

COMMISSIONER OF INTERNAL REVENUE

ANNUAL REPORT 1961

For the Fiscal Year ended June 30, 1961

INTERNAL REVENUE SERVICE • UNITED STATES TREASURY DEPARTMENT • PUBLICATION NO. 55



President Kennedy addresses Conference of Service Officials

SUMMARY AND TRANSMITTAL

TREASURY DEPARTMENT,
OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE,
Washington, D.C., September 26, 1961.

DEAR MR. SECRETARY:

The continuing vigor of our self-assessment system of taxation is reflected in the attached annual report, which describes Internal Revenue Service activities in fiscal year 1961. Gross receipts, returns filed, refunds and additional tax from direct enforcement all rose to record heights. Many programs were reexamined. Some were expanded; others were modified in an effort to attain higher levels of taxpayer compliance.

As you know, when the fiscal year closed I had served as Commissioner for less than six months; in the main, ground had already been laid for most of the work programs carried out by the Service during the year. Indeed, to assure a smooth transition, I early determined to continue the great bulk of the Service's policies and goals, modifying only those more immediately related to what I view as our basic mission.

One of our primary goals is to improve and strengthen our self-assessment system. While the totality of the Service's activities contribute to this end, a number of them assume pivotal importance because of the proximity of their impact on taxpayers. I refer particularly to the Service's audit program and to its conversion to ADP. And it was in these areas that I placed major emphasis during my first few months in office.

Traditionally, the Service has stressed examination of productive returns at the expense of broader examination coverage. But, to my mind, broader coverage is needed to improve voluntary compliance and bolster taxpayer confidence. To further these aims, I have already put in motion a series of steps designed to enhance the quality of our examinations and extend the area of coverage to additional groups of taxpayers.

Also vital to the fulfillment of the Service's mission is our rapid conversion to ADP. Shortly after taking office, I directed all elements of

the Service to give priority attention to installation of the ADP system because of the major role it will play in the Service's operations, the magnitude of the job and the tight deadlines established. Among other things, we focused on selecting ADP executives, recruiting and training personnel, site selection, construction of equipment and facilities, and formalizing an account numbering system appropriate for our ADP system. In addition, we are making sure that affected employees will be carefully considered for other positions and, in particular, that incumbents with special skills or talents will be given an opportunity to fill positions of greater responsibility.

At the same time, efforts were initiated toward strengthening a number of other facets of tax administration and voluntary compliance, including: improvement of the Service's taxpayer assistance activity; revitalization of our public information program; expansion of our educational efforts; emphasis on the necessity for integrity on the part of Service employees, practitioners, and taxpayers; simplification of tax forms and instructions; and improvement of office space and equipment throughout the country.

In many of these areas, of course, only a beginning has been made, but the important thing to me is that we have begun to move forward. The employee response to our new directions has been most gratifying, and I am confident that significant progress will be made as these programs gather momentum.



MORTIMER M. CAPLIN,
Commissioner of Internal Revenue.

HON. DOUGLAS DILLON,
Secretary of the Treasury.

CONTENTS

	<i>Page</i>
SUMMARY AND TRANSMITTAL.....	v
COMMISSIONERS OF INTERNAL REVENUE.....	xi
PRINCIPAL OFFICERS OF THE INTERNAL REVENUE SERVICE.....	xi
MAP OF INTERNAL REVENUE REGIONS AND DISTRICTS.....	xiv
CHART OF INTERNAL REVENUE SERVICE ORGANIZATION.....	xv
 REPORT ON OPERATIONS	
INTERNAL REVENUE COLLECTIONS AND REFUNDS.....	3
General.....	3
Income taxes.....	4
Employment taxes.....	5
Excise taxes.....	5
Internal revenue refunds.....	6
INTERPRETATION AND COMMUNICATION OF TAX LAW TO TAXPAYERS.....	8
General.....	8
Taxpayer publications.....	8
Public information program.....	9
Taxpayer assistance program.....	11
Tax return forms program.....	12
Regulations program.....	13
Tax rulings and determination letters.....	15
RECEIPT AND PROCESSING OF RETURNS AND RELATED DOCUMENTS.....	19
Number of returns filed.....	19
Information returns.....	20
Service center functions.....	20
Refunds covering excessive prepayments.....	21
Carryback allowances.....	22
Automatic data processing.....	23
ENFORCEMENT ACTIVITIES.....	25
General.....	25
Mathematical verification.....	25
Examination program.....	26
Appeals.....	31

	Page
ENFORCEMENT ACTIVITIES—Continued	
Overassessments reported to Joint Committee	34
Civil litigation	34
Delinquency investigations and delinquent returns	35
Fraud investigations	35
Alcohol and tobacco tax enforcement	36
Firearms program	39
Cases involving criminal prosecution	40
Federal-State cooperation	41
International operations	42
Informants' rewards	43
Summary of additional tax from enforcement	45
Collection of delinquent accounts	47
Offers in compromise	48
Collection litigation legal services	49
SUPERVISION OF THE ALCOHOL AND TOBACCO INDUSTRIES	51
General	51
Authorization of industry operations	51
Chemical analyses research	53
On-premises supervision	53
Inspection of establishments	54
LEGISLATIVE DEVELOPMENTS	55
Legislative preparations	55
Legislation enacted	56
Tax conventions	57
LEGAL ACTIVITIES	59
Caseload disposal activity	59
Civil litigation	59
Taxes in litigation	60
Revenue Procedure 60-18	60
Reorganization	61
Personnel	62
MANAGEMENT ACTIVITIES	63
General	63
Major administrative improvements and policy changes	63
Personnel	65
Training	68
Facilities management	69
Fiscal management	73
Long-range planning	74
Systems review and coordination	74

MANAGEMENT ACTIVITIES—Continued	Page
Current research program	75
Advisory Group	76
Internal controls	77
Enrollment of practitioners	79
Technical assistance to foreign government officials	79
Statistical reporting	80
APPENDIX	83

STATISTICAL TABLES

COLLECTIONS, REFUNDS, AND RETURNS FILED

Table

1. Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas	102
2. Internal revenue collections by sources and by quarters	118
3. Internal revenue collections by sources	120
4. Internal revenue collections by principal sources, fiscal years 1940-1961	123
5. Internal revenue refunds including interest	126
6. Number of returns filed by internal revenue regions, districts, States, and other areas	128
7. Internal revenue tax collected in Puerto Rico on manufactured products coming into the United States, by objects of taxation	130

ALCOHOL AND TOBACCO TAXES

8. Establishments qualified to engage in the production, distribution, storage, or use of alcohol and alcoholic liquors	130
9. Establishments qualified to handle or engage in the production or exportation of tobacco products	131
10. Permits relating to distilled spirits under chapter 51, Internal Revenue Code, 1954	131
11. Permits for operations relating to alcoholic beverages under the Federal Alcohol Administration Act	132
12. Permits relating to tobacco under chapter 52, Internal Revenue Code, 1954	133
13. Label activity under Federal Alcohol Administration Act	133

STAMP TAXES

14. Number of occupational tax stamps issued, covering fiscal year 1961, or portion thereof, by class of tax and by internal revenue regions, districts, and States	134
---	-----

CASES RECEIVING APPELLATE CONSIDERATION OR IN LITIGATION

Table

	Page
15. Appellate Division processing of protested income, profits, estate, and gift tax cases prior to issuance of statutory notice of deficiency (pre-90-day cases)	142
16. Appellate Division processing of protested income, profits, estate, and gift tax cases in which statutory notices of deficiency were outstanding (90-day cases)	143
17. Appellate Division processing of income, profits, estate, and gift tax cases petitioned to the Tax Court (docketed cases)	144
18. Office of Chief Counsel—Processing of income, profits, estate, and gift tax cases in the Tax Court	145
19. Office of Chief Counsel—Results obtained in income, profits, estate, and gift tax cases disposed of in the Tax Court	145
20. Office of Chief Counsel—Receipt and disposal of Tax Court cases in courts of appeals or in Supreme Court	146
21. Receipt and disposal of suits filed by taxpayers in Federal courts	146
22. Office of Chief Counsel—Civil tax cases decided by the courts of appeals and Supreme Court	147
23. Receipt and disposal by the Office of the Chief Counsel of collection, erroneous refund, subpoena, summons, and injunction cases	147
24. Receipt and disposal by the Office of the Chief Counsel of insolvency and debtor proceedings	147
25. Receipt and disposal by the Office of the Chief Counsel of lien cases and noncourt collection litigation cases	148
26. Office of Chief Counsel—Caseload report	148
COST OF ADMINISTRATION	
27. Obligations incurred by the Internal Revenue Service	149
28. Quantity and cost statistics for printing	151
INDEX	153

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 Pleasanton	New York	Jan. 3, 1871	Aug. 8, 1871
John W. Douglass	Pennsylvania	Aug. 9, 1871	May 14, 1875
Daniel D. Pratt	Indiana	May 15, 1875	July 31, 1876
Green B. Raum	Illinois	Aug. 2, 1876	Apr. 30, 1883
Walter Evans	Kentucky	May 21, 1883	Mar. 19, 1885
Joseph S. Miller	West Virginia	Mar. 20, 1885	Mar. 20, 1889
John W. Mason	do	Mar. 21, 1889	Apr. 18, 1893
Joseph S. Miller	do	Apr. 19, 1893	Nov. 26, 1896
W. St. John 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	Jan. 20, 1961
Mortimer M. Caplin	Virginia	Feb. 7, 1961

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; O. Gordon Deik, of Virginia, from Nov. 1 to Dec. 5, 1955, and from Oct. 1 to Nov. 4, 1958; Charles I. Fox, of Utah, from Jan. 21 to Feb. 6, 1961.

PRINCIPAL OFFICERS OF THE INTERNAL REVENUE SERVICE
AS OF JUNE 30, 1961

NATIONAL OFFICERS

Office of the Commissioner

Commissioner	Mortimer M. Caplin
Deputy Commissioner	Bertrand M. Harding
Assistant to the Commissioner	Edwin M. Perkins
Assistant to the Deputy Commissioner	Albert W. Brisbin
Director of Practice	Thomas J. Reilly
Fiscal Management Officer	Gray W. Hume, Jr.

Administration

Assistant Commissioner	Edward F. Preston
Executive Assistant to the Assistant Commissioner	Philip A. Hoffman
Director, Program Staff	Vacant
Division Directors:	
Facilities Management	Bruce McNair
Personnel	Albert J. Schaffer
Public Information	Lawrence George
Reports	Harry K. Dellinger
Training	Edwin N. Montague

Inspection

Assistant Commissioner	Vernon D. Acree, Jr.
Executive Assistant to the Assistant Commissioner	Fred G. Robinette
Division Directors:	
Internal Audit	Francis I. Geibel
Internal Security	William A. Kolar

Operations

Assistant Commissioner	William H. Loeb
Executive Assistant to the Assistant Commissioner	Arthur H. Klotz
Division Directors:	
ADP	Robert L. Jack
Alcohol and Tobacco Tax	Dwight E. Avis
Appellate	Henry J. Donnelly, Jr.
Office of International Operations	Clarence I. Fox, Jr.
Audit	Dean J. Barron
Collection	Harold E. Snyder
Intelligence	H. Alan Long

Planning and Research

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

Technical

Assistant Commissioner	Harold T. Swartz
Principal Assistant to the Assistant Commissioner	Joseph S. Zucker
Executive Assistant to the Assistant Commissioner	Henry Wood, Jr.
Chief Actuary	Albert E. Kripke
Division Directors:	
International Tax Relations	Eldon P. King
Tax Rulings	John W. S. Littleton
Special Technical Services	Ned W. Arick
Technical Planning	Maurice Lewis

Office of the Chief Counsel

Chief Counsel	Vacant
Assistant to the Chief Counsel	Howard A. Dawson, Jr.
Associate Chief Counsels:	
Litigation	Rudy P. Hertzog
Technical	Herman T. Reiling
Assistant Chief Counsels:	
Tax Court and Refund Litigation	Raymond F. Brown
Enforcement and Collection	E. Riley Campbell
Technical	Thomas McP. Davis
Division Directors:	
Tax Court	John T. Rogers
Refund Litigation	Samuel E. Blackham
Joint Committee	Dean Mathis
Collection Litigation	J. Walter Feigenbaum
Enforcement	Richard C. Schwartz
Alcohol and Tobacco Tax Legal	Robert B. Ritter
Legislation and Regulations	Samuel R. McClure
Interpretative	Richard M. Hahn

REGIONAL AND DISTRICT OFFICERS

Atlanta Region

Regional Commissioner	William J. Bookhoff
Assistant Regional Commissioners:	
Administration	Burton M. Graham
Alcohol and Tobacco Tax	Louis E. Howell
Appellate	Norman C. Bailey
District Directors:	
Atlanta, Georgia	Aubrey C. Ross
Birmingham, Ala.	George D. Patterson, Jr.
Columbia, S.C.	Harold M. McLeod
Greensboro, N.C.	John E. Wall
Regional Counsel	Henry C. Stockell, Jr.
Regional Inspector	Walter F. Connell
Director, Atlanta Service Center, Atlanta, Georgia	Robert H. Terry

Boston Region

Regional Commissioner	Donald W. Bacon
Assistant Regional Commissioners:	
Administration	Maurice J. Taggart
Alcohol and Tobacco Tax	Harold L. Henneberry
Appellate	Stephen C. Volpone
District Directors:	
Augusta, Maine	Whitney L. Wheeler
Boston, Mass.	Frank J. Cavanagh
Burlington, Vt.	Fulton D. Fields
Regional Counsel	John A. O'Connell
Regional Inspector	John W. Edwards
Director, Northeast Service Center, Lawrence, Mass.	Emanuel M. Schuster
	William H. Weaver

Chicago Region

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

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 N. Dietrich
Regional Counsel	Gilbert C. Hooks
Regional Inspector	Nathaniel Looker
Director, Midwest Service Center, Kansas City, Mo.	Clifford W. Goltzbach
	Clarence E. Price
	Gordon M. Anderson
	Arnold S. Dreyer

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.	Clyde L. Bickerstaff
Dallas, Tex.	Ellis Campbell, Jr.
Regional Counsel	J. Marvin Kelley
Regional Inspector	David O. Lowry, Jr.

New York City Region

Regional Commissioner	Howard D. Taylor
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.
Regional Counsel	William V. Crosswhite
Regional Inspector	Frank S. Turbett, Jr.

Omaha Region

Regional Commissioner	Homer O. Crossman
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.	V. Lee Phillips
Des Moines, Iowa	Ernest W. Bacon
Fargo, N. Dak.	Byron J. Rockwood
Regional Counsel	Frank C. Conley
Regional Inspector	Winslow B. Randall

Philadelphia Region

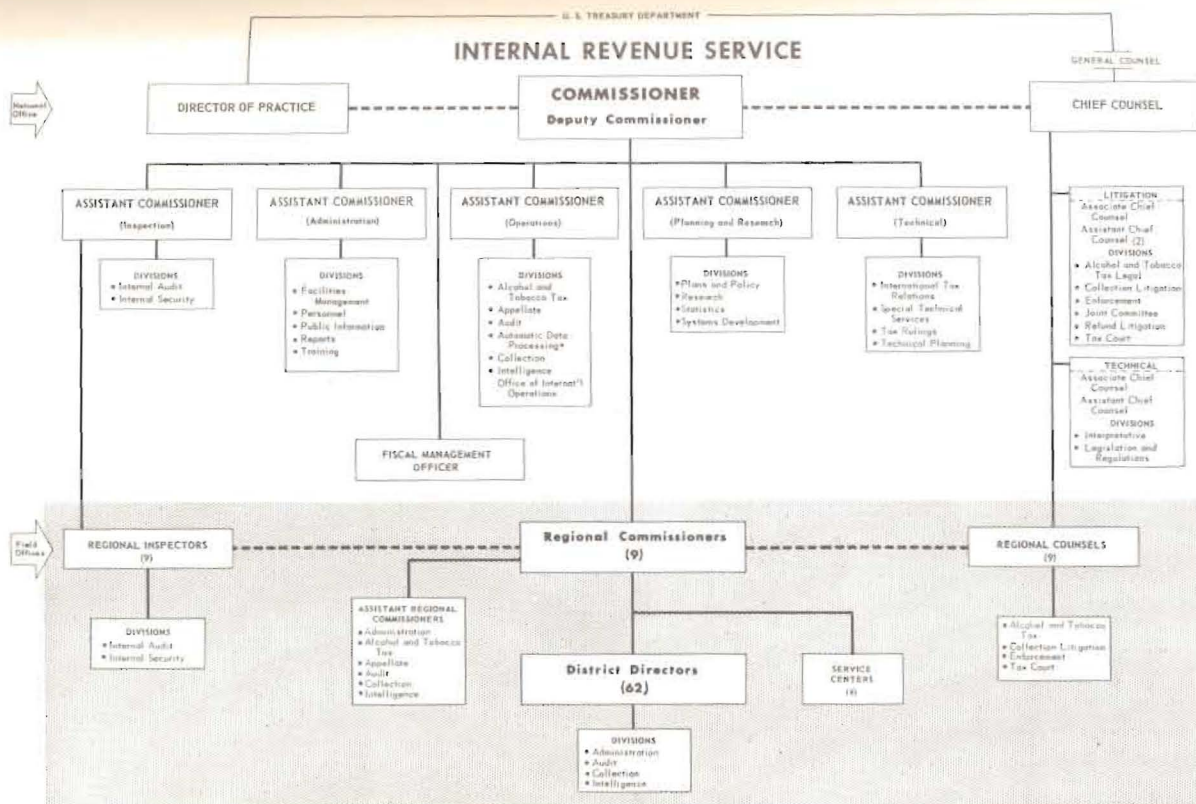
Regional Commissioner	Alva M. Meyers
Assistant Regional Commissioners:	
Administration	Robert D. McDowell
Alcohol and Tobacco Tax	Louis DeCarlo
Appellate	William E. Steynen
District Directors:	
Baltimore, Md.	Irving Machiz
Camden, N.J.	Chris L. Gross
Newark, N.J.	Joseph F. J. Mayer
Philadelphia, Pa.	Edgar A. McGinnes
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	Isam Bailey
Appellate	Gardiner B. Willmarth
District Directors:	
Anchorage, Alaska	Lewis J. Conrad
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
Regional Counsel	Melvin L. Sears
Regional Inspector	Henry A. Feltz
Director, Western Service Center, Ogden, Utah	Frederick W. Bearman



Internal Revenue Regions and Districts



Internal Revenue Service Organization

*Including Computer Center

report on operations

NOTES

All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1961" pertain to the fiscal year ended June 30, 1961, and "July 1" inventory items under this heading reflect inventories as of July 1, 1960.

