Information Releases were issued to announce the steps being taken and the rules to be followed by the Internal Revenue Service in dealing with tax abuses in connection with entertainment and employee expense accounts (T.I.R. 198, December 21, 1959; T.I.R. 204, January 13, 1960; T.I.R. 221, April 4, 1960).

The Service announced that it will continue its general policy of taxing prepaid income in the year of receipt; the contrary court decision in the case of *Bressner Radio, Inc.*, will not be followed (T.I.R. 205, January 19, 1960).

Accrual-method taxpayers may not deduct 2 years' property taxes in any one calendar year merely because the State changed its laws to advance the assessment and lien dates from January 1 to the preceding December 31 (T.I.R. 214, March 4, 1960).

A Technical Information Release was issued to describe the types of situations in which aliens would be permitted to depart from the United States or its possessions without having to obtain certificates of compliance or "sailing permits" (T.I.R. 225, April 21, 1960).

The Service outlined the administrative appeals procedure available to a taxpayer residing abroad whose return is audited by the International Operations Division (T.I.R. 227, May 2, 1960).

Tax Return Forms Program

Although legislative amendments did not play a major role in the tax return forms program, a number of important revisions were made during the year. Also, a number of new forms and documents were issued. As in prior years, numerous suggestions and recommendations for revising the forms and instructions were received from taxpayers, practitioners, and Service employees. In keeping with the Service's continuous management improvement program, these suggestions were carefully studied with a view toward forms simplification and betterment, and many valuable suggestions were adopted.

Revision of tax forms.—A total of 247 forms, instructions, and documents were revised or reviewed. Some of the more significant changes in major forms were:

Form 1040A. U.S. Individual Income Tax Return (less than \$10,000 total income). One of several steps taken to improve the reporting of dividends and interest in the 1959 tax return forms was a change in the caption for line 6 on Form 1040A to read "Interest, dividends, and other wages," instead of "Other income."

Form 1040. U.S. Individual Income Tax Return. As in the case of Form 1040A, changes were made in Form 1040 to emphasize the necessity for reporting dividends and interest. A number of other improvements were also made, such as (1) designating the place for attaching checks or money orders (to facilitate processing), (2) requiring information as to the internal revenue district where unpaid Federal tax accounts were outstanding, and (3) mentioning specifically on the form that if wife (or husband) is filing a separate return, an exemption for such husband or wife must not be claimed.

Form 1120. U.S. Corporation Income Tax Return. Form 1120 for tax year 1959 was reduced from 6 pages to 4 pages. The profit and loss statement was restored to page 1, and supporting schedules were placed on pages 2 and 3. The tax computation was placed at the end of the supporting schedules. The revised format resembles that used in the 1954 and earlier corporation return forms.

Form 1065. U.S. Partnership Return of Income. The format of the return for 1959 was changed in an effort to simplify the form. All income items were consolidated at the top of page 1 and the questions were placed at the bottom of the page. The depreciation schedule on page 3 of the return was revised to develop specific information as to additional first year depreciation claimed. Also, the balance sheet was revised so as to provide a more complete classification of items.

Tax return forms for 1960 and subsequent years will give effect to new rules adopted by the Service in April 1960 for dealing with entertainment and employee expense accounts. More detailed reporting in respect to these items will be required on the income tax returns of employers (including corporations, partnerships, and sole proprietors) as an important step in an enforcement program aimed at the elimination of tax abuses in these areas. (For a description of the program, see p. 80.)

New tax forms issued.—A number of important new tax forms and documents were developed and issued during the year to simplify reporting for millions of taxpayers, to implement the Service's intensive campaign on unreported interest and dividends (see p. 81), and to improve administration and service to taxpayers. Among these issuances were:

Form 1040W. U.S. Individual Income Tax Return—Optional Short Form for Wages and Salary Income and Not More Than \$200 of Interest and Dividends. This new form is designed for use by taxpayers

whose incomes consist primarily of wages, who wish to itemize deductions, and who do not require the more detailed regular Form 1040.

Form 2688. Application for Extension of Time To File U.S. Individual Income Tax Return. A form to be filed by individuals to secure an extension of time to file Form 1040 or Form 1040W.

Form 2758. Application for Extension of Time To File U.S. Fiduciary or Partnership Return. A form to be filed by fiduciaries or partnerships to secure an extension of time to file Form 1041 or Form 1065.

Document No. 5219, a notice to all taxpayers to include all interest and dividends on their returns. The Service printed and issued 42,000,000 copies of this notice, with the cooperation of corporations, banks, and savings and loan and other financial institutions. These firms used the notices as an insertion with their own notices of payment of interest and dividends, and many reproduced large numbers at their own expense.

Document 5219A, a special message to corporate payers of dividends and interest, regarding the inclusion of dividends and interest by recipients, and containing a specimen of Document 5219. The Service printed and distributed 650,000 copies of this notice.

Document No. 5242, a notice to be mailed with Form 941, Employer's Quarterly Federal Tax Return, calling attention to the new punch card format of Form 941.

Document No. 5244, a notice furnished taxpayers cashing Series E Savings Bonds calling attention to the taxability of interest.

Document No. 5247, a poster reminder that interest credited to a taxpayer's account must be reported on his Federal tax return.

Form 940. (Punch Card). Employer's Annual Federal Unemployment Tax Return. This is a new tabulating card format which replaced the old Form 940, in order to permit the machine processing of these returns in the service centers.

Form 941. (Punch Card). Employer's Quarterly Federal Tax Return. The new tabulating card format was used exclusively beginning with the first quarter of 1960, replacing the old Form 941.

Form 2687. Gasoline Floor Stocks Tax Return—1959. Following enactment of Public Law 86-342, providing for an increase of 1 cent per gallon in the tax on gasoline, this new form was developed.

Distribution of tax forms.—Early distribution of all major tax forms to district offices this year contributed to improved taxpayer relations. Through rigid scheduling and excellent cooperation from the Government Printing Office, all major tax forms were for the first time made available in all district and subordinate offices by December 1. This, in turn, enabled the district offices to promptly assemble bulk orders from tax consultants, banks, and institutions, and to package, address, and mail or distribute them as completed orders without making repeated partial shipments of back orders. Quantities of tax forms prepared and printing costs involved are shown in table 26, p. 156.

In the New York City area, the regional office centralized the distribution of tax forms and publications rather than having the job

done by the district offices in the area. This was done during the period from November through April. It allowed fuller utilization of temporary man-years provided for forms distribution; reduced demands on New York City district offices' permanent staff in connection with receipt, storage, and issuance of tax forms; afforded faster service to banks, post offices, practitioners and taxpayers; and reduced by a considerable degree the number of telephone and in-person requests to the district offices for forms and publications.

Taxpayer Publications

The objectives of the Service's Taxpayer Publications Program are to educate taxpayers as to the requirements of the Federal tax laws and to provide clear, understandable, and detailed answers to specific problems, so as to enable taxpayers to properly compute their taxes with a minimum of assistance from Service personnel.

Your Federal Income Tax, IRS Publication No. 17, is perhaps the best known of the Service publications, next to the return forms and instructions. It is a "best seller" among Government publications sold by the Superintendent of Documents. The 1960 edition contains 144 pages, an increase of 16 pages over the 1959 edition. Its price also was increased from 35¢ to 40¢. The booklet contains simplified nontechnical explanations and examples of thousands of problems confronting individual taxpayers when they prepare their income tax returns. The 1960 edition, in addition to explanations of about 160 new rules resulting from changes in law, regulations, and administrative rulings, also contains other improvements in clarity, organization, and scope of subject matter covered. The booklet is sold by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C., and by local Internal Revenue offices. It may also be purchased from various cooperating newspapers and other non-Government organizations throughout the country. Approximately 500,000 copies were sold in 1960.

Tax Guide for Small Business, IRS Publication No. 334, also was increased in size from 128 pages to 144 pages and in price from 35¢ to 40¢. This booklet explains and answers in plain nontechnical language most of the Federal tax problems confronting the small business and professional man. It contains detailed explanations of the tax results flowing from the establishment of a new business, the operation of a going business, and the disposition of a business, whether it is a sole proprietorship, a partnership, or a corporation. Federal income, excise, employment, self-employ-

ment, and withholding taxes are explained. A tax calendar and a tax checklist are included, as well as a detailed subject index. Copies are available to the public through the same channels as *Your Federal Income Tax*. Approximately 140,000 copies were sold.

Farmers' Tax Guide, IRS Publication No. 225, is a 64-page pamphlet directed especially to farm tax problems. Further improvements were effected in the 1960 edition as a result of suggestions received from readers, representatives of the Extension Service of the U.S. Department of Agriculture, and field personnel of the Internal Revenue Service. One million copies of this booklet were distributed free to farmers, principally through county extension agents.

Tax Guide for U.S. Citizens Abroad, IRS Publication No. 54, is a 24-page booklet explaining the Federal income tax responsibilities of U.S. citizens who reside or work abroad. About 400,000 copies of the 1960 edition were distributed through consulates and other Government offices to U.S. citizens abroad.

U.S. Tax Guide for Aliens, IRS Publication No. 433, a new 27-page pamphlet, explains the U.S. tax status of aliens, both resident and nonresident. This pamphlet sets forth the distinction between resident and nonresident aliens and the tax provisions applicable to each. It also explains the basis for determining whether or not an alien is engaged in trade or business in the United States and the tax provisions applicable in either case. In addition it contains a general discussion of the tax-sparing provisions of U.S. tax treaties. Nearly 100,000 copies of this pamphlet have been sent to district offices and to U.S. embassies and consulates overseas for free distribution.

Other pamphlets on the taxation of aliens or nonresident U.S. citizens which may be obtained without charge from district offices or U.S. embassies and consulates are the following International Operations Division Information Guides:

- No. 1—Fulbright Awards and U.S. Income Tax
- No. 2—Income Tax Deductions of Members of the Foreign Service, Department of State
- No. 3—Change of Status Year for Nonresident Alien Taxpayers
- No. 4—Claims for Recovery of Manufacturer's Excise Tax on Exported Articles
- No. 5—Social Security Coverage for Clergymen and Religious Workers Abroad
- No. 6—Preparation of Form 1040B
- No. 7—Foreign Scholars and U.S. Income Tax

Motor Fuel Tax Pamphlets.—These publications were revised to explain the latest rules in regard to the various Federal motor fuel taxes. They consist of:

- Federal Tax on Motor Fuel, IRS Publication No. 349
- Federal Gasoline Tax Refund for Nonhighway and Transit Use, IRS Publication No. 378
- Farmer's Gasoline Tax Refund, IRS Publication No. 308

Teaching Taxes, IRS Publications No. 19, 21, 22, and 27 comprise a series of students' handbooks, teachers' guides, and other training aids furnished free of charge to high schools and colleges for use in the "Teaching Taxes" program, described on p. 23.

Other publications.—A total of 37 other taxpayer assistance documents were distributed free to taxpayers. These publications range in size from 2 pages to 16 pages. Their distribution ranged from 1,000 copies to 110,000 copies. Each publication contains a detailed explanation of the rules applicable to certain problem areas. The publications are used to answer taxpayers' inquiries on specific problems and they are also available upon request in district offices. They serve to expedite and increase the effectiveness of the Taxpayer Assistance Program during the filing period and to minimize the need for individual assistance to taxpayers by personnel of the Internal Revenue Service. The booklets are also utilized as supporting statements for adjustments proposed in revenue agents' reports as a result of the examination of taxpayers' returns. The booklets cover the following subjects:

	<i>Document No.</i>		<i>Document No.</i>
Personal Exemptions and Dependents.....	5013	Depreciation, Depletion, Amortization.....	5050
Employee Expenses.....	5014	Business Expenses.....	5051
Sick Pay.....	5016	Child Care.....	5052
Selling Your House.....	5017	Retailers' Excise Tax... Manufacturers' Excise Tax.....	5054
Retirement Income and Credit.....	5018	Excise Tax on Communications.....	5055
Medical and Dental Expenses.....	5020	Occupational Stamp Taxes.....	5056
What Is Income.....	5045	Tax on Admissions and Dues.....	5057
Tax Calendar and Check List.....	5046	Investment Income.....	5059
Self-Employment Tax.....	5047	Net Operating Loss.....	5060
Sales and Exchanges of Assets.....	5048	Interest Deductions.....	5062
Entertainment for Business.....	5049	Taxes.....	5074

	<i>Document No.</i>		<i>Document No.</i>
Filing Your Tax Return.. Installment and Deferred-Payment Sales.....	5107	Accounting Periods and Methods.....	5175
Alimony.....	5108	Bad Debts.....	5176
Miscellaneous Deductible Expenses.....	5109	Withholding From Wages by Employer.....	5177
Tax Withholding and Estimated Tax.....	5110	Repairs and Improvements.....	5178
Casualties, Thefts, Condemnations.....	5111	Partnerships.....	5179
	5174	Corporations.....	5180
		Sale of a Business.....	5181
		If Your Return Is Examined.....	5202

Public Information Program

The Service continued to carry out an active public information program, employing all available media. The purpose of this program is to aid taxpayer understanding of the tax laws and thus to facilitate compliance with the statutes and regulations.

Work was started on a new, 27-minute, documentary color film which will replace an earlier production, "Since the Beginning of Time." The new film will be used for national and local telecasts and bookings before schools, civic groups, and luncheon clubs, as the earlier one was.

More than 100 press releases were issued during the year to newspapers, tax services, and other news media. These press releases dealt with a variety of subjects. Some were in the form of announcements to taxpayers of new or changed policies of the Service, others were announcements of administrative actions, and still others served to report collection and enforcement activities. Tax calendar items were featured in releases by regional and district offices.

Statistical releases reporting the highlights and availability of detailed statistical studies of the items shown on tax returns filed were also issued.

Prior to the 1960 filing period, a complete public information kit was issued to field offices. This kit included releases, suggested scripts, anecdotal material, and radio and television spot announcements.

A new program of providing television announcements for use throughout the entire year, as well as during the filing period, was arranged with the television networks.



High school students in Austin, Texas, study Forms 1040, 1040W and 1040A, under the "Teaching Taxes" program

This was the seventh consecutive year in which the Service provided students' handbooks, teachers' guides, and other teaching aids, free of charge, under the "Teaching Taxes" program. Over 2,700,000 students and 66,000 teachers participated, in more than 22,000 schools. These materials also have been used in a variety of educational projects, such as adult educational courses, in addition to their use in public and private high schools and colleges.

The information program gave special attention to new or changed policies of the Service in two areas: the reporting of income from interest and dividends, and the reporting of expense account reimbursements (see pp. 80 and 81). A series of news releases and statements was issued on these subjects and they were given special treatment in the information kit used during the filing period.

Taxpayer Assistance Program

During the filing period each year the Service provides taxpayers with advice and assistance in the preparation of their income tax returns. Aid is provided by one of three methods: individual assistance, "self-help," or telephone service. Emphasis is placed on the last two methods, which not only encourage taxpayers to assist themselves to the greatest extent possible but also save the time of both taxpayers and Service personnel.

Annual Taxpayer Assistance Institutes also are conducted each year, prior to the filing period, for the purpose of training representatives of Government organizations and business firms with large numbers of employees. The persons attending these institutes are then able to assist fellow employees in preparing their income tax returns.

In addition to the assistance provided by these methods, the Service has taken other steps to promote better understanding of the tax requirements. Among the factors contributing to better understanding are the Service publicity and educational programs, an expanded series of tax guides and related publications, and the simplified tax forms, Form 1040A and the new Form 1040W.

A total of 10,213,000 taxpayers requested aid during the 1960 filing period. While this represents a slight increase over the 10,173,000 seeking assistance in 1959, the entire increase for 1960 was in the telephone service. Approximately 53 percent of the taxpayers assisted in 1960 were handled by telephone which is the quickest and most economical method. Since the advantages of this service have been publicized, fewer taxpayers are requesting individual and self-help assistance in preparing their returns.

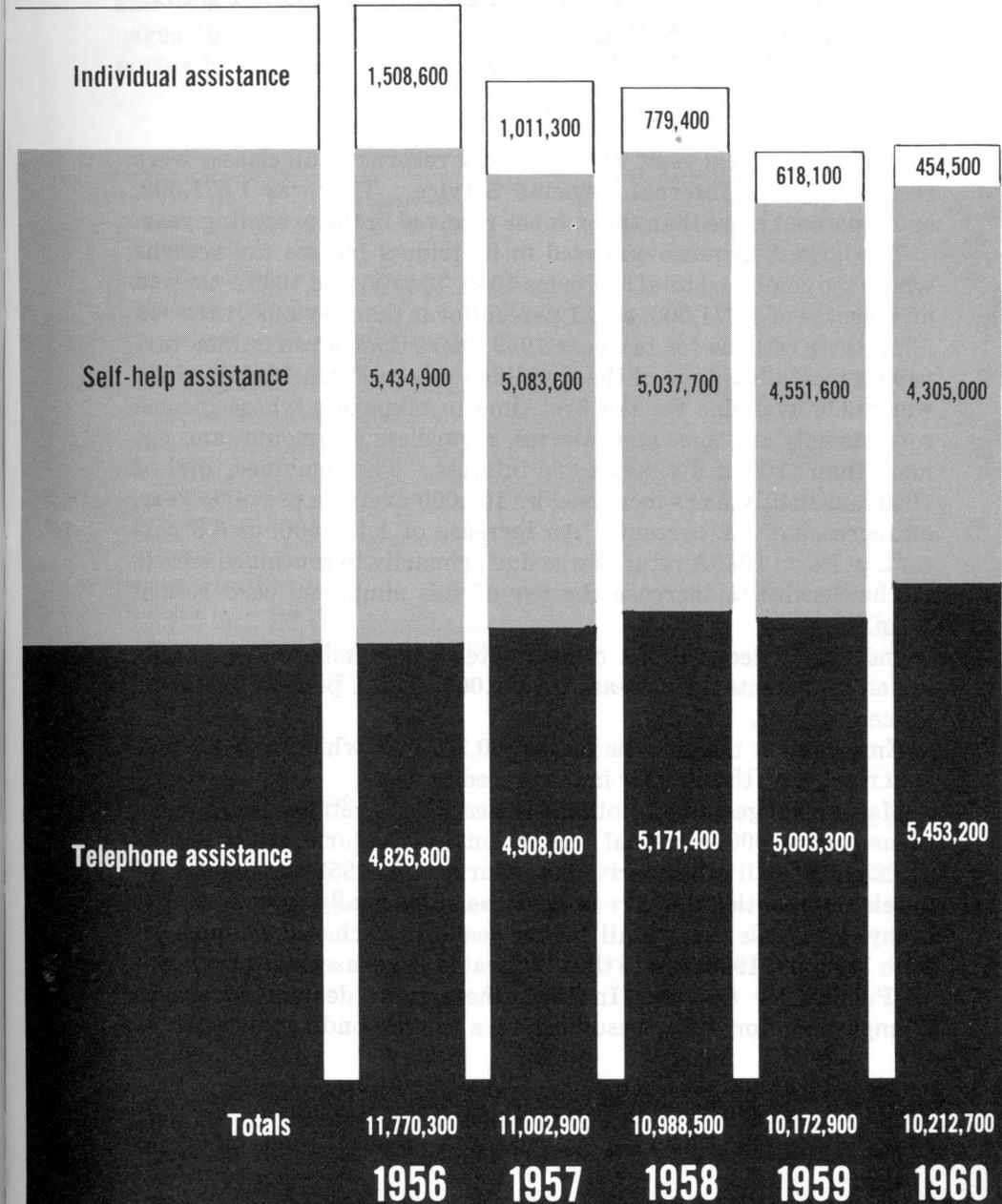
During the 1960 filing period, the number of taxpayers receiving individual assistance was 455,000 compared with 618,000 in 1959. Self-help assistance was provided 4,305,000 taxpayers in 1960, a decrease of 5 percent from the 4,552,000 taxpayers furnished this type of assistance in 1959. Under this method, a group of taxpayers prepare their returns with the aid of a Service employee who moves about within the group to answer specific questions.

The average number of taxpayers assisted per man-day increased from 96 in 1959 to 107 in 1960, due mainly to increased use of telephone service. Various telephone companies contributed to this improvement by informing their customers of the availability of this service.

The man-days devoted to assisting taxpayers continued its downward trend which began in 1956. During 1960, there were 110,803 man-days spent on the program, representing an 11 percent reduction from the 1959 figure of 124,025 man-days.

Through better planning and use of improved techniques in providing assistance, the district offices effected a reduction of \$231,038 in the cost of the program. For 1960, the cost of the Taxpayer Assistance Program amounted to \$2,665,280 compared to \$2,896,318 in 1959.

Taxpayers Assisted



RECEIPT AND PROCESSING OF TAX RETURNS AND RELATED DOCUMENTS

Number of Returns Filed

In the 1960 fiscal year, 94,399,000 tax returns of all classes were received by the Internal Revenue Service. This was 1,571,000, or 1.7 percent more than the number received in the preceding year.

The largest increase occurred in individual income tax returns where the combined total of Forms 1040, 1040W, and 1040A showed an increase of 1,271,000, or 2.1 percent over the previous year. In filing their returns for tax year 1959, more than seven million taxpayers took advantage of the simplified return Form 1040W which was made available for the first time to taxpayers whose income consists only of wages and salaries, regardless of amount, and not more than \$200 of dividends and interest. The combined total of 1040 and 1040W filers increased by 101,000 over the previous year, an increase of 0.2 percent. An increase of 1,170,000, or 6.8 percent, in Form 1040A returns was due primarily to continued efforts of the Service to increase the use of this simplified card return form.

Individual declarations of estimated tax numbered 6,292,000, which represents an increase of 190,000, or 3.1 percent from the preceding year.

Employment tax returns totaled 20,227,000, which was 1.9 percent more than the number in the preceding year.

Major changes among other classes of tax returns were a decrease of 157,000 in special occupational tax returns and a decline of 225,000 in all other excise tax returns. In 1959 the number of special occupational tax returns was abnormally large because many wholesale and retail liquor dealers purchased stamps for both 1959 and 1960, due to the accelerated purchase date provisions of Public Law 85-389. In 1960, these same dealers purchased stamps only for 1961, resulting in a corresponding decrease in

returns for 1960. The new law also revised the definitions of wholesale dealers and retail dealers to conform in general to the trade understanding of these terms. As a result of the changes in definitions, a number of dealers who were formerly required to pay both classes of occupational taxes are now required to pay tax only as a retailer or as a wholesaler.

A comparison of the number of returns filed in fiscal years 1960 and 1959 is shown below. Summary data are also shown on pages 101 and 102 with respect to the major types of income reported by individuals and corporations for recent years.

Number of returns filed, by principal type of return

(Figures in thousands. For details, see table 5, p. 132)

Type of return	1960	1959
Grand total.....	94,399	92,828
Income tax returns, total.....	70,151	68,584
Individual and fiduciary, total.....	61,260	60,008
Individual—citizens and resident aliens, total.....	60,456	59,185
Forms 1040 and 1040W ¹	42,060	41,959
Form 1040A.....	18,396	17,226
All other individual and fiduciary.....	804	824
Declarations of estimated tax, total.....	6,309	6,120
Individual.....	6,292	6,102
Corporation.....	17	18
Partnership.....	1,016	1,007
Corporation.....	1,072	998
Other.....	493	451
Employment tax returns, total.....	20,227	19,847
Employers' returns, Form 941.....	14,729	14,405
Employers' returns, Form 942 (Household employees).....	3,671	3,671
Employers' returns, Form 943 (Agricultural employees).....	580	569
Railroad retirement, Forms, CT-1, CT-2.....	23	
Unemployment insurance, Form 940.....	1,224	1,202
Estate tax.....	62	61
Gift tax.....	91	85
Excise taxes, total.....	3,868	4,250
Occupational taxes.....	1,166	1,323
Form 720 (Retailers, manufacturers, etc.).....	2,351	
Alcohol.....	25	
Tobacco.....	17	
Other.....	309	2,928

¹ Revised.

² Returns on Form 1040W are included in the 1960 column only, this having been the first year in which this form was filed.

Number of Returns Filed

(millions)

Individual and Fiduciary

61.3

Declarations of Estimated Tax (Individual)

6.3

Partnership

1.0

1.0

Corporation

1.0

1.1

Employment

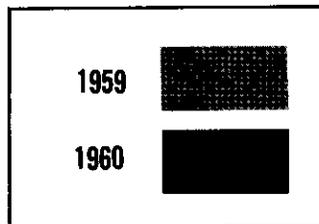
20.2

Excise and All Other

4.5

Totals

1959—92.8



Information Returns

Nearly 325 million information returns were received during 1960. Of these returns, more than 208 million were Forms W-2 (employers' statements of wages paid and tax withheld) including copies filed by employers and the copies filed by employees as attachments to their income tax returns. Forms 1099 (information returns on payments of dividends, interest, and various other items) totaled nearly 110 million. The remaining information documents included nearly 6 million Forms 1087, Ownership Certificates—Dividends on Stock, and small numbers of other types of documents.

Service Center Functions

During fiscal year 1960, the area service centers processed to completion 47.3 million individual income returns, Forms 1040, 1040W and 1040A. Of these, 41.8 million were 1959 returns filed during the 1960 filing period and 5.5 million were 1958 returns filed during 1959.

In addition, 4.6 million individual estimated tax declarations were processed. Accounts receivable were established for appropriate individual income tax returns and declarations.

All districts received the benefit of service center mailing and delinquency check operations on employment tax returns, Form 941, for one or more quarters and on unemployment tax returns, Form 940. In 1961 all returns on Forms 940 and 941 will be handled in the service centers.

During the period January 1 through June 30, 1960, service centers received 52.1 million individual income tax returns for processing, or 87.3 percent of the total filed. This was an increase of approximately 11 million over the same period last year. The increase was largely due to the scheduling of additional returns for shipment to the centers by the districts served.

Plans were completed to utilize electronic equipment in the Northeast Service Center beginning January 1, 1961. This advanced equipment will replace to a large degree the punch card systems now used. It is planned to extend the electronic systems to the Midwest and Western Service Centers for operation beginning January 1, 1962.

Refunds Covering Excessive Prepayments

During the 6-month period ended June 30, 1960, nearly 34.5 million refunds were scheduled on individual income tax returns filed for the 1959 tax year. The bulk of the refunds relating to

tax year 1959 were scheduled by the end of May, just 6 weeks after the filing deadline. The refunds scheduled on the tax year 1959 returns averaged \$114 per item as compared with an average of \$111 per item for the refunds scheduled through June 1959 on the 1958 tax year returns. The number and amount of credits allowed on tax year 1959 returns increased 15 percent and 8 percent, respectively.

The following table shows the number and amount of refunds and credits, and amount of interest paid as a result of excessive prepayments of individual income tax on returns filed for the tax years 1954 through 1959 (usually received and processed by June 30 of the following year):

Refunds and credits resulting from excessive prepayments of individual income tax

Tax year	Refunds			Credits	
	Number (thousands)	Principal (thousand dollars)	Interest (thousand dollars)	Number (thousands)	Amount (thousand dollars)
1959 ¹	34,474	3,932,619	515	1,527	582,670
1958	35,154	3,978,226	3,933	1,756	756,887
1957	35,155	3,726,000	3,192	1,828	732,840
1956	34,096	3,323,779	3,936	1,602	599,012
1955	33,274	3,074,128	3,589	1,596	543,501
1954	33,138	2,932,261	3,559	1,681	573,243

Note.—For 1956 and subsequent years, returns requiring split credit to ensuing (or prior) tax year and current year refund are counted under both headings.

¹ Figures are preliminary and reflect refunds or credits to June 30, 1960. Revised figures to Dec. 31, 1960 will appear in next year's report.

² Principal and interest for tax year 1957 are estimated.

Carryback Allowances

During 1960, there was a decrease in the filing of applications for tentative adjustments of prior years' income taxes to give effect to operating loss carrybacks. This represents a reversal in the upward trend of the past two years, during which filings increased substantially. A reduction in filings by corporate taxpayers accounted for the entire decrease.

Applications adjusted in 1960 numbered 62,500, with tax reductions amounting to \$505,217,000. As compared with 1959, the number of cases handled decreased by 7 percent and the dollar allowances decreased by \$113,878,000, or 18 percent.

With fewer applications filed and disposals running well above receipts the inventory of cases under consideration was reduced by nearly 60 percent. The 1960 year-end inventory was the lowest in both number and amount for any year since 1951.

A comparison of the carryback applications received and adjusted in the last 2 years is shown below:

Receipt and disposal of tentative carryback applications

Status	Number		Amount (thousand dollars)			
	1960	1959	Claimed		Adjusted	
			1960	1959	1960	1959
Pending July 1	8,284	10,336	68,619	76,316		
Applications received	57,709	65,178	492,501	651,047		
Applications adjusted, total	62,500	67,230	532,064	658,744		
Allowed	n. a.	n. a.			505,217	619,095
Disallowed	n. a.	n. a.			27,771	42,465
Pending June 30	3,493	8,284	29,056	68,619		

n. a.—Net available.

Plans for Automatic Data Processing

The Service is going forward with plans to develop and install, over a period of several years, a system that will use automatic data processing equipment extensively in performing its accounting, clerical, and statistical operations. The decision to support the administrative and enforcement activities of the Service with highly efficient electronic computing machinery grew out of the need for dealing with a rapidly expanding workload that has already overtaxed the present data processing facilities, and the need to install a system that will consolidate into a single account on magnetic tape transaction data involving each taxation entity.

The following broad objectives are expected to be achieved through application of automatic data processing techniques and the master file concept to the enforcement and revenue-producing operations of the Service:

1. Systematic check on failure of individuals and business entities to file returns.
2. Verification of mathematical accuracy of returns filed and computation of tax or refunds due.
3. Determination of taxpayer indebtedness for prior year taxes of all types prior to issuance of a current refund, and identification of duplicate refunds.
4. Provision for a consolidated tax account for each taxpayer that will reflect current tax status at any given point in time.
5. Matching of data reported on information documents with corresponding data on taxpayer returns.
6. Classification of returns for audit purposes.

7. Preparation of management, operating, and statistical reports.

During the past year, detailed plans and specifications were developed and major computer manufacturers were invited to propose systems that would meet the Service's automatic data processing requirements through 1969. Proposals submitted were subjected to critical review to determine that proposed system variations were not in violation of mandatory requirements imposed by the specifications; that adequate provision had been made for the processing of the data volumes described in the specifications; that the characteristics and capacities of the equipment proposed were consistent with a company's claim of a machine capability to process stipulated workloads within specified time limits; and that cost data were accurate and consistent with equipment configurations and schedules. Following this review of the proposals, a selection of equipment was made and work was started on the development of procedures for the system.

In 1961, a Computer Center will be activated at Martinsburg, W. Va., and a pilot Service Center will be established in the Atlanta region to begin returns processing in January 1962. Experience gained from the pilot operation will permit systematic and gradual expansion to a fully operational national system by 1969.

ENFORCEMENT ACTIVITIES

General

Our national tax system is characterized by an exceptionally high degree of voluntary tax compliance, with the vast majority of taxpayers responding conscientiously to their obligations under the tax laws enacted by the Congress. While this high degree of voluntary compliance reduces both the extent and difficulty of tax enforcement problems, there remain substantial numbers of taxpayers who fail to recognize their full responsibility or are unaware of legal requirements affecting them. Other taxpayers seek to avoid or evade as much of their tax liability as possible.

The enforcement functions of the Service are concerned with the verification and correction of tax liabilities established by voluntary filings, and with ascertaining and collecting taxes and penalties from those who wholly, or largely, ignore their tax responsibilities. These functions are of vital importance, not only for the substantial amounts of revenue thereby obtained, but because effective and impartial enforcement action is necessary to maintain public confidence in our tax system.

Mathematical Verification

During the year, 50,156,000 individual income tax returns filed on Forms 1040, 1040W, and 1040A were mathematically verified. This was a decrease of about 3 percent from the preceding year. This decrease is primarily attributable to lack of manpower to perform all verification work during 1960.

Notwithstanding the 3-percent decline in the number of returns verified, the number of error cases disclosed by mathematical verification increased by slightly more than 12 percent. Among the error cases, the number with a tax increase rose 14 percent, while the number with a tax decrease rose 9 percent. The tax increases averaged \$85 while the average tax decrease was \$69. The aggregate amount of tax increases was \$112,066,000, compared with

\$84,688,000 in 1959, while tax decreases totaled \$48,564,000, compared with \$42,268,000 in the preceding year.

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

Individual income tax returns mathematically verified

Item	Type of return					
	Total		Forms 1040 and 1040W		Form 1040A	
	1960	1959	1960	1959	1960	1959
Number of returns verified.....thousands..	50, 156	51, 570	37, 254	39, 534	12, 902	12, 035
Number of returns on which changes were made thousands..	2, 017	1, 800	1, 361	1, 278	656	522
Returns with increase:						
Number.....thousands..	1, 313	1, 153	944	857	369	295
Amount.....thousand dollars..	112, 066	84, 688	81, 112	62, 664	30, 953	22, 023
Returns with decrease:						
Number.....thousands..	704	647	417	421	287	226
Amount.....thousand dollars..	48, 564	42, 268	26, 745	25, 406	21, 819	16, 862

† Revised.

‡ Returns on Form 1040W are included in the 1960 column only, this having been the first year in which this form was filed.

Audit of Returns

General.—For several years, special effort has been directed toward improving audit operations and examination techniques, thereby enabling the Service to increase the number of returns examined each year.

During 1960, further operational improvements were made in the audit area. Among these were revised procedures for addressing various case records and letters to taxpayers in connection with the audit of preredund returns. Under the new procedures, the service centers preaddress the records and letters, thereby releasing clerical manpower in the district offices for other audit operations. As a further means of conserving clerical manpower, new procedures were installed for recording and controlling audit activity on refund claims. To speed up the audit of excise and employment tax returns, a revised notification letter to taxpayers was developed.

Several major studies were undertaken relating to office audit, informal conference, and service branch operations of district audit divisions. The office audit study contemplates further expansion of low-cost methods in achieving broader audit coverage. By encouraging wider use of the informal conference procedures in district offices, the Service is endeavoring to speed the settlement of tax disputes. Work measurement and simplification is the objective of the service branch study.

Classification and selection of returns for examination.—Prior to each year's filing period, the regional offices plan the audit program for their districts. The development of guidelines for the classification and selection of returns for examination is an important phase of this planning.

The purpose of the classification process is to select the returns most in need of audit, based on potential adjustments to tax liability which would produce an overassessment or a deficiency of a substantial amount. Other criteria governing the selection of returns include local knowledge of noncompliance and provision for adequate audit coverage of the various types of returns and classes of taxpayers.

It is impractical for technical personnel to classify each return among the ever-increasing number filed. Therefore the Service has applied carefully tested methods to identify and segregate for classification those returns in the mass of filings which are likely to require attention. The mechanized processing operations at the service centers have made it possible to identify additional returns with significant audit characteristics and refer such returns to the district audit divisions for consideration.

During fiscal year 1960, nearly 19 million income, estate, and gift tax returns were classified and about 3 million were referred to district audit divisions for further consideration. In addition to returns selected through the classification process, audit divisions considered returns related to refund claims and returns in which examinations were mandatory by reason of taxpayers' requests or statutory requirements.

Number of returns examined.—The examination of a return involves a contact with a taxpayer or his representative for the purpose of verifying or adjusting items appearing in a return. An office audit examination is one in which the Service contacts a taxpayer by correspondence or by interview on Internal Revenue premises. A field examination is conducted by personal contact with the taxpayer or his representative at the taxpayer's home or place of business. Field examinations generally involve returns of greater complexity which require highly developed professional accounting skills.

During 1960, 3 million returns were examined by district audit divisions. Of this number, 2,089,000 returns were examined by office audit and 911,000 by field examination. As compared with 1959, office audits rose 8 percent, reflecting the further expansion of volume audit operations among low-income returns. Field examinations decreased 4.6 percent due to the continued emphasis

on utilization of the professional abilities of the field examiners on more qualitative examinations.

A total of 641,831 returns were closed by district audit divisions without taxpayer contact, where further study of the returns, prior-year records, and other background information indicated that examinations were not warranted.

The following table compares the number of returns examined for the last 2 years:

Number of tax returns examined

[Figures in thousands]

Type of return	Total		Field audit		Office audit	
	1960	1959	1960	1959	1960	1959
	Grand total.....	3,000	2,888	911	954	2,089
Income tax, total.....	2,736	2,595	682	725	2,054	1,870
Corporation.....	165	173	163	170	2	3
Individual and fiduciary.....	2,571	2,422	519	555	2,052	1,867
Estate and gift tax.....	27	29	25	26	2	3
Excise and employment tax ¹	236	264	203	204	33	60

¹ Excludes 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 taxes.

Additional tax resulting from audit.—Almost \$1.8 billion in additional tax, penalties, and interest was assessed in 1960 as a result of the audit of returns. This represents an increase of \$168 million over the preceding year and is the largest amount ever produced by this activity.

Practically all of the increase occurred in assessments involving corporation income and profits taxes. Slight increases were registered in the additional assessments from audit of estate, gift, and excise tax returns but the decreases in the amounts from audits of individual and fiduciary income tax returns and employment tax returns more than offset these gains. The decrease in the employment tax area is attributable in part to a realignment of functional responsibilities between the audit and collection divisions for the verification of employment tax returns.

The amounts shown in the following table comprise additional assessments made at all stages of audit and appellate consideration, including those resulting from Tax Court and appeals court determinations. The tax and penalties involved in delinquent returns

secured as a result of audit activity are not included below but are shown under "Delinquency Investigations and Delinquent Returns," p. 49.

Additional assessments resulting from audit

[In thousands of dollars]

Type of tax	Additional tax, penalties, and interest assessed	
	1960	1959
Total.....	1,786,915	1,619,148
Income and profits taxes, total.....	1,576,657	1,422,657
Corporation income and profits.....	910,597	747,426
Individual and fiduciary:		
Prerefund audit.....	102,517	97,775
Regular audit.....	563,543	577,455
Estate and gift taxes.....	175,719	164,528
Employment taxes ¹	2,888	6,338
Excise taxes.....	31,651	25,624

¹ Includes withheld income tax.

Claims for refund.—The number of refund claims closed by district audit divisions dropped from 485,758 in 1959 to 357,615 in 1960, with the principal reduction occurring in the individual income tax area. Claims activity in this area had risen temporarily in 1959 by reason of retroactive regulations issued in April 1958, permitting the deduction, on income tax returns for 1954 and subsequent years, of certain educational expenses not previously allowable.

Despite the decrease in number, the total amount claimed rose from \$415,685,000 in 1959 to \$677,022,000 in 1960. The rise was mainly attributable to a few unusually large corporation income tax claims and to the release from suspense status of excise tax claims involving large amounts, dealing with the deductibility of warranty charges from manufacturers' selling prices.

Of the \$677,022,000 claimed, refunds were allowed in aggregate amount of \$161,396,000, while \$515,625,000 was disallowed. About 36 percent of the amount claimed on individual income tax claims was disallowed but 78 percent of the amount involved in corporation income tax claims was disallowed. Due to a court decision favorable to the Government, dealing with warranty charges, over 96 percent of the amount claimed by excise taxpayers was disallowed.

Data on claims for refund closed during 1960 are shown below:

Claims for refund closed by district audit divisions

Class of tax	Number	Amount (thousand dollars)		
		Claimed by taxpayer	Allowed	Disallowed
Total	357,615	677,022	161,396	515,625
Individual income tax	316,005	102,396	65,324	37,071
Corporation income tax	24,289	357,123	79,473	277,650
Estate tax	1,425	23,260	7,174	16,086
Gift tax	246	849	382	467
Excise taxes	10,193	191,603	7,804	183,799
Employment taxes	5,457	1,791	1,239	552

Appeals

Income, profits, estate, and gift tax cases.—The number of protested income, profits, estate, and gift tax cases received in pre-90-day and 90-day status by the regional appellate divisions decreased in 1960. This is the first decrease since the sharp upward trend in receipts began in 1954. The significant factor contributing to this decline was the increased emphasis on improved examination, review, and informal conference in the district audit divisions.

Disposals during 1960 were greater than those for 1959. The larger volume of disposals and fewer receipts resulted in a marked decrease in inventories.

The number of petitions filed with the Tax Court of the United States also decreased somewhat in 1960. This, coupled with an increased number of disposals, reversed the prior trend of increasing inventories.

The following tables reflect case receipts, dispositions, and pending inventories for the regional appellate divisions as a whole during the last 2 fiscal years. Additional details relating to these cases, including dollar amounts involved and results obtained in cases processed, are shown in tables 14, 15, and 16, pp. 148 through 150.

Appellate Division processing of protested income, profits, estate, and gift tax cases prior to issuance of statutory notice of deficiency (pre-90-day cases)

Status	Number of cases	
	1960	1959
Pending in pre-90-day status July 1	13,298	12,394
Net receipts from district directors during year	16,001	17,379
Processed during year, total	18,368	16,475
Agreed	13,021	11,785
Unagreed overassessment and claim rejections	942	625
Appellate Division statutory notices issued—transferred to 90-day status	4,405	4,065
Pending in pre-90-day status June 30	10,931	13,298

Appellate Division processing of protested income, profits, estate, and gift tax cases in which statutory notices of deficiency were outstanding (90-day cases)

Status	Number of cases	
	1960	1959
Pending in 90-day status July 1	1,330	1,874
Net receipts during year, total	4,661	4,384
Statutory notices issued by Appellate Division ¹	4,324	4,004
Cases resulting from district directors' statutory notices	337	380
Processed during year, total	4,723	4,928
Agreed	711	606
Defaulted	1,159	1,124
Petitioned to the Tax Court—transferred to docketed status	2,853	3,198
Pending in 90-day status June 30	1,268	1,330

¹ Difference from preceding table is caused by cases being combined or split for the purpose of issuing the statutory notice, cases in transit, etc.

Appellate Division processing of income, profits, estate, and gift tax cases petitioned to the Tax Court (docketed cases)

Status	Number of cases	
	1960	1959
Pending in docketed status July 1	11,748	10,395
Net receipts during year, total	6,562	7,002
Petitions filed in response to—		
District directors' statutory notices	3,829	4,131
Appellate Division's statutory notices ¹	2,678	2,024
Cases reconsidered after trial	55	47
Processed during year, total	6,821	5,649
Agreed—stipulated	5,511	4,478
Dismissed or defaulted	384	310
Tried before the Tax Court on merits	926	861
Pending in docketed status June 30	11,489	11,748

¹ Difference from number shown as petitioned in preceding table is caused by excluding district directors' statutory notices considered by Appellate in 90-day status, cases in transit, etc.

Appeals

Income, profits, estate, and gift taxes

METHOD OF DISPOSAL OF APPELLATE DIVISION CASES

Agreement reached before issuance of statutory notice

13,021

Unagreed over-assessment or claim rejection

942

Agreement reached while statutory notice was pending

711

Taxpayer defaulted after issuance of statutory notice

1,159

Settlement reached after petition to Tax Court but before trial

5,511

Dismissed by Tax Court or taxpayer defaulted after petition

310

384

Tried in Tax Court

926

Totals

1959—19,789

1959	
1960	

Excise and employment taxes.—There was a decrease in the number of excise and employment tax cases received and a small increase in disposals.

The following table reflects the results in this area :

Appellate Division processing of protested excise and employment tax cases

Status	Number of cases	
	1960	1959
Pending July 1.....	1,037	799
Received during year.....	1,310	1,656
Processed during year, total.....	1,460	1,418
Settled by agreement.....	764	675
Closed without agreement.....	696	743
Pending June 30.....	895	1,037

Claims for relief from excess profits tax.—There was further progress during the year in the disposition of claims for relief from the World War II excess profits tax (Sec. 722, Internal Revenue Code of 1939). The number of cases pending in the Tax Court was reduced from 38 to 20; and no nondocketed cases were pending before the Excess Profits Tax Council. The results for the year were as follows :

Claims for relief from excess profits tax pending in the Tax Court

Status	Number of cases	Amount claimed (thousand dollars)
Pending July 1.....	38	147,419
Received.....	10	31,569
Closed.....	20	115,850
Pending June 30.....		

Closing agreement cases.—Final closing agreement cases relating to completed transactions are considered by the Appellate Division. The table shown below reflects the activity in this area during the year 1960. (Rulings on proposed closing agreements involving prospective transactions are discussed on p. 12.)

Appellate Division processing of final closing agreement cases

Status	1960	1959
Pending July 1.....	7	12
Received during year.....	32	31
Processed during year.....	32	36
Pending June 30.....	7	7

Overassessments Reported to Joint Committee

A total of 542 cases involving overassessments of \$328,770,244 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 of income, war profits, excess profits, estate, or gift tax exceeding \$100,000. These figures compare with 300 cases involving \$373,187,163 reported in the preceding year.

Civil Litigation

Litigation results.—The Supreme Court decided 19 tax cases last year, sustaining the Government's position in 12 cases.

The circuit courts of appeals decided 348 tax cases (exclusive of bankruptcy, receivership, insolvency, lien, compromise, and liquor cases). The Government's position was supported, in whole or in part, in 257 of these cases.

In most cases a taxpayer who has paid a disputed tax can, if he wishes, sue for refund in the Court of Claims or in a United States District Court. Last year the district courts decided 168 cases for the Government, 170 for the taxpayer, and 43 cases partly for the Government and partly for the taxpayer. The Court of Claims decided 43 cases for the Government, 21 cases for the taxpayer, and 6 partly for each.

At the year-end there were pending in district courts 2,485 civil cases involving tax questions (principally suits for refund of taxes, other than those relating to alcohol, tobacco, and firearms taxes, but also including perpetuation of testimony and damage actions) and 465 were pending in the Court of Claims.

For details of the cases in courts other than the Tax Court, see tables 20 and 21 on page 152.

Decisions of Supreme Court.—Among civil cases (see pp. 57 and 58 for criminal cases) decided by the Supreme Court were the following:

In *Commissioner of Internal Revenue v. Fred N. Acker*, 361 U.S. 87, decided on November 16, 1959, the Supreme Court affirmed the decision of the United States Court of Appeals for the Sixth Circuit which had decided, contrary to the Commissioner's contention, that Sec. 294(d)(2) does not authorize the treatment of a taxpayer's failure to file a declaration of estimated tax as the equivalent of a declaration estimating no tax and that the regulation which purports to do so is not supported by the statute and is invalid. The taxpayer, without reasonable cause, failed to file a declaration of his estimated income tax for any of the years 1947 through 1950 and the circuit court had sustained the addi-

tion to the tax for failure to file under Sec. 294(d)(1)(A), which issue was not before the Supreme Court.

On January 18, 1960, the Court decided the case of *United States v. Price*, 361 U.S. 304, reversing the decision of and remanding the case to the Court of Appeals for the Ninth Circuit (263 F. 2d 382). The Court of Appeals had affirmed the opinion of the District Court that a waiver of restrictions on assessment and collection of a tax executed by the taxpayer under the provisions of § 272(d) of the Internal Revenue Code of 1939 prior to the issuance of the notice of deficiency (the so-called 90-day letter) was invalid. The taxpayer had argued that there was no "determined" deficiency until the 90-day letter was issued, and that accordingly there could be no valid waiver affecting such a non-existent tax. The Court of Appeals for the Ninth Circuit had in two previous instances in 1936 taken the position argued for by the taxpayer. The taxpayer had asserted that the fact that Congress had considered these decisions and had still not amended the law, showed that it had accepted the Ninth Circuit's position. The Supreme Court, after examining the legislative history of the waiver provision of the 1939 Code, concluded that the intent of Congress had been to permit a taxpayer to pay the tax and stop the running of interest, and that to reach a further conclusion that a taxpayer was to be without power to stop the running of interest until a 90-day letter was issued would not conform to this purpose. It dismissed the argument that a deficiency was not "determined" until the issuance of the notice of deficiency as contrary to the plain sense of the provision which contemplates, first, a determination of a deficiency, and then the sending of a notice. It should be noted that the 1954 Code specifically authorizes a waiver prior to the issuance of a 90-day letter.

On March 21, 1960, the decision for the Government in *Walter W. Flora v. United States* (1958), 357 U.S. 63, was affirmed on rehearing in *Walter W. Flora v. United States*, 362 U.S. 145. It involved the question of whether a taxpayer must pay the full amount of an income tax deficiency before he may challenge its correctness by a suit for refund. The Court originally considered the case on writ of certiorari from the Court of Appeals for the Tenth Circuit and affirmed. The Court based its determination on what it considered to be Congressional intent; it went back to dicta in *Cheatham v. United States* (1875), 92 U.S. 85, which said that statutes at that time (R.S. 3226) required full payment as a condition precedent to the right to sue for refund, and noted that current statutes (28 U.S.C. 1346(a)(1)) employed identical language and were not intended to alter the *Cheatham* rule. The Court specifically noted that the statute establishing the Tax Court in 1924 constituted a partial remedy for hardship cases. In other hardship cases the Court stated that amelioration was a matter for Congress, not the Court. Justice Whittaker dissented.

The Court noted in its second opinion that the taxpayer's petition for rehearing was focused almost exclusively upon a single clause in the prior opinion—"there does not appear to be a single case before 1940 in which a taxpayer attempted a suit for refund of income taxes without paying the full amount the Government alleged to be due" (357 U.S. at 69). The Court granted the petition so that it could comment upon the material introduced upon reargument. It found that out of

approximately 40,000 pre-1940 suits, exhaustive research had revealed only nine in which the issue was present and that the Commissioner had contested jurisdiction in six of those. The Court stated that the remaining three were without significance and that the reargument strengthened rather than weakened its original statement. It also stated that the basic reasons for its decision would be unaffected by the constancy or inconstancy of administrative practice. Justices Whittaker, Frankfurter, Harlan, and Stewart dissented. This decision resolves what has been a very controversial and significant issue in tax litigation. A contrary decision would have permitted taxpayers to make token payments on deficiency assessments and by a suit for refund for such payment to test the correctness of the entire assessment. Such a rule probably would have resulted in a substantial change in taxpayers' choice of forums for litigation.

On April 25, 1960, the Court decided the case of *New Hampshire Fire Insurance Co. v. Scanlon*, 362 U.S. 404, affirming the *per curiam* decision of the Court of Appeals for the Second Circuit (267 F. 2d 941). The District Court had held that the plaintiff, surety on a bond of a tax-delinquent contractor, could not, by a petition to quash the district director's levy on the city of New York to reach a fund alleged to be due the contractor, obtain a determination of the rights of the parties to the property involved. The plaintiff argued that 28 U.S.C. § 2463, which states that all property taken under any revenue law of the United States shall be deemed to be in the custody of the law and subject only to the orders and decrees of the courts of the United States, gave those courts custody of the property and power to dispose of the issue of ownership summarily. The Supreme Court cited the legislative history of § 2463 as indicating a congressional purpose to protect the property in the revenue officer's custody and not to transfer custody to the federal courts. Even construing the section as transferring custody, the Supreme Court concluded that it would not follow that cases and controversies involving ownership of property should be tried in summary fashion.

In *Commissioner of Internal Revenue v. Mose Duberstein et al.*, 80 S. Ct. 1190, the Supreme Court held on June 13, 1960, in reversing the Court of Appeals for the Sixth Circuit, that the Tax Court was warranted in concluding that the transfer of a Cadillac automobile to the taxpayer from a business friend for furnishing names of potential customers was a recompense for past services or an inducement to be of further service in the future rather than a gift. Whether a transfer is a gift or compensation turns on the basic reason for the transferor's action. A gift in the statutory sense, said the Court, proceeds from a detached and disinterested generosity out of affection, respect, admiration, charity or like impulses.

Also on June 13, 1960, the Court decided the case of *Stanton et ux. v. United States*, 80 S. Ct. 1190. With four dissents, the Court vacated and remanded a decision in favor of the Government by the Court of Appeals for the Second Circuit, which was considered in conflict with the decision of the Sixth Circuit in *Duberstein* insofar as the proper approach to be taken in determining when a transfer of property constitutes a gift. The Government petitioned for certiorari in *Duberstein* and acquiesced in the taxpayer's petition in this case. The *Stanton*

case involved the question of whether a specific transfer of money by a corporation to an employee following his resignation constituted a gift or taxable compensation under section 22(b) of the 1939 Code. The Government argued that since the issue was a question of law or at least a mixed question of law and fact, it was within the power of the Second Circuit to reverse the District Court decision for taxpayer without finding it clearly erroneous. The Court held that the issue was purely factual but remanded the case to allow the District Court to make new and adequate findings of fact. The Court rejected the request of the Government to formulate a general rule or test sufficiently definite to enable lower courts to readily determine what constitutes an excludable gift. The decision failed to establish any specific rules of law to govern the issue but left the question to be decided by fact-finding tribunals upon their "experience with the mainsprings of human conduct."

In another case decided on June 13, 1960, the Court affirmed the decision of the Seventh Circuit in *United States v. Allen Kaiser*, 80 S. Ct. 1204. The Seventh Circuit had reversed the District Court, which had entered judgment for the Government n.o.v. The Supreme Court decision was against the Government. The issue was whether strike benefits, received from a labor union by both union members and non-members alike, were tax-exempt gifts (section 102(a) of the Code) or taxable income (section 61(a) of the Code) to the recipients. The amounts received were dependent upon individual need, and were also dependent upon the availability of unemployment compensation or local public assistance. Recipients were encouraged to engage in picketing, but benefits were not contingent on such activity. The Court refused to set up a test for determining when a transfer constitutes a gift or compensation, but held that this is a factual determination to be determined by the trial court upon each set of facts.

On June 13, 1960, the Court, in the case of *Manufacturers National Bank of Detroit v. United States*, 80 S. Ct. 1103, reversed the decision of the District Court for the District of Michigan (175 F. Supp. 291), the case having been appealed by the Government directly to the Supreme Court under sections 1255 and 2101 of Title 28 of the United States Code. The question presented was whether an estate tax provision (section 811(g) of the Internal Revenue Code of 1939, as amended by section 404 of the Revenue Act of 1942) requiring, in the computation of the statutory gross estate, the inclusion of proceeds of insurance on the life of the decedent to the extent the insurance has been purchased with premiums paid by the decedent, regardless of other aspects of ownership, is unconstitutional as an apportioned direct tax or as a deprivation of property without due process of law. The District Court had held that the statute, as applied in this case, was unconstitutional; it reasoned that since the decedent had parted with all incidents of ownership, there was no transfer of property at death. The Supreme Court, in reversing, held that the tax laid on the "ripening" at death of rights paid for by the decedent is not a direct tax and that the tax is not retroactive in its impact.

Also on June 13, 1960, the Court decided the cases of *United States v. Brosnan* and *Bank of America National Trust and Savings Assn. v. United States*, 80 S. Ct. 1108, affirming the decision of the Court of

Appeals for the Third Circuit in the first case (264 F. 2d 762) and reversing the decision of the Court of Appeals for the Ninth Circuit in the second case (265 F. 2d 862). The two cases involved substantially the same issue, namely, whether an inferior Federal tax lien is extinguished by the foreclosure of a superior mortgage lien in accordance with State law, even though the United States was not, and need not be under State law, a party to the foreclosure. In Pennsylvania a confession-of-judgment provision in the mortgage was utilized to obtain judgment against the mortgagor-taxpayer pursuant to which the real property was sold; in California both real and personal property were sold by the trustee pursuant to powers of sale contained in a deed of trust and two chattel mortgages. The Court (in a 5-to-4 opinion) analyzed the legislative history of Federal lien enforcement and found that the provisions of the law dealing with the means whereby private lienors could obtain the removal of the Federal tax lien (26 U.S.C. § 7424 and 28 U.S.C. § 2410) were permissive rather than exclusive procedures. It emphasized the use of the word "may" in those statutes. Finding no Federal statutory bar to the use of State procedures, the majority declared that it believed it desirable to adopt as Federal law the applicable State law governing divestiture of Federal tax liens (except to the extent Congress may have entered the field) so as not to displace well-established State procedures governing the enforcement of the network of competing private property interests. The dissent strongly argued that the cardinal principle of uniformity in the tax scheme demanded that the extinguishment of inferior Federal tax liens be done on a uniform basis, and pointed out that the majority opinion opens up 50 separate and different rules of procedure.

On June 20, 1960, the case of *Cory Corporation et al. v. Sauber*, 80 S. Ct. 1331, was decided in favor of the Government. The taxpayers sued for refunds of excise taxes collected on sales of two air conditioning units sold under sections 3405(c) and 4111 of the Internal Revenue Codes of 1939 and 1954, respectively (self-contained air conditioning units, etc.). The Commissioner, under his authority to prescribe regulations, had held that the tax applied to units that had "a total motor horsepower of less than one horsepower." (See S.T. 934, C.B. 1948-2, 180; Rev. Rul. 54-462, C.B. 1954-2, 410.) The District Court held that the rulings referred to actual—not nominal or rated—horsepower. The Court of Appeals, 7th Circuit (266 F. 2d 58), reversed on grounds that the units in question were clearly of the household type because made to meet the needs of a household, that the horsepower was irrelevant, and that the rulings were void. The Supreme Court reversed the Court of Appeals, holding that the Commissioner's rulings were not void and that the horsepower test is a permissible one. The cases were remanded to the Court of Appeals for further findings as to whether the word "horsepower" as used in the rulings meant actual horsepower or nominal rated horsepower.

On June 20, 1960, the Supreme Court decided the case of *Aquilino v. United States*, 80 S. Ct. 1285, vacating the decision of and remanding the case of the New York Court of Appeals (146 N.E. 2d 774). The State court had held that the Federal tax lien on a sum of money due the taxpayer-contractor from the owner had taken effect prior to the claims of the plaintiff-subcontractors. The plaintiffs had argued that

under § 36-a of the New York Lien Law the contractor had no property interest in the sum of money due from the owners to which the Federal tax lien could attach. The lower State courts had agreed and had been reversed by the New York Court of Appeals. The opinion of the majority of the Court pointed out that State law controls in determining the nature of the legal interests in property and that Federal law determines the priority of competing liens. On the grounds that the State court had not resolved the conflict between the plaintiffs' contention that there was no property interest in the taxpayer-contractor and the Government's contention that § 36-a gave the plaintiffs a mere lien, the Court vacated the judgment and remanded the case so that the property interests of the taxpayer under State law might be ascertained. The dissent (referring to both *Aquilino* and *Durham Lumber Co.* cases) argued that, since the Court had in a long line of cases preferred the Federal tax lien over the subcontractor's lien in situation similar to this case, for purpose of the Federal tax lien statutes no different result should obtain whether State law purports to prefer subcontractors over contractors by giving the subcontractors a lien on the contractor's rights against the owner or by giving them a prior right to collect the debt itself. It pointed out that the relevant incidents of the relationship between subcontractors and contractors are the same whether the subcontractors' interests are labeled "property" or "lien".

In another June 20, 1960, decision, the Court decided the case of *United States v. Durham Lumber Co.*, 80 S. Ct. 1282, affirming the decision of the Court of Appeals for the Fourth Circuit (257 F. 2d 570). The Referee in bankruptcy had held that the rights of the Government under its tax lien, in a fund deposited in the proceeding by the owner of the property upon which the taxpayer-contractors (now bankrupts) had performed work, were superior to those of the defendant-subcontractor. The District Court reversed and the reversal was affirmed by the Court of Appeals. That Court stated that the nature and extent of the general contractors' property rights were governed by State law and that under the North Carolina General Statutes the general contractors did not have a property interest in the face amount of the fund but only in the residue after payment of unpaid subcontractor's claims. The majority opinion of the Supreme Court agreed with this conclusion. (For a statement concerning the dissent see *Aquilino* above.)

On June 27, 1960, the case of *United States v. Cannelton Sewer Pipe Company*, 80 S. Ct. 1581, was decided in favor of the Government. It involved the question of whether a miner-manufacturer's "gross income from mining" for percentage depletion purposes on fire clay and shale could be based on its gross receipts from the sale of its finished vitrified sewer pipe and related products. The taxpayer maintained that it could not sell its fire clay and shale into the existing market at a profit because of the high operating costs of its deep mine. The Government took the position that the taxpayer's allowance for percentage depletion should be computed on the same base as that utilized by nonintegrated miners, who did not fabricate their raw material into a finished product. The Court found that Congress intended to grant miners a depletion allowance based on the constructive income from the raw mineral product, if marketable in that form, and not on the value of finished articles. The Court also rejected the taxpayer's argument that, because it could not sell its minerals into the existing market at a profit,

they were not commercially marketable; it held that all the processes used by nonintegrated miners before shipping the raw fire clay and shale would be available to an integrated miner-manufacturer to the same extent but no more. The Court did not rule as to the correct depletion base for miner-manufacturers where there was no evidence that the crude minerals were marketable in their crude form. This question had previously been decided in favor of the taxpayer in the lower courts in such cases as *United States v. Merry Brothers Brick & Tile Company*, (C.A. 5, 1957) 242 F. 2d 708, cert. den. 355 U.S. 824, and *United States v. Dragon Cement Company, Inc.* (C.A. 1, 1957) 244 F. 2d 513, cert. den. 355 U.S. 833.

Also on June 27, 1960, the Supreme Court decided two consolidated cases in favor of the Government, *Massey Motors, Inc. v. United States*, 80 S. Ct. 1424, on writ of certiorari from the Court of Appeals for the Fifth Circuit, and *Commissioner v. Robley H. Evans et ux.*, on writ of certiorari from the Court of Appeals for the Ninth Circuit. The respective Circuit Court decisions, *United States v. Massey Motors, Inc.* (1959), 264 F. 2d 552, and *Robley H. Evans et ux. v. Commissioner* (1959), 264 F. 2d 502, were in conflict and furnished the basis for Supreme Court consideration. Each case involved the depreciation allowance under the provisions of section 23(1) of the 1939 Code for automobiles used in rental and allied services. In these cases the Supreme Court made two specific determinations, one relative to the useful life of the assets and the other relative to salvage value. The Court noted that automobiles held for rental purposes must be late-model cars and that they were customarily disposed of after new models came out or shortly thereafter; thus the useful life of such automobiles for rental purposes was considerably shorter than the inherent useful life of such automobiles for all purposes. The Court determined that the useful life, for purposes of depreciation, of automobiles used in a trade or business was the useful life of such automobiles in the trade or business, not their full economic life. The Court carried this premise to its logical conclusion and further determined that the salvage value, for purposes of depreciation, of rental automobiles was their value at the end of their useful life in the trade or business, not their junk value at the end of their full economic life; this was held to be their resale or secondhand value. Justices Harlan, Whittaker, Stewart, and Douglas dissented. Although this decision is concerned with rental automobiles, it will undoubtedly find wide application in situations involving any assets having a useful life in a given trade or business shorter than their full economic life.

The Court decided another case on June 27, 1960, *Hertz Corporation v. United States*, 80 S. Ct. 1420, involving, like *Massey Motors, Inc.*, et al. v. *United States*, the depreciation allowance on rental automobiles; however, this latter case concerned such allowance under the provisions of the Internal Revenue Code of 1954. The Court applied the same reasoning employed in the *Massey Motors* case, and determined that useful life for purposes of section 167 of the 1954 Code, as defined in Income Tax Regulations, section 1.167(a)-1(b), was the useful life of the rental vehicle in the trade or business. In view of this conclusion, the Court determined that as the taxpayer's rental automobiles had a useful life in the trade or business of less than 3 years, they did not qualify for the use of the double declining balance method of computing the allowance for depreciation as claimed on taxpayer's returns.

In the case of rental trucks, it was noted that they had a useful life in the trade or business of more than 3 years and did qualify for use of the double declining balance method. However, the Court determined that the double declining balance method did not have a "built-in" provision for salvage value, specifically, the amount remaining after the application of the depreciation equation as argued by taxpayer. The Court concluded that a reasonable salvage value must be considered in limiting the ultimate amount of depreciation allowable under the double declining balance method and that such value reasonably appears to be the price that will be received when the asset is retired. This decision, particularly insofar as it relates to the double declining balance method of computing the depreciation allowance, is not limited to automobiles but has application to all assets and must be regarded as a very significant decision.

In another decision on June 27, 1960, in *Commissioner of Internal Revenue v. Gillette Motor Transport, Inc.*, 80 S. Ct. 1497, the Court held that an award received from the Motor Carrier Claims Commission as a result of the Government having taken over control and operation of the taxpayer's transportation business during the last 10 months of World War II was rental income taxable as ordinary income, as was also the interest received on that sum. The nature of the property taken over was the right to use the taxpayer's transportation facilities. This right to use is not a capital asset but is simply an incident of the underlying physical property, the recompense for which is commonly regarded as rent, and the fact that the transaction was involuntary on the taxpayer's part does not change the nature of the case.

Statement on adverse Tax Court decisions.—There were published in the Internal Revenue Bulletin acquiescences of the Commissioner in 103 adverse decisions of the Tax Court and nonacquiescences in 17 adverse decisions for the fiscal year ending June 30, 1960.

Delinquency Investigations and Delinquent Returns

As backlogs of past-due accounts were reduced to manageable proportions (see p. 63), many district offices were able to devote more attention to the enforcement of returns filing requirements. The number of investigations conducted in 1960 as a result of preliminary evidence of failure to file returns totaled 1,040,000, against 972,000 during the prior year. At the end of the year there were 438,000 such investigations pending compared to 440,000 a year ago.

Substantial increases occurred this year in the securing of delinquent returns, as a result of the broadened program. The number of delinquent returns secured by district collection divisions totaled 897,495, which was 18 percent more than the 1959 figure. The amount of tax, penalties, and interest on these returns was

\$115,655,000, up 27 percent from 1959. Most of the delinquencies involved quarterly returns of employment and excise taxes.

District audit divisions also reported an increase in the volume of delinquent returns secured in connection with tax audits. Approximately 100,000 delinquent returns involving \$37,856,000 were secured through this activity in 1960, representing a gain over 1959 of 26 percent in number and 50 percent in amount.

Fraud Investigations

The initiation of substantially fewer preliminary investigations and a slight decrease in the special agent staff resulted in a decrease in the overall volume of tax fraud investigations completed during the year. Preliminary investigations decreased 19 percent, from 14,237 in 1959 to 11,480 in 1960, while full-scale investigations dropped 10 percent from 3,969 to 3,561.

The decrease in preliminary investigations continued the trend, in keeping with program objectives, toward more discernible selectivity in the screening of allegations and in the initiation of investigations, thereby permitting greater emphasis to be placed upon the development and investigation of cases of substance with prosecution potential. Progress in this respect is reflected by a 10 percent increase in the number of fraud cases closed with a prosecution recommendation and an 11 percent increase in additional taxes and penalties involved in these cases.

The policy for the independent initiation and investigation of wagering and coin-operated gaming device cases against important violators and in situations involving widespread noncompliance was broadened to include the conduct of several nationwide coordinated raids per year. An operation of this type late in the fiscal year involved the nearly simultaneous raiding of 81 wagering establishments in 57 cities. As a result 123 arrests were effected, and 12 late model automobiles, more than \$50,000 in currency, and numerous items of gambling equipment, such as business machines, radios, firearms, and numbers books, were seized. In addition to the stamp tax violations involved, several excise tax cases with indicated total deficiencies of more than \$1,000,000 were initiated. Operations of this character are demanding of manpower and to maintain an effective balanced enforcement in this area has required the use of 13.7 percent more manpower than was used in fiscal 1959.

Responsibility for investigation of applicants for admission to practice before the Treasury Department was transferred at mid-year to Inspection, to permit the Intelligence Division to concen-

trate upon the investigation of allegations of criminal tax violations.

To achieve uniformity of organization nationally, a decentralization of the Intelligence function in New York City from the regional level to the district level was effected. The National Office Intelligence Division was also reorganized into four branches, instead of two, with a visitation staff established as a part of the Division Director's immediate office, in order that a more manageable division of work could be made and problem areas could be earlier identified and corrected.

A summary of investigations by special agents follows:

Tax fraud investigations

Type	1968	1959
Grand total.....	15,041	18,206
Unnumbered (preliminary) investigations, total.....	11,488	14,237
Fraud.....	9,918	12,360
Wagering.....	1,200	1,499
Coin-operated gaming devices.....	271	242
Miscellaneous.....	91	136
Numbered (full-scale) investigations, total.....	3,561	3,969
Prosecution recommended, total.....	1,817	1,640
Fraud.....	1,131	1,026
Wagering.....	524	514
Coin-operated gaming devices.....	133	66
Miscellaneous.....	29	34
Prosecution not recommended, total.....	718	1,399
Fraud.....	626	1,251
Wagering.....	31	89
Coin-operated gaming devices.....	38	41
Miscellaneous.....	15	18
Investigations discontinued, total.....	1,034	930
Fraud.....	996	889
Wagering.....	25	31
Coin-operated gaming devices.....	13	10

Note.—The responsibility for investigation of applicants for admission to practice before the Treasury Department was transferred from the Intelligence Division to Inspection, effective Jan. 1, 1968. For number of such investigations, see p. 99.

Alcohol and Tobacco Tax Enforcement

Three enforcement programs inaugurated in 1957, as a part of an all-out drive against illicit distillers, continued to be highly successful. These include:

- (1) A Major Violator Program and East Coast Plan;
- (2) A Known Defendant Seizure Program; and
- (3) A Preventive Raw Materials Program.

The Major Violator program and the East Coast Plan are similar in that their basic concept is to concentrate on the perfection of

criminal cases against major violators in the various critical enforcement areas. The Major Violator Program is applied against the principals involved in moonshine whisky operations in the Southeastern States and the East Coast Plan is directed at syndicates operating column alcohol stills in the New York-Philadelphia area.

The Known Defendant Seizure Program places emphasis on the extension of investigations and the planning of raids so as to arrest groups of violators together and thus increase arrests per seizure.

The Preventive Raw Materials Program is aimed at drying up the sources of the moonshiner's raw materials. This has forced violators and their suppliers to pay premium prices for materials and to travel thousands of miles to seek new sources. Indicative of the difficulty experienced by illicit distillers in securing an adequate supply of sugar is the recent seizure of a column still in New Jersey where hundreds of 2-pound boxes of sugar were found instead of the usual 100-pound bags.

The effectiveness of these programs is indicated by the fact that no less than 95 percent of the principals in the syndicated operations, typical of the New York and Philadelphia Regions, are either presently serving time, awaiting appellate court action on their district court convictions, or are under indictment. All three programs have received the enthusiastic approval of many United States District Court judges who have given tangible evidence of their support by the imposition of severe sentences for liquor law violations.

The Preventive Raw Materials Program has also been supported by several recent decisions in the Courts of Appeal. In *Chapman v. U.S.* (C.A. 5, Nov. 10, 1959) 271 F. 2d 593, the Court of Appeals affirmed the conviction of a baker for possessing sugar and flour with knowledge that they were destined for use by others to produce liquor in violation of Federal law. On April 22, 1960, the same Court of Appeals affirmed the conspiracy conviction of a prominent supplier of sugar in the Atlanta Region (*Ellijay Feed & Supply Co. v. U.S.*, 277 F. 2d 791). The Court of Appeals for the 6th Circuit in *Huard & Steinheiser v. Henry* (June 17, 1960, 28 L.W. 2631), 280 F. 2d 79, affirmed the Service's right to demand that a particular wholesaler report his sales of raw materials, against the claim that such a demand unlawfully discriminated against the wholesaler in favor of his competitors.

The success of the East Coast Plan against the activities of the syndicated operations was such that, in the fall of 1959, a so-called Junior East Coast Program was instituted in the New York Region. This plan, designed to be used against violators who do not come



Seizure of syndicated illicit distillery nets
20-foot column still and battery of 5000-
gallon mash tanks

within the category covered by the parent program, is a most effective weapon against independent illicit distillers and distributors.

Tests made by the United States Army and Revenue Service laboratories show that moonshine whisky frequently contains dangerous amounts of lead salts. The conclusive character of these tests is such that an intensive publicity campaign is contemplated.

During the year, an effort was made by several alcoholic beverage industry groups to promote the sale of alcoholic beverages by means of claims of, or allusions to, therapeutic benefits from the consumption of such products. As the result of positive actions taken by the Service, under provisions of the Federal Alcohol Administration Act, all such efforts were promptly discontinued.

Seizures for violations of alcohol, tobacco, and firearms tax laws decreased generally. As compared with the preceding year, the seizure of stills decreased 10 percent; seizures of mash decreased 8 percent; seizures of nontaxpaid distilled spirits decreased 13 percent; and the appraised value of property seized decreased 7 percent. The number of vehicles seized decreased nominally, from 3,193 to 3,103. Seizures of nontaxpaid wine decreased from 4,301 gallons to 2,557 gallons. The number of arrests also decreased from 10,912 to 10,376, or 5 percent.

The decrease in the number of seizures as well as in the number of arrests is due principally to a more intensive concentration of the enforcement effort on the detection of large-scale operations and the apprehension of the principals in such operations.

A comparison of the seizures and arrests follows:

Seizures and arrests for alcohol, tobacco, and firearms violations

Item	1960	1959
Seizures:		
Stills.....number.....	8,290	9,225
Nontaxpaid distilled spirits.....gallons.....	196,581	225,232
Nontaxpaid wines.....do.....	2,557	4,301
Mash.....do.....	4,274,365	4,655,572
Vehicles.....number.....	3,103	3,193
Property (appraised value).....dollars.....	2,783,779	2,993,043
Arrestsnumber.....	10,376	10,912

Note.—Includes seizures and arrests in cases adopted, as well as originated, by the Internal Revenue Service.

† Revisad.

‡ Includes 1 arrest for tobacco tax violations and 578 arrests for firearms violations in 1960, and 42 arrests for tobacco tax violations and 597 arrests for firearms violations in 1959.

In the field of forfeitures, the dismissal of forfeiture proceedings against an automobile used to transport untaxpaid liquor because of the Government's refusal, in establishing grounds for the search and seizure of the car, to identify an informer, was reversed by the Court of Appeals for the 5th Circuit, which held that possible illegality of the search would not affect the property rights in the

vehicle (*U.S. v. Carey*, 272, F. 2d 492. See also *U.S. v. One 1955 Oldsmobile* (D.C. Pa. March 15, 1960), 181 F. Supp. 903). Such decisions are particularly important in view of the frequent contention, supported by some authority, that the constitutional protection against unreasonable searches and seizures and Rule 41 (e) of the Federal Rules of Criminal Procedure (providing for the return of illegally seized property and for the suppression of its use as evidence) are applicable in these forfeiture proceedings and may require the return of the vehicle or other property to the law violator.

During this fiscal year, the regulations with respect to the disposition of seized property have been completely overhauled in line with the Department's interest in obtaining uniformity of treatment insofar as is reasonably possible with respect to the various types of forfeiture subject to its jurisdiction. The importance of this endeavor is indicated by the fact that 574 petitions for the remission or mitigation of forfeiture, filed by parties holding an interest in property subject to forfeiture, were processed during the past fiscal year.

Firearms Program

There were only 3,654 firearms registered during the fiscal year 1960, as compared with 52,156 firearms registered during 1959, due primarily to a substantial reduction in the number of firearms imported. As a result of investigational work under the National and Federal Firearms Acts, and the Act of August 9, 1939 (49 U.S.C. 781), 590 persons were arrested, 157 vehicles seized, 1,115 firearms seized, and 587 criminal prosecution cases completed.

A signal example of the effectiveness of the program in limiting the availability of firearms to undesirables occurred during this fiscal year. On the basis of information that the prospective purchaser of some 17,000 scrapped surplus Thompson submachineguns intended to reassemble them, the Service interceded with the Department of Defense, which then determined that the interests of the general public required the complete destruction of the weapons and amended its regulations accordingly. The prospective purchaser failed in its attempt to prevent destruction of the weapons through an injunction suit, carried twice to the Circuit Court of Appeals.

Cases Involving Criminal Prosecution

Total additional taxes and penalties of \$93,068,140 were involved in cases received in the Chief Counsel's office with recommendations of criminal prosecution. This reflected an increase of about \$5,445,000 over the amount involved in the prior year.

An analysis of criminal tax cases of all types (other than wagering-occupational tax cases handled at the District level) flowing from the Assistant Regional Commissioner, Intelligence, through the office of the Chief Counsel and the Department of Justice follows:

Receipt and disposal of cases in Chief Counsel's office

Status	1960	1959
Pending July 1 ¹	2,131	2,132
Received during year, total.....	1,698	1,640
With recommendation for prosecution.....	1,590	1,552
With requests for opinion.....	108	88
Disposed of during year, total.....	1,559	1,641
Prosecution not warranted.....	205	325
Department of Justice declined.....	51	69
Prosecutions.....	980	985
Opinions delivered.....	96	91
All other closings.....	227	171
Pending June 30 ¹	2,270	2,131

¹ Includes cases awaiting action in Department of Justice exclusive of wagering tax cases referred by Intelligence Division.

A total of 1,009 income and miscellaneous criminal cases, with prosecution recommendations involving 1,079 prospective defendants, was forwarded to the Department of Justice. Compared with the prior year this was an increase of 23 percent in the volume of referrals. Also in the year ended June 30, 1960, indictments of such cases were up 20 percent and the total disposal of cases in these categories in the district courts was increased 12 percent.

In income, excise, and wagering tax cases reaching the courtroom, 950 defendants pleaded guilty or nolo contendere, 136 were convicted after trial, 69 were acquitted, and 204 were dismissed.

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

Results of criminal action

Action	Number of defendants	
	1960	1959
Total		
Indictments and informations.....	7,909	8,770
Disposals, total.....	7,918	8,725
Plea—guilty or nolo contendere.....	5,700	6,490
Convicted after trial.....	963	902
Acquitted.....	391	432
Not-processed or dismissed.....	1,864	901
Income tax and miscellaneous cases²		
Indictments and informations.....	839	702
Disposals, total.....	832	743
Plea—guilty or nolo contendere.....	630	543
Convicted after trial.....	71	88
Acquitted.....	47	48
Not-processed or dismissed.....	184	64
Wagering tax cases		
Indictments and informations.....	421	483
Disposals, total.....	527	415
Plea—guilty or nolo contendere.....	320	253
Convicted after trial.....	65	25
Acquitted.....	22	24
Not-processed or dismissed.....	120	113
Alcohol, tobacco, and firearms taxes		
Indictments and informations.....	6,649	7,585
Disposals, total.....	6,559	7,567
Plea—guilty or nolo contendere.....	4,750	5,694
Convicted after trial.....	827	789
Acquitted.....	322	360
Not-processed or dismissed.....	660	724

¹ Includes cases dismissed for the following reasons: 10 because of death of principal defendant, 1 because of serious illness, and 62 because principal defendant had pleaded guilty or had been convicted in a related case.