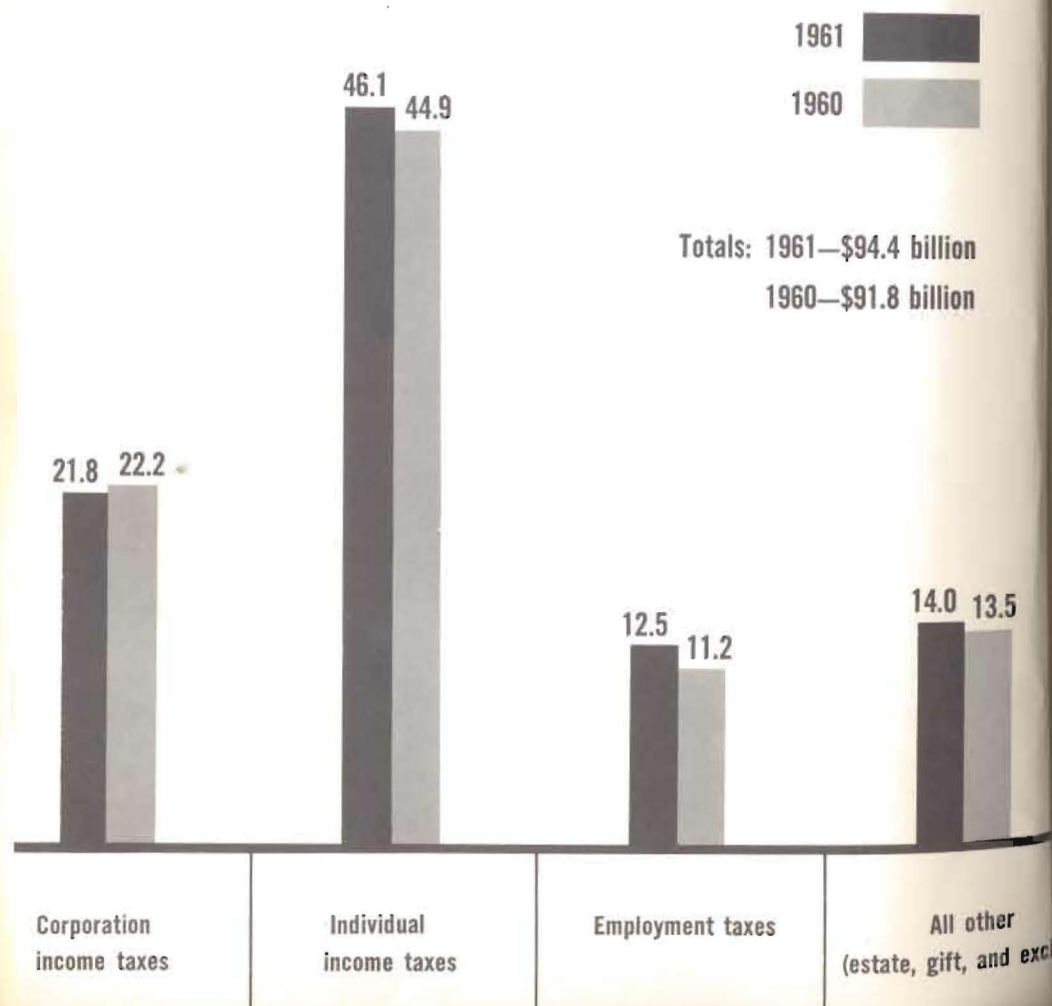
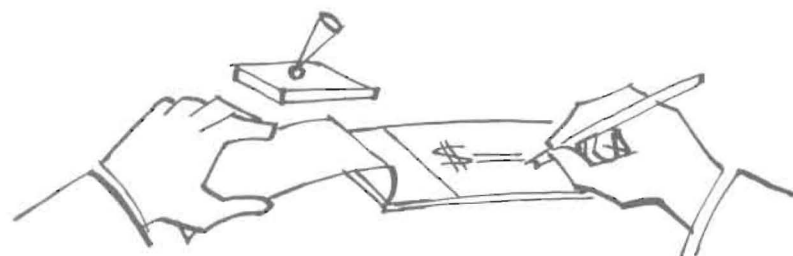
In many tables and charts, figures have been rounded and therefore may not add to the printed totals which are based on unrounded figures.

COMPARATIVE HIGHLIGHTS	1961	1960	Percent of increase
	(Millions)		
Gross receipts.....	\$94,401.1	\$91,774.8	2.9
Refunds:			
Number.....	40.2	38.0	5.8
Amount.....	\$6,031.1	\$5,293.6	13.9
Returns filed.....	95.8	94.4	1.5
Taxpayers assisted.....	10.4	10.2	1.4
Returns examined.....	3.5	3.0	16.2
Additional tax from enforcement.....	\$2,129.7	\$2,052.5	3.8
Taxpayer delinquent accounts collected:			
Number.....	2.4	2.2	12.1
Amount.....	\$1,092.3	\$941.4	16.0

INTERNAL REVENUE COLLECTIONS

fiscal years 1961 and 1960

(Billions)



internal revenue collections and refunds

General

Internal revenue collections in fiscal year 1961 reached a record high of \$94.4 billion. This was an increase of \$2.6 billion, or 3 percent, over the amount collected in fiscal year 1960.

It is significant to note that approximately 97 percent of total revenue collections are voluntarily paid by taxpayers under our self-assessment system. One of the primary objectives of the Internal Revenue Service is to preserve and strengthen this system. Activities directed toward this objective are described in other sections of the report.

Increased collections were realized for all major sources of internal revenue. Income taxes rose by \$0.8 billion, or 1 percent; employment taxes by \$1.3 billion, or 12 percent; estate and gift taxes by \$0.3 billion, or 18 percent; and excise taxes by \$0.2 billion, or 2 percent.

The \$0.8 billion increase in income taxes was the net effect of \$1.2 billion additional individual income taxes and \$0.4 billion less corporation income taxes. The gain in individual income taxes, which represents almost one-half of the increase in total revenue, reflected the rise in the national level of personal income, and particularly in the wage and salary component of personal income, from calendar year 1959 to 1960. The drop in corporation income taxes resulted from the decline in corporate profits in calendar year 1960.

Old-age and disability insurance taxes provided more than half of the additional revenue collected in fiscal year 1961 compared with 1960. The increase in these taxes reflected not only the higher level of personal income but also the rise in tax rate (from 2.5 percent each on employers and employees to 3.0 percent each) which was in effect for all of fiscal year 1961 but only part of fiscal year 1960.

Refunds of internal revenue, comprising both principal and interest amounts, aggregated \$6.0 billion in fiscal year 1961. This was \$0.7 billion more than in the preceding year. Gross collections, less refunds, were \$88.4 billion in fiscal year 1961 compared with \$86.5 billion in fiscal year 1960. These amounts will differ from net budget receipts.

Net budget receipts exclude refunds and amounts transferred to trust funds, and include collections from customs and miscellaneous sources. In fiscal year 1961, approximately \$12 billion of employment tax collections and \$3 billion of excise tax collections were transferred to trust fund accounts earmarked for specific purposes and, therefore, do not represent net budget receipts.

A comparison of collections in fiscal years 1961 and 1960 by principal categories is shown below. Internal revenue refunds are compared by year and by type of tax on page 7.

Internal revenue collections

(In thousands of dollars. For details, see table 3, page 120)

Source	1961	1960
Grand total ¹	94,401,086	91,774,803
Income taxes, total	67,917,941	67,125,126
Corporation	21,764,940	22,179,414
Individual, total	46,153,001	44,945,711
Withheld by employer ²	32,977,654	31,674,588
Other ²	13,175,346	13,271,124
Employment taxes, total	12,502,451	11,158,589
Old-age and disability insurance ²	11,586,283	10,210,550
Unemployment insurance	345,356	341,108
Railroad retirement	570,812	606,931
Estate and gift taxes	1,916,392	1,626,348
Excise taxes, total	12,064,302	11,864,741
Alcohol taxes	3,212,801	3,193,714
Tobacco taxes	1,991,117	1,931,504
Other excise taxes	6,860,384	6,739,522

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. 102 and footnote 6, p. 124.

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. 201(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.

Income Taxes

Corporation and individual income taxes together account for 72 percent of total internal revenue. Corporation taxes represent about one-third of all income taxes, and almost one-fourth of all internal revenue. Collections from this source in fiscal year 1961 were largely attributable to corporate profits realized in calendar year 1960. The drop in collections from fiscal year 1960 to 1961 reflected the drop in corporate profits from calendar year 1959 to 1960. Refunds of corporation income and profits taxes, mostly representing carrybacks of operating losses, were \$0.1 billion higher in 1961 than in 1960. Gross

collections from this source, less refunds (including both principal and interest) were \$20.9 billion in 1961 compared with \$21.4 billion in 1960.

Individual income taxes account for two-thirds of all income taxes collected and almost half of all internal revenue. Over 70 percent of all individual income taxes are collected by withholding on salaries and wages. Taxes withheld during fiscal year 1961 relate to salaries and wages received in part during calendar year 1960 and in part during calendar year 1961. The rise in collections of withheld taxes in fiscal year 1961 reflects the growth in the salary and wage component of personal income which occurred during the period represented by withholding collections.

Almost 30 percent of the individual income tax is collected other than by withholding. In fiscal year 1961 this source largely consisted of income tax paid with respect to calendar year 1960 income, and amounts of estimated tax paid with respect to both 1960 and 1961 incomes. The non-withheld component of individual income taxes dropped slightly in fiscal year 1961.

Almost all individual income tax refunds are attributable to excessive prepayment of tax, mostly in the form of over-withholding. In fiscal year 1961, such excessive prepayments totaled \$4.8 billion, or \$0.6 billion more than in 1960. Gross collections from the individual income tax, less refunds of excessive prepayments, were \$41.4 billion in fiscal year 1961 compared with \$40.8 billion in 1960. Refunds of other individual income and old-age and disability insurance taxes approximated \$0.2 billion in each fiscal year.

Employment Taxes

Employment taxes of all classes account for 13 percent of all internal revenue. These mainly consist of old-age and disability insurance taxes which increased by \$1.4 billion in 1961 as a result of both a higher national level of salaries and wages and the increase from 5 to 6 percent in the combined rate on employers and employees which became effective January 1, 1960. Unemployment insurance taxes rose slightly in 1961, while collections under the Railroad Retirement Tax Act decreased as a result of the decline of employment in the railroad industry.

Excise Taxes

Excise taxes, including alcohol, tobacco, and all other categories, comprise almost 13 percent of total internal revenue. These taxes rose by about \$0.2 billion in 1961. Over half of the increase occurred among those other than alcohol and tobacco.

Alcohol tax collections increased by a relatively small amount in 1961. None of the tax sources showed an appreciable change from the previous year. Tobacco tax collections increased, consistent with the normal growth pattern in the consumption of small cigarettes.

Changes in the taxing structure which affected excise tax collections included the increase from 3 to 4 cents per gallon on gasoline and diesel fuel which was in effect all of fiscal year 1961 but only part of 1960, the decrease from 20 percent to 10 percent in tax rate for cabarets and roof gardens which became effective toward the close of fiscal year 1960, and the broadening of the tax base for air conditioners as a result of an administrative ruling effective December 1, 1959.

Collections of certain manufacturers' excise taxes, such as those imposed on motor vehicles and most other durable goods dropped in 1961, reflecting the decline in manufacturing output.

Refunds of excise taxes approximated \$0.2 billion in each of the fiscal years 1961 and 1960.

Internal Revenue Refunds

In 1961, refunds increased both in number and amount. The number totaled 40.2 million, a 6-percent increase, and the aggregate amount, including interest, was \$6.0 billion, a 14-percent increase.

As in 1960, individual income tax refunds resulting from excessive prepayments comprised 94 percent of the number and 79 percent of the amount. These refunds numbered 37.8 million and amounted to \$4.8 billion, including interest, increases of 6 and 14 percent, respectively.

Interest allowed on refunds increased by \$6.4 million, or 8 percent. The largest increases were in interest allowed on refunds of corporation income and profits taxes resulting from examination, and on individual income taxes resulting from excessive prepayments.

About 1.4 million gasoline tax refunds to farmers, transit systems, and users of nonhighway vehicles aggregated \$123.9 million, an increase of 16 percent over 1960.

The following table compares refunds in the past two years, by type of tax:

Internal revenue refunds, including interest

(For refunds by region and district see table 5, p. 126)

Type of tax	Number		Amount refunded (principal and interest—thousand dollars)		Amount of interest included (thousand dollars)	
	1961	1960	1961	1960	1961	1960
Total refunds of internal revenue ¹	40,197,251	37,996,214	6,031,107	5,293,571	82,798	76,438
Corporation income and profits taxes	97,818	93,305	869,274	740,276	58,781	54,939
Individual income and employment taxes, total ²	38,663,182	36,453,338	4,933,026	4,340,791	19,679	17,642
Excessive prepayment income tax	37,805,997	35,590,900	4,766,490	4,163,835	8,529	6,918
Other income tax and old-age and disability insurance ³	838,411	847,744	163,721	174,329	11,090	10,661
Railroad retirement	62	69	99	66	(*)	2
Unemployment insurance	18,712	14,625	2,716	2,561	60	62
Estate tax	6,441	4,947	23,073	20,954	3,415	2,233
Gift tax	713	581	902	1,609	95	125
Excise taxes, total	1,429,097	1,444,043	204,833	189,941	828	1,499
Alcohol taxes ⁴	10,253	11,652	67,120	67,210	5	3
Tobacco taxes ⁴	1,277	1,847	4,629	4,894	(*)	(*)
Manufacturers' and retailers' excise taxes	1,403,430	1,414,686	127,257	111,174	312	709
All other excise taxes ⁴	14,137	15,858	5,827	6,663	512	786

¹ Revised.

² Less than \$500.

³ Figures have not been reduced to reflect reimbursements from the Federal Old-age and Survivors and Federal Disability Insurance Trust Funds, amounting to \$95,740,000 in 1961, and \$89,190,000 in 1960, from the Highway Trust Fund, amounting to \$125,703,000 in 1961 and \$103,473,000 in 1960, and from the Unemployment Trust Fund, amounting to \$2,245,000 in 1961.

⁴ Net of 75,750 undeliverable checks totaling \$3,876,000.

⁵ Includes refunds "not otherwise classified" which were formerly shown separately.

⁶ Includes drawbacks and stamp redemptions.

⁷ Includes narcotics, silver, wagering tax (excise and stamps), capital stock tax, and other excise refunds.



interpretation and communication of tax law to taxpayers

General

To assist taxpayers to clearly understand their rights and responsibilities, the Service prepares and distributes basic regulations, rulings, tax forms, and instructions. It also publishes a series of tax guides (including a school kit) and disseminates information through the various news media. District and local offices work closely with taxpayers by giving individual, group, or telephone assistance to those in need of information to correctly prepare their tax return, comply with filing requirements, or meet payment deadlines. The Service is concentrating on improving these programs of service because they are vital links in our self-assessment system.

In addition, Service officials speak before accounting societies, bar associations, and other interested groups on current tax matters that are in controversy or which require explanations that will assist taxpayers to fulfill their obligations.

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 their rights thereunder, and to provide clear, understandable, and de-

tailed answers to specific problems, so as to enable them to properly compute their taxes with a minimum of time and effort. Publications prepared under this program include tax guides for various classes of taxpayers, information guides on the taxation of aliens and nonresident U.S. citizens, and taxpayer assistance documents.

Average sales tax tables for 34 States were printed and distributed to the district offices concerned. The tables were published by local newspapers and used by Service personnel to assist taxpayers in determining reasonable sales tax deductions.

Tax guides.—Several of the most widely used taxpayer publications are the detailed tax guides prepared for different classes of taxpayers such as small businesses, farmers, or aliens, and those covering the tax effect of special problems common to broad segments of the population—for example, community property rights and major disasters (see page 84).

Information guides.—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 Information Guides (Office of International Operations) listed on pages 85 and 86.