² Includes income, estate, gift, and excise taxes other than wagering, alcohol, tobacco, and firearms taxes.

Supreme Court decisions and other significant court actions.—Certiorari was denied in the cases of *Bernard Goldfine* and *Mildred Paperman* who were convicted and sentenced on criminal contempt charges as a result of their failure to produce corporate books and records during an income tax investigation of Goldfine business enterprises. Indictments have been returned in the District of Massachusetts charging Bernard Goldfine with wilful attempted evasion of \$450,960.57 of his personal income taxes for the years 1953 through 1957; Mildred Paperman with evasion of \$25,591.39 of her personal income taxes for the same years; and Bernard Goldfine and Mildred Paperman with evasion of \$340,784.06 of corporate income taxes due from Strathmore Woolen Co., a Goldfine corporation, for the years 1952 through 1957.

In *Forman v. United States* (361 U.S. 416), the Supreme Court held that the Court of Appeals, which had ordered the entry of a

judgment of acquittal in a tax fraud conspiracy prosecution on the ground that the trial court gave an erroneous instruction, could, on rehearing, direct a new trial on an alternative theory ascertainable from the indictment.

Certiorari was granted in the case of *Eugene James*, a union official convicted and sentenced for attempted evasion of approximately \$563,000 in income taxes on unreported moneys received by him during the years 1951 to 1954, inclusive. The legal issue involves whether union funds improperly diverted to his personal use by the union official are taxable or exempt from taxation under the Court's decision in the *Wilcox* case (327 U.S. 404).

Certiorari was granted in the case of *Charles F. Leahy* for Supreme Court review of the decision of the Ninth Circuit Court of Appeals that an internal revenue agent armed with a valid arrest warrant had not violated the defendant's right against illegal search of his residence in gaining admittance to the premises to be searched by stating that he was an agent from the County Assessor's office.

Certiorari was granted in the *Thomas Clancy* case in which the Seventh Circuit Court of Appeals held that books and records of taxable wagering activities which Treasury Regulations require a taxpayer to keep are not such private papers as to be immune under Fourth and Fifth Amendments from seizure and use against taxpayer indicted for evading wagering taxes.

Federal-State Cooperation

During the past year, an exchange agreement was entered into with the State of Kansas and the original agreement with Montana was revised. Discussions were completed for updating the agreement with North Carolina and progress was made in developing the essential aspects of a formal agreement with the several State tax authorities administering taxes in California. A growing interest in cooperative agreements is being shown by the States.

The survey of informal cooperative exchanges, which was initiated last year, clearly showed that cooperation is an expanding enterprise, yielding increased benefits to both the States and the Federal Government. The flow of information from the States under formal and informal arrangements is yielding the Internal Revenue Service more than \$10 million in additional revenue annually. Although comprehensive figures on benefits to State revenues from Federal audit reports and other information are not available, the States appear to be gaining even larger additional

revenues from the exchange. Emphasis on increasing the scope of information exchanged and on more economical methods of exchange is producing gratifying results. To an increasing extent, State tax administrators have been taking the initiative in suggesting ways in which they might be more helpful to the Revenue Service.

In the alcohol tax area, cooperation between Federal and State officials is particularly close. Federal and State law enforcement officials frequently work together in the investigation of liquor violations and there is a continual interchange of information relative to law violations in this field. Frequently, cases investigated by State or local officers which are considered sound from a Federal viewpoint are adopted for Federal prosecution. The adoption of such State cases for Federal prosecution may be adversely affected by the Supreme Court's rejection of the so-called "Silver Platter" doctrine, which permitted the introduction in Federal cases of evidence procured by State officers, even though it had been illegally obtained under Federal standards. In *Elkins v. U.S.*, 364 U.S. 206 (June 27, 1960), after reviewing the development of this doctrine, the court commented favorably on the advantages of free and open cooperation between State and Federal law enforcement officers, but held evidence obtained by State officers during a search, which was unlawful under Federal standards, to be inadmissible in the Federal courts.

International Operations

Responsibility for administering the internal revenue laws in areas of the world outside the United States and for administering U.S. tax treaties is centralized in the International Operations Division. Through this Division, the Revenue Service devotes attention to the special tax problems in the international area and endeavors to raise the level of voluntary compliance among U.S. taxpayers residing abroad. In addition to performing usual district functions, the Division prepares guides on international tax issues, provides taxpayer assistance overseas, and generally is a source of leadership for the international aspects of the enforcement program of the Service.

To accomplish, in part, the functions mentioned above, the Division has permanent foreign posts at Paris, France; Ottawa, Canada; Manila, Philippines; London, England; and Sao Paulo, Brazil, with one or two technical employees assigned to each post. A field office in Puerto Rico collects social security taxes and performs other Internal Revenue functions to the extent applicable

in Puerto Rico, the Virgin Islands, and the Caribbean and South American areas. In addition to the matters handled through these offices, work is conducted by correspondence from Washington, or where necessary by visits to foreign countries by agents assigned to Washington. The Division also secures a substantial amount of information from foreign countries for other offices of the Internal Revenue Service, and assists such offices in the resolution of international tax issues.

Informants' Rewards

Under the provisions of section 7623 of the Internal Revenue Code of 1954, district directors are authorized to approve rewards for information leading to the detection and punishment of persons guilty of violating internal revenue laws.

Claims for reward filed by informants during fiscal year 1960 totaled 4,055. Of the claims received and those remaining on hand at the end of the prior year, 4,281 were closed. About 82 percent of the claims closed were disallowed because they could not be substantiated or because they did not fulfill the eligibility requirements of the regulations.

In 758 claims allowed during 1960, the recommended payments to informants totaled \$522,607, an increase of about 25 percent over the prior year's recommended amounts. Through the disclosures of informants, the Service recovered over \$12 million in taxes, penalties, and interest.

During recent years, increased emphasis has been placed on the early disposition of informants' claims for reward. The following table shows a comparison of this activity during the last 2 years:

Receipt and disposal of claims for informants' rewards

Status	1960	1959
Pending July 1..... number..	4,744	5,689
Received during year..... do.....	4,055	4,157
Disposed of during year, total..... do.....	4,281	5,102
Rejected..... do.....	3,523	4,394
Allowed..... do.....	758	708
Pending June 30..... do.....	4,518	4,744
Amount allowed on claims disposed of during year..... dollars..	522,607	416,704

Summary of Additional Tax From Enforcement

The aggregate amount of additional tax, penalties, and interest assessed in 1960 as the result of enforcement activities totaled \$2,052,493,000. This represents a 13-percent increase over 1959 and marks the highest annual total in the history of the Service. This total comprises the amounts obtained from audit (see p. 36), from mathematical verification (p. 33), and from delinquent returns secured (p. 49).

The amount saved through the audit and disallowance of improper refund claims totaled \$634,758,000 in 1960 as compared with \$259,002,000 in the preceding year. The increase was due principally to the disallowance of a few unusually large corporation income tax claims and a number of large excise tax claims (see p. 37).

Tax, penalties, and interest resulting from enforcement efforts

(in thousands of dollars)

Item	1960	1959
Additional tax, penalties, and interest assessed, total.....	2,052,493	* 1,820,728
From audit, total.....	1,786,915	1,619,148
Income and profits taxes, total.....	1,576,657	1,422,657
Corporation income and profits.....	910,597	747,426
Individual and fiduciary:		
Prerefund audit.....	102,517	97,775
Regular audit.....	563,543	577,455
Estate and gift taxes.....	175,719	164,528
Employment taxes ¹	2,888	6,338
Excise taxes.....	31,651	25,624
From mathematical verification of income tax returns, total.....	112,066	85,233
Individual (Forms 1040 and 1040A).....	112,066	84,688
Fiduciary (Form 1041).....	(²)	76
Corporation.....	(²)	* 470
From delinquent returns secured, total.....	153,511	* 116,347
By district collection divisions.....	115,655	* 91,133
By district audit divisions.....	37,856	25,214
Claims disallowed.....	634,758	259,002
By district audit divisions.....	515,625	204,711
By regional appellate divisions.....	119,133	54,290

* Revised.

¹ Includes withheld income tax.

² Not available for periods subsequent to Dec. 31, 1958.

Additional Tax from Enforcement Efforts

Including interest and penalties
(millions of dollars)

Collection of Delinquent Accounts

On June 30, 1960, there were 941,913 delinquent accounts on hand representing an aggregate amount of \$998,209,000. This is 22 percent lower than last year in number of accounts and 17 percent in amount. The inventory, both number and dollar amount, has been reduced by almost 40 percent in the 5 years since June 30, 1955, when it was at the highest year-end point on record.

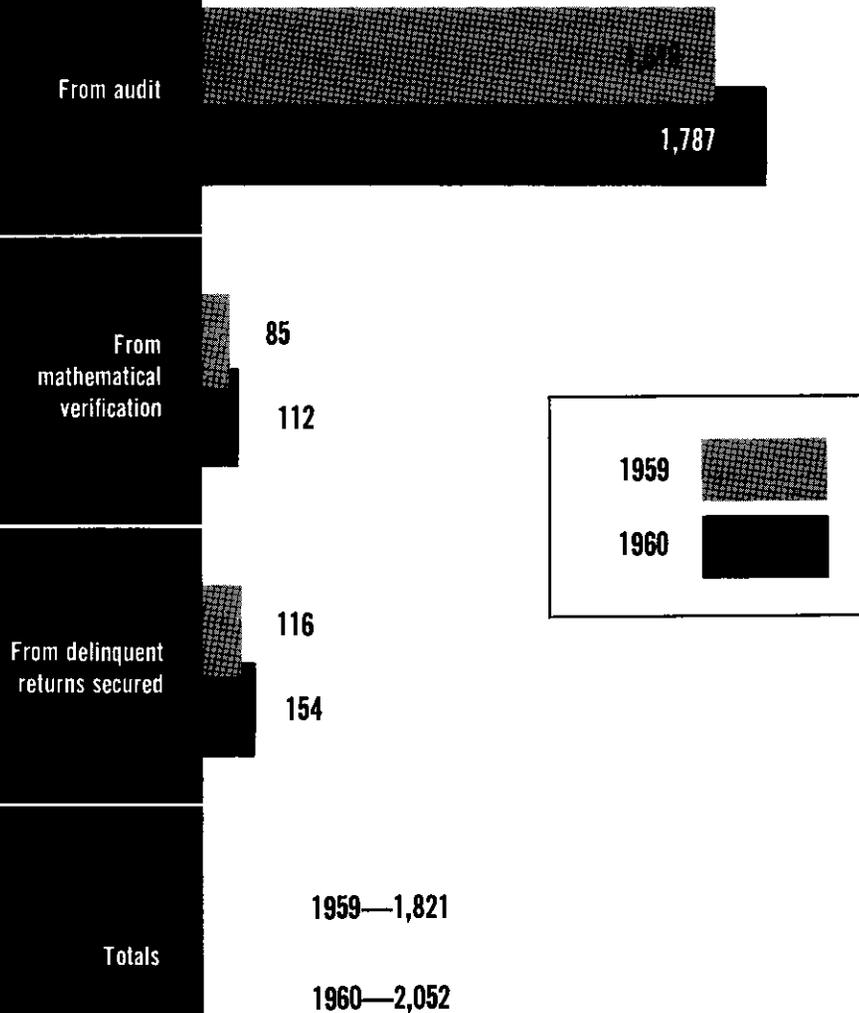
Emphasis on the older accounts showed impressive results with a reduction of 37 percent during the year. The proportion of accounts with balances 2 years old and over was reduced to 14 percent of the total inventory where a year earlier it was 18 percent.

In 1960 there were 2,397,000 delinquent account assemblies issued (each assembly consists of a notice to the taxpayer and related office records), which is 10 percent less than the number issued in 1959. These issuances represented \$1,202,053,000, in past-due taxes which is slightly higher than the 1959 amount.

The number of delinquent accounts disposed of totaled 2,656,000 and the dollar amount of disposals was \$1,409,848,000. Amounts collected aggregated \$941,416,000, a decrease of 4 percent from 1959. Disposals of delinquent accounts were less than last year, due primarily to the fall off in issuances and the continued decline in inventories.

For several years increasing attention has been given to the collection of delinquent accounts by office collection techniques, in place of the more costly personal contact with taxpayers. During 1960, 62 percent of total disposals were by such methods. The extension of the sphere of the Office Collection Force has enabled revenue officers to devote more attention to older and more difficult collection cases and to the securing of delinquent returns.

The table below shows the comparative results of the delinquent account activity for the last 2 years.



Taxpayer delinquent accounts

Status	Number (thousands)		Amount (thousand dollars)	
	1960	1959	1960	1959
Assemblies issued ¹	2,397	2,656	1,202,053	1,195,919
Closed, total.....	2,656	2,960	1,409,848	1,456,137
By type of action:				
Collected.....	2,152	2,396	941,416	978,283
Other disposals ²	504	565	468,432	477,854
By method of handling:				
Revenue officers.....	913	1,288	623,143	791,278
Office collection force.....	1,657	1,533	589,942	469,533
Other ³	86	139	196,763	195,326
Pending June 30, total.....	942	1,202	998,209	1,206,005
Active.....	841	1,079	618,766	762,024
Inactive ⁴	101	122	379,444	443,981

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 Includes adjustments to reflect erroneous and duplicate assessments, uncollectibility, etc.

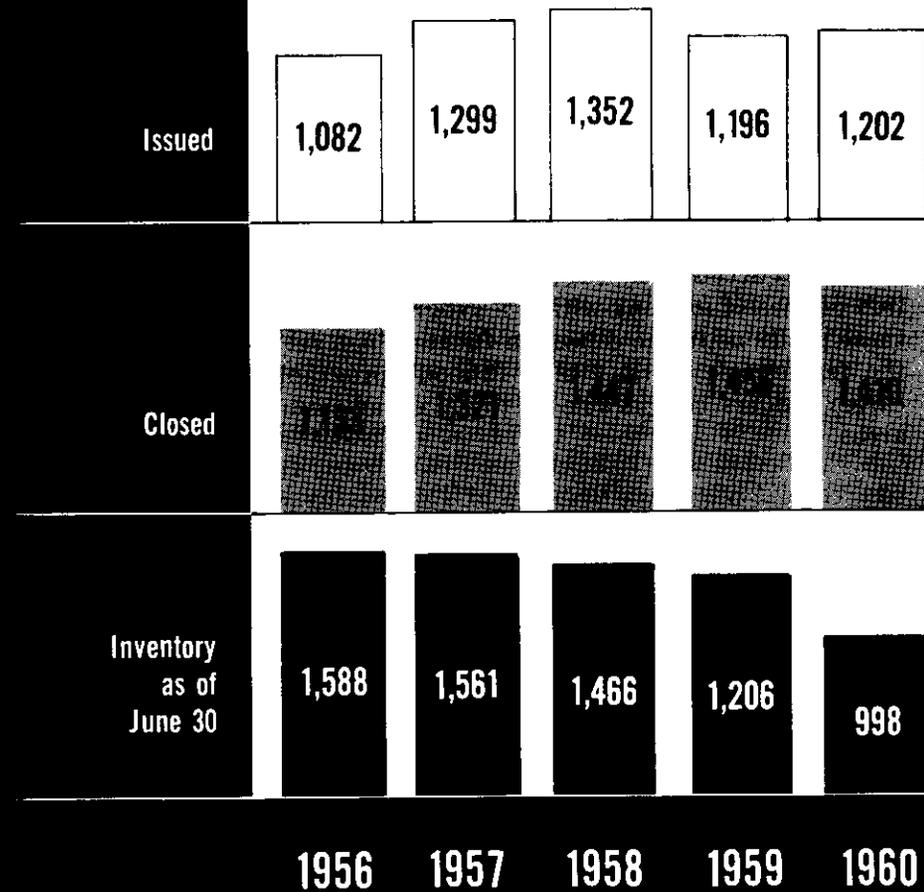
³ Consists of closings by the office group designated to handle inactive accounts.

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

A study to improve organization and management in the delinquent accounts and returns branches of the district collection divisions was completed in the latter part of the year. On the basis of this study, organizational guidelines were issued to field offices which provide for improved definition and alignment of delinquent accounts and returns functions and for better integration of these functions within a geographical area. In addition, those positions in the collection function not yet identified within the framework of the "Blue Ribbon" program were placed in career ladders comparable to those already established in other areas.

Taxpayer delinquent accounts

(millions of dollars)



Offers in Compromise

The major development in the compromise area was the expansion of the authority of district directors to act with finality on substantially all tax and penalty offers involving liabilities under \$25,000 and those relating to specific penalties. This change was made effective July 1, 1960, thus completing the third phase of a long-range decentralization program. Concurrently, the regional counsels were assigned responsibility for furnishing the legal opinion for cases closed at the district level.

District offices were geared to absorb the more complex workloads through (1) improved correlation of national, regional, and district activities; (2) realignment and specialized training of technical personnel to meet the delegated responsibilities; and (3) development of improved compromise techniques on evaluation and management concepts. Special study was also given to the problems of minimizing oversights at the field level, defining future goals and facilitating operational planning.

District directors succeeded in maintaining compromise workloads in a current condition. During the year district offices received for consideration 5,483 tax offers, 4,434 delinquent penalty offers, and 2,346 specific penalty offers, and disposed of 13,273 offers, leaving 3,787 on hand as of June 30, 1960.

Tax offers in which court proceedings are involved, or criminal prosecution is pending, are considered by the Chief Counsel or by the appropriate regional counsel. These offices received 226 offers, disposed of 270, and had 148 offers on hand as of June 30, 1960.

In the alcohol, tobacco and firearms categories, the National Office's Alcohol and Tobacco Tax Division and its regional offices received 422 offers and disposed of 415, leaving a total of 92 cases on hand as of June 30, 1960.

The overall compromise workload as of June 30, 1960 consisted of 4,027 cases awaiting consideration at all Revenue Service levels.

A comparative summary of compromise cases closed in the last 2 years follows:

Offers in compromise disposed of

Type of tax or penalty	Number		Amount (thousand dollars)			
	1960	1959	Liabilities		Offers	
			1960	1959	1960	1959
Offers accepted, total.....	8,510	11,192	52,088	48,718	11,862	10,570
Income, profits, estate, and gift taxes.....	1,143	1,297	39,613	37,447	8,676	7,727
Employment and withholding taxes.....	1,060	1,275	6,456	6,060	1,844	1,761
Alcohol taxes.....	138	158	410	588	83	120
Other excise taxes.....	280	274	3,774	2,459	846	483
Delinquency penalties on all taxes.....	3,545	4,569	1,835	2,164	342	413
Specific penalties.....	2,344	3,619			71	66
Offers rejected or withdrawn, total.....	5,448	5,591	72,865	81,647	12,563	14,719
Income, profits, estate, and gift taxes.....	1,966	2,225	55,566	65,283	9,392	11,738
Employment and withholding taxes.....	1,419	1,518	9,852	9,102	1,892	1,804
Alcohol taxes.....	136	150	513	811	61	78
Other excise taxes.....	512	468	5,881	5,565	968	940
Delinquency penalties on all taxes.....	1,367	1,196	1,053	886	237	150
Specific penalties.....	48	34			13	9

Civil Advisory Legal Services

The legal work connected with the functions of district directors' offices has undergone significant change since the commencement of the reorganization program under which much of this work was decentralized to the regional counsels. After 5 years of a continued increase in both cases received and disposed of, the current fiscal year has seen a leveling off in respect to this formal legal assistance to the district directors' offices. The number of cases received in the current fiscal year totaled 10,798 as compared with 10,849 for fiscal year 1959. The number of cases disposed of totaled 11,190 and 10,500 for these same periods, respectively. As a result the inventory of pending cases declined slightly from 4,847 in fiscal 1959 to 4,455 in fiscal 1960. (For a statistical report of the cases received and disposed of during the current fiscal year, see tables 22, 23, and 24 on p. 153.)

Just as this formal legal assistance remained fairly constant, the less formal assistance to district directors' offices continued unabated. The daily contact, both by telephone and in person, the visitation program under which the lawyers in the regional counsels' offices who handle civil advisory cases make periodic visits to the district directors' offices within their respective regions, and the participation by civil advisory lawyers in the inservice training program for revenue officers, all contributed to a closer and more effective working relationship between the personnel of the regional counsels' and the district directors' offices.

During the current fiscal year six cases pertaining to problems considered in connection with civil advisory legal work were decided by the U.S. Supreme Court. For a summary of these cases, see *United States v. Price*, page 43, *New Hampshire Fire Insurance Co. v. Scanlon*, page 44, *United States v. Brosnan and Bank of America National Trust and Savings Ass'n. v. United States*, page 45, *Aquilino v. United States*, page 46, and *United States v. Durham Lumber Co.*, page 47.

SUPERVISION OF THE ALCOHOL AND TOBACCO INDUSTRIES

General

Regulatory changes were made effective which give proprietors of distilled spirits plants greater responsibility and more flexibility in their operations. This has permitted further reduction in the number of Government officers assigned to plants.

Detailed tabulations relating to the production of alcohol, distilled spirits, beer, wine, and tobacco manufactures during the fiscal year 1960 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.

Authorization of Industry Operations

The number of permits issued during the 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 totaled 3,323, of which 3,242 covered operations relating to alcohol and liquors and 81 involved tobacco. Permits terminated during the year numbered 3,640, consisting of 3,481 relating to alcohol and liquors and 159 in the tobacco area. The first-mentioned figure includes the automatic termination of the 414 permits of carriers of tax-free and specially denatured alcohol, the requirement for such permits having been eliminated pursuant to the enactment of Public Law 85-859 (H.R. 7125). Details as to permit actions during the year are shown in tables 9 through 11, on pages 136 through 138.

The number of establishments qualified to engage in the production, distribution, storage, or use of alcohol and alcoholic liquors totaled 444,787 as of June 30, 1960, as compared with 469,122 reported at the close of fiscal 1959. Corresponding figures for manufacturers of tobacco products and tobacco export warehouses show 3,052 qualified establishments on June 30, 1960, as compared with 3,209 a year earlier. A breakdown of these figures by classes



Public hearing on proposed changes in distilled spirits regulations

of establishments is shown in tables 7 and 8 on page 135 of this report. The first-mentioned table reflects the advent of the single distilled spirits plant which replaces the former nine different establishments.

Technical review of the qualifying documents incidental to the establishment of 366 distilled spirits plants under the Excise Tax Technical Changes Act was completed, and the regions were advised respecting clarification of requirements as to particular areas of plant qualification.

A total of 38,349 applications for approvals of labels, or exemption from the requirement, were received and processed during 1960, as compared with 38,129 received during the preceding year.

Forty-three applications for approval of interlocking directorates were favorably acted upon during the year.

Representatives of the Service visited Germany, France, Denmark, and Scotland to view methods of alcoholic beverage production and systems of government control. The primary purpose of the trip was to participate in discussions with officials of the Federal Republic of Germany preparatory to that Government's decision to adopt a system for the certification of origin with respect to wines exported to the United States. This system of control became effective as to all wines exported to the United States from Germany on and after May 1, 1960. It is expected that in the coming fiscal year arrangements will be made with other wine producing countries to adopt the certification system.

On-Premises Supervision

Several years ago the Service initiated a program to eliminate or curtail Government supervision of many industry operations relating to the production, warehousing, denaturing, processing, and bottling of spirits. This program has proved to be beneficial to both the industry (through greater latitude and freedom in operations) and the Government (through reduced costs). Regulations prepared under Public Law 85-859 during this fiscal year, effective July 1, 1960, further curtailed on-premises supervision. As a result additional savings to the Government may be expected.

Inspector (on-premises) supervision was provided at distilled spirits plants which accounted for the production of 803,750,978 tax gallons of distilled spirits, including ethyl alcohol, the denaturation of 520,512,100 tax gallons of ethyl alcohol, the warehousing of 33,259,154 tax gallons of distilled spirits, including alcohol, the taxpayment of 177,952,395 tax gallons of distilled spirits, including alcohol, the rectification of 81,483,000 proof gallons of

distilled spirits and wines, and the bottling of 203,969,199 wine gallons of distilled spirits.

A successful pilot operation was conducted at certain distilled spirits plants in which the responsibility for determining rectification tax liability was shifted from the Government officer to the proprietor.

The Service has successfully completed the collection of substantial excise taxes on distilled spirits which it had feared would prove to be uncollectible, due to the fact that the liquor market was flooded with aged whiskies which could not be sold by the producers at a profit. For example, in excess of \$1,500,000 has been collected from two affiliated distillers, representing the excise tax, penalties, and interest on approximately 100,000 gallons of whisky which were not taxpaid at the expiration of the former 8-year limit on the period of storage in bond. Distraint on this whisky appeared inadvisable, since it was doubtful whether the amount of the tax could be realized from its sale. Suits were, however, filed against the distillers and the surety on their bonds. By agreement between the distillers, their surety, the Department of Justice, and the Service, the distillers were allowed to dispose of the whisky and apply the purchase price to the assessments with the surety paying the balance due. All of the whisky has now been disposed of under this arrangement, the assessments have been paid in full, and, accordingly, the suits have been dismissed.

Inspection of Establishments

Inspections of establishments for the fiscal year aggregated 38,560, of which 28,066 related to plants and permittees other than dealers. These figures for the previous fiscal year were 40,855 and 29,703, respectively. The reduction in the number of inspections was caused primarily by eliminating certain requirements for inspections of applicants for permits, allowing more claims for refund and credit of tax without field inspection, and increasing the use of inspecting officers for supervision of plants in areas which had a critical shortage of officers needed for required supervision during peak operating periods.

During the fiscal year, the plants and permittees (other than dealers), subject to inspection and having no on-premises supervision, produced alcoholic beverages and tobacco products as follows: 94,547,867 barrels (of 31 gallons each) of beer, 170,132,499 gallons of still wines, 4,112,666 gallons of effervescent wines, 3,930,424 gallons of vermouth, and 11,777,978 gallons of special natural wines other than vermouth. Tobacco products factories,

also subject to inspection, produced during the fiscal year 6,786,061,070 large cigars, 151,059,329 small cigars, 178,870 large cigarettes, 506,126,632,292 small cigarettes, and 176,059,433 pounds of manufactured tobacco (including smoking and chewing tobacco, and snuff).

Chemical Analyses and Research

The national and regional laboratories jointly carried out a number of research studies and investigations. Five papers reporting the results were published in periodicals and five investigations were reported in internal revenue documents. Highlighting this work was the revision and modernization of "Methods of Analysis for Alkaloids, Opiates, Marihuana, Barbiturates and Miscellaneous Drugs."

In collaboration with industry, a number of studies were conducted which have benefited both industry and the Government. Among the more important accomplishments, guidelines were established for stabilization treatments of distilled spirits and a method was developed and put into use for determining the age of imported distilled spirits.

Approximately 39,500 samples were received and examined in the national and regional laboratories of which approximately 9,200 were illicit spirits and 5,500 narcotics. In the categories of food, flavors, and medicines using taxpaid spirits, 2,354 new formulas were approved while 3,176 formulas and 3,476 samples were examined and approved for products and processes using specially denatured alcohol. Labels were approved for 4,898 products produced with specially denatured alcohol.

The total volume of samples shows little change from the previous year; however, there was a decrease of approximately 5 percent in illicit spirits and a similar increase in legitimate products. The number of narcotic samples was nearly identical with that of the previous year.

LEGISLATIVE DEVELOPMENTS

Legislative Preparations

This fiscal year was marked by considerable congressional activity in the field of tax legislation. The Committee on Ways and Means held public hearings with respect to social security amendments, general revenue revision, the tax treatment of cooperatives, the treatment of the gain on the sale or exchange of tangible personal property used in the trade or business, and the computation of the foreign tax credit allowable with respect to the amount includible in gross income by domestic corporations. The Committee on Finance held public hearings with respect to the Trust and Partnership Income Tax Revision Act of 1960, the self-employed pension plan bill and the Treasury alternate to that bill, and the social security amendments.

Revenue Service representatives attended public hearings and executive sessions held by the committees in connection with this pending legislation as well as the legislation enacted as set forth below. They also performed services in connection with the drafting of these bills and the related committee reports.

During the year, 98 reports on bills were prepared and forwarded to the Office of the Secretary of the Treasury. These reports dealt with proposals to amend the Internal Revenue Code, the Federal Firearms Act, the Federal Alcohol Administration Act, and the Federal Tort Claims Act, as well as private relief bills in the alcohol and tobacco tax area. Information was also furnished to the Secretary's office informally in instances where time did not permit the preparation of a formal report. In addition, the Revenue Service carried out its own research and study projects to develop information about tax administrative problems, tax loopholes, and tax inequities. It considered and evaluated suggestions submitted by taxpayers, including Members of Congress.

At the close of the year, two important bills were awaiting consideration by the Senate: H.R. 10, a bill to encourage the establishment of voluntary pension plans by self-employed individuals,

reported by the Committee on Finance on June 17, 1960, and H.R. 9662, the Trust and Partnership Income Tax Revision Act of 1960, reported by the Committee on Finance on June 18, 1960.

Three bills were awaiting approval of the President. These were H.R. 4251, to remove the limitation on deductions for exploration expense; H.R. 7726, to provide for transmittal to district directors of notices of creditors' meetings; and H.R. 11602, amendments required by the admission of Hawaii as a State.

Two bills were awaiting conference action. These were H.R. 8229, to provide an exemption from income tax for supplemental unemployment benefit trusts, and H.R. 10087, to elect an overall limitation on the foreign tax credit.

Thirteen bills, including H.R. 5, the Foreign Investment Incentive Tax Act of 1960, and H.R. 12580, Social Security Amendments of 1960, had been passed by the House and were awaiting action by the Committee on Finance. Two bills had been reported by the Committee on Ways and Means on which no action had been taken by the House.

Legislation Enacted

On September 21, 1959, H.R. 8678 (86th Congress), the Federal-Aid Highway Act of 1959, was enacted. This law imposes an additional 1-cent tax on gasoline, diesel fuel, and special motor fuels for the 21-month period beginning October 1, 1959 and ending June 30, 1961 (P.L. 86-342).

H.R. 8725 (86th Congress) was also enacted on September 21, 1959. This enactment amends the excise tax provisions with respect to coral, nonprofit educational organizations, certain payments for capital improvements, general telephone service, sales or transfers of stock rights, etc., and coin-operated devices commonly known as claw, crane, and digger machines (P.L. 86-344).

H.R. 8684 (86th Congress), the Dealer Reserve Income Adjustment Act of 1960, was enacted on May 13, 1960. This law provides transitional provisions for the income tax treatment of dealer reserve income (P.L. 86-459).

On May 14, 1960, H.R. 9660 (86th Congress) was also enacted. This law amends section 6659(b) of the Internal Revenue Code of 1954 with respect to the procedure for assessing certain additions to tax and removes the 3-percent limit on the deduction of medical expenses incurred by a taxpayer for the care of his dependent mother or father or the dependent mother or father of his spouse if the dependent has reached the age of 65 before the close of the taxable year (P.L. 86-470).

On June 1, 1960, H.R. 4029 (86th Congress) was enacted to eliminate the proration of the occupational tax on persons dealing in machine guns and certain other firearms, to reduce occupational and transfer taxes on certain weapons, to make the transferor and transferee jointly liable for the transfer tax on firearms, and to make certain changes in the definition of a firearm (P.L. 86-478).

H.R. 12381 (86th Congress), the Public Debt and Tax Rate Extension Act of 1960, was enacted on June 30, 1960. This act postpones until July 1, 1961, the reduction in the normal-tax rate on corporate income, the termination of the excise tax on general telephone service, and the reductions in certain excise-tax rates which otherwise would have become effective on July 1, 1960. It also amends section 613 of the Internal Revenue Code of 1954, with respect to the depletion rate for certain clays and the treatment processes which are to be considered as mining (P.L. 86-564).

Twenty-one other bills which have some effect on the Federal tax statutes were enacted, the following being of particular interest:

Public Law 86-141 adds a provision to the Internal Revenue Code regarding estate tax treatment in case of failure to relinquish certain powers on account of mental disability.

Public Law 86-175 allows a deduction, for Federal estate tax purposes, in the case of certain transfers to charities which are subjected to foreign death taxes.

Public Law 86-319 amends the Internal Revenue Code to provide that the exemptions from the admissions tax for athletic games benefiting crippled or retarded children shall apply where the participants have recently attended designated schools or colleges as well as where they are currently students.

Public Law 86-376 provides a personal exemption for children placed for adoption and clarifies certain provisions relating to the election of small business corporations as to taxable status.

Public Law 86-418 exempts bicycle tires and tubes used in the manufacture or production of new bicycles from the manufacturers' excise tax on tires and tubes.

Public Law 86-422 reduces the cabaret tax from 20 percent to 10 percent effective May 1, 1960.

Public Law 86-435 amends the Internal Revenue Code with respect to the treatment of copyright royalties for purposes of the personal holding company tax.

Public Law 86-440 fixes a tax of 1 cent per pound on certain laminated tires produced from used tires.

The Revenue Service formulated and carried out plans for the implementation of the legislation that was enacted. These plans included the issuance of statements to the public, circulars, and regulations, and the revision of tax forms.

Tax Conventions

Belgium.—The supplemental convention with Belgium whereby the income tax convention with that country was extended to the Congo and the Trust Territory of Ruanda-Urundi came into force effective January 1, 1959, as a result of the exchange of the instruments of ratification on July 10, 1959.

Norway.—The supplemental convention with Norway came into force effective January 1, 1959, as a result of the exchange of the instruments of ratification on October 21, 1959.

India.—A proposed income tax convention with India was transmitted to the Senate in May 1960 and was pending before that body at the close of the fiscal year.

Japan.—A proposed supplementary protocol modifying the amended income tax convention of April 16, 1954, with Japan was signed at Tokyo on May 7, 1960.

General.—Extended discussions took place at Washington with a number of countries directed to original and supplemental conventions resulting in the finalization of several texts now moving toward signature.

MANAGEMENT ACTIVITIES

Major Administrative Improvements and Policy Changes

General.—Improvement in the Service's management and operations forged ahead during fiscal 1960 through new and concentrated emphasis in three major management areas—program planning, closely coordinated with budgetary operations; vigorous national and regional programs for management review and evaluation; and work planning and control. In the program planning area, all levels of the Service participated in a searching review of operations, program plans, manpower utilization and needs in developing the budget request and financial plan. Management review and evaluation gained momentum through regularly scheduled cyclic visits to the field by teams of National Office staff officers reviewing the efficiency of regional management, and through regional office evaluation teams reviewing district management and program execution. Work planning and control was expanded into the delinquent accounts and returns activities of Collection and is currently being extended to Audit and Intelligence functions.

Savings from improvements.—Concrete evidence of the dynamic quality of the Management Improvement Program is shown by tangible recurring annual benefits and gains totaling 738 man-years, representing salary values of \$3,820,963, plus \$348,544 of recurring annual direct savings in materials, facilities, etc. The Incentive Awards Program produced savings of \$555,734, raising the grand total to \$4,725,241. In addition, functional and records management specialists working together freed for reuse space and equipment valued in excess of \$900,000. Many improvements were also made which, though intangible or impracticable to measure in dollars and cents, nevertheless contributed materially toward increased effectiveness, greater productivity and increased revenue collections, better service to and relations with the public, and improvement in employee efficiency and morale.

Consolidation of district offices.—On January 1, 1960, the Upper Manhattan and Lower Manhattan Districts in New York City were combined to form the Manhattan District. The Service had found that the existence of two district offices in this area not only multiplied its operational problems, but also confused taxpayers, many of whom, for example, filed in one district and paid their taxes in another. Also on January 1, the four Ohio districts were merged into two—Toledo into the Cleveland District, and Columbus into the Cincinnati District. All of these moves are expected to bring about operating economies and other improvements in administration.

Merger of the two Manhattan districts provided an opportunity to achieve, at the same time, uniformity of organization nationally, through a decentralization of the Intelligence functions in New York City from the regional level to the district level.

Organizational changes in the National Office.—A new plan of organization went into effect for the Audit Division at the beginning of the year. The new functional alignment consists of six branches instead of three, in order to divide the work into more manageable segments. The new branches include Procedures, Training, Uniform Audit, Operations, Analysis, and Management, with functions as indicated generally by the titles. The Management Branch took over the functions of the former Audit Planning Section, including the recently expanded visitation program. Offers in compromise are now handled in the Operations Branch.

Assignment to the Collection Division of responsibility for implementing and operating the automatic data processing system of the Service made necessary organizational modifications in order to give recognition and emphasis to this new function. The changes which took place in January 1960 divided the work of the Division into two parts, each under an Assistant Director and consisting of four branches in one part and three branches and the Computer Center in the other part. One Assistant Director was given responsibility for all collection enforcement activities and certain other existing functions of the Division. The other Assistant Director was given responsibility for the development of programs, systems, methods, and procedures for implementation and operation of the Service's automatic data processing plan, the accounting for internal revenue, and the receipt and integrated processing of tax returns and payments to develop compatible systems, whether manual, mechanical, or electronic.

On January 1, 1960, the Intelligence Division was reorganized into four branches instead of two. The objective is to improve operating efficiency by strengthening managerial controls in an

area which is an important cog in the Service's enforcement effort. The four branches are: Planning and Procedures, Investigative Techniques, Operations Coordination, and Analysis and Evaluation.

Under a reorganization of the engineering structure in the Office of the Assistant Commissioner (Technical) which took effect on February 26, 1960, the former Engineering and Valuation Branch, Special Technical Services Division, was abolished. In its place three engineering branches—Natural Resources, Appraisal, and Court Defense—were established in that Division. Objectives of the reorganization were to expedite closing of National Office engineering cases at the branch level, to achieve a better grouping of engineering functions, and to develop grade standards commensurate with the new responsibilities assumed by the branches, which would enable the Service to attract and retain qualified engineers.

In May 1960 a Reports Division was established and given responsibility to develop and coordinate the policies, procedures, and standards for a Servicewide reports program. The overall objective of the reports program is a continuing aim to improve the quality and to reduce the cost of operational reports.

Program letters.—Procedures were adopted for the issuance well in advance of the beginning of each fiscal year of a program letter to assist regions in their planning and to require them to correlate their proposals with overall programs and objectives developed by the National Office. This annual directive provides a vehicle for insuring that full recognition is given to specific programs that are to be developed, expanded, or reduced and for giving effect to all related costs of manpower, material, and services. The end result is a consolidated financial plan (and budget estimate) that will permit the Service to carry out its commitments to the Congress, the Bureau of the Budget, and the Treasury Department.

Program to curb expense account abuses.—A program was inaugurated to curb tax abuses in the field of entertainment and employee expense accounts. The Service has observed a growing tendency among corporations, partnerships, and sole proprietorships to assume the cost of personal expenses of officers, employees, partners, proprietors, and others, and to deduct such cost on their income tax returns as ordinary and necessary business expenses. Among the items treated in this manner are such benefits as the use of pleasure boats, fishing camps, or resort facilities, and payments of club dues, travel expenses of a personal nature, etc. Although these allowances may be additional compensation to the employee, or distributions of corporate profits if the recipient is a stockholder, they frequently are not reported in the recipients' income tax returns.

Rules adopted by the Service to deal with these abuses will require expansion of the 1960 income tax forms for employers (corporations, partnerships, and sole proprietors) to include sections dealing with expense account allowances claimed as deductions and to provide additional information with regard to deductions claimed for entertainment expenses. Details are contained in Technical Information Release No. 221, April 4, 1960.

Increased emphasis is to be placed upon the examination of returns involving entertainment, travel, and expenses of a similar nature. Particular attention is to be given returns in which the deductions claimed for these expenses appear to be disproportionate in relationship to the income and business activities of the taxpayer. In such examinations, large or unusual expenditures for entertainment expenses will be closely examined to determine whether they are ordinary and necessary business expenses. Where examination of an employer's return discloses inadequate accounting required of employees for business expenses incurred, the Service will decide the extent to which the returns of the individual employees will be examined.

Interest and dividend reporting.—An extensive program was undertaken during the past year to close what has been termed the "interest and dividend gap." Recent studies made independently by both the Treasury Department and private research groups disclosed a substantial difference in the amounts of interest and dividends received by taxpayers and the amount reported as income. The estimates show that approximately \$4 billion in interest and \$1 billion in dividends are not reported on tax returns. This represents a tax loss of at least \$500 million annually.

The primary action taken to insure better compliance in this area was a nationwide educational program to acquaint taxpayers with the legal requirements for reporting income from these sources. A coordinated information campaign was undertaken with the cooperation of the principal associations of interest and dividend payers and thousands of corporations, banks, and individuals who made such payments. They were requested to notify interest and dividend recipients of the amounts paid or credited them, the taxable nature of these amounts, and the legal necessity for full and complete reporting. Pursuant to this request, these firms mailed more than 75 million special notices to recipients of interest and dividends. The reporting requirements also were emphasized through a number of changes made in the tax forms and instructions and through wide publicity given the program by newspapers, radio, and other news media.

The second phase of the program provides for increased audit attention to the reporting of interest and dividend items on tax returns. These audits will generally disclose only the inadvertent omissions of these items. However, where intentional evasion is discovered, the full penalties under the law will be imposed.

Personnel

Emphasis during the year was on (1) planning and initiating the personnel aspects of the long-range programs for automation of data processing and development of a balanced enforcement staff; (2) continued systematic evaluation of existing personnel programs; and (3) extensions and modifications of the "Blue Ribbon" career service program, designed to improve the quality and effectiveness of performance of all categories of personnel.

The expansion of the enforcement staff planned for 1961 (see p. 94) placed urgent demands on the Service to hire a substantial number of technical employees during the latter part of 1960. Through recruiting campaigns conducted in 4-year colleges, hiring goals were met for more than 800 internal revenue agents, 500 revenue officers, and 22 internal auditors. Of 75 special agents to be added, 54 were secured by the end of the year. Recruiting campaigns in 2-year business and junior colleges provided an important source for requirements in semitechnical positions. A hiring goal for more than 300 office auditors was met and, despite a late start, 158 tax examiners had been hired by June 30 against a goal of 251. By the end of the fiscal year, about 1,900 people had been appointed or committed for these enforcement-type positions. Concurrent with this year's recruiting campaigns, plans were made for an even more comprehensive recruiting campaign in 1961.

The number of internal revenue employees on the rolls at the close of 1960 totaled 50,199, as compared with 50,200 at the close of 1959. A comparison by principal categories is shown in the following summary:

Personnel summary

Location and type	Man-years realized		Number on rolls at close of year	
	1960	1959	1960	1959
Service, total.....	51,047	51,226	50,199	50,200
Permanent.....	48,408	49,284	48,440	47,972
Temporary.....	2,639	1,942	1,759	2,228
National Office.....	2,910	2,922	2,702	2,633
Field service, total ¹	48,137	48,304	47,497	47,567
Collection, total.....	23,050	23,373	22,038	23,111
Revenue officers.....	5,336	5,344	5,476	5,172
Tax examiners ²	4,038	1,604	4,123	2,062
Other.....	13,676	16,425	12,439	15,877
Audit, total.....	15,596	15,479	15,965	15,099
Revenue agents.....	10,366	10,429	10,583	10,171
Office auditors.....	2,187	2,101	2,343	2,003
Other.....	3,043	2,949	3,039	2,925
Intelligence, total.....	1,899	1,939	1,902	1,914
Special agents.....	1,418	1,445	1,418	1,423
Other.....	481	494	484	491
Alcohol and tobacco tax, total.....	2,906	2,944	2,914	2,897
Investigators.....	889	901	901	884
Inspectors.....	398	421	392	411
Storekeeper-gaugers.....	723	749	719	738
Other.....	896	873	902	872
Appellate, total.....	1,384	1,294	1,396	1,354
Technical advisors.....	629	587	648	625
Auditors.....	141	(³)	145	(³)
Other.....	614	707	611	729
Administration.....	2,218	2,192	2,172	2,125
Regional Counsel.....	660	656	671	641
Inspection.....	424	427	439	426
Enforcement personnel included above ⁴	25,355	22,994	25,955	22,856

¹ Revised.

² Includes terminal leave man-years for entire Service.

³ Includes International Operations Division.

⁴ New position, beginning 1960, replaces returns examiners shown for 1959. Also replaces certain positions formerly included in "Collection—Other."

⁵ Includes overseas employees hired locally (4 for 1960, 3 for 1959).

⁶ In previous reports, Appellate auditors were included in "Appellate—Other."

⁷ Includes revenue officers, tax examiners, revenue agents, office auditors, special agents, and alcohol and tobacco tax investigators, inspectors, and storekeeper-gaugers.

⁸ Includes man-years devoted to Administration, Audit, and Statistics in the Service Centers by employees regularly assigned to processing and revenue accounting functions.

Career opportunities for Service employees were further expanded through the development of revised qualification standards and training agreements negotiated with the Civil Service Commission. Clerical employees with appropriate Service experience and potential may now qualify for semitechnical positions through successful completion of the basic inservice training program, and

means have been provided through which employees in certain semi-technical positions may enter technical positions. These career ladders now make it possible for clerical employees with the necessary ability and potential to advance through successive job categories to top level revenue agent positions.

Promotion agreements also were negotiated with the Civil Service Commission which will facilitate the selection and appointment of computer system analysts, programmers, and other personnel vital to the installation of the automatic data processing system.

Expansion of career opportunities within the Service has played an important part in reducing personnel turnover. As shown in the following summary for selected classes of personnel, separation rates in 1959 and 1960 were generally lower than in the period 1955 through 1958.

Separations as a percent of permanent employees on rolls at close of year

Type of personnel	1960	1959	1958	1957	1956	1955
Internal revenue agents.....	5.4	4.4	6.3	8.6	7.4	6.2
Office auditors.....	6.8	5.9	6.2	7.1	7.3	10.5
Revenue officers.....	6.7	5.6	7.8	7.0	8.0	11.4
Special agents.....	4.2	3.1	3.6	4.3	3.5	3.9
All permanent employees.....	10.3	9.1	11.0	13.4	12.5	12.2

Another major advance was the authority granted by the Civil Service Commission for noncompetitive appointments of former temporary employees originally appointed through Civil Service register procedures. This facilitates filling temporary employment needs, and contributes to the efficiency of the Service, especially during the tax filing period, by enabling the Revenue Service to utilize the training and experience employees gained during previous employment.

Position classification guides, designed for implementing approved organizational changes, and as aids in meeting the objectives of the "Blue Ribbon" program, were issued for office auditors, alcohol tax investigators, secretaries, shorthand reporters, appellate auditors, and for positions in the office collection force and special procedures function of district collection divisions.

As an essential part of the policy to decentralize authority, the Director, Personnel Division, was delegated authority to make decisions and take final action for the Revenue Service in grievances, appeals, suitability, and disciplinary cases involving employees in positions for which the Director, Personnel Division,

has personnel action authority. Also, the Director, Personnel Division, and the Chief, Employee Relations Branch, Personnel Division, were delegated authority to take final action under the Incentive Awards Program on all contributions including awards (except awards approved by Regional Commissioners) approved in the National Office.

The Revenue Service continued to take advantage of outstanding performance ratings to recognize and reward the outstanding work of employees. During the year, 666 employees were recommended for outstanding performance ratings, of which 485 or 73 percent were approved. This means that on a nationwide average, approximately 1 percent of the total working force currently possess outstanding ratings. During 1959, 674 employees were recommended, of which 399 were approved. Although the recommendations for both 1959 and 1960 were about the same, the rate of approval rose from 59 percent in 1959 to 73 percent in 1960, exceeding the 71 percent approval rate of 1958.

A voluntary Servicewide Health Maintenance Program was inaugurated during the year. The purpose of this program is to protect the health and well-being of employees, improve employee morale, and increase work accomplishments through a high degree of employee physical fitness. The program has been adopted in the Washington and New York areas, and it is anticipated that other Revenue Service offices will adopt the program at the earliest practicable date.

A most significant accomplishment during the year was the publication of a policy statement indicating the position of the Revenue Service in regard to quality and production of work. In the past, complaints were made that the Service was operating under a quota system which subordinated the quality of work. The policy statement establishes the objectives of the Service for quality and production of work, and delineates criteria for the measurement of work production by individuals. Elimination of references to quotas and emphasis upon quality standards will help measurably in counteracting allegations of quota systems in the Service.

The employee suggestion program showed the greatest participation in 1960 since the enactment of the Incentive Awards Act in 1954. Approximately 1,500 more suggestions were received than in the preceding year, and there was an increase of more than 300 in the number of special performance awards. In all, this represents a participation increase of 31 percent over 1959, including the suggestion and special awards areas.

The following table shows the extent of program participation during the last 2 years:

Incentive awards program		
Item	1960	1959
Suggestions received	5,989	4,453
Suggestions adopted	1,363	1,118
Superior work performance awards	1,348	1,075
Special acts and services awards	108	78

At the recommendation of the Secretary of the Treasury, emphasis was placed upon the further recognition of employees in the lower grades and the stimulation of employees to participate more extensively in the suggestion program.

Training

Planning for the future in an era in which automation is revolutionizing office practices in both Government and industry presents a great training challenge to the Service. As a result of plans for the installation of a large-scale automatic data processing system (see p. 31), steps are being taken to develop and implement a broad training program to prepare personnel for conversion to the new system. The first increment of digital computer systems analysts have already been trained under the new program.

An increasing number of installations of automatic data processing equipment in private industry requires a wholly new approach to the techniques of auditing the returns involved. A course is being developed to train enforcement personnel who examine returns of corporations using automatic data processing equipment in their accounting work.

To provide more systematic training for management, a new Career Development Program for IRS supervisors, managers, and executives was announced. This program standardizes management training Servicewide and focuses on training at three levels of the management ladder. Phase I covers employees at the group supervisor or equivalent level. Phase II covers employees at the middle management level and is required for employees entering phase III of the program. Phase III is for employees selected to fill executive positions such as assistant district director and assistant regional commissioner. Seventy-five employees completed phase II of the program, and twenty employees began phase III. Phase I is being developed and will be activated in 1961.

Management institutes, conducted during July and August 1959 and in June 1960 at selected sites across the country, provided training for approximately 835 participants, including 60 employees of other Treasury bureaus. With the inauguration of the Career Development Program it is probable that management institutes in the future will be limited to middle managers and senior personnel with concentration on one or two specific areas of management, instead of on a broad overview of the basic principles.

New technical courses announced include an offer-in-compromise course, a valuation course, a technical advisor course, and a fraud course. Basic and refresher courses were activated for Intelligence enforcement personnel. Field instructors were trained and classes will begin early next year in the first course to be offered for excise tax agents. A program to assist group supervisors in the application of management principles and techniques to their day-to-day work was developed in the delinquent accounts and returns activity and the development of a similar program was begun for group supervisors in the audit function. A program of intensive classroom and on-the-job training was initiated for alcohol and tobacco tax inspector recruits designed to develop their potential and equip them for progressively more responsible assignments.

Two new programs were initiated for the training of technical personnel in tax research methods and in the administration of tax laws dealing with exempt organizations. The tax research course provides comprehensive instructions in the use of various research tools available in resolving substantive questions of tax law, including the use of the major commercial tax services and various secondary sources of research. The exempt organization material, prepared as a loose-leaf handbook, is to be used both as a training text and as a reference guide in the examination of applications for exemption, in the review of exemptions previously granted, and in the examination of returns filed by exempt organizations.

To keep revenue agents and other technical personnel currently abreast of new developments in law, regulations, revenue rulings, and court decisions, a periodic newsletter, "Tax Briefs for Revenue Agents and Office Auditors," was issued throughout the year. A new edition of the Annual Technical Review Institute lecture material also was prepared and distributed, containing comprehensive discussions of important developments in each of the principal tax areas, for use in tax review seminars.

Because clarity of expression is so important in communicating on tax matters, two effective writing courses, offered by correspond-

ence were announced. Effective Revenue Writing 1, covering basic writing principles, grammar, and punctuation, was released for general enrollment. Effective Revenue Writing 2, an advanced course designed to improve the experienced writer, was released on a pilot-run basis.

Approximately 310 man-years were spent by new employees in the classroom phases of enforcement recruit training programs. Incumbent personnel spent approximately 352 man-years in advanced and specialized technical classroom training.

Special committees appointed to determine training needs in the alcohol and tobacco tax enforcement and permissive activities completed their surveys. Work was begun on courses for all levels of investigative personnel. In addition to covering enforcement procedures, these courses will include supervisory development material, in order to create a reservoir of trained supervisors.

Two of the Service's training programs, the Advanced Revenue Agent Training Program and the GS-9-11 Revenue Officer Refresher Training Program, were evaluated by means of questionnaires. The questionnaires, executed by program participants and their immediate supervisors 6 months after completion of the training, provided substantial evidence that increased production resulting from training offset the cost of the training many times over.

Operating Facilities

Records and correspondence.—Through the continuing application of management principles and techniques to official documents, work papers, and related paperwork processes, the records administration program produced significant management improvements. These improvements resulted in more effective use of Service manpower, reduced operating costs, and improved taxpayer relations.

This year, particular emphasis was placed on developing guidelines and systems for more economical and effective paperwork handling; acquainting staff and operating personnel with these techniques; and encouraging their use to solve operating problems. Because of this emphasis on the "all-hands" application of records management techniques to work problems, management analysis assistance furnished by records personnel was augmented by studies of paperwork processes made by operating officials, with 125 such studies made by district personnel.

Significant guidelines developed during the year include a records disposition handbook, a new correspondence handbook section

on editorial and composition practices, a list and subject matter index of Revenue Service forms most frequently used by taxpayers, a comprehensive forms cross reference to the records control schedules covering administrative-type records, and improved methods for maintaining and servicing records.

Much of the progress in improving and standardizing paperwork operations is directly attributable to concentrated efforts to eliminate locally developed forms and form letters. The noteworthy result of this year's intensified forms standardization work was a 53-percent reduction in district forms, whereas the resulting increases at national and regional office levels were only 11 percent and 7 percent, respectively. The accomplishments in this area are shown by the following figures:

Forms prescribed by—	Inventory July 1, 1959	New forms added dur- ing year	Forms eliminated	Inventory June 30, 1960
National office.....	3,298	482	129	3,651
Regional offices.....	7,653	1,793	1,267	8,179
District offices.....	15,259	1,345	9,316	7,288
Service centers.....	n.a.	n.a.	n.a.	505

n.a.—Not available.
* Revised.

Although the volume of papers received or produced increased during the year, the Service's records holdings were reduced by 32,000 cubic feet by the controlled creation of only necessary documents and the systematic disposition of inactive records. Service-wide records retirement and disposal activities during the year resulted in the removal of 247,000 cubic feet of records and the release for reuse of space and equipment valued at more than \$900,000. Comparative figures on records holdings for 1959 and 1960 are shown in the following table:

Records holdings and disposition activities

Status	Volume of records (cubic feet)	
	1960	1959
In IRS custody, beginning of year.....	669,883	662,484
Disposed of during year, total.....	247,417	208,430
Destroyed.....	87,658	74,287
Retired to Federal Records Centers.....	159,759	134,143
In IRS custody, end of year.....	637,092	669,883
In Federal Records Centers, end of year.....	817,966	757,558

Major Space Accomplishments in Regional and District Headquarters Offices, 1954-1960

	District Offices			No major improvements needed 1,395,000 sq. ft.
	Regional Offices	Augusta Boston Portsmouth Providence Dallas Buffalo Aberdeen	Cheyenne Fargo Kansas City Omaha St. Paul Scranton Boise	
Satisfactory	Cincinnati Dallas New York San Francisco	Birmingham Nashville Chicago Cleveland	Indianapolis Manhattan Syracuse Denver	Improvement under negotiation June 30, 1960 1,347,000 sq. ft.
Unsatisfactory	Boston Chicago	Jackson Hartford Springfield Parkersburg	Richmond Little Rock Brooklyn	965,000 sq. ft.
New construction planned or in process	Omaha	Atlanta Columbia Greensboro Jacksonville	Burlington Albuquerque Austin	763,000 sq. ft.
Consolidated in new buildings	Atlanta Philadelphia	Detroit Milwaukee Cincinnati	Louisville New Orleans Oklahoma City	826,000 sq. ft.
Consolidated in renovated Federal buildings or modernized leased buildings			St. Louis Camden Newark	
				Upgraded 1954-1960 2,554,000 sq. ft.
				5,297,000 sq. ft.

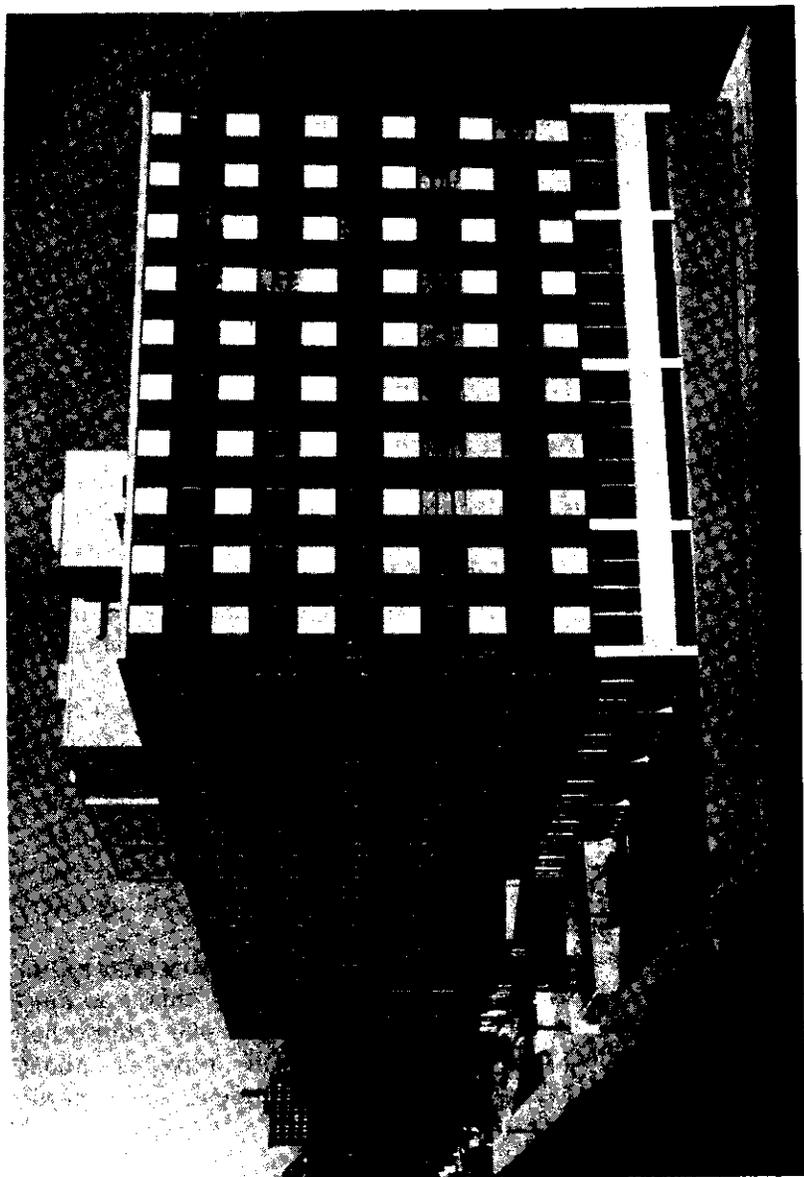
Total space, excluding local and branch offices: 5,297,000 sq. ft.

Safety.—The Secretary's Safety Award was presented to 23 district offices in recognition of their employees working without a lost-time injury for at least 1 year or 1 million hours. Two of these district offices, Boise and Cheyenne, qualified for 5-year awards and two others, Fargo and Helena, for 4-year awards. The Omaha Region won the Annual Regional Safety Award for 1959 for the third time, with a frequency rate of 1.7 lost-time injuries per million hours of exposure, and gained permanent possession of the trophy. A safety award program was established to encourage accident prevention competition between the major functional areas in the National Office and to stimulate efforts to reduce on-the-job injuries and man-days of lost production due to such injuries. A pilot safe-driving award program was established in the Atlanta Region to keep to a minimum automobile accidents resulting from enforcement activities of Alcohol and Tobacco Tax personnel.

Publications.—A program for the annual shipping of internal use forms to field offices was inaugurated. This program provides for delivery of seasonally used items just prior to their period of use, and will reduce the number of requisitions prepared by field offices as well as the volume of inquiries and replies which are a normal part of followup. This year, for the first time, all major tax forms were made available in district and subordinate offices by December 1 (see p. 17).

Space.—Upgrading and consolidation of office space was successfully continued during the year. The district directors' offices in Baltimore, Maryland; Albuquerque, New Mexico; and Burlington, Vermont, were moved into new buildings. Other smaller offices which were moved to new buildings include Lake Charles, Lafayette, and Victoria, Louisiana. Still other space improvements included relocating 29 internal revenue offices and providing alterations or additional space for 21 other locations.

Property management.—Purchases of new furniture and equipment aggregated \$1,700,000 during the year and this was augmented by acquiring excess items valued at \$800,000 from other government agencies. However, there still remains about \$12 million worth of such property and equipment which needs replacing.



New building permits consolidation of District Director's Office, Baltimore, Maryland

Fiscal Management

The cost of operating the Revenue Service during the year was \$363,735,359, including \$348,009 financed from reimbursements. This represents a cost of 39.6 cents for every \$100 collected. Compared with the preceding year, operating costs increased by approximately \$8 million, of which \$6 million represented increased salary costs attributable to planned position reallocations, within-grade salary advancements, and an additional day's pay in 1960.

A comparison of obligations for 1959 and 1960, by activities, is shown below. More detailed information, with respect to 1960 obligations by offices and by classes of expenditures, is shown in table 25, p. 154.

Obligations incurred by the Internal Revenue Service

(In thousands of dollars)

Activity	Total		Salaries		Other	
	1960	1959	1960	1959	1960	1959
Total.....	363,735	355,469	307,099	301,425	56,636	54,044
Rulings, technical planning, and special technical services.....	5,834	5,636	5,092	4,890	742	746
Collection of revenue.....	149,413	148,512	122,712	121,669	26,701	26,843
Audit of tax returns.....	128,174	123,915	112,568	109,665	15,606	14,250
Tax fraud and special investigations.....	18,509	18,337	15,765	15,640	2,744	2,697
Alcohol and tobacco tax regulatory work.....	26,921	25,790	21,401	21,296	5,520	4,494
Taxpayer conferences and appeals.....	13,774	12,762	12,375	11,460	1,399	1,302
Legal services.....	9,256	8,975	8,017	7,818	1,239	1,157
Inspection.....	4,867	4,821	3,918	3,902	949	919
Statistical reporting.....	2,595	2,586	2,043	2,055	552	531
Executive direction.....	4,392	4,135	3,208	3,030	1,184	1,105

During 1960 a number of improvements in the financial management of the Service were effected. Emphasis on the execution of the budget in terms of the programs presented to and approved by the Congress resulted in better budget programming, closer coordination between the fiscal managers and the program managers, and a better understanding of the financial management phases of the Service's operations.

A budget committee, appointed early in the year, reviewed the financial management system of the Service and made several recommendations, which have since been adopted. Controls have been improved and tightened, to assure that budget programs, as updated by the financial plan, are executed as planned, and that the impact on the next year's budget of program changes proposed during the year is fully considered. Financial management policies and procedures were formalized. Periodic briefing sessions were instituted for top management officials (including Regional

Commissioners) on the current financial situation, status of execution of the financial plan, and problems which may develop, in terms of both program and financial data. On-the-spot reviews, in regional offices, of the proposed regional operating financial plans for the coming year were conducted by teams from the National Office, as another step in the program for developing a realistic financial plan which can be executed without significant deviation.

Payroll and related operations in the Western Service Center were converted to speedier ADP equipment having greater capacity. In addition, a good deal of advance planning was done in anticipation of the installation of still more advanced equipment in the Northeast Service Center. Individual retirement accounts were converted to punchcards; a procedure was developed for maintaining a cumulative earnings and deductions record for each employee, in lieu of the quarterly individual earnings record; and a program was developed to provide regional offices with cumulative data measuring actual employment in man-years.

Long-Range Planning

Long-range planning in the Service has developed from a one-time Five-year Plan to an integral part of the management program. It has been incorporated into the annual financial planning cycle, with provision for field office participation in developing the plan and keeping it current. The Long-Range Plan has also become the primary source for program changes to be reflected in the annual budget.

The plan provides for improvement of Federal tax administration over the next several years through a substantial strengthening of all enforcement and related activities and through the installation of an automatic data processing system to handle the Service's accounting, clerical, and statistical operations (see "Plans for Automatic Data Processing", p. 31).

The Long-Range Plan was updated during 1960 in the light of new research results and later information, with revisions giving effect to growth in workloads resulting from rising numbers of returns, and to expected increases in efficiency and productivity of Service personnel.

The 1961 budget request and subsequent appropriation for the Revenue Service provide for the first steps in strengthening enforcement activities and installing the automatic data processing system. Funds are included for recruiting and training the first

contingent of additional examining and other enforcement officers needed to cope with growth in workload and also to broaden the scope of enforcement programs, such as audit of tax returns filed and detection of delinquent taxpayers who have failed to file returns.

Current Research Program

The broadening scope of research studies has been reflected during the past year in completion of a number of projects, covering such varied subjects as revisions in return filing requirements and withholding on wages and salaries, taxpayer deduction problems, and changes in accounting periods. The objective of greater convenience in taxpayer compliance has bulked large in most of this work. For example, consideration was given to raising the limitation on other income from \$200 to \$300 in the use of Form 1040A. Simpler requirements were developed for guidance in the necessity for filing declarations of estimated tax. Also, in connection with the relative decline in the use of the standard deduction, analyses of certain possible changes to expand use of the deduction were provided to the Treasury.

Survey support of research has continued to grow. Particular stress was placed on studies to throw light on the extent and pattern of underreporting of income. Special sampling projects were designed to investigate taxpayer failure to include in returns dividends shown on information documents filed with the Service. Failure to report bank interest was also covered in another project. On the broad question of return compliance a survey is to be carried out to determine the relative frequency with which business concerns fail to file returns for one or more of the major classes of taxes for which they may be liable.

Coordinated Evaluation Program

The program of coordinated evaluation visits to the regions by all National Office divisions having counterparts in the regional commissioners' offices was continued in 1960. All nine regional offices have been covered under the program and three of the offices have been visited for the second time. The findings of the second visits indicate that positive and effective action has been taken on the recommendations made during the preceding visits. The improvements realized clearly demonstrate that the program is an effective means for achieving improved regional management.

Advisory Group

The Advisory Group established in June 1959 has assisted materially in bringing about a better understanding between the public, tax practitioners, the taxpayers, and the Service. The 12-member group of top-ranking lawyers, accountants, educators, and business representatives meets regularly with Revenue Service officials to provide constructive criticism of Service policies and procedures, and to suggest ways in which tax administration can be improved.

Topics for discussion at meetings of the Group are for the most part agreed to in advance, and primarily include agenda items suggested by individual members. However, tax practitioners throughout the United States may also present their views on Revenue Service operations by writing directly to a member of the Group or to the Commissioner, and a number of topics have come from this source.

Discussions with the Group thus far have ranged over the entire gamut of the Service's activities: from the techniques and standards used to evaluate the performance of internal revenue agents to the content and design of tax forms. The Group has manifested considerable interest in the Service's rulings program, for example, and the members' comments and suggestions in this area have led to a number of improvements, such as the issuance of a list of items on which the Service will not rule and a new internal appeals procedure for certain types of rulings. The Group also has made many valuable suggestions dealing with the administration of the Service's expense account program and with its procedures for holding informal conferences.

The members of the Group, all of whom were reappointed in June 1960, come from various parts of the United States and donate their services to the Treasury Department. They are:

Thomas C. Atkeson, Professor of Taxation, The College of William and Mary, Williamsburg, Va.;

Eugene F. Bogan, Attorney at Law, Sharp and Bogan, Washington, D.C.;

Donald T. Burns, Certified Public Accountant, Arthur Young and Company, Los Angeles, Calif.;

John J. Curran, Attorney at Law and Certified Public Accountant, Tax Manager, Norton Company, Worcester, Mass.;

Allan A. Drummond, Public Accountant, San Francisco, Calif.;

T. J. Graves, Certified Public Accountant, Haskins and Sells, New York, N.Y.;

H. Cecil Kilpatrick, Attorney at Law, Kilpatrick, Ballard and Beasley, Washington, D.C.;

Leonard E. Kust, Attorney at Law, General Tax Counsel, Westinghouse Electric Corporation, Pittsburgh, Pa.;

Thomas N. Tarleau, Attorney at Law, Wilkie, Farr, Gallagher, Walton and Fitzgibbon, New York;

Charles L. Thomas, Attorney at Law and Certified Public Accountant, Carnahan, Gordon and Goodwin, Tacoma, Wash.;

Troy G. Thurston, Certified Public Accountant, George S. Olive and Company, Indianapolis, Ind.; and

T. Dwight Williams, Certified Public Accountant, Williams, Hurst and Groth, Oklahoma City, Okla.

The Service has found that the candidly expressed viewpoints of the members give it a perspective on its operations not otherwise attainable. Judged in terms of results to date, the Group's contributions have been of great value in the solution of the Service's manifold problems.

Internal Controls

Internal audit.—The internal audit program is designed to promote efficient administration through an independent review and appraisal of accounting, financial, and other operating activities. All phases of Revenue Service work are subject to audit and internal audit coverage of all major field activities is required at least once each year. Utilizing recognized sampling techniques, the program gives greatest attention to those organizational segments which are most closely connected with the collection of tax revenues and the enforcement of tax laws.

The following summary covers the regular internal audit activity for the fiscal year 1960:

Internal audit activity

Offices or divisions audited	Subject to audit ¹	In process, July 1, 1959	Started	Completed	In process, June 30, 1960
Grand total.....	250	30	252	255	27
Regional offices, total.....	63	6	62	64	4
Regional counsels' offices.....	9		9	9	
Regional commissioners' offices:					
Collection.....	9		9	9	
Audit.....	9		9	9	
Intelligence.....	9	1	9	10	
Alcohol and tobacco tax.....	9	2	9	9	2
Appellate.....	9		9	9	
Administrative.....	9	3	8	9	2
District directors' divisions, total.....	183	23	187	187	23
Collection.....	61	10	61	62	9
Audit.....	61	9	63	63	9
Intelligence.....	61	4	63	62	5
Service centers.....	3		3	3	
International Operations Division.....	1			1	

¹ The number of offices subject to audit was reduced during the year as the result of the mergers of internal revenue districts in Ohio and in New York City (see page 79).

Internal security.—Investigative case production under the internal security program was substantially increased during 1960 in order to keep pace with increased recruiting activity. Personnel investigations of applicants for, or incumbents of, positions in the Treasury Department numbered 4,973, representing a 20-percent increase. The bulk of these investigations pertained to Internal Revenue Service applicants and employees. The number of police checks conducted with respect to temporary employees was 5,210, up 26 percent from the preceding year.

Investigations of enrollment applications were reduced to 5,198, a 27-percent decrease from 1959, as a result of procedural changes made to expedite the processing of these applications.

Disciplinary actions taken as a result of personnel investigations totaled 556 in 1960, representing a 6-percent rise compared with 1959.

A comparison of investigations completed and disciplinary actions taken in 1960 and 1959 follows:

Personnel investigations, other investigations, and disciplinary actions

Type of investigation and action	1960	1959
Personnel investigations		
Number of cases closed, total.....	4,973	4,136
Character and security investigations.....	3,182	2,462
Conduct investigations.....	514	607
Special inquiries.....	1,277	1,067
Actions taken as a result of personnel investigations		
Disciplinary actions, total.....	556	523
Separations, total ¹	225	189
Bribery, extortion, or collusion.....	3	5
Embezzlement or theft of Government funds or property.....	19	21
Failure of employee to pay proper tax.....	15	13
Falsification or distortion of Government reports, records, etc.....	79	50
Unauthorized outside activity.....	10	5
Failure to discharge duties properly.....	11	18
Refusal to cooperate.....		1
Divulgence of confidential information.....	2	5
Acceptance of fees or gratuities.....	17	3
Personal and other misconduct.....	69	68
Suspensions from duty and pay.....	26	31
Reprimands, warnings, reassignments, transfers, or demotions.....	305	303
Nondisciplinary actions.....	4,417	3,613
Other investigations		
Number of cases closed, total.....	5,376	7,377
Applications for admission to practice before the Internal Revenue Service ²	5,198	7,160
Charges against enrollees ³	50	51
Federal tort claims.....	128	126

¹ Includes resignations, retirements, or other separations while employees were under investigation or before administrative decision was made on disciplinary action where investigation disclosed derogatory information.

² Effective January 1, 1960, the investigative functions of the enrollment program were transferred from Intelligence to Inspection. The figures shown for 1959 consist exclusively of investigations made by Intelligence while the 1960 figures include investigations by both branches of the Service.

Persons having no connection with the Federal Government occasionally attempt to extort or otherwise illegally obtain money from taxpayers by professing to have influence within the Internal Revenue Service concerning Federal tax matters. Fortunately, many astute taxpayers are not misled by these self-styled "influence peddlers" and wisely report their activities to the Service. As a result of the cooperation of taxpayers and the assistance of local police, evidence was developed which resulted in the prosecution in State courts of three such extortionists during the year. Such cases were prosecuted in State courts as there were no violations of Federal statutes involved.

An investigation by Inspection disclosed that an Internal Revenue employee had on numerous occasions absented himself from official

duties for portions of the day to engage in personal activities. He was removed from the Service and indicted on several counts of violation of Section 231, Title 31, U.S. Code (false claims statute) in connection with the filing of false daily reports for the periods of absence without leave. He was convicted and the court awarded the Government over 5,000 dollars to cover restitution of unearned wages and fines. The award to the Government is regarded as a precedent case, and was described by a prominent newspaper reporter as "a potent weapon to recover wages paid to Federal employees who loaf on the job."

Statistical Reporting

In response to a widespread demand for comparable data covering each of the three principal forms of business organization, the Service introduced during the year a new Statistics of Income volume entitled "United States Business Tax Returns." The new report shows data for more than 9,000,000 unincorporated businesses and nearly 1,000,000 corporations, by size of business and by industry. This report, covering the tax year 1957-58, was issued in March 1960 and is available from the Superintendent of Documents, United States Government Printing Office, Washington 25, D.C., at a price of 35 cents.

New techniques made possible by the use of automatic data processing have enabled the Service to prepare selected ratios computed separately from each return used in the statistical sample. In "Statistics of Income, 1957-58, Corporation Income Tax Returns," issued in April 1960, there are presented for the first time (in table 24) two such ratios, namely, "net income on business receipts" and "business receipts to total assets." These ratios show by frequencies the spread in the rate of profit and in the assets turnover of groups of businesses by industry and by the size of business. In future years additional financial ratios will be presented for incorporated businesses.

The principal function of the Statistics of Income program is to measure the response of the taxpayers to the administration of the Federal tax system. The following summary tables illustrate some of the information revealed with respect to individual and corporate taxpayers, comparing the changing characteristics of these taxpayers over a period of 5 years.

Individual income tax returns: Number of returns and sources of income, 1954-1958

Item	Income year				
	1958	1957	1956	1955	1954
(Thousands)					
A. Number of returns					
All individual returns, total.....	59,085	59,825	59,197	58,250	56,747
Taxable.....	45,652	46,865	46,259	44,689	42,633
Nontaxable.....	13,433	12,960	12,938	13,561	14,114
Returns with itemized deduction, total.....	20,811	20,155	18,459	16,891	15,702
Taxable.....	19,054	18,569	16,973	15,435	13,712
Nontaxable.....	1,757	1,586	1,486	1,456	1,990
Returns with standard deduction, total.....	38,274	39,670	40,738	41,359	41,045
Taxable.....	26,598	28,296	29,286	29,254	28,921
Nontaxable.....	11,675	11,374	11,453	12,105	12,124
(Million dollars)					
B. Sources of income					
All individual returns:					
Adjusted gross income, total.....	281,154	280,321	267,724	248,530	229,221
Salaries and wages.....	227,551	228,077	215,618	200,712	185,953
Business or profession.....	20,674	20,339	21,285	18,430	16,926
Dividends received.....	8,741	9,124	8,606	7,851	7,048
Interest received.....	3,659	3,319	2,872	2,584	2,370
Rents and royalties.....	3,227	3,259	3,344	3,086	3,107
Other income.....	17,304	16,202	16,000	15,868	13,818
Taxable returns:					
Adjusted gross income, total.....	262,188	262,169	249,551	229,595	209,669
Salaries and wages.....	213,043	214,187	201,837	186,154	170,501
Business or profession.....	18,900	18,596	19,176	16,349	14,987
Dividends received.....	8,257	8,627	8,201	7,454	6,720
Interest received.....	3,116	2,841	2,468	2,187	2,003
Rents and royalties.....	2,608	2,582	2,731	2,526	2,485
Other income.....	16,265	15,336	15,139	14,928	12,972

Note.—The classification of taxable and nontaxable returns for 1954-58 was based only on the income tax after credits. For 1955 and subsequent years, returns with adjusted gross deficit and returns with breakeven in adjusted gross income were classified as returns with standard deduction, whereas for 1954, 440,304 such returns were classified as returns with itemized deductions.