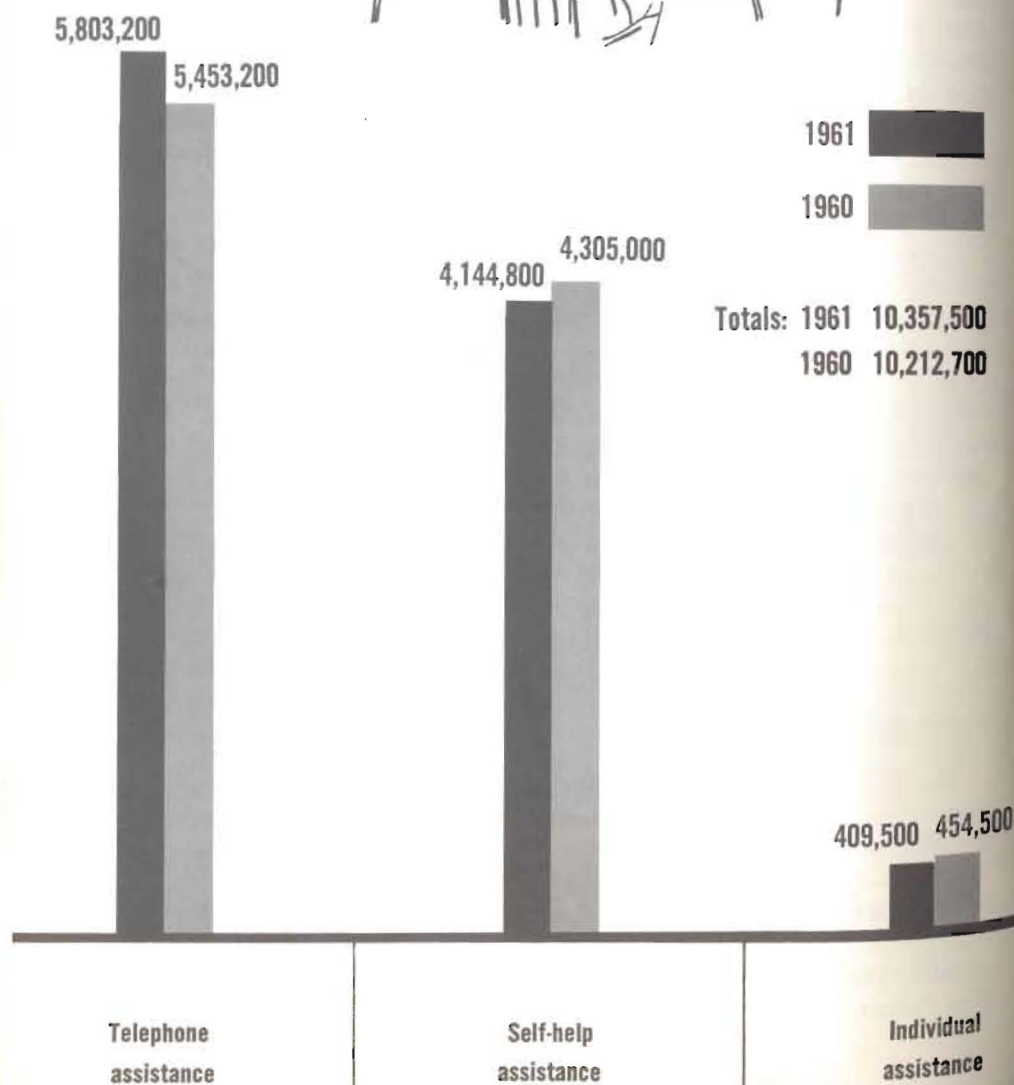
Taxpayer assistance documents.—From 1,000 to 110,000 copies of 38 miscellaneous taxpayer assistance documents ranging in size from 2 to 16 pages were distributed free to taxpayers. Each publication contains a detailed and clear-cut explanation of the rules applicable to certain problem areas. The various publications are designed 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 used by technical personnel in the National Office and in the various field offices as inserts in replies to inquiries from taxpayers regarding particular problems. In some instances they are utilized as supporting statements for adjustments proposed in revenue agents' reports which result from the examination of taxpayers' returns. The documents in this series are listed on page 86.

Public Information Program

The Service conducts an active public information program to provide current data on revenue operations and to improve taxpayer understanding of Federal tax laws.

Films.—In keeping with the Service's growing use of educational motion pictures, a second documentary film, "The Inevitable Day," was produced and distributed. Twenty-seven minutes long, the "Inevitable Day" was designed as a gradual replacement for the earlier film, "Since the Beginning of Time."

NUMBER OF TAXPAYERS ASSISTED



During the four months of the 1961 filing period, each film was shown more than 1,000 times to an estimated 25 million viewers—on television or before schools and other organizations. In addition, a one-reel version of "Since the Beginning of Time" was extensively used by several theater chains in selected areas.

A short documentary film of the President's historic visit to the National Office, which highlights the President's remarks to top Internal Revenue Service officials, was prepared and distributed for employee viewing and appropriate public use.

A series of spot announcements on the audit program of the Service were also taped by the Commissioner for television.

News releases and inquiries.—More than 150 technical and general news releases were issued, ranging from reports on the Service's nationwide gambling raids to developments on the conversion to automatic data processing.

A record number of inquiries from the press and public, stimulated in part by tax legislation proposals before the Congress, were answered during the year.

Other.—The Service published a 40-page illustrated booklet on our self-assessment tax system, entitled "History of U.S. Taxes and the Internal Revenue Service."

Taxpayer Assistance Program

The objective of the 1961 program was to provide professional-quality service to all taxpayers who needed assistance. Accordingly, emphasis was placed on improving methods of assistance, providing increased opportunities for education of taxpayers, and publicizing information to taxpayers through news releases, documentary films, radio, and television. In the school year 1960-61, over 3 million students, principally high school, were enrolled in our "Teaching Taxes" courses.

The decrease in the number of taxpayers requiring individual and self-help assistance indicates that our educational and publicity programs are continuing to bear fruit. The number of taxpayers desiring individual assistance decreased by approximately 45,000 from 1960. Assistance by our self-help method (an employee helping two to eight taxpayers at a time by going from one to another resolving problems as each fills out his own return) was provided for 4.1 million taxpayers, a decrease of 4 percent from 1960.

Although there was an increase of nearly one million individual returns filed in 1961 over the preceding fiscal year, the number of taxpayers seeking assistance remained fairly constant—10.4 million during

the 1961 filing period compared with 10.2 million in 1960. About 56 percent of the total requests (in 1961) were received by telephone.

In recent years increasing emphasis has been placed on the use of the telephone to assist taxpayers because it requires less time on the part of both the taxpayer and Service personnel. However, a survey conducted during the last filing period showed that there is room for improvement in the quality of assistance rendered to taxpayers. As a result, a comprehensive study is underway for the purpose of developing a revitalized program of taxpayer assistance. The prime objective is to insure that every taxpayer who seeks tax assistance from the Service is given a prompt, clear, and complete answer to his question or problem where it lies within the province of the Service.

Tax Return Forms Program

In keeping with its continuous effort to simplify and improve tax return forms, the Service made a study of suggestions for tax forms revision received from Service employees, practitioners, and taxpayers. A number of the changes made were attributable to these suggestions and to the anticipated requirements for conversion to automatic data processing.

Revision of tax forms.—Approximately 250 forms, instructions, and documents were revised or reviewed prior to reprinting during the year. Some of the more significant changes made in the major forms are described on page 86.

New tax forms issued.—Several new forms were issued during the year as part of a continuing effort by the Service to improve procedures. The more important are listed on page 87.

Distribution of tax forms.—Again this year all major tax forms were available in district and subordinate offices by December 1. For the first time, many of the larger banks and post offices also received supplies by this date. Also for the first time, many kinds of tax forms were ordered packed in standard size cartons. This led to more rapid assembly of orders for varying quantities of forms because each carton accommodated a uniform number.

All bulk shipments of tax form packages from the Government Printing Office to the Midwest and Western service centers were made by trailer-on-flat-car (piggy-back) service. The average delivery time to Ogden, Utah, was four days and to Kansas City, three days—a saving of three and two days respectively over the previous method of shipment. As a result, the service centers could maintain their mailing schedules with no slowdowns due to delayed delivery of shipments. Quantities and cost of tax forms printed are shown in table 28, page 151.

Regulations Program

General.—Enactment of the Dealers Reserve Adjustment Act of 1960 (P.L. 86-459) required the issuance during the fiscal year of temporary regulations to inform taxpayers as to how, when, and where to make the elections relating to alternative methods of computing and paying the tax as permitted by the Act. These regulations were published within a few months of the enactment of the law.

The following major regulation under the 1954 Code was completed, bringing the total to seven:

Miscellaneous Stamp Tax Regulations (T.D. 6530) to supersede all or part of Regulations 9, 22, 31, 32, 34, 36, 59, 66, 73, and 85.

Three major tax regulations that had been issued on a piecemeal basis were published in one document:

Income Tax Regulations (T.D. 6500)

Regulations on Procedure and Administration (T.D. 6498)

Employment Tax Regulations (T.D. 6516)

In all, 74 Treasury Decisions, 6 Executive Orders, and 59 notices of proposed rulemaking, relating to tax matters other than alcohol and tobacco taxes, were published. These are more than were published in any fiscal year since the enactment of the 1954 Code.

In addition to the temporary and the new and republished regulations noted above, some of the more important regulations are described on pages 87 and 88.

Seventeen public hearings on the provisions of proposed regulations were held in accordance with the provisions of the Administrative Procedure Act. Approximately 600 taxpayers or their representatives participated in these hearings.

The study of a proposal to issue official regulations in looseleaf form, which had been made over an extended period of time, culminated in its approval during this fiscal year. The basic material for a large part of the Internal Revenue Looseleaf Regulations System was distributed. This System represents a major administrative accomplishment because it makes available, for the first time, to Internal Revenue employees and the public, official up-to-date internal revenue regulations in a convenient form. It provides a more effective reference tool and should result in the users being better informed about the regulations currently in effect.

Alcohol and Tobacco Taxes.—All regulations issued under the Federal Alcohol Administration Act (27 CFR, Parts 1-8) were republished in the Federal Register on December 29, 1960. These regulations incorporate all amendments published by Treasury Decisions prior to September 1, 1960, and reflect certain changes made in Chapter 51 of

the Internal Revenue Code of 1954 by Section 201 of the Excise Technical Changes Act of 1958.

In the tobacco tax area, regulatory changes were directed toward further modernization of the system for collecting tobacco taxes, simplification of procedures, and reduction in the supervision of the industry.

A minimum of changes were made in the 19 regulations covering the alcohol tax provisions of the Code due to the massive regulations program in this area which was begun in 1959 and completed in 1960 to implement Public Law 85-859.

One new regulation was issued, nine were reissued, and seven were amended (see p. 89).

Of the eleven Treasury Decisions in 1961, four were of major significance. Treasury Decision 6502 provided for the exclusion of any State or local taxes imposed on cigars as a commodity in determining the retail price of large cigars for Federal tax purposes. In order to implement the provisions of the Internal Revenue Code, as amended by Public Law 86-478 (effective July 1, 1960), and to make conforming and clarifying changes, the National Firearms Act regulations (26 CFR, Part 179) were amended by Treasury Decision 6557. Inasmuch as the regulations had previously been amended by Treasury Decision 6363, publication No. 232, which contained a reprint of the regulations under the National Firearms Act, was revised in May 1961, to include in one document the basic regulations and the amendments made thereto.

Treasury Decisions 6551 and 6563 provided for a return system for the payment of tax in Puerto Rico on liquors and articles withdrawn from insular bond for shipment to the United States, and on tobacco products of Puerto Rican manufacture shipped to this country. The Puerto Rican return system is comparable to the return system for the payment of tax on distilled spirits, wines, beer, and tobacco products in the United States.

Notices of proposed rulemaking were published on December 28, 1960, regarding the production on brewery premises of a beer concentrate, the reconstitution of beer from the concentrate, and the exportation of the concentrate without payment of tax. Pursuant thereto, a public hearing was held on March 21-22, 1961. This hearing, which was continued to September 6, 1961, and subsequently rescheduled to October 5, 1961, in response to industry requests, was also concerned with the malt beverage class and type provisions of 27 CFR, Part 7 (Labeling and Advertising of Malt Beverages).

A public hearing was also held to consider amendment of the standard of fill provisions of 27 CFR, Part 5 (Labeling and Advertising of Distilled Spirits) as the result of an industry request for authority to use additional bottle sizes for the packaging of liquors.

Tax Rulings and Determination Letters

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

Requests for tax rulings.—During the year, 36,905 requests from taxpayers for rulings and requests from field offices of the Service for technical advice were processed. These included 33,852 requests from taxpayers or their representatives and 3,053 from field offices. At the close of the year, 8,894 requests for rulings and technical advice were on hand.

In addition, 12,625 formal and informal technical conferences and 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	36,905	33,852	3,053
Income taxes	28,390	27,436	954
Employment and self-employment taxes	919	782	137
Estate and gift taxes	702	509	193
Alcohol and tobacco taxes	3,834	2,844	1,050
Other excise taxes	2,371	1,786	585
Engineering questions (depreciation, etc.)	629	495	134

Determination letters.—Determination letters are issued by district offices on employee benefit plans and exempt organization qualifications when the answer can be based upon clearly established rulings and regulations. Inquiries involving new or complex issues are referred to the National Office for consideration.

During the fiscal year 1961, district offices issued 10,789 letters of determination pertaining to initial qualifications and termination of employee benefit plans (i.e., pension trust plans, etc.). Of the 37 applications appealed and considered by the National Office, 8 decisions resulted in favor of the taxpayer, 10 partially in his favor, and 19 against the taxpayer.

Determination letters issued with respect to the exemption of an organization from Federal income taxes totaled 5,142 during 1961, with 4,780, or 93 percent, representing approvals.

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

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.....	4,775	5,222	14	4,780
Employees participating under plan.....	291,486	648,849	39,156	
Total number employed.....	891,396	2,182,499	61,593	
Disapproved.....	65	70		362
Terminations.....	283	358	2	
Closed without issuance of determination letter.....	212	224	1	1,439

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 which were on hand at the beginning of the year were closed. Of the 19 cases received and still pending, 15 were received during the last three months of the year.

Publication of rulings, procedures, and announcements.—The number of rulings and procedures published in the Internal Revenue Bulletin during 1961 decreased by 31 percent as shown in the following table:

Revenue rulings and procedures published

Type	1961	1960
Total.....	318	459
Income tax.....	133	215
Administrative and miscellaneous.....	14	12
Alcohol and tobacco taxes.....	82	58
Employment taxes.....	6	22
Engineering issues.....	11	11
Estate and gift taxes.....	6	9
Other excise taxes.....	65	127
Firearms.....	1	4

The reduction in the number of revenue rulings published in 1961 compared with 1960 occurred principally in the excise tax and income tax areas. The lapse of time since the enactment of the Internal Revenue Code of 1954 and the issuance of Income Tax Regulations caused the reduction in the number of income tax rulings published. The same is true in the excise tax area; in addition, a special effort was made in past years to select and publish many old excise tax rulings which had never been published and which were considered to be of guidance to the public and Service personnel. This project was substantially completed in 1960.

The most significant Revenue Rulings and Procedures published during the year are shown on page 89.

In addition to notices with respect to proposed regulations, 106 announcements of general interest were published in the Internal Revenue Bulletin. The more important announcements are shown on page 91.

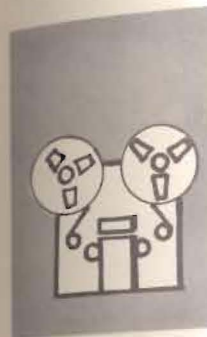
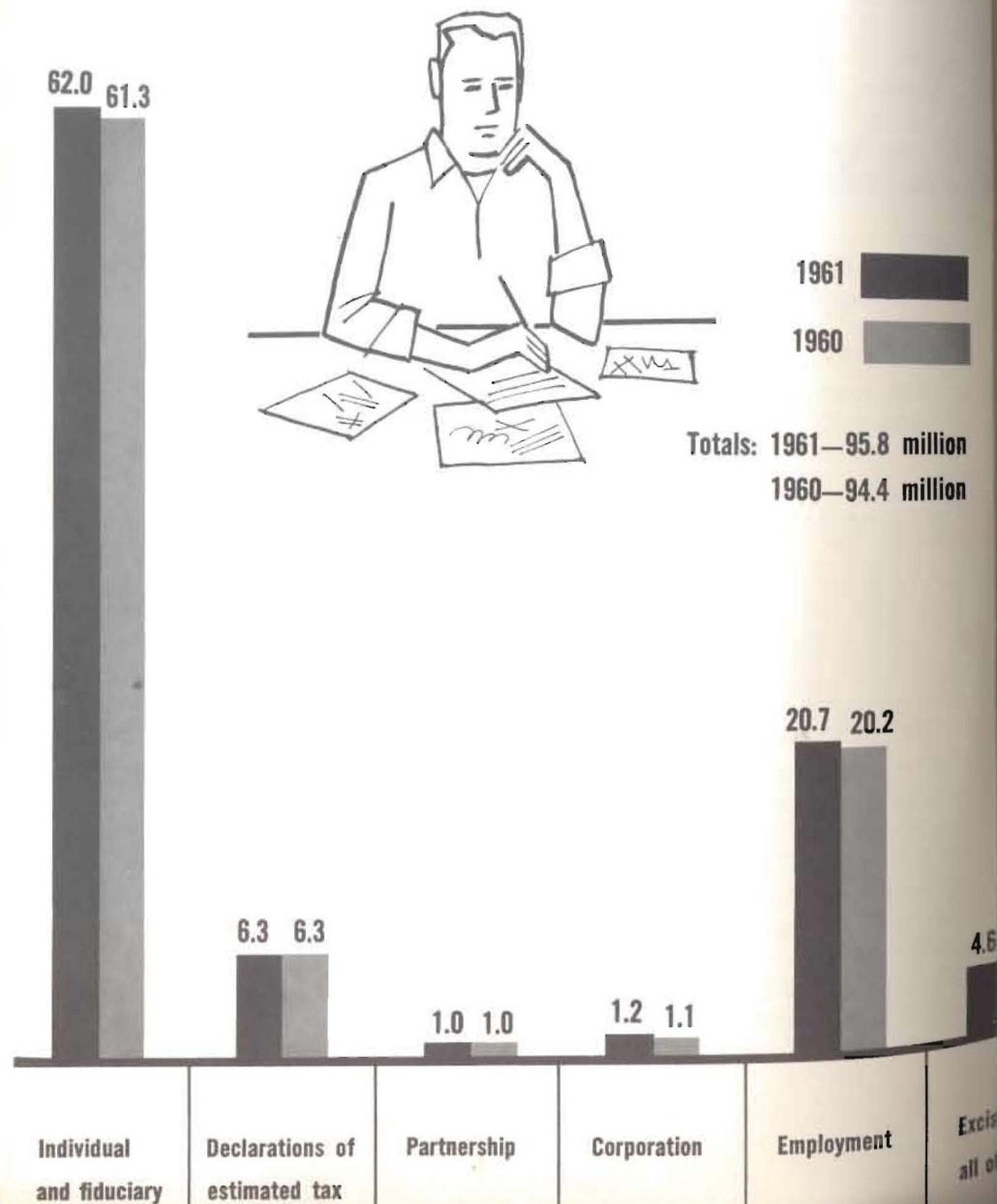
As an aid to the location of administrative and procedural matters contained in Revenue Rulings, Revenue Procedures, Statements of Procedural Rules, Treasury Department Orders, Delegation Orders, etc., an index to all such documents issued since July 1952 was published in *Internal Revenue Bulletin 1961-7* dated February 13, 1961.