**Corporation income tax returns: Number of returns and sources of receipts,
1954-55-1958-59**

Item	Income year				
	1958-59 (preliminary)	1957-58	1956-57	1955-56	1954-55
A. Number of returns					
All corporation returns, total.....	1,033,191	984,894	925,184	842,354	754,019
Active corporations, total.....	990,381	940,147	885,747	807,303	722,805
With net income.....	611,131	572,936	559,710	513,270	441,177
Without net income.....	379,250	367,211	326,037	294,033	281,628
Inactive corporations.....	42,251	44,369	39,214	34,822	31,214
Unincorporated businesses filing under section 1361.....	559	378	223	229	n.a.
B. Sources of receipts					
	(Million dollars)				
Active corporations:					
Receipts, total.....	735,339	720,414	679,868	642,248	554,822
Business receipts.....	696,594	684,883	646,673	612,683	528,906
Dividends received.....	3,755	3,453	3,446	3,344	2,945
Interest received.....	17,938	16,893	15,058	13,207	11,618
Rents and royalties.....	7,471	7,068	6,830	5,875	5,343
Other receipts.....	9,580	8,116	7,861	7,140	6,010
Returns with net income:					
Receipts, total.....	632,343	625,621	614,857	584,975	484,727
Business receipts.....	599,576	595,602	586,109	558,996	462,064
Dividends received.....	3,638	3,286	3,352	3,303	2,860
Interest received.....	14,994	14,298	12,855	11,415	10,155
Rents and royalties.....	5,922	5,549	5,613	4,862	4,405
Other receipts.....	8,213	6,887	6,928	6,399	5,244

Note.—The income year 1958-59 covers accounting periods ended July 1958 through June 1959. Other income years cover corresponding periods.

n.a.—Not available.

Following is a complete list of Statistics of Income publications released during the fiscal year 1960:

Individual Income Tax Returns, 1957, Preliminary (15 pp., 15¢)

Individual Income Tax Returns, 1957 (113 pp., 75¢)

Individual Income Tax Returns, 1958, Preliminary (18 pp., 20¢)

Corporation Income Tax Returns with accounting periods ended July 1957-June 1958, Preliminary (36 pp., 25¢)

Corporation Income Tax Returns with accounting periods ended July 1957-June 1958 (212 pp., \$1.50)

Fiduciary Income Tax Returns for 1956 (48 pp., 40¢)

U.S. Business Tax Returns with accounting periods ended July 1957-June 1958, Sole Proprietorships, Partnerships, and Corporations (32 pp., 35¢)

Statistics of Income publications are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

Enrollment of Practitioners

This was the first full year of operations under the revised rules governing the practice of attorneys, agents and other persons before the Internal Revenue Service. The revisions which became effective March 15, 1959, permit unenrolled persons to represent taxpayers in district directors' offices with respect to returns prepared by them for the taxpayer, and also permit special enrollment, through a simplified examination procedure, of qualified and experienced persons who are not eligible under general enrollment rules. Thus, provisions were made for two new classes of practitioners through which taxpayers may obtain assistance in their tax problems. This has proven beneficial to taxpayers and the Government alike.

In order to maintain a high standard of ethical practice among the practitioners in these new classes, the office of the Director of Practice, with the cooperation of district directors, is exercising strict surveillance on their conduct of tax matters.

During the year just ended, 1,288 public accountants and tax consultants who do not qualify as certified public accountants were enrolled under the new simplified examination procedure mentioned above. Approximately 1,700 applications had been filed as of June 30, 1960, for the next special examination under this program to be held September 8 and 9, 1960. For the convenience of the applicants, these examinations are conducted in internal revenue district offices throughout the United States.

In March 1959 a task force was appointed to review procedures pertaining to enrollment of practitioners. The mission of the task force was to achieve the following principal objectives: (a) decentralization of enrollment functions to the fullest extent; (b) reduction of costs by elimination of unnecessary investigative steps and by streamlining administrative work; and (c) transfer of responsibility for investigations in enrollment cases from Intelligence Divisions to Inspection to free Intelligence personnel for additional tax fraud work. The task force, comprising representatives from the Audit, Collection, and Intelligence Divisions and Inspection worked closely with the Director of Practice in formulating revised procedures to achieve these objectives and the new procedures were placed into effect January 1, 1960.

As a result of these improvements, enrollment procedures have been expedited to the extent that it now takes approximately 6 weeks to process an application on the part of an attorney or certified public accountant where, under the old procedure, it took from 2 to 3 months. This has made it possible to discontinue the

issuance of temporary enrollment cards, except where the applicant shows necessity for one.

Applications approved in 1960 included 4,964 applications for general enrollment, 1,400 applications for special enrollment and 2,694 renewals. Comparative figures as to the disposition of enrollment and disbarment cases during the past 2 years are shown below :

Disposition of enrollment and disbarment cases

Type of case	1960	1959
General enrollment—attorneys and agents:		
Applications for enrollment approved.....	4,964	7,280
Applications for enrollment disapproved.....	15	14
Applications withdrawn on advice of the Director.....	29	110
Applications for enrollment withdrawn with prejudice.....		1
Applications abandoned.....	14	5
Special enrollment to practice:		
Applications approved by reason of examination.....	1,288	
Applications approved pursuant to standards and procedures based upon former service with the Treasury Department (Sec. 10.3(f) Department Circular No. 230, revised).....	112	125
Applications of former employees denied.....	1	
Applications withdrawn.....	3	4
Applications abandoned.....	1	
Renewal of enrollment cases:		
Applications approved.....	2,694	3,616
Applications disapproved.....	1	5
Applications withdrawn.....	10	23
Applications abandoned.....	11	
Disbarment cases:		
Disbarments.....	1	
Resignations accepted.....	3	1
Resignations accepted with prejudice.....	8	
Reprimands issued.....	1	8
Suspensions.....		2
Closed without action.....	2	
Formal complaints pending against enrolled persons.....	2	3

Note.—When the time limit specified in 31 CFR 10.6(d), as amended, is not met, a former enrollee is required to submit the original application which is processed by this office. The item, "Applications for enrollment approved" includes 1,180 of this type in 1960 and 1,742 in 1959.

Statistical Tables

Assistance to Foreign Tax Officials

There is continuing worldwide interest in the study of the tax laws and tax administration of the United States. The Service was host during the fiscal year 1960, for varying periods of time, to approximately 130 officials representing 35 countries.

NOTES

All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1960" pertain to the fiscal year ended June 30, 1960, and "July 1" inventory items under this heading reflect inventories as of July 1, 1959.

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 recapitulated at the bottom of tables 1, 5, and 13. A map of the districts appears on page xii.

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Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas

(In thousands of dollars. See table 3, p. 126, for tax rates and further breakdown of national totals by sources)

Internal revenue regions, districts, States, and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total internal revenue collections	Corporation income and profits taxes ²	Individual income and employment taxes				
			Total	Income tax not withheld ³	Income tax withheld and old-age and disability insurance ^{4, 5}	Railroad retirement ⁶	Unemployment insurance
			(3)	(4)	(5)	(6)	(7)
United States, total	91, 774, 088	22, 179, 414	56, 194, 300	13, 972, 253	41, 184, 008	606, 931	341, 168
Atlanta region	6, 614, 088	1, 277, 184	3, 783, 235	1, 181, 767	2, 539, 612	24, 237	27, 619
Atlanta (Georgia)	1, 011, 430	227, 674	658, 786	172, 873	486, 555	4, 341	5, 017
Birmingham (Alabama)	597, 211	137, 926	436, 123	120, 653	306, 159	6, 141	3, 170
Columbia (South Carolina)	360, 150	84, 585	260, 039	57, 581	190, 082	121	2, 335
Greensboro (North Carolina)	2, 281, 472	385, 634	688, 802	182, 117	507, 589	9, 098	5, 998
Jackson (Mississippi)	231, 029	32, 263	183, 856	67, 213	114, 812	2, 379	1, 441
Jacksonville (Florida)	1, 375, 761	250, 676	983, 674	403, 742	581, 607	2, 570	5, 756
Nashville (Tennessee)	757, 815	158, 486	551, 955	177, 668	368, 808	1, 576	3, 902
Boston region	5, 042, 933	1, 189, 748	3, 455, 982	874, 183	2, 584, 046	15, 827	21, 885
Augusta (Maine)	219, 995	43, 495	163, 748	46, 848	113, 087	2, 617	1, 196
Boston (Massachusetts)	2, 603, 960	585, 942	1, 788, 717	418, 413	1, 354, 846	4, 120	11, 339
Burlington (Vermont)	88, 709	14, 184	68, 212	18, 359	48, 277	1, 146	6, 090
Hartford (Connecticut)	1, 585, 610	366, 540	1, 031, 404	290, 105	727, 401	7, 888	6, 932
Portsmouth (New Hampshire)	182, 344	38, 901	141, 712	37, 067	103, 628	45	972
Providence (Rhode Island)	362, 316	69, 765	261, 989	63, 311	196, 808	11	1, 859
Chicago region	15, 842, 799	4, 514, 359	8, 487, 583	1, 766, 368	6, 721, 215	94, 570	55, 287
Chicago (See (c) below)	6, 244, 207	1, 796, 344	3, 832, 293	758, 472	2, 954, 736	86, 937	25, 148
Detroit (Michigan)	6, 854, 799	2, 076, 014	3, 035, 140	565, 692	2, 442, 803	6, 588	20, 057
Milwaukee (Wisconsin)	1, 646, 265	427, 121	1, 038, 010	255, 641	777, 239	343	6, 788
Springfield (See (c) below)	1, 097, 528	214, 880	582, 060	185, 564	392, 500	702	3, 293
Cincinnati region	11, 262, 152	2, 443, 384	6, 230, 511	1, 366, 231	4, 864, 445	70, 639	36, 088
Cincinnati (See (g) below)	2, 018, 830	567, 580	1, 209, 993	232, 615	979, 377	1, 011	7, 420
Cleveland (See (g) below)	3, 812, 622	1, 015, 794	2, 329, 970	427, 258	1, 903, 520	35, 882	13, 310
Indianapolis (Indiana)	2, 082, 074	386, 405	1, 285, 878	273, 797	1, 004, 858	923	6, 301
Louisville (Kentucky)	1, 634, 685	175, 816	436, 557	144, 345	277, 348	13, 288	2, 576
Parkersburg (West Virginia)	323, 993	52, 170	252, 786	72, 916	177, 959	8, 632	1, 827
Richmond (Virginia)	1, 387, 948	245, 630	715, 348	188, 729	522, 383	19, 853	4, 584
Dallas region	6, 084, 753	1, 010, 620	3, 419, 656	1, 269, 482	2, 150, 174	29, 416	20, 780
Albuquerque (New Mexico)	200, 787	24, 817	166, 859	54, 205	111, 823	3	827
Austin (See (i) below)	1, 513, 458	315, 386	1, 034, 372	365, 914	668, 386	13, 928	6, 143
Dallas (See (i) below)	1, 459, 254	307, 437	1, 024, 784	377, 404	627, 462	13, 606	6, 232
Little Rock (Arkansas)	229, 851	32, 570	186, 269	76, 589	108, 264	170	1, 247
New Orleans (Louisiana)	763, 610	147, 376	514, 796	186, 152	324, 114	1, 305	3, 225
Oklahoma City (Oklahoma)	918, 593	183, 835	492, 675	149, 219	339, 928	4, 404	3, 106
New York City region	17, 288, 465	5, 844, 259	9, 395, 267	2, 831, 148	6, 564, 119	75, 487	65, 441
Albany (See (f) below)	997, 160	317, 703	646, 787	86, 376	553, 614	2, 601	4, 116
Brooklyn (See (f) below)	1, 725, 393	245, 572	1, 323, 405	426, 854	884, 046	4, 355	8, 150
Buffalo (See (f) below)	1, 108, 539	322, 095	688, 671	163, 216	525, 009	4, 455	4, 401
Manhattan (See (f) below)	12, 835, 568	4, 841, 460	6, 322, 783	1, 263, 887	4, 944, 650	68, 291	45, 955
Syracuse (See (f) below)	613, 806	117, 429	413, 620	90, 815	319, 952	34	2, 819
Omaha region	5, 922, 170	1, 517, 598	4, 771, 878	1, 295, 388	3, 476, 490	125, 416	24, 496
Aberdeen (South Dakota)	112, 624	14, 668	93, 649	41, 933	51, 293	2	421
Cheyenne (Wyoming)	87, 222	10, 009	68, 391	31, 479	36, 609	6	296
Denver (Colorado)	1, 055, 889	126, 563	837, 418	138, 438	691, 682	4, 672	2, 627
Des Moines (Iowa)	737, 290	167, 739	529, 849	200, 956	325, 446	588	2, 859
Fargo (North Dakota)	101, 137	9, 915	87, 934	40, 649	46, 870	19	395
Kansas City (See (d) below)	736, 401	210, 595	461, 974	127, 958	327, 275	3, 778	2, 963
Omaha (Nebraska)	531, 678	86, 660	389, 224	124, 633	237, 847	24, 860	1, 884
St. Louis (See (d) below)	1, 461, 924	359, 999	900, 188	207, 384	655, 110	32, 079	5, 607
St. Paul (Minnesota)	1, 460, 810	390, 720	945, 915	217, 835	689, 637	32, 997	5, 447
Wichita (Kansas)	637, 194	140, 730	457, 344	164, 843	264, 890	26, 416	1, 996
Philadelphia region	11, 781, 312	2, 678, 299	7, 648, 819	1, 742, 986	5, 905, 833	115, 891	47, 088
Baltimore (Maryland and District of Columbia)	2, 100, 309	295, 403	1, 506, 177	324, 603	1, 134, 358	41, 127	6, 088
Camden (See (e) below)	512, 452	96, 294	386, 476	118, 844	265, 174	8	2, 450
Newark (See (e) below)	2, 253, 219	492, 585	1, 443, 729	390, 665	1, 039, 512	3, 826	9, 727
Philadelphia (See (h) below)	3, 072, 392	611, 173	2, 039, 218	463, 902	1, 502, 413	60, 326	12, 577
Pittsburgh (See (h) below)	2, 409, 504	530, 889	1, 555, 512	272, 488	1, 263, 989	7, 840	11, 196
Scranton (See (h) below)	579, 646	155, 822	394, 665	72, 090	316, 634	2, 671	3, 270
Wilmington (Delaware)	833, 790	496, 132	323, 842	100, 395	220, 865	2	1, 780
San Francisco region	10, 925, 654	1, 771, 597	6, 018, 322	2, 344, 614	3, 673, 708	42, 255	42, 483
Boise (Idaho)	157, 392	25, 197	126, 980	41, 677	84, 233	255	815
Helena (Montana)	154, 128	24, 184	122, 326	49, 996	71, 568	214	548
Honolulu (Hawaii)	216, 939	41, 486	162, 938	43, 975	117, 799	312	852
Los Angeles (See (b) below)	4, 521, 075	716, 934	3, 354, 479	951, 230	2, 383, 708	1, 059	18, 483
Phoenix (Arizona)	309, 876	44, 992	252, 292	95, 635	155, 248	84	1, 325
Portland (Oregon)	600, 053	97, 954	477, 038	158, 353	321, 492	2, 595	2, 597
Reno (Nevada)	141, 178	22, 470	103, 579	36, 525	66, 498	(*)	555
Salt Lake City (Utah)	248, 074	41, 609	186, 310	47, 526	136, 744	1, 114	926
San Francisco (See (b) below)	3, 476, 636	581, 163	2, 391, 114	696, 427	1, 646, 950	35, 934	11, 804
Seattle (See (a) and (j) below)	1, 099, 701	175, 607	841, 265	231, 269	604, 731	687	4, 579
International Operations Division	216, 379	12, 377	169, 315	117, 245	51, 696	364	10
Puerto Rico	53, 139	10	27, 814	2, 974	2, 839	1	1
Other	163, 240	12, 367	141, 501	114, 270	26, 857	364	9
Collections not distributed by region and district:							
Undistributed depositary receipts	826, 267		728, 281		715, 479	12, 881	
Transferred to Government of Guam	(-4, 370)		(-4, 370)				
Totals for States not shown above							
(s) Alaska	56, 920	4, 195	50, 719	8, 868	41, 674		177
(t) California	7, 997, 711	1, 298, 097	5, 745, 594	1, 647, 657	4, 830, 658	36, 993	30, 286
(u) Illinois	7, 341, 735	2, 011, 224	4, 414, 353	945, 036	3, 353, 236	87, 639	28, 442
(v) Missouri	2, 198, 326	570, 594	1, 362, 154	335, 342	982, 386	35, 857	8, 570
(w) New Jersey	2, 765, 671	588, 880	1, 830, 284	509, 508	1, 304, 686	3, 834	12, 176
(x) New York	17, 280, 465	5, 844, 259	9, 395, 267	2, 031, 148	7, 223, 271	75, 407	65, 441
(y) Ohio	5, 831, 451	1, 583, 374	3, 539, 963	719, 443	2, 762, 897	36, 893	20, 730
(z) Pennsylvania	6, 061, 542	1, 297, 884	3, 989, 396	808, 479	3, 083, 036	70, 837	27, 043
(aa) Texas	2, 972, 712	622, 822	2, 059, 075	743, 317	1, 275, 848	27, 535	12, 375
(ab) Washington	1, 842, 782	171, 412	790, 547	222, 401	563, 057	687	4, 402

Footnotes on p. 130.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 126, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Estate tax (8)	Gift tax (9)	Excise taxes, total (sum of columns 11, 26, 31, 35, 43, 48, and 67) (10)	Total (11)	Alcohol taxes					
					Total (12)	Imported (collected by Customs) (13)	Domestic ² (14)	Rectification ³ (15)	Occupational taxes ^{4, 10} (16)	Other ¹¹ (17)
United States, total	1,439,259	187,089	11,864,741	3,193,714	2,292,425	378,673	1,875,704	22,114	14,543	1,390
Atlanta region	101,959	11,761	1,440,747	45,504	24,974	15,587	7,881	16	561	930
Atlanta (Georgia)	11,000	1,250	102,719	5,271	2,167	1,789	1,164	10	93	111
Birmingham (Alabama)	8,450	675	14,038	700	610	491	19		44	55
Columbia (South Carolina)	3,874	2,733	8,919	899	538	437			51	50
Greensboro (North Carolina)	18,106	813	1,188,116	970	761	382		42	40	297
Jackson (Mississippi)	3,769	291	10,850	202	112			3	66	43
Jacksonville (Florida)	46,448	3,951	81,010	29,799	13,252	12,850	114	6	221	61
Nashville (Tennessee)	10,312	2,047	35,095	7,663	7,535	637	6,539		46	312
Boston region	151,745	15,514	310,066	148,447	120,131	18,122	100,045	969	981	13
Augusta (Maine)	8,748	247	3,757	1,286	936	3	893	13	25	2
Boston (Massachusetts)	60,183	6,887	163,130	80,903	67,160	10,388	55,504	740	525	4
Burlington (Vermont)	1,511	846	4,037	2,889	2,809	2,783			26	
Hartford (Connecticut)	60,069	6,550	120,966	53,635	47,853	3,903	43,475	195	274	6
Portsmouth (New Hampshire)	6,800	293	2,739	265	223		173	22	27	1
Providence (Rhode Island)	14,435	691	15,437	9,469	1,149	1,045			105	(*)
Chicago region	167,848	26,942	2,646,147	532,130	361,908	93,542	261,895	3,445	2,987	38
Chicago (See (c) below)	86,461	11,616	517,493	63,426	39,345	26,982	11,358	62	937	6
Detroit (Michigan)	40,576	9,820	1,693,248	120,941	80,122	64,994	13,771	452	887	18
Milwaukee (Wisconsin)	25,544	2,094	153,966	93,590	2,652	1,567	199	7	879	1
Springfield (See (c) below)	15,267	3,412	281,909	254,174	239,789		236,567	2,923	285	14
Cincinnati region	135,549	21,191	2,431,486	1,067,337	986,785	19,351	955,711	9,956	1,554	133
Cincinnati (See (g) below)	35,204	2,738	203,315	145,276	131,706		129,889	1,448	365	5
Cleveland (See (g) below)	39,632	12,837	414,389	34,332	7,731	5,002	1,947	31	744	8
Indianapolis (Indiana)	21,891	2,397	385,503	304,133	285,456	8,153	271,028	6,021	249	4
Louisville (Kentucky)	11,058	945	1,010,306	575,544	557,385	5,890	548,850	2,456	137	52
Parkersburg (West Virginia)	6,416	588	14,033	1,017	474		426		32	17
Richmond (Virginia)	21,347	1,682	403,941	7,035	3,952	306	3,572		28	47
Dallas region	116,824	14,410	524,843	68,053	20,716	13,279	6,623	2	765	48
Albuquerque (New Mexico)	3,751	291	5,070	88	84	(*)			83	1
Austin (See (j) below)	33,279	5,007	125,414	35,704	9,228	9,076		2	147	2
Dallas (See (i) below)	37,299	5,576	84,239	198	94				93	1
Little Rock (Arkansas)	3,630	825	5,756	322	62		7		47	8
New Orleans (Louisiana)	27,423	924	73,091	31,142	11,130	4,203	6,613	1	309	4
Oklahoma City (Oklahoma)	10,644	1,786	230,472	598	119		1		86	32
New York City region	263,166	33,009	1,744,763	327,198	211,754	141,023	68,064	1,070	1,522	75
Albany (See (f) below)	13,591	345	18,734	10,667	3,023		2,528	155	284	56
Brooklyn (See (f) below)	54,092	8,085	94,239	54,770	3,104		2,660	72	362	11
Buffalo (See (f) below)	22,751	2,344	72,677	28,503	5,541	5,242	1		295	3
Manhattan (See (f) below)	159,054	21,814	1,490,457	205,158	177,383	113,290	62,875	843	371	5
Syracuse (See (f) below)	13,679	4,222	68,656	28,099	22,702	22,491	1		210	1
Omaha region	97,864	10,645	524,186	155,080	23,913	7,878	14,785	137	1,091	22
Aberdeen (South Dakota)	1,506	36	2,765	109	66		(*)		64	2
Cheyenne (Wyoming)	1,396	219	7,207	53	44				40	4
Denver (Colorado)	10,702	1,437	79,768	18,382	1,038	890			147	1
Des Moines (Iowa)	14,836	903	23,963	840	104		(*)	(*)	104	
Fargo (North Dakota)	984	87	2,218	73	56	1			55	
Kansas City (See (d) below)	8,090	1,289	54,453	11,194	3,336		3,201	3	128	5
Omaha (Nebraska)	10,212	490	45,094	9,219	98		1		96	1
St. Louis (See (d) below)	19,018	2,626	180,101	73,670	12,277	4,447	7,512	94	221	3
St. Paul (Minnesota)	18,053	2,329	103,894	40,757	6,202	2,540	3,456	40	163	4
Wichita (Kansas)	13,067	1,228	24,724	783	691		615		73	2
Philadelphia region	174,370	38,391	1,221,433	488,552	328,084	16,944	303,850	4,909	2,283	98
Baltimore (Maryland and D.C.)	29,364	3,899	265,467	137,340	116,629	8,552	105,015	2,713	324	25
Camden (See (e) below)	13,124	938	15,620	5,297	1,758		1,429	87	209	33
Newark (See (e) below)	39,733	3,286	273,886	154,060	81,462		80,639	295	514	15
Philadelphia (See (h) below)	52,163	4,842	364,995	128,561	94,030	6,706	85,650	1,195	474	5
Pittsburgh (See (h) below)	30,061	17,005	276,036	57,672	33,910	1,686	31,117	619	468	20
Scranton (See (h) below)	5,592	249	23,318	5,576	250				250	
Wilmington (Delaware)	4,333	8,172	2,111	46	45				45	(*)
San Francisco region	222,026	15,055	898,054	340,148	193,017	52,947	136,170	1,067	2,880	33
Boise (Idaho)	2,041	141	3,033	271	43				43	(*)
Helena (Montana)	2,572	152	4,894	2,262	91	1	1	(*)	89	(*)
Honolulu (Hawaii)	3,355	545	8,615	1,668	1,052	917	58	6	71	
Los Angeles (See (b) below)	101,654	6,202	341,806	84,099	46,833	22,321	23,531	122	846	12
Phoenix (Arizona)	4,657	559	7,375	1,599	186	2	(*)	(*)	183	1
Portland (Oregon)	8,377	501	16,183	4,427	2,647	1,739	761		147	(*)
Reno (Nevada)	2,583	730	11,815	65	60				60	
Salt Lake City (Utah)	3,478	234	16,443	1,155	11		(*)		9	1
San Francisco (See (b) below)	75,078	4,779	424,502	206,018	129,837	16,077	111,819	938	988	15
Seattle (See (a) and (j) below)	18,231	1,210	63,388	38,585	12,256	11,890	(*)		363	2
International Operations Division	8,706	173	25,888	21,264	21,223	(*)	20,678	544	(*)	(*)
Puerto Rico	7	37	25,272	21,263	21,222	(*)	20,678	544	(*)	(*)
Other	8,700	136	536	(*)	(*)					
Collections not distributed by region and district: Undistributed depositary receipts			98,007							
Totals for States not shown above										
(a) Alaska	52	2	1,952	49	45	(*)			45	
(b) California	176,732	10,980	766,307	290,117	176,670	38,398	135,349	1,060	1,835	28
(c) Illinois	101,728	15,027	799,403	317,600	279,134	26,982	247,926	2,986	1,221	20
(d) Missouri	27,108	3,915	234,554	84,864	15,614	4,447	10,713	97	349	8
(e) New Jersey	52,857	4,224	289,506	159,357	83,221		82,068	362	723	8
(f) New York	263,166	33,009	1,744,763	327,198	211,754	141,023	68,064	1,070	1,522	75
(g) Ohio	74,837	15,574	617,703	179,608	139,438	5,002	131,835	1,479	1,109	13
(h) Pennsylvania	87,816	22,096	664,349	191,808	128,190	8,392	116,767	1,814	1,192	26
(i) Texas	70,578	10,583	209,654	35,902	9,322	9,076		1	240	3
(j) Washington	18,179	1,208	61,436	38,536	12,210	11,890	(*)		318	2

Footnotes on p. 130.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 126, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Alcohol taxes—Continued							
	Wines, cordials, etc., taxes				Beer taxes			
	Total (18)	Imported (collected by Customs) (19)	Domestic (20)	Occupational taxes ^{10 11} (21)	Total (22)	Imported (collected by Customs) (23)	Domestic ³ (24)	Occupational taxes ^{10 11} (25)
United States, total	100,369	6,705	92,142	1,519	800,921	3,599	792,634	4,688
Atlanta region	2,180	251	1,488	438	12,151	147	17,532	672
Atlanta (Georgia).....	248	10	181	57	2,857	9	2,788	60
Birmingham (Alabama).....	2	2		(*)	88	5		83
Columbia (South Carolina).....	261	8	180	73	100	10		90
Greensboro (North Carolina).....	94	1	(*)	93	115	9		106
Jackson (Mississippi).....	7			7	83			83
Jacksonville (Florida).....	1,563	229	1,126	208	14,984	115	14,744	125
Nashville (Tennessee).....	4	4			125			125
Boston region	6,518	190	6,065	64	21,798	109	21,490	199
Augusta (Maine).....	276	(*)	276	(*)	74	7		67
Boston (Massachusetts).....	1,129	272	853	4	12,613	73	12,525	15
Burlington (Vermont).....	67	8		58	13	7		6
Hartford (Connecticut).....	4,889	80	4,808	1	893	13	816	64
Portsmouth (New Hampshire).....					43			43
Providence (Rhode Island).....	158	30	128	(*)	8,162	10	8,150	3
Chicago region	7,154	929	6,085	140	163,068	577	162,163	328
Chicago (See (c) below).....	5,374	681	4,687	7	18,707	192	18,456	59
Detroit (Michigan).....	1,608	158	1,318	132	39,211	354	38,832	25
Milwaukee (Wisconsin).....	170	90	79	1	90,768	32	90,519	217
Springfield (See (c) below).....	2		1		14,383		14,356	27
Cincinnati region	4,812	171	4,221	419	75,820	55	75,393	372
Cincinnati (See (g) below).....	433		373	60	13,136		13,112	24
Cleveland (See (g) below).....	1,465	131	1,314	20	25,135	33	25,071	32
Indianapolis (Indiana).....	143	13	14	116	18,534		18,580	34
Louisville (Kentucky).....	1,129	22	1,106	(*)	17,030	(*)	16,952	78
Parkersburg (West Virginia).....	22			22	521		423	97
Richmond (Virginia).....	1,619	4	1,413	202	1,463	22	1,335	106
Dallas region	1,771	234	1,311	226	45,565	92	44,668	896
Albuquerque (New Mexico).....	3		2	1	1	(*)		1
Austin (See (j) below).....	1,435	147	1,111	176	25,041	74	24,527	440
Dallas (See (i) below).....	25			25	79			79
Little Rock (Arkansas).....	210		187	23	50	2		48
New Orleans (Louisiana).....	98	86	11	(*)	19,915	16	19,782	117
Oklahoma City (Oklahoma City).....	1			1	479		359	120

New York City region	15,880	3,357	12,162	29	90,286	1,807	97,286	713
Albany (See (f) below).....	247		246	1	7,398		7,284	114
Brooklyn (See (f) below).....	2,947		2,940	8	48,718		48,487	232
Buffalo (See (f) below).....	6,615	56	6,559	1	16,346	582	15,647	118
Manhattan (See (f) below).....	5,747	3,301	2,438	8	22,028	1,163	20,704	161
Syracuse (See (f) below).....	2	(*)		2	5,395	143	5,164	88
Omaha region	2,136	155	1,954	28	129,031	14	128,290	422
Aberdeen (South Dakota).....					42			10
Cheyenne (Wyoming).....	(*)		(*)	2	17,197	7	17,154	36
Denver (Colorado).....	147	25	120	22	527		390	137
Des Moines (Iowa).....	209		186		17	(*)		17
Fargo (North Dakota).....	(*)	(*)			7,376		7,327	49
Kansas City (See (d) below).....	482		481	(*)	9,121		9,080	41
Omaha (Nebraska).....				2	60,370	4	60,280	85
St. Louis (See (d) below).....	1,023	75	946	1	34,279	2	34,058	218
St. Paul (Minnesota).....	276	55	220	(*)	92			92
Wichita (Kansas).....	(*)				9			9
Philadelphia region	9,879	462	9,144	33	150,889	212	150,272	405
Baltimore (Maryland and D.C.).....	1,831	219	1,583	29	18,880	119	18,687	74
Camden (See (e) below).....	822		821	1	2,717		2,703	14
Newark (See (e) below).....	4,238		4,237	1	68,360		68,337	22
Philadelphia (See (h) below).....	2,679	183	2,496	(*)	31,851	93	31,618	140
Pittsburgh (See (h) below).....	(*)	(*)		(*)	23,761	(*)	23,643	118
Scranton (See (h) below).....	9		8	1	5,318		5,282	35
Wilmington (Delaware).....					2			2
San Francisco region	50,660	816	49,693	151	96,471	506	95,598	485
Boise (Idaho).....					228		183	44
Helena (Montana).....	(*)		(*)	2	2,171	(*)	2,143	27
Honolulu (Hawaii).....	17	14	(*)		598	49	545	4
Los Angeles (See (b) below).....	5,262	420	4,842	(*)	32,004	288	31,585	131
Phoenix (See (b) below).....	6			6	1,407	(*)	1,397	10
Portland (Oregon).....	231	19	163	49	1,549	8	1,485	55
Reno (Nevada).....	(*)		(*)		5			5
Salt Lake City (Utah).....	(*)		(*)	(*)	1,144		1,111	33
San Francisco (See (b) below).....	44,381	328	43,960	93	31,800	139	31,551	110
Seattle (See (a) and (j) below).....	762	36	727		25,567	21	25,580	45
International Operations Division					41		41	
Puerto Rico.....					41		41	
Other.....								

Totals for States not shown above

(a) Alaska.....					3	(*)		3
(b) California.....	49,643	747	48,802	93	63,804	428	63,135	241
(c) Illinois.....	5,376	681	4,687	7	33,090	192	32,812	86
(d) Missouri.....	1,506	75	1,427	3	67,746	4	67,607	134
(e) New Jersey.....	5,060		5,057	2	71,077		71,041	36
(f) New York.....	15,559	3,357	12,182	20	99,886	1,887	97,286	713
(g) Ohio.....	1,899	131	1,687	80	38,272	33	38,183	56
(h) Pennsylvania.....	2,688	183	2,504	1	60,930	93	60,543	293
(i) Texas.....	1,460	147	1,111	201	25,120	74	24,527	519
(j) Washington.....	762	36	727		25,563	21	25,500	42

Footnotes on p. 130.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 126, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Tobacco taxes					Stamp taxes on documents, other instruments, and playing cards			
	Total (26)	Cigarettes ² (27)	Cigars ^{3 14} (28)	Manufactured tobacco ⁵ (29)	Other ¹⁵ (30)	Total (31)	Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance		Playing cards, silver bullion transfers (34)
							Sales by postmasters (32)	Sales by directors (33)	
United States, total	1,931,504	1,863,562	50,117	17,128	697	139,231	39,895	91,329	8,097
Atlanta region	1,181,370	1,159,995	13,830	6,888	656	7,616	6,088	1,526	2
Atlanta (Georgia)	571	(*)	570	(*)		1,099	797	300	1
Birmingham (Alabama)	1,449		1,449			688	571	117	
Columbia (South Carolina)	1,933	(*)	1,933	(*)		387	312	75	(*)
Greensboro (North Carolina)	1,165,660	1,159,993	(*)	5,076	591	910	833	77	
Jackson (Mississippi)						346	248	98	
Jacksonville (Florida)	9,747	2	9,745	(*)		3,182	2,608	573	1
Nashville (Tennessee)	2,010		132	1,812	66	1,004	718	286	(*)
Boston region	848	2	835	11	(*)	5,683	2,153	3,448	2
Augusta (Maine)	(*)	(*)				187	178	10	
Boston (Massachusetts)	362	2	350	10	(*)	3,668	945	2,722	1
Burlington (Vermont)	(*)		(*)	(*)		83	66	17	
Hartford (Connecticut)	202		201	1		1,187	706	480	(*)
Portsmouth (New Hampshire)	281		281			166	115	51	
Providence (Rhode Island)	3		3			312	143	168	(*)
Chicago region	2,596	(*)	727	1,869	(*)	15,344	3,175	18,344	1,826
Chicago (See (c) below)	1,161		32	1,129	(*)	10,500	1,319	7,948	1,232
Detroit (Michigan)	1,340	(*)	619	720	(*)	2,712	1,038	1,673	(*)
Milwaukee (Wisconsin)	92		73	19		1,987	817	577	593
Springfield (See (c) below)	3		3			145		145	(*)
Cincinnati region	714,421	702,404	5,796	6,221	(*)	13,272	4,283	3,362	5,628
Cincinnati (See (g) below)	148		126	23		8,534	1,646	1,261	5,627
Cleveland (See (g) below)	2,436	1	2,053	383		1,374		1,374	(*)
Indianapolis (Indiana)	858	(*)	858	1		1,188	859	328	(*)
Louisville (Kentucky)	341,105	337,142	1,187	2,776		698	478	221	
Parkersburg (West Virginia)	1,138	(*)	216	922		317	267	50	
Richmond (Virginia)	368,735	365,261	1,356	2,117		1,161	1,033	128	(*)
Dallas region	1,334	(*)	3,328	(*)	5	8,202	3,804	4,398	(*)
Albuquerque (New Mexico)	(*)	(*)	(*)			333	167	167	(*)
Austin (See (f) below)	135	(*)	130	(*)	5	1,881		1,881	(*)
Dallas (See (f) below)	(*)	(*)	(*)			3,185	1,801	1,384	(*)
Little Rock (Arkansas)						366	122	122	(*)
New Orleans (Louisiana)	1,198		1,198			1,518	959	559	(*)
Dklahoma City (Oklahoma)						919	633	286	(*)
New York City region	783	78	522	181	2	50,889	1,578	49,125	194
Albany (See (f) below)	56		56	(*)	(*)	191		97	94
Breeoklyn (See (f) below)	88	(*)	79	9		430		430	(*)
Buffalo (See (f) below)	3		2			678		678	(*)
Manhattan (See (f) below)	530	78	383	66	2	49,340	1,570	47,671	100
Syracuse (See (f) below)	27		1	26		250		250	
Omaha region	1,140	(*)	17	1,123		7,793	4,099	3,285	406
Aberdeen (South Dakota)						141	129	11	
Cheyenne (Wyoming)						118	95	23	
Denver (Colorado)						1,056	565	490	(*)
Des Moines (Iowa)	(*)	(*)	(*)	(*)		715	706	9	(*)
Fargo (North Dakota)						123	107	15	
Kansas City (See (d) below)	(*)	(*)	(*)			756		753	2
Omaha (Nebraska)						541	329	212	
St. Louis (See (d) below)	1,139	(*)	17	1,123		1,598	1,204	394	(*)
St. Paul (Minnesota)	(*)	(*)	(*)	(*)		2,134	2,518	1,208	406
Wichita (Kansas)						613	444	169	
Philadelphia region	27,485	1,079	25,513	871	32	19,382	3,885	6,495	2
Baltimore (Maryland and D.C.)	48	(*)	47	1		1,948	3,945	1,002	(*)
Camden (See (e) below)	1,921		1,921			207		207	
Newark (See (e) below)	1,025		270	723	32	2,284	1,719	565	(*)
Philadelphia (See (h) below)	12,404	1,067	11,191	145		3,217		3,216	1
Pittsburgh (See (h) below)	19		18	1		2,161	1,190	971	(*)
Scranton (See (h) below)	12,077	12	12,065			2,134		134	
Wilmington (Delaware)						430	31	400	
San Francisco region	130	3	86	41	(*)	28,130	10,748	9,346	35
Beise (Idahe)						192	168	23	1
Helena (Montana)						279	258	21	
Honolulu (Hawaii)	20		20		(*)	272	13	255	5
Les Angeles (See (b) below)	43	(*)	32	11	(*)	4,872		4,858	14
Phoenix (Arizona)	(*)	(*)	(*)	(*)	(*)	843	270	560	14
Portland (Oregon)						860	507	353	(*)
Reno (Nevada)						266	135	131	
Salt Lake City (Utah)						299	99	200	
San Francisco (See (b) below)	66	2	34	30		10,793	8,785	2,006	1
Seattle (See (a) and (f) below)	(*)	(*)	(*)			1,453	514	938	(*)
International Operations Division	1,467	(*)	1,464	3					
Puerto Rico	1,467	(*)	1,464	3					
Other									
Totals for States not shown above									
(a) Alaska	(*)		(*)			53	53		15
(b) California	109	3	66	41		15,665	8,785	6,864	15
(c) Illinois	1,164		35	1,129	(*)	10,645	1,319	8,093	1,232
(d) Missouri	1,139	(*)	17	1,123		2,353	1,204	1,147	3
(e) New Jersey	2,947		2,191	723	32	2,491	1,719	772	(*)
(f) New York	703	78	522	101	2	50,88	1,570	49,125	194
(g) Ohio	2,584		2,178	406		9,908	1,646	2,634	5,628
(h) Pennsylvania	24,499	1,079	23,274	147		5,512	1,190	4,321	1
(i) Texas	135	(*)	130	(*)	5	5,066	1,801	3,264	(*)
(j) Washington	(*)	(*)	(*)			1,400	461	938	(*)

Footnotes on p. 130.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[in thousands of dollars. See table 3, p. 126, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Manufacturers' excise taxes							
	Total	Gasoline	Lubricating oil, etc.	Tires (wholly or in part of rubber), inner tubes, and tread rubber	Motor vehicles, chassis, bodies, parts, and accessories	Radio and television sets, phonographs, components, etc.	Refrigerators, freezers, air conditioners, etc.; electric, gas, and oil appliances	Other ¹⁶
	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
United States, total	4,735,129	2,015,863	81,679	384,466	1,792,705	169,451	119,310	251,655
Atlanta region	45,958	14,734	279	6,764	10,022	5,815	5,441	2,903
Atlanta (Georgia)	5,606	1,845	50	2,037	573	38	92	972
Birmingham (Alabama)	4,391	845	(*)	1,028	2,215		144	166
Columbia (South Carolina)	1,114	710	29	(*)	126	2	37	210
Greensboro (North Carolina)	4,115	1,397	27	1	1,688	3	474	524
Jackson (Mississippi)	7,035	862		5,003	407		686	77
Jacksonville (Florida)	8,975	6,632	36	t	1,831	64	140	271
Nashville (Tennessee)	14,723	2,443	137	165	1,718	5,710	3,868	682
Boston region	62,465	9,129	94	5,637	7,782	8,544	6,266	25,014
Augusta (Maine)	324	153		32	34	(*)	3	102
Boston (Massachusetts)	20,905	6,559	82	5	2,934	4,068	256	7,000
Burlington (Vermont)	184	58	(*)		2			125
Hartford (Connecticut)	37,859	1,601	12	5,493	3,491	4,443	5,963	16,856
Portsmouth (New Hampshire)	798	58		34	41	32	2	631
Providence (Rhode Island)	2,395	702		72	1,281	(*)	41	299
Chicago region	1,878,143	196,400	6,778	375	1,516,918	72,181	49,463	36,035
Chicago (See (c) below)	313,436	157,404	6,213	20	54,338	60,643	13,580	21,237
Detroit (Michigan)	1,513,507	18,219	317	352	1,450,553	8,991	27,352	7,722
Milwaukee (Wisconsin)	34,370	15,032	191	1	10,898	31	6,281	1,936
Springfield (See (c) below)	16,829	5,744	48	2	1,128	2,516	2,250	5,140
Cincinnati region	482,780	122,627	4,706	196,791	96,300	5,450	15,319	31,587
Cincinnati (See (g) below)	28,803	2,225	56	4,987	8,361	337	4,154	8,681
Cleveland (See (g) below)	320,940	50,289	1,968	191,788	50,723	110	5,789	20,274
Indianapolis (Indiana)	50,825	8,775	13	34,996	2,148	2,803	1,869	1,869
Louisville (Kentucky)	78,012	58,961	2,267	2	1,181	2,854	12,420	327
Parkersburg (West Virginia)	1,374	1,105	145	1	110	(*)	12	2
Richmond (Virginia)	2,826	1,272	49	(*)	929	1	140	434
Dallas region	355,592	335,465	9,205	1,098	7,780	866	287	970
Albuquerque (New Mexico)	1,555	1,496	(*)	(*)	56		(*)	3
Austin (See (j) below)	67,145	64,804	931	1	1,067	30	154	158
Dallas (See (i) below)	47,979	40,975	646	1,091	4,245	767	62	194
Little Rock (Arkansas)	713	348	54	2	236	(*)	34	40
New Orleans (Louisiana)	18,630	17,011	623	4	762	4t	33	157
Oklahoma City (Oklahoma)	219,569	210,830	6,952		1,335	28	5	419
New York City region	1,001,571	673,796	34,182	61,306	50,370	47,910	5,006	120,431
Albany (See (f) below)	2,315	573		8	838	753	1	142
Brooklyn (See (f) below)	23,118	3,428	151	1,096	7,609	5,162	1,961	3,711
Buffalo (See (f) below)	31,987	4,127	6t	6,798	2,321	546	433	17,701
Manhattan (See (f) below)	912,394	662,136	33,940	53,391	46,804	25,694	1,998	88,431
Syracuse (See (f) below)	31,758	3,532	1	t3	799	15,755	1,212	10,446
Omaha region	118,625	70,502	2,256	13,738	16,889	2,006	8,762	4,471
Aberdeen (South Dakota)	604	540	3	(*)	61			1
Cheyenne (Wyoming)	5,433	5,419	2	(*)	10	(*)		1
Denver (Colorado)	12,157	3,216	129	6,306	2,345	4	(*)	157
Des Moines (Iowa)	13,549	t,018	116	6,273	1,325	673	2,928	1,217
Fargo (North Dakota)	588	493	13	(*)	32			50
Kansas City (See (d) below)	13,044	10,055	342	(*)	1,613	92	820	123
Omaha (Nebraska)	1,498	725	151	(*)	487	35	91	9
St. Louis (See (d) below)	22,401	14,326	508	865	4,570	102	1,096	934
St. Paul (Minnesota)	36,239	22,861	767	294	5,796	1,050	3,525	1,946
Wichita (Kansas)	13,111	11,851	225	(*)	649	51	302	33
Philadelphia region	499,330	356,666	14,546	17,074	59,428	21,267	13,491	16,858
Baltimore (Maryland and D.C.)	77,978	62,867	1,429	10,916	383	1,801	129	454
Camden (See (e) below)	1,450	372	49		409	42	17	561
Newark (See (e) below)	7t,031	14,767	831	238	43,382	5,338	571	5,903
Philadelphia (See (h) below)	148,843	115,019	3,796	4,823	8,850	9,646	4,729	1,980
Pittsburgh (See (h) below)	198,872	163,158	8,441	1,097	5,962	4,428	8,040	7,747
Scranton (See (h) below)	958	386	(*)		400	12	5	156
Wilmington (Delaware)	197	97	(*)		41		(*)	58
San Francisco region	290,496	236,543	9,670	1,683	19,128	5,411	4,675	13,385
Boise (Idaho)	372	219		(*)	60			93
Helena (Montana)	139	88		(*)	47		(*)	4
Honolulu (Hawaii)	453	4		(*)	363	35	3	47
Los Angeles (See (b) below)	186,000	151,737	6,329	1,047	8,960	4,885	4,348	8,693
Phoenix (Arizona)	211	44	1	4	100	2	10	49
Portland (Oregon)	2,904	7		(*)	2,707	21	105	63
Reno (Nevada)	30	10	(*)		18	2		(*)
Salt Lake City (Utah)	6,348	5,031	98	(*)	191	3		1,026
San Francisco (See (b) below)	86,764	75,030	3,214	630	4,361	442	65	3,022
Seattle (See (a) and (j) below)	7,275	4,373	28	1	2,322	20	143	387
International Operations Division	168				167			1
Puerto Rico								
Other	168				167			1
Totals for States not shown above								
(a) Alaska	7	(*)	(*)		5	2	(*)	(*)
(b) California	272,764	226,767	9,543	1,677	13,321	5,327	4,413	11,715
(c) Illinois	330,266	163,149	6,262		55,466	63,159	15,830	26,378
(d) Missouri	35,446	24,380	851	865	6,183	194	1,916	1,057
(e) New Jersey	72,482	15,140	880	238	43,792	5,380	588	6,464
(f) New York	1,001,571	673,796	34,152	61,306	58,370	47,910	5,606	120,431
(g) Ohio	349,743	52,514	2,024	196,775	59,084	447	9,943	28,955
(h) Pennsylvania	348,673	278,562	12,237	5,920	15,212	14,086	12,774	9,883
(i) Texas	115,124	105,780	1,577	1,092	5,312	797	215	352
(j) Washington	7,268	4,373	28	1	2,318	18	143	387

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 126, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Retailers' excise taxes					Miscellaneous excise taxes			
	Total	Luggage, etc.	Jewelry, etc.	Furs	Toilet preparations	Total	Admissions		Club dues and initiation fees
							Theaters, concerts, athletic contests, etc. ¹⁷	Roof gardens, cabarets, etc.	
(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	
United States, total	378,690	62,571	165,699	30,297	120,211	1,366,829	34,494	49,605	67,187
Atlanta region	30,885	4,968	15,200	1,528	6,989	123,515	2,189	3,998	6,058
Atlanta (Georgia)	5,854	1,077	3,030	281	1,466	84,286	211	316	835
Birmingham (Alabama)	3,432	462	1,822	183	966	3,360	52	105	598
Columbia (South Carolina)	1,917	290	877	81	669	2,661	75	65	338
Greensboro (North Carolina)	4,832	690	2,409	252	1,482	11,647	122	99	1,040
Jackson (Mississippi)	1,553	251	702	84	517	1,733	14	91	318
Jacksonville (Florida)	8,691	1,399	4,281	353	2,658	20,555	1,575	3,128	1,967
Nashville (Tennessee)	4,405	800	2,079	294	1,232	5,273	140	195	963
Boston region	21,270	3,481	9,967	1,567	6,335	71,363	1,881	2,086	4,028
Augusta (Maine)	1,936	125	492	66	254	1,022	74	162	133
Boston (Massachusetts)	11,201	2,199	5,740	959	2,303	46,033	1,177	1,251	1,796
Burlington (Vermont)	6,309	47	184	14	65	572	5	26	77
Hartford (Connecticut)	6,182	665	1,968	407	3,142	21,901	231	416	1,609
Portsmouth (New Hampshire)	2,593	86	311	30	166	632	142	28	114
Providence (Rhode Island)	2,049	280	1,273	91	406	1,202	252	283	299
Chicago region	50,963	9,589	21,398	6,324	14,051	167,242	3,822	6,732	3,399
Chicago (See (c) below)	27,919	5,893	11,565	3,349	7,111	100,950	2,211	3,867	4,062
Detroit (Michigan)	11,715	2,228	5,693	1,231	4,564	40,822	1,105	1,713	2,805
Milwaukee (Wisconsin)	8,832	1,066	2,696	607	1,464	17,606	373	525	943
Springfield (See (c) below)	2,897	402	1,444	137	913	7,863	132	627	589
Cincinnati region	35,593	4,633	16,350	2,126	18,285	119,944	2,166	3,317	7,145
Cincinnati (See (g) below)	8,442	1,473	3,709	518	2,741	12,100	402	707	1,347
Cleveland (See (g) below)	6,449	1,269	4,430	666	2,962	45,935	812	1,087	2,306
Indianapolis (Indiana)	6,449	811	3,522	354	1,762	21,978	330	695	1,129
Louisville (Kentucky)	2,808	418	1,508	169	713	12,124	295	639	721
Parkersburg (West Virginia)	1,899	252	963	129	556	8,296	155	110	411
Richmond (Virginia)	4,669	609	2,218	289	1,552	19,511	172	80	1,231
Dallas region	28,827	4,111	14,816	1,745	8,355	61,800	939	1,844	8,076
Albuquerque (New Mexico)	1,119	116	552	35	416	1,969	130	229	206
Austin (See (f) below)	8,392	1,191	4,227	440	2,534	12,117	190	355	2,223
Dallas (See (f) below)	10,155	1,310	5,913	687	2,244	22,563	297	414	3,472
Little Rock (Arkansas)	1,596	273	765	87	470	2,765	71	94	385
New Orleans (Louisiana)	4,141	685	1,860	323	1,272	16,442	155	699	943
Oklahoma City (Oklahoma)	3,425	536	1,499	172	1,218	5,943	94	53	847
New York City region	87,379	15,086	30,665	7,910	32,949	276,941	12,363	6,883	9,511
Albany (See (f) below)	1,802	248	838	170	545	3,698	265	506	566
Brooklyn (See (f) below)	7,150	1,367	2,817	589	2,377	8,762	1,426	860	1,893
Buffalo (See (f) below)	4,500	706	2,050	427	1,317	7,001	315	683	1,156
Manhattan (See (f) below)	68,508	13,164	20,765	6,524	28,054	254,409	10,210	4,478	5,446
Syracuse (See (f) below)	5,420	371	4,195	199	655	3,071	147	363	450
Omaha region	32,373	6,538	14,187	2,491	9,665	208,181	1,196	3,872	5,470
Aberdeen (South Dakota)	710	73	341	42	254	1,202	40	64	80
Cheyenne (Wyoming)	455	46	260	13	137	1,144	7	111	37
Denver (Colorado)	2,706	329	1,316	269	792	45,448	256	960	702
Des Moines (Iowa)	3,458	438	1,668	167	1,186	5,372	68	217	640
Fargo (North Dakota)	609	73	319	34	184	825	11	83	44
Kansas City (See (d) below)	4,248	594	1,772	316	1,567	25,143	187	478	685
Omaha (Nebraska)	2,214	330	964	142	779	31,613	107	281	309
St. Louis (See (d) below)	9,185	3,372	2,926	836	2,031	72,115	239	425	1,828
St. Paul (Minnesota)	6,835	978	3,519	569	1,769	17,560	234	1,051	1,224
Wichita (Kansas)	2,472	298	1,183	104	966	7,739	48	201	720
Philadelphia region	36,744	5,886	16,713	3,602	10,543	158,815	4,108	6,138	8,709
Baltimore (Maryland and D.C.)	8,961	1,367	3,908	816	2,871	39,191	1,185	1,346	1,846
Camden (See (e) below)	2,232	313	1,163	190	566	4,516	1,102	1,509	628
Newark (See (e) below)	6,646	1,060	2,851	735	2,000	38,712	265	906	1,649
Philadelphia (See (h) below)	10,324	1,755	4,662	1,268	2,639	61,651	745	607	2,313
Pittsburgh (See (h) below)	6,210	1,007	2,925	438	1,841	11,107	346	560	1,577
Scranton (See (h) below)	1,911	318	957	133	502	2,662	164	155	390
Wilmington (Delaware)	1,460	66	247	23	123	978	302	55	314
San Francisco region	56,955	7,398	26,403	3,916	19,238	190,139	5,631	15,736	9,791
Boise (Idaho)	827	94	395	14	323	1,363	12	172	81
Helena (Montana)	757	99	369	46	243	1,456	19	179	110
Honolulu (Hawaii)	1,264	225	694	9	336	4,973	114	1,002	160
Los Angeles (See (b) below)	24,980	3,382	10,871	2,178	8,549	41,933	3,607	4,235	4,354
Phoenix (Arizona)	2,028	266	987	65	711	2,690	176	515	451
Portland (Oregon)	2,973	436	1,418	125	993	5,013	114	722	533
Reno (Nevada)	1,501	93	433	40	255	10,613	23	5,026	83
Salt Lake City (Utah)	827	193	638	72	597	7,147	70	182	301
San Francisco (See (b) below)	16,617	2,022	7,928	1,134	5,532	104,046	1,397	3,082	2,825
Seattle (See (a) and (j) below)	9,189	588	2,669	233	1,699	10,905	299	702	913
International Operations Division	(*)	(*)			(*)	2,810	(*)		
Puerto Rico	(*)	(*)			(*)	2,541	(*)		
Other	(*)	(*)			(*)	368	(*)		
Totals for States not shown above									
(a) Alaska	341	25	200	22	95	1,501	16	133	3
(b) California	41,596	5,404	18,799	3,312	14,081	145,979	5,004	7,317	7,179
(c) Illinois	30,816	6,296	13,009	3,487	8,024	108,813	2,343	4,494	4,651
(d) Missouri	13,413	3,966	4,698	1,151	3,598	97,258	426	903	1,713
(e) New Jersey	8,878	1,373	4,015	924	2,566	43,227	1,367	2,415	2,269
(f) New York	87,379	15,856	30,665	7,910	32,949	276,941	12,363	6,883	9,511
(g) Ohio	17,769	2,742	8,148	1,185	5,702	58,036	1,214	1,794	3,653
(h) Pennsylvania	18,445	3,080	8,544	1,839	4,982	75,420	1,255	1,322	4,280
(i) Texas	18,547	2,501	10,139	1,127	4,779	34,680	488	768	5,694
(j) Washington	4,848	563	2,470	211	1,604	9,404	282	569	918

Footnotes on p. 130.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 126, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Miscellaneous excise taxes—Continued								
	Long-distance telephone, telegraph, cable, radio, etc.	Wire mileage service, wire and equip- ment service	Local tele- phone service	Transporta- tion of persons	Use of safe deposit boxes	Coconut and other vege- table oils processed ^{1a}	Sugar	Diesel and special motor fuels	Narcotics and marihuana, including occupational taxes
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
United States, total	291,102	20,953	426,242	255,459	6,378	389	89,856	71,869	1,076
Atlanta region	34,751	1,232	45,671	18,533	446	(*)	4,297	4,414	68
Atlanta (Georgia).....	28,810	774	37,954	9,053	64	(*)	4,194	698	8
Birmingham (Alabama).....	478	20	413	446	53	(*)		510	11
Columbia (South Carolina).....	300	14	307	130	26	(*)		477	7
Greensboro (North Carolina).....	1,899	21	3,689	2,421	54	(*)		763	12
Jackson (Mississippi).....	65	8	59	10	25	(*)		422	4
Jacksonville (Florida).....	2,628	360	2,518	6,141	166		103	819	15
Nashville (Tennessee).....	572	34	731	333	58			725	11
Boston region	18,652	1,063	30,600	6,372	438	2	2,727	1,158	37
Augusta (Maine).....	111	13	110	85	27			98	3
Boston (Massachusetts).....	12,459	277	21,202	3,400	229	(*)	2,727	457	20
Burlington (Vermont).....	64	8	55	148	11			103	1
Hartford (Connecticut).....	5,977	728	9,193	2,542	108	1		389	9
Portsmouth (New Hampshire).....	41	9	38	35	20			67	2
Providence (Rhode Island).....	(*)	28	2	161	35			44	3
Chicago region	32,754	1,645	58,901	39,215	893	3	1,419	5,200	77
Chicago (See (c) below).....	16,258	861	29,366	37,878	408	3	20	3,067	29
Detroit (Michigan).....	10,171	592	18,858	732	247	(*)	1,261	885	28
Milwaukee (Wisconsin).....	4,564	162	8,172	472	135	(*)	138	707	13
Springfield (See (c) below).....	1,762	29	2,506	134	104	(*)		541	6
Cincinnati region	27,004	1,873	44,762	15,596	606	327	134	6,895	115
Cincinnati (See (g) below).....	2,812	126	4,433	255	106	161	(*)	455	14
Cleveland (See (g) below).....	11,183	389	18,899	6,119	192	166	113	2,043	16
Indianapolis (Indiana).....	5,827	179	8,685	795	137		20	1,581	48
Louisville (Kentucky).....	921	25	1,350	4,425	51			1,441	8
Parkersburg (West Virginia).....	1,496	141	3,170	1,263	37			307	4
Richmond (Virginia).....	4,765	213	8,165	2,699	83			1,069	26
Dallas region	4,045	356	3,836	11,152	408	(*)	14,007	9,230	70
Albuquerque (New Mexico).....	110	11	71	129	20			877	4
Austin (See (i) below).....	446	86	350	1,564	127		2,970	1,857	26
Dallas (See (i) below).....	2,873	188	2,722	7,814	117	(*)	2	2,497	18
Little Rock (Arkansas).....	241	10	309	364	32		(*)	455	6
New Orleans (Louisiana).....	157	16	144	886	52		11,034	525	10
Oklahoma City (Oklahoma).....	218	45	240	396	61			3,020	7
New York City region	53,241	11,299	66,571	69,281	969	53	31,321	11,438	312
Albany (See (f) below).....	570	25	571	285	178	(*)	1	290	64
Brooklyn (See (f) below).....	23	98	6	3,046	101	1		476	142
Buffalo (See (f) below).....	1,113	63	2,254	122	574	52	31,321	309	27
Manhattan (See (f) below).....	51,217	11,100	63,384	65,002	57	(*)		10,184	74
Syracuse (See (f) below).....	319	13	357	826	57	(*)		179	5
Omaha region	50,985	1,638	71,149	46,688	670	113	12,524	6,970	91
Aberdeen (South Dakota).....	113	15	200	83	23			253	2
Cheyenne (Wyoming).....	32	4	19	19	59		12,245	636	1
Denver (Colorado).....	10,171	464	13,841	4,829	118	(*)		988	7
Des Moines (Iowa).....	1,006	45	1,291	78	18			1,002	7
Fargo (North Dakota).....	113	233	17	18	71	(*)		188	1
Kansas City (See (d) below).....	234	24	329	21,970	64			605	6
Omaha (Nebraska).....	10,819	248	15,768	2,580	102	(*)	279	882	4
St. Louis (See (d) below).....	26,826	785	37,395	2,823	120	(*)		937	47
St. Paul (Minnesota).....	775	24	1,060	11,127	84	1		786	9
Wichita (Kansas).....	898	29	1,012	3,162	19			694	6
Philadelphia region	33,394	1,405	53,277	28,289	936	1	4,063	9,889	202
Baltimore (Maryland and D.C.).....	5,799	224	8,499	15,602	110	(*)	(*)	1,146	15
Camden (See (e) below).....	24	1	492	70	206	1		189	5
Newark (See (e) below).....	12,660	163	16,720	1,861	264	(*)	4,062	2,899	125
Philadelphia (See (h) below).....	13,529	774	25,724	9,768	213	(*)		1,589	42
Pittsburgh (See (h) below).....	979	242	1,924	207	54	(*)		3,762	10
Scranton (See (h) below).....	400	1	410	303	19			241	4
Wilmington (Delaware).....	3	(*)	47	47	19			62	1
San Francisco region	36,275	1,242	51,474	20,019	1,028	1	16,822	16,674	103
Boise (Idaho).....	72	3	61	31	24		111	425	2
Helena (Montana).....	103	7	104	29	17		26	437	2
Honolulu (Hawaii).....	494	28	1,427	1,266	32	(*)		59	2
Los Angeles (See (b) below).....	7,322	108	7,279	6,579	212	(*)		6,103	50
Phoenix (Arizona).....	1,000	23	29	99	79	(*)		901	3
Portland (Oregon).....	390	7	49	268	12			973	7
Reno (Nevada).....	319	5	390	251	20			515	1
Salt Lake City (Utah).....	76	6	58	59	479	(*)	5,212	699	2
San Francisco (See (b) below).....	25,649	986	39,547	9,906	125	(*)	11,473	5,809	23
Seattle (See (a) and (j) below).....	1,751	69	2,100	1,469	364	(*)	2,541	752	11
International Operations Division									
Puerto Rico.....				364			2,541		
Other.....									
Totals for States not shown above									
(a) Alaska.....	298	25	242	556	4			21	(*)
(b) California.....	32,971	1,093	46,826	16,485	690	(*)	11,473	11,912	73
(c) Illinois.....	18,019	890	31,872	38,012	512	3	20	3,608	36
(d) Missouri.....	27,060	809	37,725	24,794	173	(*)	279	1,542	52
(e) New Jersey.....	12,684	164	16,770	2,353	276	1		3,089	129
(f) New York.....	53,241	11,299	66,571	69,281	960	53	31,321	11,438	312
(g) Ohio.....	13,936	515	23,392	6,374	298	327	114	2,497	30
(h) Pennsylvania.....	14,909	1,018	28,058	10,278	530	1	4,063	5,592	56
(i) Texas.....	3,319	274	3,072	9,378	244	(*)	2,972	4,354	44
(j) Washington.....	1,453	44	1,858	914	121	(*)		731	10

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 126, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Miscellaneous excise taxes—Continued						Unclassified excise taxes ⁴	Taxes not otherwise classified
	Coin-operated amusement and gaming devices (61)	Bowling alleys, pool tables, etc. (62)	Wagering taxes		Use tax on certain vehicles (65)	Other ¹⁰ (66)		
			Occupational (63)	Wagers (64)				
United States, total	20,336	3,670	560	6,084	38,333	3,235	99,644	
Atlanta region	2,585	326	35	467	4,871	452	98	
Atlanta (Georgia)	615	61	5	79	604	4	32	
Birmingham (Alabama)	50	29	3	95	447	48	18	
Columbia (South Carolina)	564	29	2	8	293	26	8	
Greensboro (North Carolina)	194	44	6	48	1,899	140	(-19)	
Jackson (Mississippi)	350	26	2	70	236	29	(-20)	
Jacksonville (Florida)	133	83	10	78	743	88	62	
Nashville (Tennessee)	599	55	9	85	649	115	16	
Boston region	323	204	21	63	1,636	78	70	
Augusta (Maine)	30	16	1	1	155	5	(*)	
Boston (Massachusetts)	164	109	12	29	685	38	59	
Burlington (Vermont)	4	7	(*)	56	6	6	(*)	
Hartford (Connecticut)	71	42	6	18	539	22	(*)	
Portsmouth (New Hampshire)	31	13	1	5	83	5	3	
Providence (Rhode Island)	23	18	1	11	118	2	8	
Chicago region	1,389	600	42	794	5,938	318	329	
Chicago (See (c) below)	340	187	14	594	1,622	164	102	
Detroit (Michigan)	228	181	3	17	1,922	73	210	
Milwaukee (Wisconsin)	310	142	2	5	891	52	19	
Springfield (See (c) below)	511	90	22	178	603	29	(-2)	
Cincinnati region	2,711	477	124	2,118	5,194	218	138	
Cincinnati (See (g) below)	287	73	15	118	712	18	11	
Cleveland (See (g) below)	378	146	36	210	1,808	33	45	
Indianapolis (Indiana)	403	95	35	757	1,251	10	72	
Louisville (Kentucky)	815	62	18	723	569	60	14	
Parkersburg (West Virginia)	700	11	11	170	253	37	(-8)	
Richmond (Virginia)	128	71	9	142	601	60	5	
Dallas region	1,711	308	49	743	4,559	467	236	
Albuquerque (New Mexico)	30	20	(*)	3	125	4	5	
Austin (See (i) below)	166	114	11	248	1,200	183	41	
Dallas (See (i) below)	63	58	11	24	1,755	237	159	
Little Rock (Arkansas)	240	36	5	158	349	11	(-6)	
New Orleans (Louisiana)	1,096	32	15	254	417	8	20	
Oklahoma City (Oklahoma)	115	48	7	55	714	23	18	
New York City region	430	320	21	66	2,612	239	81	
Albany (See (f) below)	97	57	3	38	38	31	5	
Brooklyn (See (f) below)	111	92	(*)	19	336	56	(-79)	
Buffalo (See (f) below)	66	68	3	19	657	44	5	
Manhattan (See (f) below)	80	58	10	2	1,134	89	119	
Syracuse (See (f) below)	75	47	4	8	202	19	31	
Omaha region	1,435	471	23	185	4,277	534	514	
Aberdeen (South Dakota)	130	23	2	22	150	3	(*)	
Cheyenne (Wyoming)	83	10	7	15	138	13	5	
Denver (Colorado)	110	39	1	15	726	36	19	
Des Moines (Iowa)	176	92	2	5	563	68	27	
Fargo (North Dakota)	22	17	(*)	10	57	10	(*)	
Kansas City (See (d) below)	84	48	3	21	392	6	67	
Omaha (Nebraska)	58	56	1	34	397	50	14	
St. Louis (See (d) below)	515	56	3	4	604	70	8	
St. Paul (Minnesota)	89	68	3	30	720	240	368	
Wichita (Kansas)	169	60	3	16	531	106	6	
Philadelphia region	3,858	504	43	294	4,461	250	114	
Baltimore (Maryland and D.C.)	2,688	89	2	15	577	47	23	
Camden (See (e) below)	147	51	1	1	280	23	(-3)	
Newark (See (e) below)	132	104	6	13	959	42	(127)	
Philadelphia (See (h) below)	503	110	7	146	1,414	54	(-4)	
Pittsburgh (See (h) below)	206	110	20	82	825	17	(-6)	
Scranton (See (h) below)	166	34	4	11	307	44	(*)	
Wilmington (Delaware)	16	6	3	25	101	24	(*)	
San Francisco region	5,974	461	203	1,353	6,478	674	56	
Boise (Idaho)	36	17	3	3	302	9	1	
Helena (Montana)	122	18	25	52	153	5	1	
Honolulu (Hawaii)	240	23	3	18	92	3	(-34)	
Los Angeles (See (b) below)	185	159	3	46	1,513	180	(-121)	
Phoenix (Arizona)	142	24	1	12	176	6	3	
Portland (Oregon)	464	39	3	11	891	32	6	
Reno (Nevada)	3,405	5	7	540	51	89	19	
Salt Lake City (Utah)	118	19	31	78	200	305	(-7)	
San Francisco (See (b) below)	167	81	1	20	2,296	305	198	
Seattle (See (a) and (j) below)	1,095	77	130	573	796	44	(-20)	
International Operations Division								
Puerto Rico					3	1		
Other					3	1		
Collections not distributed by region and district:								
Undistributed depository receipts							98,007	
Totals for States not shown above								
(a) Alaska	151	5	4	18	11	14		
(b) California	352	240	4	65	3,809	485	77	
(c) Illinois	851	277	36	772	2,225	193	100	
(d) Missouri	599	104	4	24	996	56	81	
(e) New Jersey	279	155	7	14	1,239	65	124	
(f) New York	430	320	21	66	2,612	239	81	
(g) Ohio	665	219	51	328	2,520	50	56	
(h) Pennsylvania	875	254	31	240	2,546	114	(-10)	
(i) Texas	229	171	22	272	2,955	421	199	
(j) Washington	944	72	126	555	785	30	(-20)	

Footnotes on p. 130.

Table 2.—Internal revenue collections by sources and by quarters

[In thousands of dollars]

Source of revenue	Quarter ended—			
	Sept. 30, 1959 (1)	Dec. 31, 1959 (2)	Mar. 31, 1960 (3)	June 30, 1960 (4)
Grand total, all sources.....	19,994,377	17,756,832	25,603,635	28,419,959
Corporation income and profits taxes ¹	4,247,413	4,075,320	7,239,732	6,616,950
Individual income and employment taxes, total.....	12,406,002	10,414,912	15,154,498	18,128,887
Income tax not withheld ²	2,323,734	720,517	3,883,084	7,044,918
Income tax withheld and old-age and disability insurance ²	9,922,819	9,540,901	10,790,445	10,929,844
Railroad retirement ³	157,429	149,925	150,551	149,025
Unemployment insurance.....	2,019	3,569	330,419	5,101
Estate tax.....	331,297	320,078	389,394	398,489
Gift tax.....	4,485	4,376	24,871	153,358
Excise taxes, total.....	3,004,630	2,943,677	2,791,778	3,124,656
Alcohol taxes, total.....	829,912	872,946	657,649	833,206
Distilled spirits ⁴	573,305	666,102	464,828	588,190
Wines, cordials, etc.	21,180	27,273	27,096	24,820
Beer ⁵	235,427	179,572	165,725	220,196
Tobacco taxes, total.....	491,057	493,075	440,919	506,453
Cigarettes ⁶	474,627	474,684	425,808	488,443
Cigars ⁷	11,675	14,268	10,969	13,206
Other ⁸	4,755	4,124	4,143	4,804
Stamp taxes on documents, other instruments, and playing cards, total.....	33,531	36,173	35,716	33,811
Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance:				
Sales by postmasters.....	10,043	9,422	11,358	8,981
Sales by directors.....	21,828	24,676	22,175	22,650
Playing cards, silver bullion transfers.....	1,660	2,076	2,182	2,180
Manufacturers' excise taxes, total.....	1,188,251	1,057,839	1,180,675	1,308,364
Gasoline.....	451,990	483,133	561,954	518,787
Lubricating oil, etc.	22,461	19,758	17,402	22,058
Tires (wholly or in part of rubber), inner tubes, and tread rubber.....	84,427	74,086	66,978	78,975
Motor vehicles, chassis, bodies, parts, and accessories.....	509,015	339,752	387,283	556,656
Radio and television sets, phonographs, components, etc.	31,108	45,761	52,196	40,386
Refrigerators, freezers, air-conditioners, etc.; electric, gas, and oil appliances.....	29,586	31,082	26,376	32,266
Other ¹⁰	59,664	64,268	68,487	59,237

Footnotes on p. 130.

Table 2.—Internal revenue collections by sources and by quarters—Continued

[In thousands of dollars]

Source of revenue	Quarter ended—			
	Sept. 30, 1959 (1)	Dec. 31, 1959 (2)	Mar. 31, 1960 (3)	June 30, 1960 (4)
Excise taxes—Continued				
Retailers' excise taxes, total.....	83,000	78,840	139,294	77,555
Luggage, etc.	14,782	13,433	23,205	11,153
Jewelry, etc.	36,484	32,831	63,801	32,583
Furs.....	3,910	5,786	13,588	6,944
Toilet preparations.....	27,824	26,811	38,700	26,875
Miscellaneous excise taxes, total.....	355,615	371,840	333,749	325,625
Admissions:				
Theaters, concerts, athletic contests, etc. ¹¹	8,871	10,122	7,619	7,883
Roof gardens, cabarets, etc.	11,777	12,901	12,542	12,385
Club dues and initiation fees.....	19,438	14,548	13,664	19,536
Long-distance telephone, telegraph, cable, radio, etc.; wire mileage service, wire and equipment service.....	72,923	88,535	78,330	72,268
Local telephone service.....	94,118	123,237	109,182	99,705
Transportation of persons.....	62,515	69,657	63,941	59,347
Use of safe deposit boxes.....	1,506	1,327	1,406	1,940
Coconut and other vegetable oils processed ¹²	260	52	30	46
Sugar.....	23,615	26,975	19,117	20,149
Diesel and special motor fuels.....	16,180	15,649	21,023	19,017
Narcotics and marihuana, including occupational taxes.....	262	222	164	427
Coin-operated amusement and gaming devices.....	11,695	1,766	1,437	5,438
Bowling alleys, pool tables, etc.	1,914	372	207	1,178
Wagering taxes:				
Occupational.....	254	92	69	145
Wagers.....	1,575	1,475	1,426	1,607
Use tax on certain vehicles.....	27,786	3,747	2,845	3,954
Other ¹³	924	965	745	601
Unclassified excise taxes:				
Unapplied collections.....	30	787	979	(-159)
Undistributed depository receipts ⁴	23,233	32,176	2,796	39,801
Taxes not otherwise classified ²⁰	550	(-1,531)	3,363	(-2,382)

Footnotes on p. 130.

Table 3.—Internal revenue collections by sources

[In thousands of dollars]

Source of revenue	1960	1959
Grand total, all sources.....	91,774,803	79,797,973
Corporation income and profits taxes, total.....	22,179,414	18,091,509
Regular ²¹	22,177,310	18,088,669
Exempt organization business income tax ²¹	2,104	2,840
Individual income and employment taxes, total.....	56,104,300	49,588,488
Income tax net withheld ²²	13,972,253	12,348,714
Income tax withheld and old-age and disability insurance, total ²²	41,184,008	36,390,385
Received with returns ⁵	40,468,529	35,644,493
Undistributed depository receipts ⁶	715,479	745,892
Railroad retirement, total.....	606,931	525,369
Railroad employment compensation tax; employers' tax 6¼ percent to May 31, 1959, 6½ percent thereafter; employees' tax 6¼ percent to May 31, 1959, 6½ percent thereafter; both imposed on taxable portion of wages:		
Received with returns.....	594,100	522,002
Undistributed depository receipts ⁶	12,801	3,341
Railroad employees' representative tax, 12½ percent of taxable portion of wages to May 31, 1959; 13½ percent thereafter.....	30	25
Unemployment insurance, employers of 4 or more persons taxed 3 percent on taxable portion of wages; credit allowed up to 90 percent of tax for contributions to State unemployment funds.....	341,108	324,020
Estate tax, graduated rates from 3 percent on first \$5,000 of net estate in excess of \$60,000 exemption to 77 percent on portion over \$10,000,000; credit allowed for State death taxes.....	1,439,259	1,235,823
Gift tax, graduated rates from 2¼ percent on first \$5,000 of net gifts in excess of \$30,000 exemption to 57¼ percent on portion over \$10,000,000; \$3,000 annual exclusion for each donee.....	187,089	117,160
Excise taxes, total.....	11,864,741	10,759,549
Alcohol taxes, total.....	3,193,714	3,002,096
Distilled spirits taxes, total.....	2,292,425	2,137,149
Imported (collected by Customs), \$10.50 per gallon.....	378,673	339,692
Domestic, \$10.50 per gallon ⁸	1,875,704	1,757,307
Rectification, 30 cents per proof gallon ⁸	22,114	22,037
Occupational taxes:		
Nonbeverage manufacturers of spirits, \$25, \$50, \$100 per year.....	84	105
Rectifiers:		
Less than 20,000 gallons, \$110 per year.....	5	5
20,000 gallons or more, \$220 per year.....	20	23
Retail dealers in liquor or medicinal spirits, \$50 per year to June 30, 1959; \$54 per year thereafter ¹⁰	13,607	15,224
Wholesale liquor dealers, \$200 per year to June 30, 1959; \$255 per year thereafter ¹⁰	822	1,250
Manufacturers of stills, \$55 per year.....	5	5
Seizures, penalties, etc.....	1,384	1,497
Stills or worms manufactured, \$22 each.....	6	4
Wine, cordials, etc., taxes, total.....	100,369	92,442
Imported (collected by Customs, rates same as domestic).....	6,708	6,111
Domestic.....	92,142	84,808
(Still wines 17 cents, 67 cents, \$2.25 per gallon; sparkling wines, \$3.40; artificially carbonated wines, \$2.40; liqueurs, cordials, \$1.92.)		
Occupational taxes:		
Retail dealers in wines or in wines and beer, \$50 per year to June 30, 1959; \$54 per year thereafter ¹⁰	1,366	1,368
Wholesale dealers in wines or in wines and beer, \$200 per year to June 30, 1959; \$255 per year thereafter ¹⁰	152	165

Footnotes on p. 130.