Eighty-eight Technical Information Releases were issued compared to 71 in 1960. Nineteen announced the position of the Internal Revenue Service as a result of court decisions having an important effect on tax administration. See page 92 for the more important releases.

NUMBER OF RETURNS FILED

fiscal years 1961 and 1960

(Millions)



receipt and processing
of tax returns and
related documents

Number of Returns Filed

In the 1961 fiscal year, 95.8 million tax returns of all classes were received by the Internal Revenue Service. This was 1.4 million, or 1.5 percent, more than the number received in the preceding year.

Over half of the total increase occurred among individual income tax returns where the combined total of Forms 1040, 1040W, and 1040A showed an increase of 0.8 million, or 1.3 percent over last year.

Individual declarations of estimated tax numbered 6.3 million representing a slight decrease of 0.4 percent from the preceding year.

The number of corporation income tax returns increased 10 percent, from about 1.1 million in fiscal year 1960 to about 1.2 million in fiscal year 1961.

Employment tax returns totaled 20.7 million in 1961 or 2.1 percent more than in the preceding year. Over half of the increase was among employers' returns for household employees.

Excise tax returns numbered over 3.9 million, an increase of 1.9 percent from the preceding year.

A comparison of the number of returns filed in fiscal years 1961 and 1960 follows:

Number of returns filed, by principal type of return

[Figures in thousands. For details, see table 6, p. 128]

Type of return	1961	1960
Grand total	95,780	94,299
Income tax returns, total	71,015	70,151
Individual and fiduciary, total	62,046	61,291
Individual—citizens and resident aliens, total	61,268	60,456
Forms 1040 and 1040W	42,464	42,600
Form 1040A	18,803	18,356
All other individual and fiduciary	778	804
Declarations of estimated tax, total	6,286	6,309
Individual	6,270	6,292
Corporation	16	17
Partnership	1,003	1,016
Corporation	1,179	1,072
Other	501	483
Employment tax returns, total	20,660	20,227
Employers' returns, Form 941	14,853	14,729
Employers' returns, Form 942 (household employees)	3,908	3,671
Employers' returns, Form 943 (agricultural employees)	632	580
Railroad retirement, Forms CT-1, CT-2	23	23
Unemployment insurance, Form 940	1,244	1,224
Estate tax	69	62
Gift tax	94	81
Excise taxes, total	3,942	3,969
Occupational taxes	1,213	1,166
Form 720 (retailers, manufacturers, etc.)	2,315	2,351
Alcohol	27	26
Tobacco	19	17
Other	367	309

Information Returns

Over 330 million information returns were received. Slightly under two-thirds of these were Forms W-2 (employers' statements of wages paid and tax withheld) including copies filed by employers, and by employees as attachments to their income tax returns. Forms 1099 (information returns on payments of dividends, interest, and various other items) accounted for one-third of the information returns received. The remainder included nearly 6 million Forms 1087 (Ownership Certificates—Dividends on Stock).

Service Center Functions

During fiscal year 1961, the area service centers processed almost 60.0 million individual income tax returns, Forms 1040, 1040W, and 1040A. Of these, 46.6 million were 1960 returns filed during the 1961 filing period and 13.4 million were 1959 returns filed during the 1960 filing period but processed after July 1 of that year. The volume processed was almost 12.7 million, or 27 percent above the preceding year.

In addition, 4.7 million individual estimated tax declarations were processed. Accounts receivable were established for appropriate individual income and estimated tax returns.

During the year service centers performed mailing and delinquency check operations on employers' returns, Form 941, for all quarters, marking this as the first year during which all districts received full benefit of these services.

From January 1 through June 30, 1961, service centers received 54.2 million individual income tax returns for processing, or 89.4 percent of the total filed. This was an increase of approximately 2.1 million over the same period last year. The increase was largely due to scheduling of additional returns for shipment to the centers by districts served.

During the period January-June 1961, the Northeast Service Center processed individual income tax returns filed for the tax year 1960 on new high-speed magnetic tape computers. This advanced electronic system made it possible to submit the refund data to the Chicago Regional Disbursing Office on magnetic tape. The Service plans to utilize this advanced equipment in the Midwest and Western Service Centers beginning January 1, 1962.

Refunds Covering Excessive Prepayments

In the 6-month period ended June 30, 1961, nearly 36 million refunds were scheduled on individual income tax returns filed for the 1960 tax year. This was an increase of 1.4 million or 4 percent over the same period last year. The average refund scheduled for tax year 1960 was \$124 compared with \$114 for tax year 1959.

The Service expedited its refunding program in accordance with Administration policy to such an extent that the number scheduled through March 1961 was 21 percent above the same period in 1960. By the end of April, refunds scheduled in 1961 were 11 percent above 1960. The number and amount of credits allowed on tax year 1960 returns increased 19 and 22 percent respectively.

The following table shows the number and amount of refunds and credits and the amount of interest paid as a result of excessive prepayments of individual income tax on returns filed for the tax years 1955 through 1960 (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)
1960 ¹	35,911	4,462,804	522	1,809	712,822
1959	35,830	4,194,939	4,970	1,667	671,768
1958	35,154	3,978,226	3,933	1,756	756,887
1957	35,155	3,726,000	3,192	1,828	732,849
1956	34,096	3,323,779	3,936	1,602	599,012
1955	33,274	3,074,128	3,589	1,596	543,501

¹ Figures are preliminary and reflect refunds or credits to June 30, 1961. Revised figures to December 31, 1961 will appear in next year's report.

² Estimated.

Carryback Allowances

As a result of the temporary decline in business activity during calendar year 1960, there was a substantial increase in the filing of applications for tentative adjustments of prior years' income taxes to give effect to operating loss carrybacks. This increase consisted of filings by both individual and corporate taxpayers.

Compared with 1960, the number of cases handled rose 8 percent and the dollar allowance increased 20 percent.

Due to the appreciable increase in filings during the latter part of this fiscal year, the number of applications pending was 87 percent greater than the number pending at the end of the preceding year.

A 2-year comparison of the carryback applications received and adjusted follows:

Receipt and disposal of tentative carryback applications

Status	Number		Amount (thousand dollars)			
	1961	1960	Claimed		Adjusted	
			1961	1960	1961	1960
Pending July 1	3,493	8,284	29,056	68,619		
Applications received	70,676	57,709	654,279	492,501		
Applications adjusted, total	67,639	62,500	629,456	532,064		
Allowed	n.a.	n.a.			605,631	505,217
Disallowed	n.a.	n.a.			24,746	27,771
Pending June 30	6,530	3,493	53,880	29,056		

n.a.—Not available.

Automatic Data Processing

The automatic machine processing of tax returns will play a major role in the future operations of the Service. Automatic data processing—ADP—is the only practical way the Service can effectively meet the demands being placed upon it by an increased workload: 6 million returns filed in 1930; 94 million in 1960; an estimated 113 million by 1970. Present-type equipment and systems would be inadequate to meet this growth. The Service must utilize high-speed electronic equipment to continue to achieve returns-processing and revenue enforcement objectives.

Substantial progress was made in the program for automatic data processing during fiscal year 1961. This program, which will be installed over a period of several years, is designed to bring major advances to the processing and enforcement activities of the Internal Revenue Service through the utilization of a network of high-speed electronic computers. Some of the significant highlights of the past year were—

- Creation of the new ADP Division,
- Selection and training of systems analysts and programmers,
- Systems design for business returns processing,
- Planning for personnel redeployment,
- Establishment of the pilot service center in Atlanta, Ga., and
- Initiation of construction of the National Computer Center at Martinsburg, W. Va.

In order to set the stage for carrying out the program responsibilities of automatic data processing, it was necessary to select and train over 100 Service employees to become digital computer systems analysts and programmers. These employees, formerly internal revenue agents, revenue officers, tax examiners, etc., were selected on the basis of a nationwide competition and given 10 to 21 weeks of intensive training in systems analysis and programming. All are now actively engaged in designing the new system required for processing returns.

In recognition of the shift of work from district offices to the new regional service centers, plans were developed for the redeployment of district personnel whose work will be performed in the new service centers. Negotiations were undertaken with the Civil Service Commission to secure authorities needed to minimize personnel placement problems during the transition to automatic data processing.

The new system will be tested in the pilot service center which was established in Atlanta, Georgia. The center will service district offices in the States of Alabama, Georgia, Florida, Mississippi, North Carolina, South Carolina, and Tennessee. It was staffed with key administrative personnel and began the build-up of its returns processing work force.

Effective January 1962, business-type returns will be processed and in January 1963, this service center will begin the processing of individual income tax returns.

The National Computer Center at Martinsburg, W. Va., due for completion in the fall of 1961 will be the "heart" of the ADP system. When the system is fully implemented nationwide, the Center will maintain, on magnetic tape, a master file of some 75 million tax accounts of individual and business taxpayers. Also for the first time, the Service will be able to make a systematic check on the failure of individuals and business entities to file tax returns. Each taxpayer's account will contain information distinguishing him from all other taxpayers and indicating the classes of tax for which he is liable. The file will show the current status of his account—including tax liability, tax delinquency, payment and refund information, prior years audit results and related data. In addition, the system will make it possible to assist in classification of returns for audit purposes, and will produce management, operating, and statistical information.



enforcement activities

General

Approximately 97 percent of all revenue collected in fiscal year 1961 was collected through voluntary compliance with tax laws. The reason for compliance may vary between individuals, but, in general, this excellent record indicates public confidence in our tax system. The Service devotes a substantial amount of manpower to enforcement activities in order to sustain this confidence and to encourage ever greater voluntary compliance. These enforcement activities include correcting errors in tax liability on returns voluntarily filed, identifying and collecting taxes and penalties, and, where warranted, prosecuting taxpayers who ignore or seek to evade their just tax responsibilities.

Mathematical Verification

More than 59.5 million income tax returns of individuals filed on Forms 1040, 1040W, and 1040A were mathematically verified during the year, an increase of 9.3 million, or 19 percent over the preceding year. The increase is attributable to service center processing, where mathematical verification of any one tax year's returns overlaps two fiscal years. The increase in fiscal year 1961 resulted from a large scheduled carryover of 1959 tax year returns and an acceleration in the scheduled processing of 1960 tax year returns.

The number of error cases disclosed by mathematical verification increased to 2.5 million, an increase of 24 percent over the preceding year. The number with a tax increase rose 20 percent, while the number with a tax decrease rose 32 percent. The tax increases averaged \$84 while the tax decreases averaged \$70. The aggregate amount of tax increases was \$132 million, compared with \$112 million in 1960, while tax decreases totaled \$66 million, compared with \$49 million 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	
	1961	1960	1961	1960	1961	1960
Number of returns verified.....thousands..	59,495	50,156	46,191	37,254	13,304	12,902
Number of returns on which changes were made.....thousands..	2,501	2,017	1,739	1,361	762	656
Returns with increase:						
Number.....thousands..	1,570	1,313	1,134	944	436	369
Amount.....thousand dollars..	131,981	112,066	96,808	81,112	35,174	30,953
Returns with decrease:						
Number.....thousands..	931	704	605	417	325	287
Amount.....thousand dollars..	65,598	48,564	40,478	26,745	25,119	21,819

Examination Program

General.—Increased emphasis was placed on the role of the Examination Program in strengthening our self-assessment system. A major research program was developed which, over a period of several years, will provide the Service with significant information as to the types of returns most likely to contain errors or omissions. A special study conducted during the past year, in accordance with section 301 of Public Law 86-564, revealed widespread abuses in the reporting of travel and entertainment expenses as deductions. As a consequence, the enforcement efforts of the Service have been intensified in this area.

A nationwide revenue agent evaluation system was put into operation, providing for a uniform evaluation of all revenue agents and emphasizing the importance of the group supervisor's awareness of performance evaluation as an integral part of his daily activities.

Consistent with the objectives of the Service to obtain the greatest possible number of taxpayer agreements to tax recommendations without sacrificing quality or the integrity of these recommendations, and to dispose of tax differences at the lowest level, new informal conference procedures were implemented. Among these new procedures is one which gives the taxpayer the option of requesting a conference with an agent who functions independently of the group supervisor. In addition, a full-time conference coordinator has been assigned in each district.

Classification and selection of returns for examination.—Classification and selection of returns for examination are important phases of enforcement activity. Since it is not practicable to classify all returns filed, each district plans a separate classification program, formulating criteria used for reviewing and segregating from the total returns filed

those which experience indicates would be most in need of examination as a result of taxpayer noncompliance. A sufficient number of such returns is selected to insure appropriate audit coverage.

Income, estate, and gift tax returns filed annually total about 71 million. Returns in these categories classified by the district audit divisions totaled 24.4 million, of which 3.4 million were selected for examination. This is only one source of audit workload; therefore, it is necessary to carefully compute the estimated audit workload from all other sources in developing this program which is so vital to the sound operation of our tax system.

Concurrent with a long-range objective of greater efficiency throughout the Service, studies were continued for the purpose of employing modern techniques of automatic data processing to the fullest extent possible. These studies cover such matters as the identification of returns to be classified, and will provide a better basis for selecting returns for examination.

Number of returns examined.—Almost 3.5 million returns were examined during 1961, of which nearly 3.3 million were income, estate, or gift. The sharp increase of 486,000 returns over the preceding fiscal year is attributable primarily to the use of improved office audit techniques. The installation of electronic report-writing equipment is expected to further increase office audit production. These machines type certain taxpayer information, then compute and automatically print the tax as well as a preselected standard explanatory paragraph.

Examining officers are encouraged to study carefully the returns assigned before undertaking an examination, and to accept those returns which we are unable to examine with available manpower. In addition to the returns examined, the district audit divisions closed without examination 703,000 returns.

The following table shows the number of returns examined:

Number of tax returns examined

(Figures in thousands)

Type of return	Total		Field audit		Office audit	
	1961	1960	1961	1960	1961	1960
Grand total.....	3,486	3,000	917	911	2,569	2,089
Income tax, total.....	3,242	2,736	703	682	2,539	2,054
Corporation.....	163	165	161	163	2	2
Individual and fiduciary.....	3,079	2,571	542	519	2,537	2,052
Estate and gift tax.....	32	27	29	25	3	2
Excise and employment tax.....	212	236	185	203	28	33

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 examination covering both income and excise and/or employment taxes.



Electronic machine expedites preparation of office audit reports

Additional tax resulting from examination.—During 1961 additional tax, penalties, and interest assessed on examined returns amounted to \$1.8 billion, an increase of \$972,000 over last year.

A decrease of \$85.3 million in additional assessments of corporation income taxes was more than offset by an increase of \$81.5 million of individual and fiduciary income taxes and smaller increases of estate and gift taxes, and employment taxes of \$2.5 million and \$2.4 million, respectively. Additional assessments of excise taxes decreased \$231,000.

For details on additional taxes, penalties, and interest assessed, see the table on page 44.

Claims for refund.—Of the 302,690 claims closed by the district audit divisions, 125,639 were closed on examination and 177,051 closed without examination. Compared with fiscal year 1960, this represents a decrease of 54,925 claims.

Although the individual income tax area was responsible for most of the decrease in number of claims closed, the corporation and excise tax areas accounted for most of the decrease in the dollar amount claimed. In the excise tax area, the amount claimed dropped from \$191.6 million in 1960 to \$69.4 million in 1961. A \$70 million claim closed in 1960 was primarily responsible for this decrease in the excise tax area.