Table 3.—Internal revenue collections by sources—Continued

[In thousands of dollars]

Source of revenue	1960	1959
Excise taxes—Continued		
Alcohol taxes—Continued		
Beer taxes, total.....	800,921	772,505
Imported (collected by Customs), \$9 per barrel of 31 gallons.....	3,599	3,222
Domestic, \$9 per barrel of 31 gallons ⁴	792,634	763,983
Occupational taxes:		
Brewers:		
Less than 500 barrels, \$55 per year.....	(*)	(*)
500 barrels or more, \$110 per year.....	24	33
Retail dealers in beer, \$22 per year to June 30, 1959; \$24 per year thereafter ¹⁰	3,687	4,032
Wholesale dealers in beer, \$100 per year to June 30, 1959; \$123 per year thereafter ¹⁰	977	1,235
Tobacco taxes, total.....	1,931,504	1,806,816
Cigarettes, total.....	1,863,562	1,738,050
Class A (small), \$4 per thousand.....	1,863,557	1,738,045
Class B (large), \$8.40 per thousand ³	3	4
Prepayments.....	1	(*)
Cigars, total.....	50,117	51,181
Large cigars, classified by intended retail prices, total ³	49,850	50,696
Class A (Retailing at not over 2¼ cents each), \$2.50 per thousand.....	50	77
Class B (Over 2½ cents, not over 4 cents each), \$3 per thousand.....	900	806
Class C (Over 4 cents, not over 6 cents each), \$4 per thousand.....	10,355	9,633
Class D (Over 6 cents, not over 8 cents each), \$7 per thousand.....	8,303	8,095
Class E (Over 8 cents, not over 15 cents each), \$10 per thousand.....	23,229	24,758
Class F (Over 15 cents, not over 20 cents each), \$15 per thousand.....	3,424	3,409
Class G (Over 20 cents each), \$20 per thousand.....	3,589	3,918
Small cigars, 75 cents per thousand.....	95	404
Prepayments.....	172	1
Manufactured tobacco (chewing, smoking, and snuff), 10 cents per pound ¹	17,128	16,916
Cigarette papers and tubes, papers ½ cent per 50; tubes 1 cent per 50.....	691	749
Court fines, penalties, and taxes on leaf tobacco sold or removed in violation of sec. 5731, Internal Revenue Code of 1954.....	6	1
Stamp taxes on documents, other instruments, and playing cards, total.....	139,231	133,817
Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance: ²⁴		
Sales by postmasters.....	39,805	36,478
Sales by directors.....	91,329	89,746
Playing cards, 13 cents per pack.....	8,075	7,558
Silver bullion transfers, 50 percent of profit.....	22	34
Manufacturers' excise taxes, total.....	4,735,129	3,958,789
Gasoline:		
Gasoline, 3 cents per gallon to Sept. 30, 1959; 4 cents per gallon thereafter.....	2,014,403	1,700,253
Floor stocks tax, 1 cent per gallon on tax-paid stocks on hand as of Oct. 1, 1959.....	1,460	
Lubricating oil, etc., 6 cents per gallon; cutting oil, 3 cents.....	81,679	73,685
Tires (wholly or in part of rubber), inner tubes, and tread rubber:		
Tires, highway type, 8 cents per pound; other, 5 cents.....	272,116	248,041
Inner tubes, 9 cents per pound.....	17,448	16,563
Tread rubber, 3 cents per pound.....	14,902	14,307
Motor vehicles, chassis, bodies, parts, and accessories:		
Passenger automobiles, chassis, bodies, etc., 10 percent.....	1,331,292	1,039,272
Trucks and buses, chassis, bodies, etc., 10 percent.....	271,938	215,279
Parts and accessories for automobiles, trucks, etc., 8 percent.....	189,476	166,234
Radio and television sets, phonographs, components, etc., 10 percent.....	169,451	152,566
Refrigerators, freezers, air-conditioners, etc.; electric, gas, and oil appliances:		
Refrigerators, freezers, air-conditioners, etc., 5 percent except self-contained air-conditioning units which are taxed at 10 percent.....	50,034	48,593
Electric, gas, and oil appliances, 5 percent.....	69,276	62,373
Pistols and revolvers, 10 percent.....	1,986	2,028
Phonograph records, 10 percent.....	24,324	28,540
Musical instruments, 10 percent.....	18,023	14,590
Sporting goods (other than fishing rods, creels, etc.), 10 percent.....	13,611	11,675
Fishing rods, creels, etc., 10 percent.....	5,836	5,589

Footnotes on p. 130.

Table 3.—Internal revenue collections by sources—Continued

(In thousands of dollars)

Source of revenue	1960	1959
Excise taxes—Continued		
Manufacturers' excise taxes—Continued		
Business and store machines, 10 percent		
Cameras, lenses, film, and projectors, 10 percent except projectors which are taxed at 5 percent	99,370	93,894
Electric light bulbs and tubes, 10 percent	26,234	24,288
Firearms (other than pistols and revolvers), shells, and cartridges, 11 percent	31,762	29,401
Mechanical pencils, pens, and lighters, 10 percent	15,590	13,909
Matches, 2 cents per thousand; fancy wooden or colored stems, 5½ cents	9,632	8,444
	5,287	5,262
Retailers' excise taxes, total		
Luggage, etc., 10 percent		355,728
Jewelry, etc., 10 percent	62,573	61,468
Furs, 10 percent	165,699	156,382
Toilet preparations, 10 percent	30,207	29,909
	120,211	107,968
Miscellaneous excise taxes, total		
Admissions taxes, total	1,386,829	1,435,953
	84,100	95,094
Theaters, concerts, athletic contests, etc.		
Admissions, thru Dec. 31, 1958: 1 cent for each 10 cents or major fraction thereof of the entire amount paid; no tax where amount is 90 cents or less. Beginning Jan. 1, 1959: 1 cent for each 10 cents or major fraction thereof of the amount paid in excess of \$1 ²⁵	33,457	49,023
Ticket brokers' sales, 10 percent of amounts in excess of box office price ²⁶		
Leases of boxes or seats, 10 percent of the amount for which similar accommodations are sold ²⁷	618	572
Admissions sold by proprietors in excess of established price, 50 percent of such excess	350	316
Roof gardens, cabarets, etc., 20 percent of total paid for admissions, services, etc.	69	66
	49,605	45,117
Club dues and initiation fees, 20 percent		
Long-distance telephone, telegraph, cable, radio, etc., 10 percent	67,187	64,813
Wire mileage service, 10 percent; wire and equipment service, 8 percent	291,102	269,192
Local telephone service, 10 percent	20,953	23,221
Transportation of—	426,242	398,023
Oil by pipeline, 4½ percent; repealed, effective Aug. 1, 1958		
Persons, 10 percent	50	7,962
Property, 3 percent of amount paid, except coal which is 4 cents per ton; repealed, effective Aug. 1, 1958	255,459	227,044
Use of safe deposit boxes, 10 percent	3,140	143,250
Coconut and other vegetable oils processed ²⁸	6,378	6,142
Sugar, approximately ¼ cent per pound	389	1,689
Diesel and special motor fuels, 3 cents per gallon to Sept. 30, 1959; 4 cents thereafter	89,856	86,378
	71,869	52,528
Narcotics and marihuana, total ²⁹		
Narcotics	1,076	969
Marihuana	1,026	929
	50	40
Coin-operated amusement and gaming devices, \$10 and \$250 per device	20,336	16,894
Bowling alleys, pool tables, etc., \$20 per alley or table	3,670	3,403
Wagering taxes:		
Occupational tax, \$50 per year	560	566
Wagers, 10 percent of amount wagered	6,084	6,221
Use tax on highway motor vehicles weighing over 26,000 pounds, \$1.50 per 1,000 pounds		
Adulterated and process or renovated butter, filled cheese, and imported oleomargarine ²⁷	38,333	32,532
Firearms transfer and occupational taxes ³⁵	2	2
	44	29
Unclassified excise taxes:		
Unapplied collections		
Undistributed depository receipts	1,637	580
	98,007	65,771
Taxes not otherwise classified ³⁰		
		5,444

Footnotes on p. 130.

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1960

(In thousands of dollars)

Fiscal year ended June 30—	Total internal revenue collections			Income, profits, and employment taxes			Estate and gift taxes	Alcohol taxes ¹	Tobacco taxes ²	Manufacturers' excise taxes	All other taxes
	(1)	(2)	(3)	Total	Corporation income and profits taxes ³	Individual income and employment taxes ⁴					
1940	91,774,803	78,283,714	22,179,414	56,104,300	1,626,348	3,193,714	1,931,504	4,735,129	2,004,394		
1941	79,797,973	67,679,997	18,091,509	49,588,488	1,352,982	3,002,096	1,806,816	3,958,789	1,997,292		
1942	79,976,470	67,746,360	20,533,316	47,212,944	1,410,925	2,946,461	1,734,021	3,974,135	2,166,675		
1943	80,171,970	68,140,846	21,530,653	46,610,293	1,377,999	2,973,195	1,674,050	3,761,925	2,243,856		
1944	75,117,640	63,931,948	21,286,522	42,633,426	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380		
1945	66,288,692	56,134,490	18,264,720	37,869,770	936,267	2,742,840	1,571,213	2,885,016	2,018,866		
1946	69,919,991	59,467,637	21,546,322	37,921,314	935,121	2,783,012	1,580,229	2,689,133	2,464,859		
1947	69,686,535	59,849,134	21,594,515	37,254,619	891,284	2,780,925	1,654,911	2,862,788	2,647,492		
1948	65,009,566	55,016,530	21,466,910	33,736,370	833,147	2,549,120	1,565,162	2,348,943	2,507,893		
1949	50,445,668	41,012,357	14,387,569	26,624,788	729,730	2,546,808	1,360,396	2,363,677	2,307,719		
1950	38,957,132	30,652,234	10,854,351	19,797,883	706,227	2,219,202	1,328,464	1,836,053	2,214,951		
1951	40,463,125	32,081,604	11,553,669	20,527,935	796,538	2,210,607	1,321,875	1,771,533	2,280,969		
1952	41,864,542	33,353,553	10,174,410	23,379,123	899,345	2,255,327	1,300,280	1,649,234	2,706,823		
1953	39,108,386	31,676,459	9,676,459	21,367,662	779,291	2,474,762	1,425,260	1,425,260	2,147,184		
1954	40,677,097	32,958,966	12,583,602	20,405,364	676,832	2,526,165	1,185,519	1,972,671	2,421,944		
1955	43,800,388	36,840,704	16,027,213	20,813,491	643,855	2,309,866	932,145	782,511	2,292,108		
1956	40,121,760	34,766,174	14,766,796	19,999,378	511,210	1,618,775	618,775	503,462	1,733,655		
1957	27,371,366	17,747,393	9,668,956	8,128,637	447,496	1,423,646	923,857	504,746	1,274,043		
1958	13,047,689	9,182,245	4,744,083	4,448,162	1,048,517	1,048,517	690,982	677,902	821,682		
1959	7,370,108	4,856,960	2,053,469	2,343,512	407,058	820,056	698,077	617,375	430,564		
1960	5,340,452	2,963,130	1,147,592	1,815,538	360,071	624,253	608,518	447,088	337,392		

Footnotes on p. 130.

Footnotes for tables 1-4

NOTE.—Calendar year figures, by regions, districts, States, and other areas, for selected types of taxes, may be obtained from the Public Information Division, Internal Revenue Service, Washington 25, D.C. Floor stocks taxes are reported separately only during the periods in which the collections are of significant amounts. Relatively small amounts collected in subsequent periods are merged with the amounts shown for the related class of tax.

* Less than \$500.

¹ The receipts in various States do not indicate the Federal tax burden of the respective States, since taxes collected in one State are, in many instances, borne by residents of other States. For example, withholding taxes reported by employers situated in metropolitan areas near State boundaries include substantial amounts withheld from salaries of employees who reside in neighboring States.

² Includes tax on business income of exempt organizations.

³ Collections of individual income tax not withheld include old-age and disability insurance taxes on self-employment income. Similarly, the collections of income tax withheld are reported in combined amount with old-age and disability insurance taxes on salaries and wages. Estimated separate national totals for individual income tax and for old-age and disability insurance taxes are shown in the text table on p. 3 of this report. Amounts of old-age and disability insurance tax collections, classified by States, are compiled by the Social Security Administration as a byproduct of its wage and income record-keeping operations and are published periodically in the Social Security Bulletin.

⁴ Tax payments made to banks, under the depository receipts system, are included in internal revenue collections for the period in which the depository receipts are issued. However, such payments are not classified by internal revenue districts (nor by tax subclasses to which excise tax payments relate) until the depository receipts are received in internal revenue offices with tax returns. Accordingly, the items shown as "Undistributed depository receipts" represent the amount of depository receipts issued, less the amount of depository receipts received with returns and distributed by district and tax class.

⁵ Beginning with fiscal year 1957, the United States total for individual income tax withheld is adjusted to exclude withheld individual income taxes transferred to the Government of Guam in accordance with the provisions of Public Law 630, approved Aug. 1, 1950 (64 Stat. 392). This adjustment amounted to \$4,370,000 for 1960.

⁶ Includes railroad employment compensation tax and tax on railroad employee representatives.

⁷ Effective January 1, 1960, the Columbus district was merged into the Cincinnati district, the Toledo district was merged into the Cleveland district, and the Upper Manhattan and Lower Manhattan districts were combined to form the Manhattan district. Table 1 reflects the collections in these districts combined in like manner for the entire fiscal year.

⁸ 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 sec. 7652(a)(3) of the Internal Revenue Code of 1954. Such amounts are included in overall collections results (tables 1 through 4), beginning with 1955, and are shown separately in table 6.

⁹ Includes occupational tax on manufacturers of stills, rectifiers, wholesale liquor dealers, retail dealers in liquor or medicinal spirits, and nonbeverage manufacturers of spirits.

¹⁰ Public Law 85-859 revised the definitions of wholesale dealers and retail dealers, effective July 1, 1959, to conform in general to the trade understanding of these terms. As a result of these changes in definitions, a number of dealers who were formerly required to pay both classes of occupational taxes are now required to pay tax only as a retailer or as a wholesaler.

¹¹ Includes seizures, penalties, etc., and tax on stills or worms manufactured.

¹² Includes occupational taxes on wholesale and retail dealers in wines or in wines and beer.

¹³ Includes occupational taxes on brewers and wholesale and retail beer dealers.

¹⁴ Includes taxes on large cigars, classes A through G, and on small cigars.

Footnotes for tables 1-4—Continued

¹⁵ Includes 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.

¹⁶ Includes taxes on pistols and revolvers; phonograph records; musical instruments; sporting goods; fishing rods, creels, etc.; business and store machines; cameras, lenses, film, and film projectors; electric light bulbs and tubes; firearms, shells, and cartridges; mechanical pencils, pens, and lighters; and matches.

¹⁷ Includes taxes on ticket brokers' sales, on leases of boxes or seats, and on admissions sold by proprietors in excess of established prices, as well as general admissions tax.

¹⁸ Includes taxes on coconut oil from the Philippines, the Trust Territory, and United States possessions, as well as other coconut and vegetable oils processed. Under Public Law 86-432, the 3 cents per pound tax imposed by Code Sec. 4511(a) on the first domestic processing of coconut oil, fatty acids, or salts derived therefrom, or any mixtures or combinations containing such oil, acids, or salts, is suspended from Oct. 1, 1957, through June 30, 1963.

¹⁹ Includes taxes on transportation of property and oil by pipeline (repealed, effective Aug. 1, 1958); adulterated and process or renovated butter, filled cheese, and imported oleomargarine; and firearms transfer and occupational taxes.

²⁰ Includes amounts of unidentified and excess collections.

²¹ Corporation income tax rates: First \$25,000 of net income, normal tax of 30 percent; net income in excess of \$25,000, combined normal tax and surtax of 52 percent. Normal tax and surtax rates also apply to net income derived by certain exempt organizations from unrelated trade or business.

²² Rates of tax are as follows:

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

Old-age and disability insurance taxes on self-employment income: 3½ percent of self-employment income; increased to 3¾ percent for taxable years beginning in 1959 and 4½ percent for taxable years beginning in 1960.

²³ Rates of tax are as follows:

Income tax withheld: Wages in excess of exemptions taxed at 18 percent. Old-age and disability insurance taxes on salaries and wages: Employers' tax 2¼ percent, employees' tax 2¼ percent, each imposed on taxable portion of wages; each increased to 2½ percent effective Jan. 1, 1959, and to 3 percent effective Jan. 1, 1960.

²⁴ Issues of stock, 11 cents per \$100 face value through Dec. 31, 1958, 10 cents per \$100 actual value thereafter; issues of bonds, 11 cents per \$100 face value. Transfers of stock, 5 cents or 6 cents per \$100 face value through Dec. 31, 1958, 4 cents per \$100 actual value thereafter; transfers of bonds, 5 cents per \$100 face value. Foreign insurance policies, 1 cent or 4 cents per \$1 of premium. Deeds of conveyance, 55 cents per \$500.

²⁵ 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.

²⁶ Narcotics, 1 cent per ounce; narcotics order blanks, \$1 per hundred. Marijuana, \$1 per ounce; marijuana order blanks, 2 cents each. Amounts shown also include occupational taxes levied on manufacturers, dealers, and practitioners. For classes and rates of occupational taxes see table 13.

²⁷ Adulterated butter, 10 cents per pound; process or renovated butter, ¼ cent; domestic filled cheese, 1 cent; imported filled cheese, 8 cents; imported oleomargarine, 15 cents. Occupational taxes are levied on manufacturers or dealers in these products and are included in the amounts shown.

²⁸ Transfers of machineguns, short-barreled firearms, silencers, etc., \$200 each; certain double-barreled guns, \$1 each. Occupational taxes are levied on manufacturers, importers, or dealers in firearms and are included in the amounts shown.

²⁹ Since January 1, 1951, withheld income taxes and old-age and disability insurance taxes on employees and employers have been 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 the annual reports for those periods.

Table 5.—Number of returns filed, by internal revenue regions, districts, States, and other areas

Internal revenue regions, districts, States, and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total returns filed (1)	Individual income tax (2)	Corporation income tax (3)	Partnership (4)	Declarations of estimated tax and all other income taxes (5)	Employment taxes (6)	Estate tax (7)	Gift tax (8)	Excise taxes (9)
United States, total	94,399,449	10,456,140	1,071,810	1,016,388	7,606,385	20,227,085	62,304	91,132	3,868,205
Atlanta region	10,593,947	6,728,116	104,988	107,094	615,900	2,535,869	5,085	9,367	487,448
Atlanta (Georgia)	1,631,518	1,041,589	14,779	15,180	81,543	407,119	619	1,621	69,068
Birmingham (Alabama)	1,251,383	823,722	8,367	11,947	59,790	291,999	400	1,037	54,121
Columbia (South Carolina)	908,129	581,072	8,303	7,210	45,453	221,276	327	591	43,897
Greensboro (North Carolina)	1,991,455	1,287,565	18,711	19,451	101,366	472,703	915	1,781	88,963
Jackson (Mississippi)	701,364	429,596	5,471	8,464	37,195	177,871	301	478	41,988
Jacksonville (Florida)	2,505,574	1,533,781	37,934	26,534	201,917	600,492	1,922	2,823	100,171
Nashville (Tennessee)	1,604,524	1,030,791	11,424	18,308	88,716	364,408	601	1,036	89,240
Boston region	6,114,685	3,934,685	87,235	38,719	573,745	1,247,214	4,181	7,319	221,596
Augusta (Maine)	547,467	342,010	5,606	5,045	37,988	130,462	346	419	25,591
Boston (Massachusetts)	2,989,651	1,973,552	44,780	13,872	284,646	573,616	1,854	3,334	93,997
Burlington (Vermont)	216,034	129,486	2,028	2,121	15,949	55,322	120	189	10,819
Hartford (Connecticut)	1,525,170	956,471	20,621	12,606	164,590	307,967	1,249	2,307	59,359
Portsmouth (New Hampshire)	361,146	226,832	4,538	2,106	27,205	85,162	238	338	14,727
Providence (Rhode Island)	475,217	306,334	9,662	2,960	43,367	94,685	374	732	17,103
Chicago region	11,791,004	7,788,068	115,566	132,942	950,427	2,327,193	8,828	11,949	455,831
Chicago (See (b) below)	4,196,149	2,786,385	48,015	48,329	374,102	797,574	3,151	4,776	133,817
Delroit (Michigan)	3,897,178	2,649,026	32,250	42,082	273,935	749,994	1,752	3,190	144,949
Milwaukee (Wisconsin)	2,172,640	1,379,439	25,470	22,256	185,005	448,591	1,531	2,677	107,671
Springfield (See (b) below)	1,525,037	974,218	9,831	20,275	117,385	331,034	1,594	1,306	69,394
Cincinnati region	11,333,438	7,515,129	185,779	119,096	798,944	2,311,795	6,468	9,144	476,075
Cincinnati (See (f) below)	1,983,251	1,325,361	17,387	17,901	160,406	390,815	1,308	2,073	68,000
Cleveland (See (f) below)	3,639,897	2,019,590	32,598	26,175	239,002	583,203	1,621	2,577	135,131
Indianapolis (Indiana)	2,309,508	1,554,214	21,313	21,660	153,000	461,620	1,478	1,428	94,795
Louisville (Kentucky)	1,302,440	837,961	9,530	17,626	84,160	289,006	707	982	62,468
Parkersburg (West Virginia)	842,567	558,564	8,073	11,275	48,681	171,595	327	425	43,627
Richmond (Virginia)	1,855,767	1,219,439	16,878	15,459	113,695	415,556	1,027	1,659	72,054
Dallas region	8,251,690	5,113,985	73,855	100,225	546,919	1,982,095	4,104	7,917	423,590
Albuquerque (New Mexico)	403,789	263,451	3,089	5,110	24,227	88,130	154	383	19,245
Austin (See (h) below)	2,456,937	1,520,685	21,922	27,008	167,283	591,101	1,189	2,485	125,264
Dallas (See (h) below)	2,209,486	1,345,448	20,050	34,524	169,520	534,735	1,163	2,282	101,764
Little Rock (Arkansas)	740,501	447,993	5,875	9,445	34,997	197,313	303	624	43,951
New Orleans (Louisiana)	1,310,216	823,570	12,453	12,585	83,863	304,944	540	733	71,528
Oklahoma City (Oklahoma)	1,130,761	712,838	9,666	11,353	67,029	265,872	755	1,410	61,838
New York City region	10,644,601	6,509,117	219,841	106,409	1,068,396	2,393,461	7,940	12,124	347,371
Albany (See (e) below)	961,992	614,637	10,112	8,482	64,907	201,457	707	593	41,091
Brooklyn (See (e) below)	3,489,681	2,357,681	59,959	33,233	275,623	670,063	2,601	2,985	87,536
Buffalo (See (e) below)	1,386,894	931,763	15,054	18,395	118,395	252,015	1,131	1,226	54,556
Manhattan (See (e) below)	3,897,451	1,976,368	126,683	42,002	541,068	1,078,135	2,804	6,679	123,712
Syracuse (See (e) below)	948,583	628,668	8,033	9,938	68,403	191,731	691	641	40,478

Omaha region	9,484,527	5,953,923	99,025	136,671	777,524	2,069,712	7,546	10,346	438,780
Aberdeen (South Dakota)	369,043	224,307	2,648	6,193	20,221	92,945	164	271	22,294
Cheyenne (Wyoming)	196,162	114,918	2,124	3,609	15,087	45,800	112	337	14,175
Denver (Colorado)	950,870	597,711	11,373	14,472	82,469	200,167	607	1,530	42,541
Des Moines (Iowa)	1,569,848	956,568	10,872	28,725	153,270	344,075	2,051	1,639	75,648
Fargo (North Dakota)	327,565	206,748	2,647	4,813	14,742	80,420	184	302	17,709
Kansas City (See (c) below)	1,004,858	647,355	9,055	13,090	77,491	215,778	475	615	41,499
Omaha (Nebraska)	825,430	500,589	6,513	12,895	63,849	195,278	931	1,279	43,656
St. Louis (See (c) below)	1,315,800	825,896	17,833	13,415	116,776	284,407	516	1,077	55,880
St. Paul (Minnesota)	1,772,286	1,150,276	17,854	23,463	143,091	357,133	1,463	1,913	77,093
Wichita (Kansas)	1,152,665	729,555	9,106	15,996	90,528	253,769	1,043	1,383	51,285
Philadelphia region	12,183,362	8,015,088	149,041	105,346	1,004,233	2,459,699	7,608	11,866	458,637
Baltimore (Maryland and D.C.)	2,904,618	1,512,210	25,585	15,416	195,137	472,399	1,266	2,073	80,532
Camden (See (d) below)	3,985,963	634,290	12,382	8,397	72,273	219,738	721	778	37,384
Newark (See (d) below)	2,531,956	1,647,297	48,031	24,397	217,720	508,722	1,838	3,681	80,270
Philadelphia (See (g) below)	3,190,275	2,103,456	29,056	26,672	264,695	644,370	2,125	2,724	117,177
Pillsburgh (See (g) below)	2,095,688	1,422,635	14,182	20,937	165,412	395,313	1,083	1,692	74,434
Scranton (See (g) below)	813,229	539,908	5,608	7,880	61,880	155,333	403	573	41,644
Wilmington (Delaware)	261,573	156,092	5,197	1,641	27,116	63,814	172	345	7,196
San Francisco region	13,600,562	8,712,421	134,583	179,025	1,166,815	2,801,993	9,588	10,829	578,308
Boise (Idaho)	347,820	218,366	3,286	5,402	20,591	80,132	200	323	19,520
Helena (Montana)	379,572	229,881	3,838	6,914	24,225	87,778	334	555	26,047
Honolulu (Hawaii)	337,843	224,672	2,993	2,931	32,032	58,864	98	214	16,039
Los Angeles (See (a) below)	5,181,597	3,383,482	59,462	61,662	466,430	1,034,495	3,965	3,593	168,508
Phoenix (Arizona)	605,701	387,764	6,168	6,826	44,565	131,574	288	467	28,049
Portland (Oregon)	971,665	604,330	8,287	15,982	75,799	218,269	514	452	48,032
Reno (Nevada)	172,084	107,873	2,015	2,549	13,568	35,242	89	144	10,604
Salt Lake City (Utah)	430,437	283,410	4,808	5,789	28,801	84,022	165	422	23,020
San Francisco (See (a) below)	3,557,400	2,243,709	26,107	50,463	338,139	747,985	3,078	3,654	144,265
Seattle (Washington and Alaska)	1,616,443	1,028,934	17,619	20,507	122,665	330,632	857	1,005	94,224
International Operations Division	381,791	183,891	696	71	183,402	91,125	1,756	271	567
Puerto Rico	151,853	23,536	45	4	42,354	85,466	1	3	444
Other	229,848	160,272	651	72	61,048	5,659	1,755	268	123

Totals for States not shown above

(a) California	8,738,987	5,627,191	85,569	112,125	804,569	1,782,480	7,043	7,247	312,773
(b) Illinois	5,721,196	3,760,603	57,846	68,604	491,487	1,128,608	4,745	6,082	203,211
(c) Missouri	2,320,658	1,473,251	26,888	26,505	194,267	499,685	991	1,692	97,379
(d) New Jersey	3,517,919	2,281,587	60,413	32,794	289,993	728,460	2,559	4,459	117,654
(e) New York	10,664,601	6,509,117	219,841	106,409	1,068,396	2,393,461	7,940	12,124	347,371
(f) Ohio	5,023,148	3,344,951	49,985	44,076	399,408	974,018	2,929	4,650	203,131
(g) Pennsylvania	6,099,192	4,065,999	48,846	55,489	491,987	1,195,016	3,611	4,989	233,255
(h) Texas	4,666,423	2,866,133	41,972	61,532	336,803	1,125,836	2,352	4,767	227,028

Effective January 1, 1960, the Columbus district was merged into the Cincinnati district, the Toledo district was merged into the Cleveland district, and the Upper Manhattan and Lower Manhattan districts were combined to form the Manhattan district. This table reflects the number of returns filed in these districts, combined in like manner for the entire fiscal year.

Table 6.—Internal revenue tax collected in Puerto Rico on manufactured products coming into the United States, by objects of taxation

[In thousands of dollars]

Objects of taxation	As of June 30—	
	1960	1959
Total	22,698	21,004
Distilled spirits	20,646	19,069
Distilled spirits, rectification tax	544	544
Wine	41	(*)
Beer		
Cigars, large:		
Class A	(*)	(*)
Class B	38	(*)
Class C	3	3
Class D	1,421	1,384
Class E	1	1
Class F	1	1
Class G		
Cigars, small	(*)	
Cigarettes, large		
Cigarettes, small		
Manufactured tobacco (chewing, smoking, and snuff)	3	2

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 sec. 7652(a)(3) of the Internal Revenue Code of 1954. Such amounts are included in overall collections results (tables 1 through 4), beginning with 1955.

* Less than \$500.

Table 7.—Establishments qualified to engage in the production, distribution, storage, or use of alcohol and alcoholic liquors

Class of establishment	As of June 30—	
	1960	1959
Distilled spirits plants:	366	
Plants (net number)		
Facilities:		
Production	199	
Warehousing	248	1,129
Bottling in bond	52	
Denaturing	40	
Taxpaid bottling	47	
Rectifying	123	
Denatured and tax-free products (dealers, users, etc.):		
Dealers in specially denatured alcohol	39	41
Users of specially denatured alcohol and denatured rum	3,755	3,854
Reprocessors, rebottlers, etc., of specially denatured alcohol articles	1,101	1,143
Users of tax-free alcohol	7,395	7,405
Beer: Breweries	225	231
Wines:		
Bonded wine cellars	495	510
Taxpaid wine bottling houses	117	119
Vinegar: Vinegar factories using vaporizing process	6	6
Beverage dealers:		
Importers	1,562	1,466
Wholesale dealers in liquors	3,902	7,210
Wholesale dealers in beer	7,498	10,773
Retail dealers in liquors	267,247	279,271
Retail dealers in beer	149,264	154,643
Other:		
Manufacturers of nonbeverage products (drawback)	986	996
Fruit-flavor concentrate plants	34	30
Bottle manufacturers	96	95

¹ Consists of the former industrial alcohol plant, registered distillery, fruit distillery, industrial alcohol bonded warehouse, internal revenue bonded warehouse, distillery denaturing bonded warehouse, denaturing plant, rectifying plant, and taxpaid bottling house, replaced by the distilled spirits plant and its facilities in 1960 (Public Law 85-859). By reason of this change in the method of classifying establishments the numbers shown for 1960 and 1959 are not comparable.

Table 8.—Establishments qualified to engage in the production or distribution of tobacco products

Class of establishment	As of June 30—	
	1960	1959
Manufacturers of tobacco	161	183
Manufacturers of cigars and cigarettes	524	597
Manufacturers of cigarette papers and tubes	4	4
Dealers in tobacco materials	2,257	2,336
Tobacco export warehouses	106	89

Table 9.—Permits relating to distilled spirits under Chapter 51, Internal Revenue Code, 1954

Status	Grand total	Distilled spirits plant permits (sec. 5171, I. R. Code)			Dealer and user permits and withdrawal permits (sec. 5271, I. R. Code)				
		Total ¹	For industrial use	Bonded warehousing of spirits (without bottling) for nonindustrial use	Dealers in specially denatured alcohol	Users of—			Withdrawal permits for tax-free alcohol or specially denatured alcohol or rum
						Specially denatured alcohol	Specially denatured rum	Tax-free alcohol	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
In effect July 1, 1959.....	22,788	95	46	58	41	3,810	45	7,405	11,392
Issued during year.....	1,335	125	41	95	6	318	3	261	622
Terminated during year, total.....	1,440	30	19	17	8	410	11	271	710
Revoked.....	2							1	1
Otherwise terminated.....	1,438	30	19	17	8	410	11	278	709
In effect June 30, 1960.....	22,683	190	68	136	39	3,718	37	7,395	11,304
Renewals approved during year.....	1,340								1,340
Amended during year.....	4,259	29			9	1,180	20	934	2,167

Note.—Regulations under Public Law 85-859 provide that permits for users of tax-free alcohol or specially denatured alcohol or rum are continuing, but that withdrawal permits for such users must be renewed annually. Formerly, both permits were required to be renewed annually, and were reported as a single item.

¹ Column (2) does not represent the sum of (3) and (4), since one permit may cover more than one activity.

Table 10.—Permits for operations relating to alcoholic beverages under the Federal Alcohol Administration Act

Status	Grand total	Distilled spirits plants				Wine producers and blenders	Wine blenders	Importers	Wholesalers
		Total ¹	Distillers	Warehousing and bottling	Rectifiers				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
In effect July 1, 1959.....	14,167	621	231	237	157	446	56	1,466	11,578
Issued during year.....	1,987	64	28	31	18	40	8	293	1,502
Terminated during year, total.....	2,041	88	32	37	22	60	5	197	1,691
Revoked.....	13							3	10
Otherwise terminated.....	2,028	88	32	37	22	68	5	194	1,681
In effect June 30, 1960.....	14,033	597	219	231	153	426	59	1,562	11,389
Amended during year.....	1,471	300				73	18	185	903

¹ Column (2) does not represent the sum of (3), (4), and (5), since one permit may cover more than one activity.

Table 11.—Permits relating to tobacco under Chapter 52, Internal Revenue Code, 1954

Status	Total (1)	Manufacturers of—		Export ware- house proprietors (4)
		Cigars and cigarettes (2)	Tobacco (3)	
In effect July 1, 1959.....	869	597	183	89
Issued during year.....	81	35	19	27
Terminated during year, total.....	159	108	41	18
Revoked.....				
Otherwise terminated.....	159	108	41	18
In effect June 30, 1960.....	791	524	161	106
Amended during year.....	85	58	15	12

Table 12.—Label activity under Federal Alcohol Administration Act

Type of label	Applications received			Applications acted upon			Applica- tions returned without action (8)	
	Total (1)	For approval (2)	For exemp- tion (3)	Total (4)	Certificates issued			Dis- approved (7)
					Approvals (5)	Exemp- tions (6)		
Grand total.....	38,349	38,858	291	37,576	36,983	261	332	773
Distilled spirits, total.....	16,347	16,305	42	16,067	15,847	61	159	268
Domestic.....	14,072	14,030	42	14,105	13,921	61	123	201
Imported.....	2,275	2,275		1,962	1,926		36	67
Wines, total.....	20,590	20,341	249	20,184	19,845	200	139	292
Domestic.....	5,799	5,550	249	5,529	5,291	200	38	99
Imported.....	14,791	14,791		14,655	14,554		101	193
Malt beverages, total.....	1,412	1,412		1,325	1,291		34	213
Domestic.....	1,155	1,155		1,813	1,002		11	180
Imported.....	257	257		312	289		23	33

Table 13.—Number of occupational tax stamps issued, covering the fiscal year 1960, or portion thereof, by class of tax and by internal revenue regions, districts, and States

Internal revenue regions, districts, and States (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total number of occupational tax stamps issued (1)	Distilled spirits									
		Manufacturers of stills, \$55 (2)	Rectifiers		Wholesale dealers, \$255 ¹ (5)	Retail dealers ¹			Manufacturers of nonbeverage products		
			Less than 20,000 proof gallons, \$110 (3)	20,000 proof gallons or more, \$220 (4)		Retail dealers, \$54 (6)	At large, \$54 (7)	Medicinal spirits, \$54 (8)	Not exceeding 25 gallons, \$25 (9)	Not exceeding 58 gallons, \$50 (10)	More than 58 gallons, \$100 (11)
United States, total	1,162,623	81	41	94	3,464	258,980	562	1,534	98	76	850
Atlanta region	115,430		1	2	270	9,176		11	18	2	54
Atlanta (Georgia)	15,292				39	1,357			3	2	10
Birmingham (Alabama)	10,911				7	636		4			7
Columbia (South Carolina)	13,464				13	978					2
Greensboro (North Carolina)	16,553				51	347		6	4		8
Jackson (Mississippi)	11,803				30	1,093			1		3
Jacksonville (Florida)	27,673			2	79	4,030					2
Nashville (Tennessee)	19,734		1		51	735		1	2		22
Boston region	66,233	6	4	11	221	16,308	17	732	8		71
Augusta (Maine)	6,237		1	1	3	355		2		1	2
Boston (Massachusetts)	28,487	6	2	7	139	7,796	13	679	3	5	49
Burlington (Vermont)	2,925				1	486					
Hartford (Connecticut)	18,838		1	2	52	5,354	1		3		11
Portsmouth (New Hampshire)	4,316			1	1	490					3
Providence (Rhode Island)	5,420				25	1,827	1	53	3	1	6
Chicago region	157,443	5	5	10	621	51,551	23	436	12	15	128
Chicago (See (c) below)	44,427			5	206	15,400	15	3	7	11	71
Detroit (Michigan)	49,065	1	3	3	232	17,068	6	12		3	35
Milwaukee (Wisconsin)	43,493		2		99	13,765	2	415		1	13
Springfield (See (c) below)	20,458	3		2	86	5,318		6	2		9
Cincinnati region	138,119	13	4	20	502	29,650	37	3	11	8	77
Cincinnati ² (See (g) below)	23,473	4		2	143	6,708	9		5		27
Cleveland ² (See (g) below)	39,265	4	1	1	234	14,658	1		4		12
Indianapolis (Indiana)	25,305			3	23	5,222					21
Louisville (Kentucky)	16,672	3	2	14	94	2,076	27	1	1		6
Parkersburg (West Virginia)	14,545	2			1	593					1
Richmond (Virginia)	18,859				7	393		2	1		10
Dallas region	106,384	8	4		193	12,265	10	3	18	5	32
Albuquerque (New Mexico)	4,307		1		41	1,326					
Austin (See (i) below)	39,374	2			26	2,283					12
Dallas (See (i) below)	14,576	2	2		35	1,636	10				10
Little Rock (Arkansas)	8,489				9	744		1	3	2	
New Orleans (Louisiana)	25,624		1		58	5,201			4		8
Oklahoma City (Oklahoma)	14,014	4			24	1,075					2
New York City region	130,000	10		4	192	29,922	12		19	25	132
Albany (See (f) below)	17,250	2			11	5,302			8	9	
Brooklyn (See (f) below)	39,819	2		2	52	7,705	12		3	5	51
Buffalo (See (f) below)	20,509	3			21	5,534			2	2	15
Manhattan ² (See (f) below)	37,349	2		1	94	7,259			4	6	59
Syracuse (See (f) below)	15,733	1			14	4,122			2	3	7
Omaha region	120,562	4	2	1	244	19,281	264	312	7	1	73
Aberdeen (South Dakota)	5,524				32	925					
Cheyenne (Wyoming)	2,822				1	695					
Denver (Colorado)	11,116				17	2,595	26	253			8
Des Moines (Iowa)	18,426		1		3	1,897			1		10
Fargo (North Dakota)	4,060				11	1,027					
Kansas City (See (d) below)	11,492			1	56	2,303	121	3			8
Omaha (Nebraska)	9,761				18	1,760	67	9	1		2
St. Louis (See (d) below)	19,832	4		2	24	4,020	49	4			35
St. Paul (Minnesota)	23,965			1	46	2,830		41	5		8
Wichita (Kansas)	13,564				36	1,229		2		1	2
Philadelphia region	153,841	25	5	22	283	42,772	187	4	8	8	172
Baltimore (Maryland and D.C.)	29,958		1	6	65	5,708	163	1			20
Camden (See (e) below)	11,837	4		4	18	4,007					7
Newark (See (e) below)	28,891	14	1	5	58	10,286	16		2	3	73
Philadelphia (See (h) below)	38,527	4	3	6	50	8,952	2	1	3	3	59
Pittsburgh (See (h) below)	28,639	1		1	2	8,548	16	2	1		11
Scranton (See (h) below)	13,863	1				4,535					2
Wilmington (Delaware)	2,134				10	4,736					
San Francisco region	173,961	16	10	22	1,016	48,055	2	55	14	4	111
Boise (Idaho)	5,234				1	748					
Helena (Montana)	6,318				1	1,789	2		1	1	
Honolulu (Hawaii)	3,838				26	1,034					2
Los Angeles (See (b) below)	53,139	1	5	7	262	16,009			3	3	49
Phoenix (Arizona)	7,467				65	2,337					
Portland (Oregon)	13,863				107	3,010					4
Reno (Nevada)	4,845				18	1,229		53			1
Salt Lake City (Utah)	5,551				1	1,173			1		
San Francisco (See (b) below)	47,970	7	8	15	364	15,713			5		49
Seattle (See (a) and (j) below)	25,536	2	1		171	6,013			4		6
Totals for States not shown above											
(a) Alaska	2,031	1			13	692			8	3	1
(b) California	101,109	8	13	22	626	31,722			10	11	98
(c) Illinois	64,885	4		7	292	20,718	15	9			80
(d) Missouri	31,324	4	1	2	80	6,323	170	7			43
(e) New Jersey	40,728	18	1	9	76	14,293			2	3	80
(f) New York	130,660	10		4	192	29,922			19	25	132
(g) Ohio	62,738	8	1	3	377	21,366			4	5	39
(h) Pennsylvania	81,029	6	3	7	52	22,035			3	5	72
(i) Texas	53,950	4	2		61	3,919	10	2	3	4	22
(j) Washington	23,505	1	1		158	5,321			4		5

Footnotes on p. 147.