Details on claims closed are given in the following table:

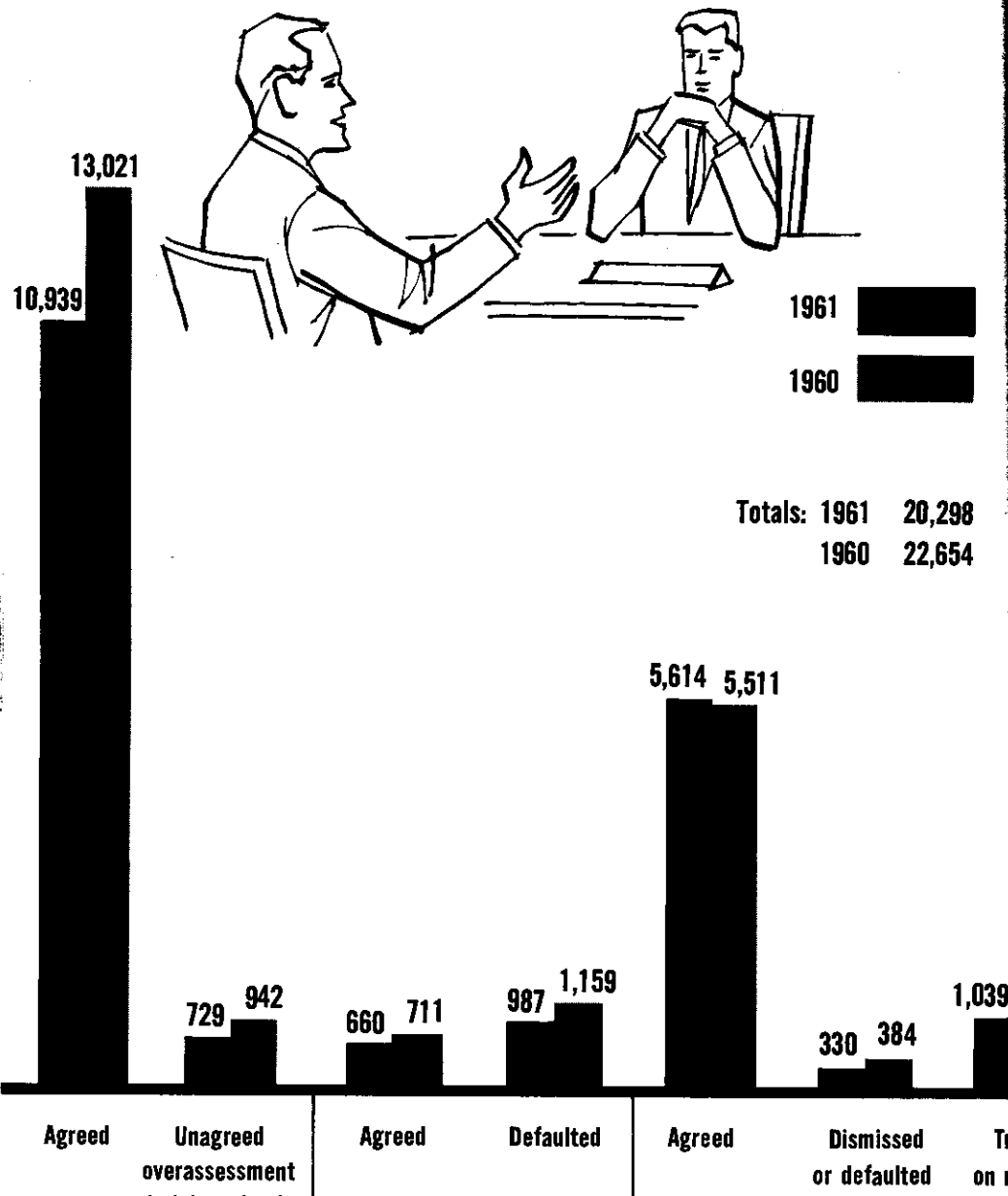
Claims for refund closed by district audit divisions

Class of tax	Number		Amount (thousand dollars)					
			Claimed by taxpayer		Allowed		Disallowed	
	1961	1960	1961	1960	1961	1960	1961	1960
Total	302,690	357,615	473,780	677,022	159,205	161,396	314,575	515,625
Individual income tax	264,287	316,005	99,736	102,396	65,330	65,324	34,406	37,071
Corporation income tax	24,169	24,289	288,133	357,123	79,377	79,473	208,755	277,650
Estate tax	1,529	1,425	13,895	23,250	6,645	7,174	7,250	16,086
Gift tax	277	246	864	849	347	382	517	467
Excise tax	7,890	10,193	69,350	191,603	6,208	7,804	63,142	183,799
Employment tax	4,538	5,457	1,802	1,791	1,298	1,239	505	552

Overassessments of tax exclusive of claims for refund.—In addition to the amounts allowed on claims for refund shown in the preceding table, adjustments due to examination of taxpayers' returns resulted in the recommendation of \$116 million in overassessments during 1961. All tax areas, except corporation, show an increase in overassessment recommendations over 1960. The following table shows the amounts of overassessments of tax for 1961 and 1960:

APPEALS

(income, profits, estate, and gift taxes)
fiscal years 1961 and 1960



Overassessments of tax exclusive of claims for refund

Type of tax	Amount (thousand dollars)	
	1961	1960
Total	115,719	116,536
Individual and fiduciary	34,372	31,249
Corporation	73,227	78,841
Estate	6,129	5,445
Gift	707	369
Excise	1,030	418
Employment	254	214

Appeals

Income, profits, estate, and gift tax cases.—The total number of protested income, profits, estate, and gift tax cases received in pre-90-day status by the regional appellate divisions was 7 percent under 1960 and lower than any year since 1956. The principal reason for the decline was the increased emphasis on informal conference in the district audit divisions.

Disposals, though below 1960, exceeded receipts for the second consecutive year, resulting in the lowest combined pre-90-day and 90-day case inventory since September 1957.

The number of petitions filed with the Tax Court of the United States was under 1960 and 1959. This, coupled with more docketed case disposals than in any previous year, resulted in a lower inventory of cases in docketed status than at any time since May 1958.

The following tables reflect case receipts, disposals, and inventories during the last two fiscal years. Additional details relating to these cases, including dollar amounts involved and results obtained in cases processed, are shown in tables 15, 16, and 17, pages 142 through 144.

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	
	1961	1960
Pending in pre-90-day status July 1	10,564	13,298
Net receipts from district directors during year	14,871	16,001
Processed during year, total	15,724	18,368
Agreed	10,539	13,021
Unagreed overassessment and claim rejections	729	942
Appellate Division statutory notices issued—transferred to 90-day status	4,056	4,405
Pending in pre-90-day status June 30	9,711	10,931

¹ Change in reporting procedure on July 1, 1960, transferred 367 overassessment cases from pre-90-day status and associated them with related deficiency cases in 90-day and docketed status.

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	
	1961	1960
Pending in 90-day status July 1.....	1,268	1,330
Net receipts during year, total.....	4,410	4,661
Statutory notices issued by Appellate Division ¹	3,883	4,324
Cases resulting from district directors' statutory notices.....	527	337
Processed during year, total.....	4,467	4,723
Agreed.....	660	711
Defaulted.....	987	1,159
Petitioned to the Tax Court—transferred to docketed status.....	2,820	2,853
Pending in 90-day status June 30.....	1,211	1,268

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	
	1961	1960
Pending in docketed status July 1.....	11,489	11,748
Net receipts during year, total.....	5,451	6,562
Petitions filed in response to—		
District directors' statutory notices.....	2,895	3,829
Appellate Divisions' statutory notices ¹	2,556	2,678
Cases reconsidered after trial.....		55
Processed during year, total.....	6,983	6,821
Agreed—stipulated.....	5,614	5,511
Dismissed or defaulted.....	330	384
Tried before the Tax Court on merits.....	1,039	926
Pending in docketed status June 30.....	9,957	11,489

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.

Excise and employment taxes.—There was a nominal increase in the number of these cases received and a small decline in disposals. Disposals exceeded receipts for the second consecutive year.

The following table reflects the results in this area:

Appellate Division processing of protested excise and employment tax cases

Status	Number of cases	
	1961	1960
Pending July 1.....	895	1,037
Received during year.....	1,384	1,318
Processed during year, total.....	1,450	1,460
Settled by agreement.....	722	764
Closed without agreement.....	728	696
Pending June 30.....	829	895

Claims for relief from excess profits tax.—Further progress was made 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 20 to 12; and no nondocketed cases were pending before the Excess Profits Tax Council. For all practical purposes the Service program in this important area has been completed. 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.....	20	115,850
Received.....	1	61
Closed.....	9	21,281
Pending June 30.....	12	94,630

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. (Rulings on proposed closing agreements involving prospective transactions are discussed on p. 16.)

Appellate Division processing of final closing agreement cases

Status	1961	1960
Pending July 1.....	7	7
Received during year.....	32	32
Processed during year.....	34	32
Pending June 30.....	5	7

Improvement in processing docketed cases.—New procedures were placed in effect by Rev. Proc. 60-18 early in fiscal year 1961 to improve regional appellate division and regional counsel office processing of cases docketed in the Tax Court of the United States. Basically, these procedures are designed to provide for prompt action and expeditious disposition of cases which may be settled; to enable regional counsel to stipulate undisputed facts, as required by the Court, in an orderly manner and make adequate preparations for trial of cases not settled; and to avoid the rush and delay occasioned by last-minute settlement negotiations and trial preparations in cases set on trial calendars. Progress has been made in achieving these objectives and, as taxpayers' representatives gain understanding and more fully recognize the material advantages to be derived from operating under the new procedures, further progress is expected.

Overassessments Reported to Joint Committee

A total of 723 cases involving overassessments of \$372.6 million 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 required 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 542 cases involving \$328.8 million reported in the preceding year.

Civil Litigation

Litigation results.—The Supreme Court decided 10 tax cases, sustaining the Government's position in 8 cases.

The circuit courts of appeals decided 261 tax cases (exclusive of bankruptcy, receivership, insolvency, compromise, and liquor cases). The Government's position was supported in 193 of these cases.

Usually 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. The district courts decided 166 cases for the Government, 192 for the taxpayer, and 39 cases partly for the Government and partly for the taxpayer. The Court of Claims decided 17 cases for the Government, 24 cases for the taxpayer, and 5 partly for each.

There were at yearend 2,556 civil cases (principally suits for refund of taxes, other than those relating to alcohol, tobacco, and firearms taxes, but also including erroneous refunds, perpetuation of testimony, and damage actions) involving tax questions pending in district courts, and 486 pending in the Court of Claims.

For details of the cases in courts other than the Tax Court, see tables 21 and 22 on page 146 and 147. For Supreme Court decisions in civil cases, see pages 93 to 97.

Statement on adverse Tax Court decisions.—There were published in the Internal Revenue Bulletin acquiescences of the Commissioner in 64 adverse decisions of the Tax Court and nonacquiescences in 16 adverse decisions for the fiscal year ended June 30, 1961.

Delinquency Investigations and Delinquent Returns

The progress made in reducing delinquent accounts inventories in fiscal 1960 enabled most district offices to expand somewhat their programs in the returns compliance area. As a result, the number of investigations conducted in 1961 in cases in which preliminary information indicated that persons or firms had failed to file some type of return totaled 1.3 million, against 1 million in 1960, and 972,000 in 1959.

The increased work in this area brought about a continued upward trend in the number of delinquent returns secured. District collection divisions secured 968,526 delinquent returns, an increase of 8 percent over the 1960 figure. The amount of tax, penalties, and interest on these returns was \$159.2 million, a gain of 38 percent over 1960. These increases are significant when it is considered that 1960 itself was a year of increased activity in the returns compliance area.

In addition, district audit divisions secured 95,000 delinquent returns in connection with tax examinations. This was 5,000 fewer returns than last year. However, additional tax, interest, and penalties on these returns rose from \$37.9 million to \$50.7 million, an increase of 34 percent.

Fraud Investigations

The fraud investigation program received substantial impetus from various developments during the year. The number of all types of investigations completed by the special agents increased from 15,041 to 16,543. The most significant increase is that of completed full-scale fraud investigations in which prosecution was recommended, from 1,131 to 1,240.

The practice of conducting nationwide coordinated raids against wagering tax violators was continued with three such raids in 1961. The action took place in 160 cities and resulted in 421 arrests and seizure of 36 automobiles, \$270,000 in currency, and considerable gambling equipment. The result of this continuing emphasis on the initiation and development of cases against important wagering tax violators was an increase from 524 to 781 in the number of cases in which prosecution was recommended.

Of major import was the added emphasis given to the investigation of the tax affairs of major racketeers as the result of the Service's participation, starting last February, in the Department of Justice drive on organized crime. This participation necessitates top priority for investigation of the tax liability of the subjects of these drives. The Service has been singularly successful in the past in bringing to the bar of justice many of the country's most powerful and notorious racketeers for criminal violations of the tax laws. To provide for a maximum effort in the organized crime drive and also to maintain other enforcement programs, the authorized special agent strength was increased by 161. By the end of the fiscal year 122 of the additional agents were on the rolls and the balance of the additional positions were committed. The impact of the additional special agents will not be felt until late next year when their formal and on-the-job training will have been completed.

A summary of investigations by special agents follows:

Tax fraud investigations

Type	1961	1960
Grand total.....	16,543	15,041
Unnumbered (preliminary) investigations, total.....	12,866	11,480
Fraud.....	10,839	9,918
Wagering.....	1,650	1,200
Coin-operated gaming devices.....	245	271
Miscellaneous.....	132	91
Numbered (full-scale) investigations, total.....	3,677	3,561
Prosecution recommended, total.....	2,096	1,817
Fraud.....	1,240	1,131
Wagering.....	781	524
Coin-operated gaming devices.....	44	133
Miscellaneous.....	31	29
Prosecution not recommended, total.....	601	718
Fraud.....	476	626
Wagering.....	54	31
Coin-operated gaming devices.....	61	38
Miscellaneous.....	18	15
Investigations discontinued, total.....	980	1,034
Fraud.....	910	996
Wagering.....	55	25
Coin-operated gaming devices.....	15	13

Alcohol and Tobacco Tax Enforcement

The results of the enforcement programs inaugurated in 1957 have clearly demonstrated their effectiveness. These programs are:

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

During 1961, the success of the Major Violator Program, which had been initiated in the Atlanta Region, resulted in a decision to institute a nationwide program. On May 2, 1961, internal management instructions were issued for the establishment of a Major Violator Program in each region. Basically, the program involves the identification and listing of major violators in each area and the concentration of investigative effort toward their apprehension. The East Coast Plan, directed against the syndicated traffic in nontaxpaid alcohol, and its subsidiary program, the Junior East Coast Plan, calling for intensive surveillance of large-scale violators who are not members of organized syndicates, were conducted with continued effectiveness. These two plans, which late in the 1961 fiscal year were incorporated into the nationwide Major Violator Program, accomplished the arrest, conviction, and imprisonment of many syndicate members as well as unaffiliated major violators, and continuous surveillance and harassment of potential violators has resulted in a marked curtailment of unlawful activities.

Under the Known Defendant Distillery Seizure Program, the number and percentage of distilleries seized with defendants increased over 1960. This progress was due in large part to management emphasis on the use of investigative aides in the perfection of criminal cases which brought about a greater awareness on the part of investigators of the advantages of scientific crime detection.

The Preventive Raw Materials Program is designed to prevent the erection and operation of illicit distilleries by (a) soliciting the voluntary cooperation of dealers in refusing to sell the essential materials to known violators or suspected persons, (b) invoking the provisions of the "Raw Materials Laws and Regulations," and (c) prosecuting those who violate the provisions of these Regulations. Extension of the laws in July, 1959, to include the containers used by illicit distillers has provided the enforcement personnel with another weapon which promises to be more effective than the control of other essential materials. In desperation, violators are using substitute containers of every conceivable type and size for the packaging of illicit spirits.

In view of the fact that most criminal cases in the alcohol and tobacco tax field depend for their success upon the introduction of evidence seized during the execution of a raid and the attempted arrest of the violator, the development of the law, as a result of the continuing line of cases determined by the Supreme Court as to what constitutes a lawful search, is of major importance in this field. In *Chapman v. U.S.*, 365 U.S. 610 (April 3, 1961), the Supreme Court added one more steppingstone to this pathway of cases and held that, even though made at a landlord's request and with his permission, a search of a

dwelling by local police officers during the tenant's absence violated the latter's constitutional right to immunity from unreasonable search and seizure, notwithstanding facts establishing probable cause to believe that illicit distilling was being carried on in his home.

On the other hand, the Court's decision in *Draper v. U.S.*, 358 U.S. 307 (1958) as to the legality of a search incident to the arrest without a warrant of a dope peddler based upon hearsay evidence has led to a number of decisions denying motions to suppress evidence obtained by the Government under similar circumstances. For example, in *U.S. v. Murphy et al* (C.A. 3, May 19, 1961) 290 F. 2d 573, the Court upheld the seizure of 400 pounds of sugar from a notorious supplier of raw materials to moonshiners because it occurred in the course of an arrest without a warrant, which was valid because the Alcohol and Tobacco Tax investigator, from the particular facts in the case, had reasonable grounds to believe an offense was being committed in his presence when he saw two known raw material suppliers surreptitiously unload the sugar from a box car in Pennsylvania and load it onto a truck with North Carolina license plates.

In order to gain access to suspected premises or to gain the confidence of a violator, it is frequently necessary for investigators to conceal their identities and pose as members of the general public but they cannot, of course, entrap the suspect into the commission of an offense or gain admittance to his premises through stealth or duress. In *U.S. v. Bush et al.* (C.A. 6, Sept. 28, 1960), 283 F. 2d 51, cert. den. 364 U.S. 942, the Court of Appeals held that it was not improper for an investigator to pretend that he knew the suspect and worked in a nearby foundry and thus obtain an invitation to the house where he was shown untaxpaid whisky, thus providing grounds for the issuance of a search warrant. Similarly, in *U.S. v. Lile*, (C.A. 6, May 22, 1961), 290 F. 2d 225, the Court held that it was a permissible stratagem which did not constitute entrapment for an investigator to pose as a coal miner, wear miner's work clothes, and pretend he was bootlegging whisky on the side so as to encourage a known violator to sell him untaxpaid whisky.

On December 19, 1960, the Poison Moonshine Publicity Program was initiated, and Internal Revenue Documents No. 5304 "Poison Moonshine Poster" and No. 5305 "Poison Moonshine Fact Sheet" were widely distributed. The decision to warn the public of the health hazards involved in the continued consumption of illicit liquor was based on the results of extensive analyses of many samples. The Service cooperated with the Veterans Administration, the United States Army, and the Food and Drug Administration in making this study. This public information campaign was given excellent coverage by the press,

radio, and television on a national scale and preliminary reports indicate that this program has contributed to an increase in the sale of tax-paid liquor in heavy violation areas.

Seizures for violations of alcohol, tobacco, and firearms tax laws decreased generally as indicated in the following table:

Seizures and arrests for alcohol, tobacco, and firearms violations

Item	1961	1960
Seizures:		
Stills.....number.....	6,826	8,290
Nontaxpaid distilled spirits.....gallons.....	153,929	196,581
Nontaxpaid wines.....do.....	6,377	2,557
Mash.....do.....	3,669,518	4,274,365
Vehicles.....number.....	2,788	3,103
Property (appraised value).....dollars.....	2,365,264	2,783,779
Arrests.....number.....	9,503	10,376

Note.—Includes seizures and arrests in cases adopted, as well as originated, by the Internal Revenue Service.
 * Includes 6 arrests for tobacco tax violations and 514 arrests for firearms violations in 1961; 1 arrest for tobacco tax violations and 578 arrests for firearms violations in 1960.

The decrease in the number of seizures as well as in the number of arrests was due primarily to increased concentration on the detection of large-scale illicit liquor violations, the apprehension of the principals in such operations, and greater emphasis on the Preventive Raw Materials Program.

The seizure and forfeiture of equipment (principally vehicles) used or intended for use in violation of the internal revenue laws continue to serve as an effective and important sanction, in addition to criminal penalties, in the effective enforcement of the alcohol, tobacco, firearms, and gambling laws. The use of this sanction carries with it the obligation to process and rule on petitions for the remission or mitigation of forfeiture filed by persons with an interest in the forfeited property who did not know and had no reason to believe that the property would be used illegally. Some 538 petitions were considered and disposed of during this fiscal year after investigation and processing in the regional offices.

Firearms Program

During the past fiscal year, representatives of the Service attended several conferences on proposed firearms legislation designed to place further curbs on the availability of firearms to juveniles, particularly through so-called "mail-order" sales. Some of these conferences were called by the staff of the Senate Subcommittee on Juvenile Delinquency and others by the Department of Justice. Representatives of the firearms industry and of various police organizations also attended these conferences.

Registrations of firearms totaled 81,702 for fiscal year 1961. Investigation of violations of the National and Federal Firearms Acts and the Act of August 9, 1939 (49 U.S.C. 781), resulted in the perfection of 531 criminal cases, 514 arrests, and the seizure of 170 vehicles and 442 firearms.

Cases Involving Criminal Prosecution

Total additional taxes and penalties of \$96.7 million were involved in cases received in the Chief Counsel's office with recommendations of criminal prosecution. This reflected an increase of about \$3.7 million over the amount involved in the preceding 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	1961	1960
Pending July 1 ¹		
Received during year, total	2,270	2,131
With recommendation for prosecution	1,966	1,698
With requests for opinion, etc.	1,784	1,590
Disposed of during year, total	1,882	1,088
Prosecution not warranted	1,730	1,559
Department of Justice declined	146	205
Prosecutions	87	51
Opinions delivered	1,244	980
All other closings	91	96
Pending June 30 ¹	162	227
	2,506	2,270

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

A total of 1,005 income and miscellaneous criminal cases, with prosecution recommendations involving 1,114 prospective defendants, were forwarded to the Department of Justice. Compared with the prior year this was a decrease of less than one percent in the volume of referrals. Also in the year ended June 30, 1961, indictments of such cases were up 13 percent and the total disposal of cases in those categories in the district courts decreased less than one percent.

In all criminal cases reaching the courtroom, 5,199 defendants pleaded guilty or nolo contendere, 764 were convicted after trial, 364 were acquitted, and 1,037 were nol-prossed or dismissed.

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

Results of criminal action

Action	Number of defendants	
	1961	1960
Total		
Indictments and informations	7,556	7,909
Disposals, total	7,364	7,918
Plea—guilty or nolo contendere	5,199	5,700
Convicted after trial	764	963
Acquitted	364	391
Nol-prossed or dismissed	1,037	864
Income and miscellaneous cases ²		
Indictments and informations	948	839
Disposals, total	829	832
Plea—guilty or nolo contendere	662	630
Convicted after trial	66	71
Acquitted	34	47
Nol-prossed or dismissed	167	84
Wagering tax cases		
Indictments and informations	761	421
Disposals, total	645	527
Plea—guilty or nolo contendere	467	320
Convicted after trial	36	65
Acquitted	15	22
Nol-prossed or dismissed	127	120
Alcohol, tobacco, and firearms taxes		
Indictments and informations	5,847	6,649
Disposals, total	5,890	6,559
Plea—guilty or nolo contendere	4,070	4,750
Convicted after trial	662	827
Acquitted	315	322
Nol-prossed or dismissed	843	560

¹ Includes cases dismissed for the following reasons: 9 because of death of principal defendant, 3 because of serious illness, and 43 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.

For Supreme Court decisions in criminal cases and for other court action of interest, see page 97.

Federal-State Cooperation

Much of the negotiation work on cooperative exchange agreements which was in progress a year ago has borne fruit. In terms of the number of States with which formal agreements were concluded, it has been the most active year yet experienced under the exchange program. Agreements with two of the five States that were originally participants in this program, North Carolina and Kentucky, were updated. In addition, initial agreements concluded with California, Kansas, and

Utah raised to nine the number of agreements now in effect. Since California embraces 2 Internal Revenue districts, 10 out of 62 district offices are now under the formal agreement program.

Cooperation between Federal and State officials in the enforcement of the liquor laws may well be facilitated as a result of the decision of the Supreme Court in *Mapp v. Ohio* on June 19, 1961, that evidence obtained by State officers through a search and seizure which falls short of the Federal constitutional standards is inadmissible in State prosecutions. This decision carries one step further the holding in *Elkins v. U.S.*, 364 U.S. 206, which abandoned the so-called "silver platter" doctrine and outlawed the use of such evidence in Federal prosecution.

Under the *Mapp* decision searches made by State officials will be measured by the same constitutional tests as are now applicable to searches by Federal officers and there is thus less likelihood that State cases adopted for Federal prosecution may be found deficient because of illegally obtained evidence.

International Operations

The organization and functions of the Office of International Operations were revised to provide more effective enforcement of Internal Revenue laws with respect to foreign transactions. Procedures were established to give advice and assistance to district office personnel making examinations of cases involving international transactions. To carry out this function, revenue agent groups were established in New York and Chicago to specialize in international tax matters.

Greater emphasis has been given to research and analysis of problems created by the rapid growth of foreign investment by United States taxpayers. District offices conducted a controlled audit program involving the examination of more than 1,000 corporations engaged in international trade to provide the Service with data concerning the nature and extent of foreign activities by United States taxpayers and the revenue effect of such activities. Particular attention was given to the problem created by the use of "tax havens" by United States taxpayers. A study was also instituted with respect to the withholding of taxes on income payments going abroad to determine whether it is necessary to revise regulations under the Code and treaties as well as to determine the nature and extent of foreign investment in the United States.

In order to promote voluntary compliance by aliens subject to tax in the United States and by United States citizens abroad, taxpayer assistance in filing returns was rendered to such citizens and aliens in 38 foreign countries and at nine United States military installations abroad. This was accomplished by sending revenue agents to these countries and installations during the filing period. The Service has

conducted training classes for State Department foreign service officers and administrative officers in order to familiarize them with the filing requirements of the Internal Revenue Code as they relate to United States citizens abroad and aliens with income from sources within the United States.

The Office of International Operations consulted with foreign governments in the disposition of 18 cases involving double taxation. In addition, representatives at foreign posts prepared 167 reports involving information in connection with examinations being conducted by district Audit and Intelligence divisions.

Authority to receive, process, and collect social security taxes in Guam and American Samoa was delegated by the Secretary of the Treasury to the Secretary of Interior who in turn redelegated the authority to the Island Governors. Guam and American Samoa personnel were trained to receive and process social security tax returns and collect the taxes due thereon. A manual was prepared for the use of these Island Governments in processing Forms 941-SS (Employer's Quarterly Federal Tax Return Under Federal Insurance Contributions Act).

The Service maintains permanent foreign posts in Paris, Ottawa, Manila, London, and Sao Paulo, with one or more technical employees assigned to each post.

Informants' Rewards

There were 4,401 claims filed by informants during fiscal year 1961. As in prior years, a large percentage of these claims were rejected either because they were not substantiated or because they failed to meet the eligibility requirements of the regulations.

The 706 claims approved by district directors resulted in payments to informants of \$548,914, a 5-percent increase over fiscal year 1960. Slightly more than \$12 million in taxes, penalties, and interest was recovered as a result of information furnished by informants.

Shown below is a comparison of results for this activity during the past 2 years:

Receipt and disposal of claims for informants' rewards

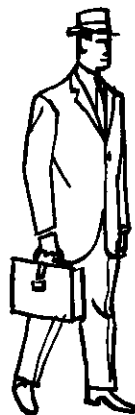
Status	1961	1960
Pending July 1.....number.....	4,518	4,744
Received.....do.....	4,401	4,055
Disposed of, total.....do.....	4,145	4,281
Rejected.....do.....	3,439	3,523
Allowed.....do.....	706	758
Pending June 30.....do.....	4,774	4,518
Amount allowed on claims disposed of.....dollars.....	548,914	522,607

ADDITIONAL TAX FROM ENFORCEMENT EFFORTS

(including interest and penalties)

fiscal years 1961 and 1960

(Millions of dollars)



1,788 1,787

1961

1960

Totals: 1961—\$2,130 million

1960—\$2,052 million

132 112

210 154

From examination

From mathematical

From delinquent

Summary of Additional Tax From Enforcement

The collection of additional revenue is not the primary objective of the Service's direct enforcement activities. Nevertheless, a vigorous and effective program is vital to the prime objective of maintaining and encouraging voluntary compliance with tax laws. During fiscal year 1961, \$2.1 billion of additional tax, penalties, and interest were assessed as the result of direct enforcement activities. This represents a 4-percent increase over 1960 and marks the highest annual total in the history of the Service. This total comprises the amounts obtained from examination and mathematical verification, and from delinquent returns secured.

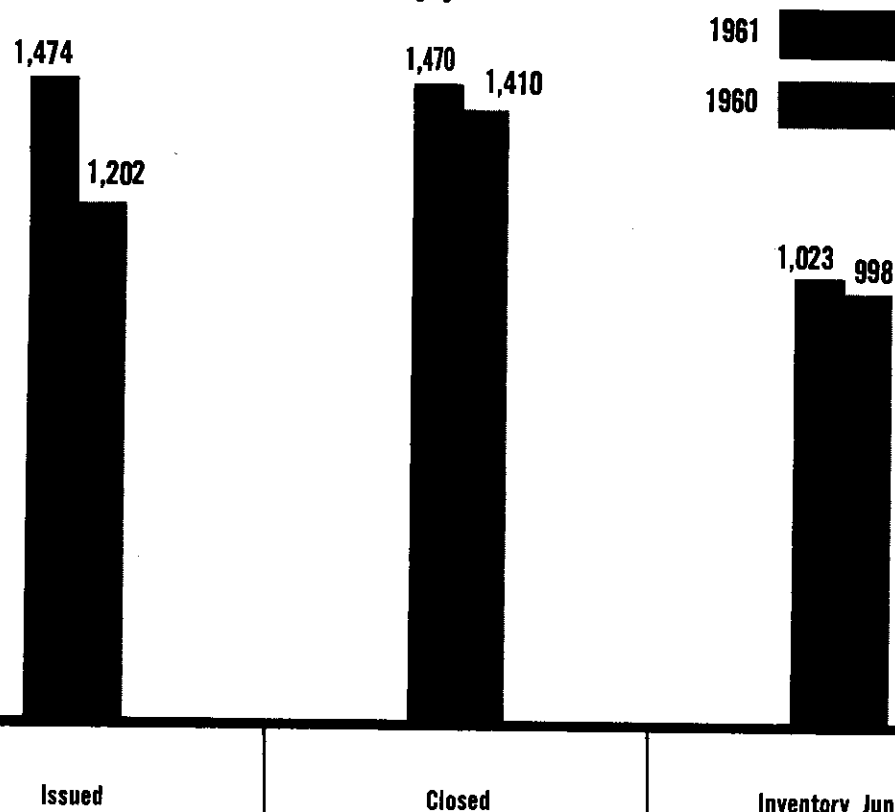
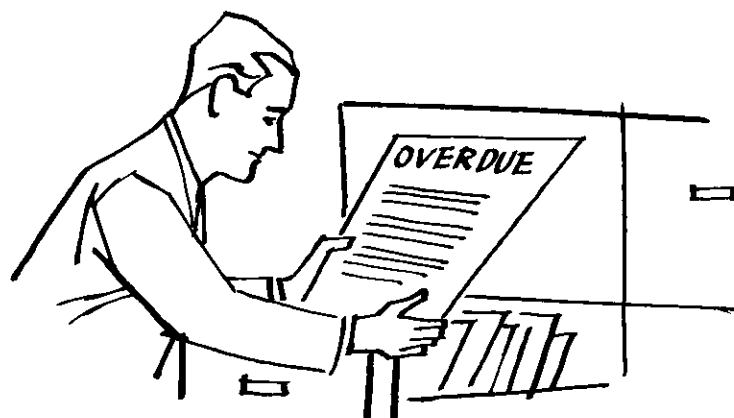
Tax, penalties, and interest resulting from enforcement efforts

(In thousands of dollars)

Item	1961	1960
Additional tax, penalties, and interest assessed, total	2,129,741	2,052,493
From examination, total	1,787,887	1,786,915
Income and profits taxes, total	1,572,894	1,576,657
Corporation income and profits	825,284	910,597
Individual and fiduciary:		
Prerefund audit	130,498	102,517
Regular audit	617,111	563,543
Estate and gift taxes	178,243	175,719
Employment taxes (including withheld income tax)	5,330	2,888
Excise taxes	31,420	31,651
From mathematical verification of income tax returns	131,981	112,066
From delinquent returns secured, total	209,873	153,511
By district collection divisions	159,194	115,655
By district audit divisions	50,679	37,856
Claims disallowed	649,471	634,758
By district audit divisions	314,575	515,625
By regional appellate divisions	334,896	119,133

TAXPAYER DELINQUENT ACCOUNTS

(Millions of dollars)



Taxpayer Delinquent Accounts

This year 2.9 million delinquent account assemblies were issued (each assembly consists of a notice to the taxpayer and related office records), which is over 500,000 or about 22 percent higher than the number issued last year. This volume was the second highest on record, only exceeded by fiscal year 1958. The amount of tax involved was \$1.5 billion, about 23 percent more than in 1960. Collections of delinquent accounts totaled \$1.1 billion, or 16 percent more than last year.

Some increase in the number of new delinquent accounts was expected, based upon anticipated normal growth factors and expanded coverage in both the audit and delinquent returns activities. The extent of the increase, however, exceeded estimates primarily because of the unforeseen degree of the economic recession. Unemployment among wage earners made collections and case disposals difficult. This factor, in addition to the earlier programmed increase in canvassing activity, precluded the possibility of bringing about a reduction in inventories. As a result, at the end of June, 960,053 delinquent accounts were on hand representing an aggregate amount of \$1 billion. This was 2 percent higher than a year ago in number and 3 percent more in dollars.

Comparative results of the delinquent account activity for the last two years are shown in the following table:

Taxpayer delinquent accounts

Status	Number (thousands)		Amount (thousand dollars)	
	1961	1960	1961	1960
Issued	2,931	2,397	1,473,956	1,202,053
Closed, total	2,913	2,656	1,470,431	1,409,848
By type of action:	2,412	2,152	1,070,804	941,416
Collected			21,528	
Additional collections ¹	501	504	378,099	468,432
By method of handling: ²				
Revenue officers	915	913	595,894	623,143
Office collection force ³	1,904	1,657	678,037	589,942
Other ⁴	94	86	174,972	196,763
Pending June 30, total ⁵	960	942	1,023,263	998,209
Active	786	841	543,766	618,766
Inactive	94	101	436,206	379,444
Deferred	80		43,292	

¹ Collections of unassessed amounts and on accounts previously written off which are not reported by method of handling; not available prior to January 1, 1961.

² Includes disposals due to uncollectibility and erroneous and duplicate assessments.

³ Two years not comparable. Effective January 1, 1961, these closings include active and deferred accounts, the latter consisting of accounts on which part-payment agreements have been secured and those on which suitable security has been furnished to assure payment, as collateral, mortgages, etc.

⁴ Effective January 1, 1961, comprises the inactive accounts but excludes postponement bonds, collateral agreements, etc.

⁵ Two periods not comparable. Effective January 1, 1961, deferred accounts include part-payment agreements, postponement bonds, collateral agreements, etc.

Despite higher inventories, however, further significant inroads were made in reducing the number of older accounts. Accounts with balances 2 years old and over were reduced to 91,924, or 10 percent of total inventory compared with 134,049, or 14 percent a year ago. This decline in the face of increasing inventories reflects the continuing emphasis being given this phase of delinquent account activity.

Delinquent accounts closed totaled 2.9 million in the amount of \$1.5 billion, increases of 10 percent and 3 percent respectively, over last year.

Emphasis on collection of delinquent accounts by office collection methods continued to show encouraging progress. For the fiscal year, the office collection force was responsible for 65 percent of the accounts closed as compared with 62 percent last year. The importance of this technique cannot be overemphasized for to the extent it succeeds, to that same extent revenue officer time may be increased for handling the more difficult and older cases and for securing delinquent returns.

In early May, streamlined procedures were issued to accelerate the collection of trust fund liabilities. The new procedures require prompt contact with the taxpayer, and result in earlier enforcement action when necessary. While it is too early to appraise the results, the procedures are expected to continue in force indefinitely.

Offers in Compromise

Under the compromise decentralization program, district directors have assumed responsibility for final acceptance of substantially all tax and penalty offers involving liabilities under \$25,000, and have absorbed most of the review operations formerly performed in the National Office.

During the year, emphasis was placed on testing and evaluating the progress and effectiveness of this increased responsibility. To maintain procedural and technical proficiency, an effective National Office and regional analytical review and evaluation program was inaugurated. Improvements were noted in the overall performance and in the expeditious disposal of all but the most complex cases.

Significant steps were taken to overcome the difficulties previously encountered in field staffing and training of specialized compromise personnel. A Classification Guide for compromise examiners was issued and an offer-in-compromise course was developed to give special training to district investigative and review personnel in basic procedures and evaluation techniques.

Continuing progress was made in maintaining workloads in a current position to the extent permitted by the complexity of the issues and standards of technical evaluation. During the year district offices received 5,040 tax offers, 4,267 delinquency penalty offers, and 5,271

specific penalty offers. They disposed of 14,814 offers, leaving 3,551 on hand as of June 30, 1961.

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 230 offers, disposed of 219, and had 159 pending.

In the alcohol, tobacco, and firearms categories, 315 offers were received, and 363 were disposed of, leaving a total of 44 on hand.

The overall compromise workload as of June 30, 1961, consisted of 3,754 cases awaiting consideration at all Service levels. This is an all-time low. The downward trend has been continuous since the reorganization of the Service in 1953.