Table 13.—Number of occupational tax stamps issued, covering the fiscal year 1960, or portion thereof, by class of tax and by internal revenue regions, districts, and States—Continued

Internal revenue regions, districts, and States (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Wines				Beer					
	Wholesale dealers ¹		Retail dealers ¹		Brewers		Wholesale dealers, \$123 ¹	Retail dealers, \$24 ¹	Retail dealers et large, \$24 ¹	Temporary dealers in liquors (beer or wine), \$2.28 per month
	Wines, \$255	Wines and beer, \$255	Wines, \$54	Wines and beer, \$54	Less than 500 barrels, \$55	500 barrels or more, \$118				
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
United States, total	159	493	246	24,516	2	238	8,685	153,541	186	8,783
Atlanta region	6	127	106	7,598		10	588	24,619		56
Atlanta (Georgia)	1	17	48	898		3	59	1,778		
Birmingham (Alabama)	2	1	1				55	2,877		
Columbia (South Carolina)	2	26	1	1,261			43	3,405		21
Greensboro (North Carolina)	2	33	55	1,498			76	3,912		
Jackson (Mississippi)	2		1	114			68	3,200		11
Jacksonville (Florida)		51		3,827		7	118	4,433		1
Nashville (Tennessee)							89	5,022		23
Boston region	1	41	1	960		0	280	7,383	1	582
Augusta (Maine)	1						61	2,604		
Boston (Massachusetts)		18		38		7	97	165	1	290
Burlington (Vermont)		27	1	909			5	210		7
Hartford (Connecticut)		2		10			68	2,700		282
Portsmouth (New Hampshire)							31	1,661		
Providence (Rhode Island)		2		3			1	43		3
Chicago region	9	104	5	2,281		57	1,382	5,843		2,626
Chicago (See (c) below)	2	6	3	29		10	373	381		735
Detroit (Michigan)	7	96	1	2,158		10	204	223		415
Milwaukee (Wisconsin)		2	1	4		33	636	4,848		551
Springfield (See (c) below)				10		4	169	399		325
Cincinnati region	16	76	18	7,648		21	716	12,134	1	969
Cincinnati (See (g) below)	4	8	6	1,062		4	64	784	1	358
Cleveland (See (g) below)	1	1	2	301		5	105	656		407
Indianapolis (Indiana)	4	14	6	2,530		4	217	501		78
Louisville (Kentucky)	1					5	124	2,586		60
Parkersburg (West Virginia)	1			428		1	115	3,679		1
Richmond (Virginia)	5	55	2	3,327		2	91	3,928		5
Dallas region	4	52	27	3,678		19	822	28,498	10	1,690
Albuquerque (New Mexico)		4	2	3			9	19		45
Austin (See (i) below)	3	21	25	3,825		13	394	15,165		35
Dallas (See (i) below)				372			157	2,942	10	
Little Rock (Arkansas)		27		254			40	1,652		
New Orleans (Louisiana)						4	120	3,813		980
Oklahoma City (Oklahoma)	1			16		2	182	4,817		30
New York City region	70	2	81	143		20	720	27,003	80	1,042
Albany (See (f) below)	18		5	53		3	98	3,479		120
Brooklyn (See (f) below)	9		4	1		7	288	9,216	50	43
Buffalo (See (f) below)	9		42	86		3	141	4,055		363
Manhattan (See (f) below)	50	2		1		3	105	7,184		102
Syracuse (See (f) below)				1		2	93	3,159		414
Omaha region	6	7	8	295		28	1,144	26,024	19	619
Aberdeen (South Dakota)				2			58	1,402		10
Cheyenne (Wyoming)				27		3	53	116		46
Denver (Colorado)		2		172		2	80	4,170		7
Des Moines (Iowa)							207	4,792	1	17
Fargo (North Dakota)	1	1	2	1		2	46	368		6
Kansas City (See (d) below)	1					2	79	1,731	5	14
Omaha (Nebraska)	3	2	3			3	91	1,260		4
St. Louis (See (d) below)	1					4	83	3,277	12	282
St. Paul (Minnesota)	1	1	3	2		14	343	8,306	1	205
Wichita (Kansas)	3			1			104	3,602		28
Philadelphia region	12	4	6	548		42	2,371	5,017	105	1,591
Baltimore (Maryland and D.C.)	2	2		538		6	144	2,313	12	780
Camden (See (e) below)	3	1	3			3	89	74	88	297
Nowark (See (a) below)	4		1	1		5	143	283	3	486
Philadelphia (See (h) below)	1					15	865	1,193		4
Pittsburgh (See (h) below)	1		2	2		8	881	823	1	
Scranton (See (h) below)	2					5	239	321	1	28
Wilmington (Delaware)		1					10	18		4
San Francisco region	33	78	26	1,551		32	742	17,026		868
Boise (Idaho)						1	64	1,472		4
Helena (Montana)						3	77	489		32
Honolulu (Hawaii)		2		32		4	19	36		1
Los Angeles (See (b) below)						6	179	5,615		184
Phoenix (Arizona)		1		83		1	13	361		5
Portland (Oregon)				162		1	56	1,994		79
Reno (Nevada)							24	178		9
Salt Lake City (Utah)						2	41	1,315		13
San Francisco (See (b) below)	33	75	26	1,274		7	198	3,987		517
Seattle (See (a) and (j) below)					2	7	71	1,573		24
Totals for States not shown above										
(a) Alaska							23	46		781
(b) California	33	75	26	1,274		13	377	9,602		1,060
(c) Illinois	2	6	3	39		14	542	780		296
(d) Missouri	4	3	5	1		6	162	5,008	17	788
(e) New Jersey	7	1	4	8		8	232	357	91	1,042
(f) New York	70	2	51	143		20	720	27,093	50	765
(g) Ohio	5	9	8	1,363		9	169	1,440	1	24
(h) Pennsylvania	3		2	2		28	1,985	2,337	2	80
(i) Texas		21	25	3,397		13	551	18,187	10	24
(j) Washington					2	7	40	1,527		24

Footnotes on p. 147.

Table 13.—Number of occupational tax stamps issued, covering the fiscal year 1960, or portion thereof, by class of tax and by internal revenue regions, districts, and States—Continued

Internal revenue regions, districts, and States (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Narcotics						Marihuana				
	Manufacturers, importers, and compounds of opium, etc., \$24 (22)	Wholesale dealers, \$12 (23)	Retail dealers, \$3 (24)	Practi- tioners, \$1 (25)	Dealers in untaxed prepara- tions, \$1 (26)	Labora- tories, etc., \$1 (27)	Manufac- turers, \$24 (28)	Dealers, \$3 (29)	Producers and millers, \$1 (30)	Practi- tioners, \$1 (31)	Labora- tories, \$1 (32)
	United States, total	143	3,161	55,762	276,173	1,629	342	2	20	1	89
Atlanta region											
Atlanta (Georgia).....	1	140	6,725	27,221	226	26					
Birmingham (Alabama).....	1	35	1,167	4,232	17	4		1		1	
Columbia (South Carolina).....	1	18	900	3,047	13	4					
Greensboro (North Carolina).....	2	10	646	2,232	4	1		1		1	
Jackson (Mississippi).....		17	1,013	4,578	136	6					
Jacksonville (Florida).....		6	565	2,030	22						
Nashville (Tennessee).....		21	1,417	6,701	9	6					
Boston region											
Augusta (Maine).....	4	33	1,017	4,401	25	5					
Boston (Massachusetts).....	6	69	4,945	20,140	261	37					
Burlington (Vermont).....		5	264	1,424	3	1				7	3
Hartford (Connecticut).....	5	37	2,084	10,690	24	21					
Portsmouth (New Hampshire).....		2	147	589	75	2				5	3
Providence (Rhode Island).....		16	1,038	5,065	119	11					
Chicago region											
Chicago (See (c) below).....	1	3	164	887	2	1				2	
Detroit (Michigan).....	1	6	348	1,485	38	1					
Milwaukee (Wisconsin).....	20	143	6,791	32,965	160	46	1	5		8	5
Springfield (See (c) below).....	5	41	2,348	12,125	50	26		2		5	2
Cincinnati region											
Cincinnati (See (g) below).....	10	64	2,408	11,412	48	13		2		2	
Cleveland (See (g) below).....	3	16	1,180	5,562	26	1					
Indianapolis (Indiana).....	2	22	855	2,966	36	6		1		1	
Louisville (Kentucky).....	39	135	6,180	29,516	360	28				7	2
Parkersburg (West Virginia).....	4	27	1,047	5,521	23	4		1		3	
Richmond (Virginia).....	5	32	1,762	8,269	25	7		1			
Dallas region											
Albuquerque (New Mexico).....	5	40	1,347	5,693	39	6				2	1
Austin (See (i) below).....	1	14	793	3,298	53	4				1	1
Dallas (See (i) below).....	4	9	372	2,080	1	7				1	1
Little Rock (Arkansas).....	4	13	859	4,655	219	31				3	1
New Orleans (Louisiana).....	1	3	286	971	9	1		1			
Oklahoma City (Oklahoma).....	1	28	1,460	6,765	39	1				2	
	2	31	1,353	5,401	31	2					
	6	6	591	1,934	6	1					
	1	17	1,024	4,076	20	8		1		1	
		19	869	3,232	22						

New York City region											
Albany (See (f) below).....	26	87	6,488	29,299	122	53	3	3		4	
Brooklyn (See (f) below).....	3	10	585	2,849	10	6				1	
Buffalo (See (f) below).....	5	23	2,753	12,544	22	5					
Manhattan (See (f) below).....	4	11	695	4,828	20	5				3	
Syracuse (See (f) below).....	11	30	1,913	15,245	54	31	3	3			
Omaha region											
Aberdeen (South Dakota).....	2	13	509	2,924	16	6					
Cheyenne (Wyoming).....	11	147	5,680	25,466	135	20	3	1	1	32	1
Denver (Colorado).....		3	243	737	1						
Des Moines (Iowa).....		2	101	433							
Fargo (North Dakota).....	24	704	3,175	6	3						
Kansas City (See (d) below).....	36	801	3,741	45	1					6	
Omaha (Nebraska).....	3	198	3,684								
St. Louis (See (d) below).....	20	627	2,542	29	1					2	
St. Paul (Minnesota).....	1	9	556	2,116	11	2	1	2	1	24	1
Wichita (Kansas).....	8	17	817	3,829	29	10					
Philadelphia region											
Baltimore (Maryland and D.C.).....	1	19	983	5,269	9	3		1			
Camden (See (a) below).....	1	14	650	2,940	5						
Newark (See (e) below).....	36	141	6,998	36,434	141	74	3	2		16	4
Philadelphia (See (b) below).....	3	29	1,101	6,806	12	9	1			3	
Pittsburgh (See (c) below).....	7	3	546	2,664	4	3				1	
Scranton (See (h) below).....	25	23	1,404	7,328	39	30		1			
Wilmington (Delaware).....	1	65	2,128	11,126	64	23	2	1		2	4
San Francisco region											
Boise (Idaho).....	1	10	438	2,129	6	1				8	
Helena (Montana).....	2	2	131	599	3	1				1	
Honolulu (Hawaii).....	14	188	7,302	44,562	97	45		4		11	2
Los Angeles (See (b) below).....	2	4	259	930	2	1					
Phoenix (Arizona).....	8	8	76	807	27	1					
Portland (Oregon).....	11	66	2,442	18,599	34	28				9	1
Reno (Nevada).....	2	18	581	3,121	5	2				1	
Salt Lake City (Utah).....	4	4	120	422	1					1	
San Francisco (See (b) below).....	3	36	1,861	12,570	19	7		1			1
Seattle (See (a) and (j) below).....	1	28	1,065	4,325	5	5		3			

Totals for States not shown above

(a) Alaska.....			42	144							
(b) California.....	11	102	4,303	31,169	53	35		1		9	2
(c) Illinois.....	7	63	3,203	15,091	86	32		3		6	
(d) Missouri.....	8	37	1,444	6,371	58	11				2	
(e) New Jersey.....	7	26	1,950	9,992	43	33		1		4	
(f) New York.....	25	87	6,458	38,390	122	53	3	3		1	
(g) Ohio.....	9	59	2,809	13,790	48	11		1		3	
(h) Pennsylvania.....	26	91	3,816	19,037	83	31	2	1		11	4
(i) Texas.....	3	59	2,813	12,166	70	3				2	
(j) Washington.....	1	28	1,023	4,181	5	5		3			

Table 13.—Number of occupational tax stamps issued, covering the fiscal year 1960, or portion thereof, by class of tax and by internal revenue regions, districts, and States—Continued

Internal revenue regions, districts, and States (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	National Firearms Act					Coin-operated devices, billiard, pool, and bowling alley premises			Adulterated, processed or renovated butter, and filled cheese	Wagering, \$50
	Manufacturers or importers		Pawn-brokers, Class 3, \$300 (35)	Dealers, other than pawn-brokers, Class 4, \$200 (36)	Dealers, Class 5, \$1 (37)	Billiard or pool room and bowling alley premises, \$20 per table or alley (38)	Amusement device premises, \$10 per device (39)	Gaming device premises, \$250 per device (40)		
	Class 1, \$500 (33)	Class 2, \$25 (34)								
United States, total	12	4		68	248	34,047	292,028	28,856	24	9,356
Atlanta region										
Atlanta (Georgia)		2		3	7	3,604	28,998	5,455	2	394
Birmingham (Alabama)					7	493	3,981	1,071		77
Columbia (South Carolina)						348	2,943			28
Greensboro (North Carolina)					4	404	2,969	1,412	1	45
Jackson (Mississippi)					16	929	3,712	104		28
Jacksonville (Florida)					2	309	3,329	901		50
Nashville (Tennessee)		1		3	34	550	6,331	22		116
Boston region										
Augusta (Maine)	3			1	13	571	5,725	1,944		28
Boston (Massachusetts)					7	2,852	12,785	273		50
Burlington (Vermont)	1				6	200	1,283	2		189
Hartford (Connecticut)						926	5,111	156		18
Portsmouth (New Hampshire)	2			1	1	99	364			117
Providence (Rhode Island)						354	3,704	2		1
Chicago region										
Chicago (See (c) below)	3	1		7	7	126	1,417	11		36
Detroit (Michigan)				4	3	4,907	47,402	2,816	3	6
Milwaukee (Wisconsin)		1		1	1	1,073	10,907	405	1	422
Springfield (See (c) below)	1					1,478	13,041	82		174
Cincinnati region										
Cincinnati (See (g) below)	2			2	3	1,324	14,998	8		25
Cleveland (See (g) below)				6	72	1,032	8,456	524	2	7
Cleveland (See (g) below)				1	1	4,621	38,893	5,633		216
Indianapolis (Indiana)				1	1	625	6,545	427		3,589
Louisville (Kentucky)				1	39	1,359	10,831	318		55
Parkersburg (West Virginia)				1	19	939	6,928	981		219
Richmond (Virginia)				4	4	628	4,530	1,950		679
Dallas region										
Albuquerque (New Mexico)	1	1		3	6	500	4,735	1,806		396
Austin (See (i) below)				1	27	570	4,524	151		223
Dallas (See (i) below)					2	2,858	24,271	3,526	6	17
Little Rock (Arkansas)				1	1	155	1,462	7		858
New Orleans (Louisiana)						1,026	8,692	105	2	6
Oklahoma City (Oklahoma)						419	2,040	33		235
		1			5	347	2,318	450	2	46
					9	453	6,779	2,723		104
						458	2,980	208	1	326
										141
New York City region										
Albany (See (f) below)	2			8	5	1,878	24,064	6		48
Brooklyn (See (f) below)				1		291	4,441			16
Buffalo (See (f) below)						403	6,564			1
Manhattan (See (f) below)	1			7	5	442	4,320	2		2
Syracuse (See (f) below)						344	4,701			21
Omaha region										
Aberdeen (South Dakota)				3	21	396	4,038	3		8
Cheyenne (Wyoming)						5,971	32,538	2,561	3	319
Denver (Colorado)						332	1,507	239		33
Des Moines (Iowa)					4	108	955	181		131
Fargo (North Dakota)						282	2,516	102		8
Kansas City (See (d) below)					3	1,282	5,284	121		26
Omaha (Nebraska)					6	402	1,279	9		28
St. Louis (See (d) below)				1	5	469	3,413	30		26
St. Paul (Minnesota)					6	728	3,018	27		42
Wichita (Kansas)					3	655	6,108	535	3	11
Philadelphia region										
Baltimore (Maryland and D.C.)	3	1		7	26	748	5,109	7		8
Camden (See (e) below)	2			3	2	855	3,749	310		32
Newark (See (e) below)						4,465	47,046	5,021		316
Philadelphia (See (h) below)				3	2	680	7,611	3,917		10
Pittsburgh (See (h) below)					10	350	3,632	25		4
Scranton (See (h) below)	1	1		1	4	848	7,810	5		9
Wilmington (Delaware)						962	12,136	738		81
San Francisco region										
Boise (Idaho)	2			34	27	1,130	9,807	181		142
Helena (Montana)						449	5,516	136		44
Honolulu (Hawaii)						46	534	19		26
Los Angeles (See (b) below)				28	2	3,893	36,439	6,463	2	5,221
Phoenix (Arizona)	2				5	216	1,603	15	1	3
Portland (Oregon)					2	216	2,099	175		437
Reno (Nevada)					2	212	1,289	249		11
Salt Lake City (Utah)					2	905	8,665	13	1	13
San Francisco (See (b) below)					3	177	2,087	271		10
Seattle (See (a) and (j) below)				6	4	437	3,238	999		44
						57	1,169	1,393		166
						202	1,314	244		682
						806	10,335	42		2
						665	4,640	3,062		3,853
Totals for States not shown above										
(a) Alaska						59	551	327		132
(b) California	2			28	11	1,711	19,000	55	1	15
(c) Illinois				6	6	2,105	19,363	929	3	390
(d) Missouri				1	8	1,124	9,521	565	3	39
(e) New Jersey				3	3	1,198	11,442	30		13
(f) New York	2			8	5	1,876	24,064	5		48
(g) Ohio				2	40	1,984	17,376	745		274
(h) Pennsylvania	1	1		1	14	2,541	27,459	1,055		267
(i) Texas				1	1	1,445	10,732	138	2	281
(j) Washington				6	4	606	4,089	2,735		3,721

Annual Report

Statistical Tables

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1 Public Law 85-859 revised the definitions of wholesale dealers and retail dealers, effective July 1, 1959, to conform in general to the trade understanding of these terms. As a result, a number of dealers who were formerly required to pay both classes of occupational taxes are now required to pay tax only as a retailer or as a wholesaler.
 2 Effective January 1, 1960, the Columbus district was merged into the Cincinnati district, the Toledo district was merged into the Cleveland district, and the Upper Manhattan and Lower Manhattan districts were combined to form the Manhattan district. This table reflects the number of occupational tax stamps issued in these districts combined in like manner for the entire fiscal year.

Table 14.—Appellate Division processing of protested income, profits, estate, and gift tax cases prior to issuance of statutory notice of deficiency (pre-90-day cases)

A. Progress of work

Status	Number of cases (1)	Amount stated in revenue agent's report (thousand dollars)		
		Deficiency in tax (2)	Penalty (3)	Overassessment (4)
Pending in pre-90-day status July 1, 1959.....	13, 298	561, 391	33, 519	208, 489
Net receipts from district directors during year.....	16, 001	533, 423	27, 875	126, 698
Processed during year, total.....	18, 368	497, 865	26, 037	177, 477
Agreed.....	13, 821	328, 460	14, 329	173, 493
Unagreed overassessments and claim rejections.....	942	243	22	2, 044
Statutory notices issued—transferred to 98-day status.....	4, 405	177, 161	11, 686	1, 941
Pending in pre-90-day status June 30, 1968.....	10, 931	596, 850	35, 357	157, 710

B. Results obtained in cases processed

Method	Number of cases	Appellate determination (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
Processed during year, total.....	18, 368	348, 497	15, 458	178, 773
Agreed.....	13, 021	162, 811	4, 894	168, 909
Unagreed overassessments and claim rejections.....	942	(1)	4	1, 479
Statutory notices issued—transferred to 90-day status.....	4, 405	185, 686	10, 561	385

¹ Less than \$500.

Table 15.—Appellate Division processing of protested income, profits, estate, and gift tax cases in which statutory notices of deficiency were outstanding (90-day cases)

A. Progress of work

Status	Number of cases (1)	Amount stated in statutory notice (thousand dollars)		
		Deficiency in tax (2)	Penalty (3)	Overassessment (4)
Pending in 90-day status July 1, 1959.....	1, 338	59, 818	4, 525	83
Net receipts during year, total.....	4, 661	211, 255	10, 942	374
Statutory notices issued by Appellate Division ¹	4, 324	189, 988	18, 355	359
Cases resulting from district directors' statutory notices.....	337	21, 266	587	15
Processed during year, total.....	4, 723	205, 719	9, 824	408
Agreed.....	711	29, 928	288	25
Defaulted.....	1, 159	22, 511	1, 868	31
Petitioned to the Tax Court—transferred to docketed status.....	2, 853	153, 288	7, 676	353
Pending in 90-day status June 30, 1968.....	1, 268	64, 553	5, 643	49

¹ Difference from table 14—transferred to 90-day status—is caused by cases being combined or split for the purpose of issuing the statutory notice, cases in transit, etc.

B. Results obtained in cases processed

Method	Number of cases	Appellate determination (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
Processed during year, total.....	4, 723	188, 658	9, 729	412
Agreed.....	711	12, 867	193	29
Defaulted.....	1, 159	22, 511	1, 860	31
Petitioned to the Tax Court—transferred to docketed status.....	2, 853	153, 280	7, 676	353

Table 16.—Appellate Division processing of income, profits, estate, and gift tax cases petitioned to the Tax Court (docketed cases)

A. Progress of work

Status	Number of cases (1)	Amount petitioned (thousand dollars)		
		Deficiency in tax (2)	Penalty (3)	Overassessment (4)
Pending in docketed status July 1, 1959.....	11,748	720,024	108,515	5,236
Net receipts during year, total.....	6,562	379,283	28,164	2,037
Petitions filed in response to— District directors' statutory notice.....	3,829	241,981	20,557	1,843
Appellate Division's statutory notice ¹	2,678	132,933	7,244	193
Cases reconsidered after trial.....	55	4,369	363	
Processed during year, total.....	6,821	334,220	36,146	5,641
Agreed—stipulated.....	5,511	264,449	32,512	2,889
Dismissed or defaulted.....	384	1,959	420	1
Tried before the Tax Court on merits.....	926	67,812	3,214	2,751
Pending in docketed status June 30, 1960.....	11,489	765,086	100,534	1,632

¹ Difference from table 15—transferred to docketed status—is caused by excluding district directors' statutory notices considered by Appellate in 90-day status, cases in transit, etc.

B. Results obtained in cases processed

Method	Number of cases	Appellate determination (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
Processed during year, total.....	6,821	146,653	15,519	23,349
Agreed—stipulated.....	5,511	76,896	11,893	20,596
Dismissed or defaulted.....	384	1,945	413	1
Tried before the Tax Court on merits ¹	926	67,812	3,214	2,751

¹ Represents amounts petitioned. Results as to decisions rendered by the Tax Court during the year are shown in table 18.

Table 17.—Office of Chief Counsel—Processing of income, profits, estate, and gift tax cases in the Tax Court

Status	Number of cases (1)	Amount in dispute (thousand dollars)		
		Deficiency in tax (2)	Penalty (3)	Overpayment (4)
Pending July 1, 1959.....	12,704	810,057	108,515	640,664
Filed or reopened during year.....	6,529	366,979	24,951	24,233
Disposed of during year ¹	6,642	334,884	32,932	372,585
Pending June 30, 1960.....	12,591	842,152	100,534	292,312

¹ For analysis of disposals see table 18.

Table 18.—Office of Chief Counsel—Results obtained in income, profits, estate, and gift tax cases disposed of in the Tax Court

Basis of closing	Number (1)	Amount in dispute		Amount approved		Saved or recovered	
		Deficiency and penalty (2)	Overpayment (3)	Deficiency and penalty (4)	Overpayment (5)	Amount (6)	Percent of amount in dispute (7)
(Thousand dollars)							
Total.....	6,642	367,816	372,585	118,012	514	490,083	66.2
Dismissed.....	384	2,379	80	2,358		2,438	99.1
Decision on merits.....	747	68,475	14,921	26,866	460	41,327	49.6
Agreed settlement.....	5,511	296,961	357,583	88,789	54	446,318	68.2

Table 19.—Office of Chief Counsel—Receipt and disposal of Tax Court cases in courts of appeals or in Supreme Court

Status	in courts of appeals		in Supreme Court	
	Number of cases (1)	Amount (thousand dollars) (2)	Number of cases (3)	Amount (thousand dollars) (4)
Pending July 1, 1959, total.....	380	44,816	5	59
Appealed by Commissioner.....	56	9,929	3	12
Appealed by taxpayers.....	314	31,120	2	47
Appealed by both.....	10	3,766		
Appealed during year, total.....	303	24,026	4	98
By Commissioner.....	39	1,453	4	98
By taxpayers.....	240	13,042		
By both.....	24	9,530		
Disposed of during year, total.....	301	24,105	6	65
Favorable to Commissioner.....	138	7,824	3	17
Favorable to taxpayers.....	69	11,048	3	48
Modified.....	40	1,866		
Settled.....	2	65		
Dismissed.....	52	3,301		
Pending June 30, 1960, total.....	382	44,737	3	92
Appealed by Commissioner.....	40	1,996	3	92
Appealed by taxpayers.....	316	29,895		
Appealed by both.....	26	12,845		

Table 20.—Receipt and disposal of suits filed by taxpayers in Federal courts

Status	Total (1)	Refund suits (other than alcohol, tobacco, and firearms taxes)		Perpetuation of testimony and damage actions ²	
		Court of Claims (2)	District courts (3)	District courts (4)	Not in suit (5)
Pending July 1, 1959:					
Cases	2,807	467	2,294	40	6
Amount in dispute thousand dollars	500,647	281,369	219,278		
Received during year:					
Cases	1,223	147	1,067	7	2
Amount in dispute thousand dollars	122,138	48,772	73,366		
Disposed of during year:					
Cases	1,080	149	921	6	4
Amount in dispute thousand dollars	146,890	88,860	58,030		
Refund during year:					
Amount thousand dollars	46,517	23,735	22,782		
Percent of amount disposed of	31.67	26.71	39.26		
Pending June 30, 1960:					
Cases	2,950	465	2,440	41	4
Amount in dispute thousand dollars	475,895	241,281	234,614		

¹ Inventories at beginning of year included 2 processing tax cases involving \$71,001.88. These cases were disposed of during the year, with no part of the tax refunded.

² These cases were formerly shown in a separate table (see table 22 in 1959 Report).

³ The number of cases disposed of does not agree with the number of cases in which decisions were rendered by these courts during the year, due to settlement by stipulation, dismissals, and time required for retrial, recomputation of tax, etc. In the Court of Claims the number of decisions was 70, of which 43 were for the Government, 21 against the Government, and 6 partly for and partly against the Government. In the district courts 381 decisions were rendered, of which 168 were for the Government, 170 against the Government, and 43 partly for and partly against the Government. For decisions by the courts of appeals and Supreme Court, see table 21.

Table 21.—Office of Chief Counsel—Civil tax cases decided by the courts of appeals and Supreme Court

Court	Total (1)	For the Government (2)	Against the Government (3)	Partly for and partly against the Government (4)
By courts of appeals, total	348	225	91	32
Originally tried in—				
Tax Court	252	163	64	25
District courts	96	62	27	7
By Supreme Court, total	19	12	7	
Originally tried in—				
Tax Court	4	3	1	
District courts	14	9	5	
Court of Claims				
State courts	1		1	

Note.—Except for Supreme Court cases, the cases covered by tables 23 and 24 are not included.

Table 22.—Office of Chief Counsel—Receipt and disposal of collection, erroneous refund, subpoena, summons, and injunction cases

Status	Number of cases
Pending July 1, 1959	
Received	1,249
Total	954
Disposed of	2,203
Pending June 30, 1960	909
Total	1,294

Note.—This table includes cases handled at national and regional levels which are under consideration for suit or are in suit in Federal and State courts. It does not include cases relating to alcohol, tobacco, and firearms taxes, neither does it pertain to insolvency and debtor proceedings or lien cases which are included in tables 23 and 24.

Table 23.—Office of Chief Counsel—Receipt and disposal of insolvency and debtor proceedings

Status	Total (1)	Reorganization proceedings ¹ (2)	Bankruptcy and receivership proceedings ² (3)	Miscellaneous insolvency proceedings ³ (4)
Received	2,487	948	832	707
Total	4,388	1,808	1,285	1,295
Disposed of	2,636	1,005	879	752
Pending June 30, 1960	1,752	803	406	543

Note.—includes cases handled at national and regional levels.

¹ 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 lawyers.

² Bankruptcy liquidation proceedings and Federal or State receivership proceedings which involve tax claims of the United States, and also require action by lawyers.

³ 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 lawyers.

Table 24.—Office of Chief Counsel—Receipt and disposal of lien cases and noncourt civil advisory cases

Status	Total (1)	Lien cases		Noncourt civil advisory cases ³ (4)
		In court ¹ (2)	Not in court ² (3)	
Pending July 1, 1959				
Received	1,697	817	208	672
Total	7,357	2,840	2,371	2,146
Disposed of	9,054	3,657	2,579	2,818
Pending June 30, 1960	7,645	3,067	2,414	2,164
Total	1,409	590	165	654

Note.—includes cases handled at national and regional levels.

¹ Primarily suits for foreclosure by mortgagees or other secured creditors and suits to quiet title to which the United States is made a party.

² Primarily applications for discharge of property from tax liens.

³ Primarily memorandums on civil advisory matters from regional counsel to district directors which are not related to court proceedings or lien cases.

Table 25.—Obligations incurred by the Internal Revenue Service

[In thousands of dollars]

Internal revenue office, district, or region	Total	Salaries	Travel	Communi- cation services	Rent and utility services	Supplies and equipment	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
A. National Office and regional totals (including district directors' offices and service centers)							
Total, Internal Revenue Service ¹	363,735	307,099	9,193	7,293	2,475	5,419	32,256
National Office	34,641	19,116	1,016	4,597	72	782	9,058
Atlanta region	30,744	26,356	1,192	216	39	535	2,406
Boston region	23,651	20,431	413	191	614	414	1,588
Chicago region	37,125	33,023	681	350	55	420	2,596
Cincinnati region	41,813	36,041	1,032	295	759	786	2,900
Dallas region	24,381	21,173	971	161	32	368	1,676
New York City region	43,200	38,799	436	451	61	391	3,062
Omaha region	28,558	25,012	1,021	180	15	404	1,926
Philadelphia region	43,405	38,778	671	351	80	439	3,086
San Francisco region	44,507	38,496	1,040	370	726	683	3,192
Regional counsel	5,613	4,870	109	89	1	152	392
Regional inspection	3,978	3,172	520	38	1	22	226
International Operations Division	2,119	1,832	91	4	21	23	148
B. Regional commissioners' offices (excluding district directors' offices and service centers)							
Atlanta region	5,998	4,771	303	52	3	246	623
Boston region	2,688	2,290	108	27	1	60	202
Chicago region	4,828	4,199	82	54	9	101	383
Cincinnati region	7,703	6,524	344	51	12	172	600
Dallas region	3,350	2,851	126	28	6	85	254
New York City region	6,054	5,301	82	69	2	124	476
Omaha region	3,872	3,139	263	34	3	144	289
Philadelphia region	6,620	5,690	188	59	3	117	563
San Francisco region	5,427	4,637	183	48	46	96	417
C. District directors' offices and service centers							
Atlanta:							
Atlanta	4,045	3,515	153	24	4	54	295
Birmingham	3,017	2,662	94	19	2	35	205
Columbia	2,042	1,785	74	16	2	23	142
Greensboro	4,416	3,797	161	26	5	63	364
Jackson	1,716	1,486	85	11	3	18	113
Jacksonville	5,854	5,108	213	42	18	63	410
Nashville	3,656	3,233	110	24	1	32	256
Boston:							
Augusta	1,374	1,201	46	13	1	22	91
Boston	7,875	7,107	106	79	18	66	499
Burlington	720	615	30	8	1	24	43
Hartford	4,477	4,026	65	30	8	52	296
Portsmouth	997	870	35	8	3	16	65
Providence	1,643	1,486	16	16	1	18	106
Northeast Service Center	3,877	2,836	6	10	581	157	287
Chicago:							
Chicago	12,527	11,264	110	128	9	127	889
Detroit	10,547	9,411	214	91	31	93	707
Milwaukee	4,987	4,431	127	45	3	52	329
Springfield	4,236	3,718	147	34	2	46	289

Footnotes on p. 155.

Table 25.—Obligations incurred by the Internal Revenue Service—Continued

[In thousands of dollars]

Internal revenue office, district, or region	Total	Salaries	Travel	Communi- cation services	Rent and utility services	Supplies and equipment	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
C. District directors' offices and service centers—Continued							
Cincinnati:							
Cincinnati ¹	5,404	4,856	87	37	5	56	363
Cleveland ²	8,634	7,712	147	85	12	94	584
Indianapolis	5,475	4,893	120	31	26	49	356
Louisville	3,399	3,011	98	27	1	36	226
Parkarsburg	2,220	1,927	87	19	1	38	148
Richmond	4,160	3,656	144	41	2	44	273
Midwest Service Center	4,818	3,463	8	4	698	297	348
Dallas:							
Albuquerque	1,163	981	58	10	4	28	82
Austin	5,892	5,151	220	38	6	74	403
Dallas	5,798	5,056	234	35	8	72	393
Little Rock	1,797	1,517	113	12	2	31	122
New Orleans	3,482	3,070	121	19	2	43	227
Oklahoma City	2,899	2,548	98	18	5	36	195
New York City:							
Albany	2,503	2,225	58	27	1	24	168
Brooklyn	9,843	8,912	84	106	7	79	655
Buffalo	3,564	3,185	72	26	5	39	237
Manhattan ³	18,770	16,993	71	204	43	100	1,359
Syracuse	2,466	2,181	69	19	4	26	167
Omaha:							
Aberdeen	981	839	62	4	1	10	66
Cheyenne	654	559	35	4	1	12	44
Denver	2,704	2,412	59	18	2	31	182
Des Moines	3,458	3,045	23	2	2	33	226
Fargo	908	781	51	5	1	13	58
Kansas City	2,689	2,417	57	13	1	25	176
Omaha	2,202	1,942	73	11	1	28	147
St. Louis	3,758	3,376	63	17	1	44	257
St. Paul	4,319	3,848	114	31	3	36	287
Wichita	3,013	2,651	116	21	1	28	197
Philadelphia:							
Baltimore	7,389	6,671	87	54	5	82	490
Camden	3,199	2,845	61	21	4	25	243
Newark	8,090	7,245	68	95	56	61	565
Philadelphia	8,920	8,047	124	61	1	71	617
Pittsburgh	6,017	5,424	88	44	5	53	403
Scranton	2,094	1,881	40	13	1	21	138
Wilmington	1,076	977	16	4	1	7	71
San Francisco:							
Boise	1,023	889	44	10	1	12	68
Heiema	1,119	959	58	11	1	11	80
Honolulu	1,266	1,141	28	8	1	11	77
Los Angeles	12,824	11,393	189	127	95	130	890
Phoenix	1,459	1,279	48	13	2	16	101
Portland	2,703	2,387	94	17	1	24	180
Reno	879	771	29	9	1	9	61
Salt Lake City	1,289	1,077	30	8	1	13	81
San Francisco	8,768	7,799	175	71	6	120	597
Seattle	4,387	3,835	157	42	3	45	305
Western Service Center	3,443	2,330	5	6	573	199	330

¹ Includes \$348,009 financed from reimbursements.² Effective January 1, 1960, the Columbus district was merged into the Cincinnati district, the Toledo district was merged into the Cleveland district, and the Upper Manhattan and Lower Manhattan districts were combined to form the Manhattan district. The figures shown reflect obligations in these districts, combined in like manner for the entire fiscal year.

Table 26.—Quantities of tax forms prepared and cost of printing

Class of work	1960			1959		
	Quantity (thousands)		Cost (thousand dollars)	Quantity (thousands)		Cost (thousand dollars)
	Items or sets (1)	Packages (2)		Items or sets (1)	Packages (2)	
Total	1,649,473		6,394	1,469,441		7,131
Packages of tax returns and instructions for major mailings to taxpayers, 1961	319,810	69,276	993	297,960	63,679	902
Package 1 (Form 1040W) ¹	47,337	15,779	109			
Package 1 (Form 1040 nonbusiness)				107,000	21,400	341
Package 2 (Form 1040 nonbusiness with estimated tax)	63,144	10,523	224	48,270	8,045	145
Package 3 (Form 1040 business)	52,280	6,660	254	50,040	6,255	175
Package 4 (Form 1040 farm)	29,754	3,306	124	27,400	3,425	91
Package 5 (Form 1065 partnership return)	5,350	1,070	16			
Package 6 (Form 1120 corporation return)	5,215	1,043	20			
Form 1040A	53,930	26,960	157	46,802	23,401	125
Employment tax package	62,800	3,935	89	18,448	1,153	25
Other tax returns, instructions, public-use forms, and pamphlets	841,603		2,822	715,691		2,314
Administrative forms and pamphlets	422,938		1,356	396,664		1,337
Field printing	65,122		217	59,126		198
Excise tax stamps	(2)		1,006	(2)		2,380

¹ The simplified return, Form 1040W, was made available for the first time for the filing of tax year 1959 returns.

² Excise tax stamps were reduced in number from 23,869,651,000 in 1959 to 1,734,902,000 in 1960, as the result of the adoption of a return system, beginning June 24, 1959, for the payment of Federal taxes on alcohol and tobacco products. These figures are not included in the total.

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