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)			
			Liabilities		Offers	
	1961	1960	1961	1960	1961	1960
Offers accepted, total	10,693	8,510	43,453	52,088	9,708	11,862
Income, profits, estate, and gift taxes	927	1,143	32,078	39,613	6,166	8,676
Employment and withholding taxes	851	1,060	5,878	6,456	1,667	1,844
Alcohol taxes	103	138	266	410	59	83
Other excise taxes	291	280	3,706	3,774	1,426	846
Delinquency penalties on all taxes	3,234	3,545	1,525	1,835	322	342
Specific penalties	5,287	2,344			69	71
Offers rejected or withdrawn, total	4,703	5,448	74,604	72,865	11,451	12,563
Income, profits, estate, and gift taxes	1,673	1,966	58,193	55,566	8,643	9,392
Employment and withholding taxes	1,204	1,419	9,945	9,852	1,735	1,892
Alcohol taxes	118	136	638	513	98	61
Other excise taxes	437	512	5,176	5,881	843	968
Delinquency penalties on all taxes	1,117	1,367	652	1,053	127	237
Specific penalties	154	48			5	13

Collection Litigation Legal Services

The legal work connected with the functions of the district directors' offices (formerly reported under the title of Civil Advisory Legal Services) continued to maintain the level of activity which it attained during fiscal 1960. The number of cases disposed of was slightly higher than the number of cases received, so that the inventory of pending cases showed little change. Specifically, 10,341 cases were received in the current fiscal year as compared to 10,798 for fiscal 1960, and 10,405 cases were disposed of as compared to 11,190 for last year. As a result the inventory at the end of June stood at 4,391 as compared to 4,455 cases a year ago. For details of the cases received and disposed of during the current fiscal year, see tables 23, 24, and 25 on pages 147 and 148.

During the current year, and in line with the Service's in-service training program, the lawyers in the regional counsels' offices charged with supervision of collection litigation legal services, together with certain lawyers in the National Office who have overall supervision of this function, participated in the planning, preparation, and execution of a special procedures technical training program. The importance of this program can be ascertained from the fact that those attending the training sessions were the chiefs and assistant chiefs of the special procedures sections in the district directors' offices, the section of those offices which most directly deals with collection litigation matters.

Aside from the legal work which can be reported on a caseload basis, the informal assistance to the district directors' offices, rendered by the lawyers in the regional counsels' offices who handle collection litigation cases, continued as in prior years. The daily contact with the personnel in the district directors' offices by these lawyers, and their continued participation in the in-service training program for revenue officers, helped to develop the type of working relationship between the lawyers of the regional counsel and the personnel of the district directors' offices that is so essential to an effective and smooth functioning operation.

While three cases pertaining to the problems considered in connection with collection litigation legal work are currently pending before the United States Supreme Court, for the first time in a number of years there were no such cases decided by that Court during the current fiscal year.



supervision of the alcohol and tobacco industries

General

Public Law 85-859, which permitted more flexibility in industry operations and placed greater responsibility on distilled spirits plant proprietors, was implemented by new and revised regulations effective July 1, 1960. No difficulties of substance were experienced during the first year of operations under such regulations. A booklet (I.R.S. Publication No. 30) was prepared for distribution to the nearly 400,000 retail liquor and beer dealers. Its purpose is to explain to such dealers, in nontechnical language, the principal Federal laws and regulations which affect their activities. This booklet has been favorably received by dealers and is used as a source of reference by many State liquor authorities.

Detailed tabulations relating to the production of distilled spirits, beer, wine, and tobacco products during fiscal year 1961 will be 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 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 2,316. Permits terminated during the year numbered 2,532. Details as to permit actions are shown in tables 10 through 12, on pages 131 through 133.

The number of establishments qualified to engage in the production, distribution, storage, or use of distilled spirits and alcoholic liquors totaled 455,332, as of June 30, 1961, compared with 444,078 reported at the close of fiscal 1960. Corresponding figures for manufacturers of tobacco products and cigarette papers and tubes, dealers in tobacco

materials, and proprietors of export warehouses show 2,954 qualified establishments on June 30, 1961, compared with 3,051 a year earlier. A distribution of these figures by classes of establishments is shown in tables 8 and 9, on pages 130 and 131.

The National Office processed 581 formulas for rectified products and 198 formulas for wine; reviewed 3,332 qualifying documents; issued to Government agencies a total of 18 permits to use tax-free alcohol and 8 permits to use specially denatured spirits; approved 118 distinctive liquor bottles; and acted on 24 offers in compromise involving violations of the internal revenue laws and 21 under the Federal Alcohol Administration Act. There were processed 40,013 applications for label approval, or exemption from label approval; 83,512 alcoholic beverage advertisements and 4,381 radio "commercials" were examined; and, as a service to industry, an additional 1,363 proposed advertisements and projected advertising campaigns were reviewed prior to publication. Twenty-three interlocking-directorate applications were considered and approved, and 530 revenue rulings, issued prior to the July 1, 1960 regulations program, were reviewed to determine whether such rulings are applicable under the new law and regulations.

The function of approving trade names to be used by permittees under the Federal Alcohol Administration Act, which previously had been performed at the National Office, was delegated to Assistant Regional Commissioners, Alcohol and Tobacco Tax, on October 10, 1960. More expeditious service to applicants for original and amended basic permits will result.

In cooperation with officials of the Portuguese Government, arrangements have been completed for that Government to issue certificates of origin and identity for Portuguese "Moscatel De Setubel" and Portuguese port wines exported to this country. Wines from the following countries have now been covered by the compulsory certification system provided for in the wine labeling regulations (27 CFR, Part 4): (1) France (wines containing 14 percent, or less, alcohol by volume), (2) Spain (Rioja Wines), (3) Germany (all table wines other than specialty products), (4) Hungary (all wines), and (5) Portugal (Moscatel De Setubel and Port Wines).

Certificates of identification and analysis to supplement previously required certificates of age and origin have been made mandatory with respect to all shipments of French grape brandies (other than Armagnac and Cognac) arriving in the United States from foreign ports. This supplementary certificate was adopted by the French Government, in cooperation with the Internal Revenue Service.

Chemical Analyses Research

Research studies in both the National and regional laboratories required more time than previously because of the need for technical information in connection with administrative problems. Four technical papers of broad interest were published in periodicals, and three others of specific interest were published as internal revenue documents. A highlight of the research program was the publication of "Methods of Analysis for Tobacco and Tobacco Products," Internal Revenue Service Publication No. 445.

Studies in collaboration with industry continued with respect to establishing uniform methods of analysis; evaluation of meters for accurately measuring volumes of alcoholic beverages; and experimental techniques for aging distilled spirits.

Approximately 38,500 samples were received and examined in the National and regional laboratories of which approximately 10,000 were illicit spirits and 6,000 narcotics. In the categories of food, flavors, and medicines using taxpaid spirits, 2,811 new formulas were approved while 3,180 formulas and 3,420 samples were examined and approved for products and processes using specially denatured spirits. Labels were approved for 5,307 products produced with specially denatured spirits.

The total volume of samples shows little change from the preceding year; however, there was an increase of approximately 20 percent in receipt of formulas for foods, flavors, and medicines, and 10 percent in both illicit spirits and narcotics.

On-Premises Supervision

With the implementation of Public Law 85-859 by regulations on July 1, 1960, an opportunity was provided to accelerate a change in the concept of on-premises supervision which has been in progress for the past several years. This change involves two principal elements: (1) transferring to proprietors the responsibility for the performance of various manual and clerical tasks; and (2) the use of selective sampling methods in lieu of full-time personal supervision.

It was recognized that the new regulations, plus the cumulative effect of earlier changes in procedures, would make possible continuing economies in Government personnel. Therefore, after the new regulations had been in effect for several months, a nationwide survey of inspector (on-premises) manpower requirements was conducted at all distilled spirits plants and bonded wine cellars where such officers were assigned. The survey was based on uniform guides for the assignment of Government officers to particular plant duties, and using these guides, it was determined that additional economies could be effected. The in-

spector (on-premises) staff has accordingly been reduced through attrition, transfers to other assignments within the Alcohol and Tobacco Tax Division, and transfers to other Service activities. This reduction in staff will continue to the extent that proposals, designed to further streamline functions heretofore performed by Government officers, are upon testing found to be successful.

Inspector (on-premises) supervision was provided at distilled spirits plants whose operations and activities involved transactions in distilled spirits as follows: production, 801.8 million tax gallons; denaturation, 439.1 million tax gallons; warehousing, 1 billion tax gallons; and tax-payments, 177.6 million tax gallons. In addition, 84.3 million proof gallons of distilled spirits and wines were rectified, and 204 million wine gallons of distilled spirits were bottled.

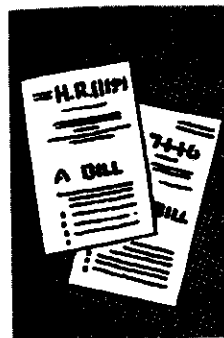
Inspection of Establishments

Inspections of establishments for the fiscal year aggregated 36,044, of which 26,256 related to plants and permittees other than dealers. These figures for the preceding year were 38,561 and 28,066, respectively. The reduction in the number of inspections resulted primarily from the substitution of an "inspection by selection" program for the previous "scheduled inspection" program.

New inspection procedures placing added emphasis on the audit approach were planned during the year. Some of these changes take cognizance of recommendations received from the General Accounting Office pursuant to its examination of the permissive activity.

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: 93.5 million barrels (of 31 gallons each) of beer, 166.5 million gallons of still wines, 4 million gallons of effervescent wines, 4.9 million gallons of vermouth, and 13.7 million gallons of special natural wines other than vermouth.

Tobacco products factories, also subject to inspection, produced during the fiscal year 6.5 billion large cigars, 147.7 million small cigars, 73,240 large cigarettes, 518 billion small cigarettes, and 173.7 million pounds of manufactured tobacco (including smoking and chewing tobacco, and snuff).



legislative developments

Legislative Preparations

There was a considerable amount of congressional activity during this fiscal year in the field of tax legislation. Public hearings were held by the Committee on Ways and Means with respect to the President's tax message which covered the following subjects: Tax incentives for modernization and expansion; taxation of foreign income; tax withholding on dividend and interest income; repeal of dividends credit and exclusion; expenses for travel, entertainment, and business gifts; capital gains on sale of depreciable business property; tax treatment of co-operatives and financial institutions; taxpayer account numbers; extension of corporation income and excise tax rates; and taxation of aviation fuel.

Revenue Service representatives attended public hearings and executive sessions held by the Ways and Means Committee in connection with legislative proposals, as well as those held by the Ways and Means Committee and the Senate Finance Committee on the legislation enacted as set forth below. They also assisted in the drafting of these bills and the related committee reports.

During the year, 30 formal reports on bills were prepared and forwarded to the Office of the Secretary of the Treasury. These reports dealt with proposals to amend the income, excise, employment, and alcohol and tobacco tax provisions of the Internal Revenue Code, proposed amendments to the Federal Firearms Act, the Federal Alcohol Administration Act, and the Administrative Procedure Act, as well as private bills. Information was also furnished to the Secretary's office informally in many 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 also considered and evaluated suggestions submitted by taxpayers, including Members of Congress.

Legislation Enacted

On September 13, 1960, H.R. 12580 (86th Congress), the Social Security Amendments of 1960, was enacted. Among other things, this law extends and improves the coverage under the Federal old-age, survivors, and disability insurance system and raises the tax rate on employers under the Federal Unemployment Tax Act from 3 percent to 3.1 percent (P.L. 86-778).

On September 14, 1960, H.R. 10960 (86th Congress) was enacted. It provides that a declaration of estimated income tax by an individual is not required if the tax can reasonably be expected to be less than \$40. It also provides the regulated investment company type of tax treatment in the case of real estate investment trusts which distribute 90 percent or more of their ordinary income. A further change was a provision to exclude any State or local taxes imposed on cigars as a commodity in computation of the Federal excise tax on cigars, which is determined on the basis of the intended retail price in the principal market (P.L. 86-779).

H.R. 4806 (87th Congress), the Temporary Extended Unemployment Compensation Act of 1961, was enacted on March 24, 1961. This law provides for a temporary increase in the rate of the Federal unemployment tax (P.L. 87-6).

On June 29, 1961, H.R. 6713 (87th Congress), the Federal-Aid Highway Act of 1961, was enacted, effective July 1, 1961, to amend certain excise tax provisions. Among other things this law doubles the motor vehicle use tax; increases the rates on tires, inner tubes, and tread rubber; and extends until 1972 the 4-cent per gallon tax on gasoline and diesel fuel (P.L. 87-61).

H.R. 6027 (87th Congress), Social Security Amendments of 1961, was enacted on June 30, 1961. This act increases the self-employment tax rates and the Federal Insurance Contributions Act tax rates, and provides an extension of time to elect coverage on behalf of ministers (P.L. 87-64).

On June 30, 1961, H.R. 7446 (87th Congress), the Tax Rate Extension Act of 1961, was enacted to postpone until July 1, 1962, the reduction in the normal tax rate on corporate income and the reductions in certain excise tax rates which otherwise would have become effective on July 1, 1961 (P.L. 87-72).

Thirteen other bills which have an effect on the Federal tax statutes were enacted, the following being of particular interest:

Public Law 86-594 amends the Internal Revenue Code with respect to the limitation on the deduction of exploration expenditures.

Public Law 86-624 makes perfecting amendments to the Internal Revenue Code which were necessitated by the admission of Hawaii into the Union as a State.

Public Law 86-667 amends the Internal Revenue Code to provide an exemption from income tax for supplemental employment benefit trusts.

Public Law 86-780 amends the Internal Revenue Code to permit taxpayers to elect an overall limitation on foreign tax credit.

Public Law 86-781 adds a new provision relating to the treatment of charges for local advertising for purposes of determining the manufacturers' sale price.

A private bill (HR 6767) which would have permitted the filing of a tax refund claim, notwithstanding the fact that the claim was not filed within the applicable statute of limitations, was passed by the Congress but was vetoed by the President on September 8, 1960, on the grounds that the relief would be discriminatory as against other similarly situated taxpayers and would create an undesirable precedent.

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, the distribution of circulars and regulations, and the revision of tax forms.

Tax Conventions

General.—Extended discussions took place at Washington and abroad with a number of countries directed to original and supplemental conventions. The texts of such conventions were in various stages of development at the close of the year.

The following tax convention became effective in the fiscal year:

Canada.—The income tax convention of March 4, 1942, as amended, was modified, effective after December 20, 1960, by substituting a 15-percent rate of tax on intercompany dividends for the former 5-percent rate.

Tax conventions pending in the U.S. Senate on June 30, 1961, were as follows:

Japan.—A proposed supplemental protocol modifying the amended income tax convention of April 16, 1954, with Japan was transmitted to the Senate in August 1960.

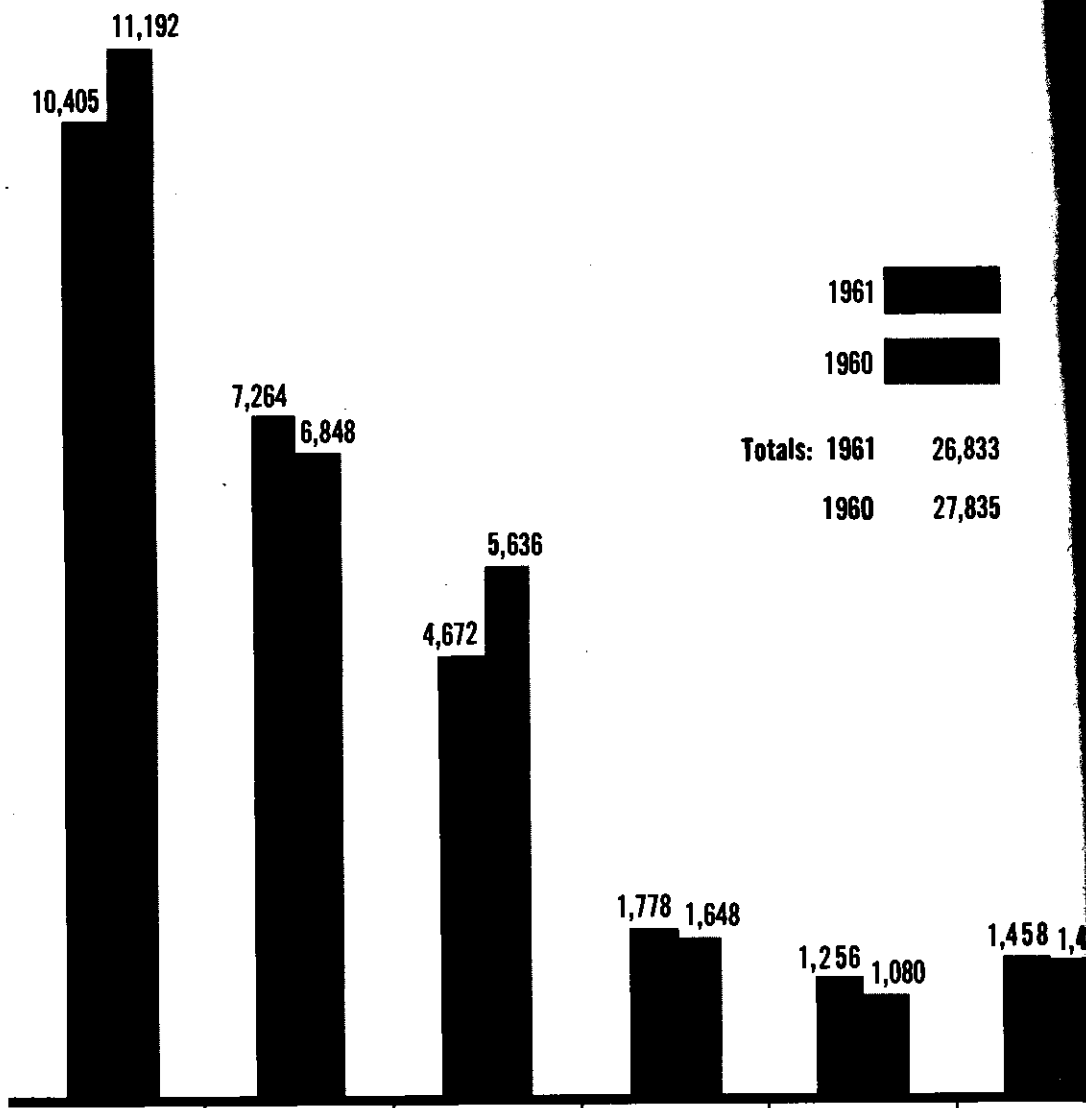
United Arab Republic.—A proposed income tax convention with the United Arab Republic was transmitted to the Senate in January 1961.

Israel.—A proposed income tax convention with Israel was transmitted to the Senate in January 1961.

Canada.—A proposed estate tax convention with Canada was transmitted to the Senate in March 1961.

CASE DISPOSALS BY OFFICE OF THE CHIEF COUNSEL

fiscal years, 1961 and 1960



1961
1960
Totals: 1961 26,833
1960 27,835



legal activities

Caseload Disposal Activity

During the fiscal year 1961 the total caseload disposals in the Office of the Chief Counsel declined to 26,833 from the total of 27,835 disposals during fiscal year 1960. This small decline was the result of fewer advisory opinions rendered, offsetting a general increase in the disposal of litigation cases. At the close of the fiscal year the total caseload pending was 22,483, a decline of 1,198 during the year. The principal reason for the decline was that the disposal of Tax Court cases exceeded receipts, partly due to the effect of Revenue Procedure 60-18.

Civil Litigation

The Government won eight of the ten civil tax cases decided by the Supreme Court in fiscal year 1961, compared with twelve of nineteen in 1960. The Government also won, in whole or in part, 193 of the 261 civil tax cases decided by Courts of Appeal (exclusive of bankruptcy, receivership, insolvency, lien, compromise and liquor), compared with 257 of 348 such cases decided in 1960. In each year the Government's position was wholly or partially sustained in 74 percent of Court of Appeal cases.

In the trial courts (Tax Court, Court of Claims and U.S. district court) the record of Government wins, losses and partial wins appears as follows:

Trial court cases won, lost, or partially won by the Government

Action	Tax Court		Court of Claims		District courts	
	1961	1960	1961	1960	1961	1960
Won.....number.....	652	676	17	43	166	168
Lost.....do.....	108	73	24	21	192	170
Partially won.....do.....	159	154	5	6	39	43
Percent won or partially won.....percent.....	88	92	48	70	52	55

Taxes in Litigation

Both at the beginning of the fiscal year and at the end there were nearly \$1.5 billion involved in cases wherein taxpayers sought to contest their liabilities for taxes and/or penalties. Actions for refunds of taxes and penalties are handled at the National Office level and actions for redetermination of proposed deficiencies in the Tax Court are handled by the nine Regional Counsels.

In the trial or settlement of cases in the Federal district courts, the Court of Claims and the Tax Court, nearly \$122 million was successfully defended in refund suits and nearly \$117 million was successfully defended as proposed deficiency assessments, for a total of over \$238 million of revenue saved for the Government (see the table below):

Taxes in litigation

[In thousands of dollars]

Status	Total	Tax Court	Refund litigation
Pending July 1, 1960.....	1, 418, 581	942, 686	475, 895
Received.....	471, 582	347, 769	123, 813
Disposed of.....	461, 243	309, 576	151, 667
Pending June 30, 1961.....	1, 428, 921	980, 880	448, 041
Amount saved.....	238, 603	116, 855	121, 748

¹ Includes deficiencies in taxes and penalties but excludes action for overpayments.

Revenue Procedure 60-18

During the fiscal year another important step was taken in the handling and processing of Tax Court litigation. In 1958 the Commissioner and the Chief Counsel issued Chief Counsel Order 1958-5, Commissioner's Delegation Order 60, which set forth functions and procedures in the settlement of Tax Court cases by Regional Counsel and the Regional Appellate Division. The Delegation Order established two basic periods, cases in pre-session status and cases in session status. Prior to the date of the trial session, cases were in pre-session status and the settlement thereof was the joint responsibility of Regional Counsel and the Regional Appellate Division. On and after that date the cases on the trial calendar were in session status and the settlement thereof was the responsibility of Regional Counsel. To supplement the Delegation Order as to pre-session cases the Commissioner and the Chief Counsel issued Revenue Procedure 60-18 which became effective with respect to all cases calendared for trial by the Tax Court on and after November 1, 1960.

Prior to the issuance of the Revenue Procedure a greater number of settlements were effected after the cases were calendared for trial rather than prior thereto. These procedures are built around the Trial Status Request Notice issued by the Tax Court to both parties prior to the issuance by the Court of the trial calendar. This request notice requires both parties to report to the Court on the status of cases included therein, and on the basis of information submitted to the Court by the parties the Court determines which cases will be calendared for trial. The primary purpose of the Revenue Procedure is to push back the settlement of cases from the calendared period to the precalendared period. The effect of this will be to reduce the number of cases which the Court sets on trial calendars, to place the files in the hands of the trial attorney upon the issuance of the trial calendar, and to enable the attorney to concentrate his efforts in the calendared period on the preparation of the cases for trial. By emphasizing settlement in the precalendared period and the concentration of the trial attorney in the calendared period on the preparation of the cases for trial the outlook is for better prepared and better tried cases on behalf of the Government, and it can also be anticipated that eventually more cases will be settled due to thorough trial preparation.

Reorganization

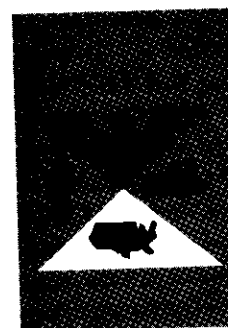
The first major change since 1952 in the organizational structure of the Office of the Chief Counsel was made on September 1, 1960. Its primary objective was to streamline and consolidate litigation and technical functions under two Associate Chief Counsels. In addition, management and administrative activities were placed under the direction of the Assistant to the Chief Counsel. The titles of some of the divisions were changed to make them more descriptive. This reorganization was further implemented on January 18, 1961, by the establishment of branches in all National Office divisions.

The Office completed the recentralization of the review of proposed refunds and credits of income, war profits, excess profits, and estate and gift taxes exceeding \$100,000. These reviews, together with the preparation of the reports required to be submitted to the Joint Committee on Internal Revenue Taxation, are now performed by the Joint Committee Division in the National Office.

Personnel

On June 30, 1961 the Chief Counsel's Office had a total employment of 1,222 persons, composed of 632 attorneys and 590 non-attorney employees. This represented a substantial increase in staff over the preceding fiscal year. The 632 attorneys were assigned to the National Office and regions, as follows:

Office	Number of attorneys	Office	Number of attorneys
National Office.....	246	Dallas region.....	29
Atlanta region.....	38	New York City region.....	61
Boston region.....	23	Omaha region.....	37
Chicago region.....	40	Philadelphia region.....	49
Cincinnati region.....	43	San Francisco region.....	66



management activities

General

The chief mission of the Service is to do everything reasonably possible to encourage and achieve more effective voluntary compliance. In the management area this requires giving guidance and direction in the development of programs for educating taxpayers to their responsibilities; constantly reviewing the organizational structure to make it more effective; developing concepts for strengthening of the Service's enforcement arm; broadening recruiting and training programs; and giving impetus to a revitalized program to improve and upgrade office space, furniture, and equipment.

Some of the program accomplishments in 1961 in these areas, not discussed in detail elsewhere in this report, are mentioned below. By stepping up our efforts to improve these programs which are so vital to the success of the Service's primary mission, it is hoped that there will eventually emerge and take shape a new image of the Service in the mind of the public that will create a heightened respect for our self-assessment system.

Major Administrative Improvements and Changes

Savings from improvements.—The Management Improvement Program once again made a major contribution to the efficiency and effectiveness of the Service. Through the efforts of employees at all levels in studying the Service's operations and policies, a tangible recurring savings of \$3.7 million was realized. The Incentive Awards Program discussed on page 67 added \$755,245, raising the grand total to \$4.5 million. In addition to these recurring savings, there were improvements resulting in one-time savings of \$2.1 million and many other improvements of direct benefit to the Service in its operations and to the taxpayer by way of better service which, though not susceptible to measurement, were nonetheless significant.

Anchorage—the newest district.—Anchorage, Alaska, became the first new internal revenue district in 40 years on January 6, 1961. It is the eleventh district office in the San Francisco Region and raises the total number of district offices in the Service to 62.

Organizational changes in the National Office.—In recognition of their interrelationships and their increasingly important contribution to the Service's mission, the administration activities in the National Office were regrouped in September 1960 and placed at the Assistant Commissioner level in the organizational structure. Thus, the new Assistant Commissioner (Administration) assumed office with jurisdiction over the formerly independent Reports and Public Information Divisions, as well as the Facilities Management, Personnel, and Training Divisions.

On January 1, 1961, the former Collection Division was converted into two new divisions, the Collection Division and the ADP Division. The ADP Division was given responsibility for implementation of the ADP system and the closely related returns processing, revenue accounting, and service center operations. The new Collection Division retained responsibility for collection enforcement activities.

The International Operations Division was reorganized as the Office of International Operations in August 1960. The primary objectives were to organize district-type operations along district organization lines and to establish a planning unit (Operational Research Staff).

The two divisions under the Assistant Commissioner (Inspection) were reorganized in fiscal year 1961, to provide better management and supervision, and to meet growing responsibilities arising from the Service's long-range expansion programs.

Effective April 3, 1961, the Operating Facilities Division was reorganized and became the Facilities Management Division. The major purpose was to place all facilities management activities relating to field operating programs in one branch and to place in a separate branch all administrative services performed for the National Office.

Reports program moves forward.—Established in May 1960, the Reports Program has permeated every level of the Service. Key people at each level were engaged in implementing the initial policy statements and directives issued on the program. The first active step was the taking of an inventory to identify the existing reports at all levels and determine something about their size and complexity. A summary of this effort disclosed that 2,456 recurring reporting requirements are in force throughout the entire Service. The next major action will be a thorough analysis of each report with a view toward improvement or elimination. Thus, the extent of the reporting structure has been identified and a foundation laid for continuing with the program.

Although most of the first fiscal year of operation was spent in organizing and getting the program underway, a number of reporting improvements were accomplished. There were 132 reports eliminated, 34 improved, and 49 identified as having good potential for later improvement. An all-level study of narrative reporting resulted in the elimination of the Service's "Narrative Report." Other improvements and reduction in reporting costs were accomplished through the centralization of manual reports compilation work. Overall, in less than half of its first year of existence, the Reports Program has resulted in recurring savings to the Service of approximately \$241,000.

Personnel

The Service concentrated its personnel administration resources during the past year on four major areas: a greatly expanded college recruitment program; development of plans and procedures for redeploying employees affected by the Service's conversion to automatic data processing; strengthened employee-management relations, including an employee opinion survey; and issuance of guides and standards for extending the "Blue Ribbon" career service program.

Recruitment.—During the year, the Service was successful in hiring thousands of college-trained persons for additional authorized positions. This recruitment was made possible by clearly delineating college recruitment responsibilities at the National, regional, and district office levels; improving recruiting techniques and procedures; developing attractive recruiting brochures, exhibits, and audio-visual aids; and by using direct mail and other information media.

Under the stepped-up hiring for National Office automatic data processing positions, approximately 50 employees were selected for digital computer programmer vacancies.

The number of employees on the rolls at the close of 1961 totaled 53,680, as compared with 50,199 at the close of 1960. 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	
	1961	1960	1961	1960
Service, total.....	53,206	51,047	53,680	50,199
Permanent.....	50,663	48,408	51,471	48,440
Temporary.....	2,543	2,639	2,209	1,759
National Office.....	13,042	12,910	3,031	2,702
Field service, total ²	50,164	48,137	50,649	47,497
Collection, total.....	24,107	23,050	23,626	* 22,140
Revenue officers.....	5,668	5,336	5,769	5,476
Tax examiners.....	4,426	4,032	4,502	4,123
Other ⁴	14,013	13,676	13,355	* 12,541
Audit, total.....	16,492	15,596	17,284	15,965
Revenue agents.....	10,798	10,366	11,289	10,583
Office auditors.....	2,545	2,187	2,657	2,343
Other ⁵	3,149	3,043	3,338	3,039
Intelligence, total.....	1,949	1,899	2,079	1,902
Special agents.....	1,456	1,418	1,558	1,418
Other.....	493	481	521	484
Alcohol and tobacco tax, total.....	2,875	2,906	2,862	2,914
Investigators.....	904	889	915	901
Inspectors.....	398	398	425	392
Storekeeper-gaugers.....	670	723	611	719
Other.....	303	896	911	902
Appellate, total.....	1,389	1,384	1,392	1,396
Technical advisors.....	626	629	615	640
Auditors.....	147	141	147	145
Other.....	616	614	630	611
Administration.....	2,187	2,218	2,210	* 2,070
Regional Counsel.....	713	660	733	671
Inspection.....	452	424	463	439
Enforcement personnel included above ⁶	26,865	25,355	27,726	25,955

¹ Includes terminal leave man-years for entire Service.

² Includes Office of International Operations.

³ Revised—102 service center Administration employees, formerly included in Administration, now included in Collection, other.

⁴ Includes number of service center employees on rolls in Administration, and man-years devoted to Administration, Audit, and Statistics in the service centers by employees regularly assigned to processing and revenue functions. Also includes man-years for pilot ADP installation.

⁵ Includes 4 overseas employees hired locally.

⁶ Includes revenue officers, tax examiners, revenue agents, office auditors, special agents, and alcohol and tobacco tax investigators, inspectors, and storekeeper-gaugers.

Conversion to automatic data processing.—Personnel plans for redeployment of employees affected by conversion to automatic data processing were put into effect in the Atlanta region where automatic data processing will be initially installed. Prior coordinated efforts by both the National and regional offices in testing these plans in two pilot districts in the region were of material assistance in assuring the soundness of the measures ultimately taken. In addition, an active information program was launched to make all affected employees aware of the progress of ADP installation and the specific programs underway to minimize adverse actions.

Negotiations with the Civil Service Commission resulted in a number of agreements that should aid in the ADP conversion effort. These covered such items as temporary promotions, greater flexibility in the use of details, waiver of qualification requirements for certain placement actions, temporary appointments to extend beyond one year, and the use of dually-qualified employees. These and similar agreements now being sought should provide the administrative flexibility needed by the Service to meet the problems engendered by ADP.

Opinion survey.—A major move in the employee relations field was the approval of a plan to conduct, during June–December 1961, a pilot survey of employee opinions and attitudes. The objectives of the survey are (1) to find out what employees like and don't like about working conditions and employment in the Service, generally; and (2) to determine how well instructions and policies are understood and appreciated. The Philadelphia district has been selected as a pilot office for the survey which is being conducted by a private firm specializing in this field. If worthwhile results are obtained, the employee opinion survey may be extended to other Revenue Service offices.

Incentive awards.—The incentive awards program comprised of employee suggestions and performance-type awards continued to experience substantial growth during fiscal year 1961. While activity in the suggestion program showed no significant increase in the number received, growth did occur in the number adopted and in the savings realized. The number of adoptions jumped 127 and the actual savings increased approximately 23 percent, indicating a higher quality of submissions.

Awards for superior work performance and special acts and service increased 30 percent, from 1,456 in 1960 to 1,892 in 1961. Related savings increased 73 percent. Outstanding performance awards were approved for 531 employees.

Position classification program.—Position classification standards and guides designed for implementing approved organizational changes and as aids in meeting the objectives of the "Blue Ribbon" program were issued for the following categories of positions: offer examiner, returns classifying officer, conference coordinator-conferee, pension trust examiner, and collection manager. In addition several agreements were reached with the Civil Service Commission which served to strengthen the grade structure of administration positions, particularly in the field.

Evaluation.—Evaluation of personnel programs was continued and strengthened during the past year, particularly in the field offices. For the first time regions and districts were required to establish systems of periodic personnel program evaluation and self-evaluation, covering all elements of personnel management. Regions and districts developed their own regular program evaluations by setting up regional office personnel teams corresponding to the National Office Evaluation Team.

This has resulted in a systematic evaluation of the personnel programs in each of the district offices by the regions with a review, coordination, and overall evaluation by the National Office. Regular National Office Evaluation Team visits to the nine regions and selected districts continued in order to assure a high quality personnel program throughout the Service.

Selection and training of supervisory personnel.—An integrated system for selecting and training the Service's supervisors, managers, and executives was put into effect in order to provide a career-ladder from first-line supervisory to top executive positions in the Service.

Training

With the pilot automatic data processing operation scheduled for activation in the Atlanta region in fiscal year 1962, plus necessary preparation for the soon-to-follow activation of ADP operation in other regions, training in this area received a high degree of emphasis. As an initial step to orient the Service's top management in the role and capabilities of ADP, an Executive Seminar was held in October 1960 with 23 top Service officials in attendance. Another seminar was later held in Atlanta for top officials of that region in anticipation of its activation of the ADP operation.

The training of 40 analysts and 80 programmers to occupy positions largely located in the National Office was completed. Significant progress was made in the training of enforcement personnel in auditing and investigative techniques required in examining returns filed by taxpayers who use ADP equipment. A new course in ADP Installation Management was developed and initially offered in May 1961. The purpose of this course is to assist line managers in adapting their operations to the planned installation of ADP equipment.

Fiscal year 1961 also marked the conclusion of the basic one-week Management Institute program. Early in the first quarter, approximately 630 employees received this general management orientation instruction. Since 1955, 4,200 supervisors and managers were enrolled in this training.

On the basis of a comprehensive survey and report completed by an independent consultant concerning the training needs of regional analysts, an initial two-week management course was conducted for two analysts from each region (18 participants).

Under a comprehensive Administrative Intern Program developed for the National Office, 10 interns were selected from within the Service and 10 from the Civil Service Commission Management Intern register.

In the alcohol and tobacco tax permissive area, a training course to supplement the MDP-II Training Program was developed to assist

middle-management employees in the day-to-day application of management principles to the specific duties of their positions. Twenty-four trainee inspectors were recruited for intensive classroom and on-the-job training for Alcohol and Tobacco Tax inspectors. A group composed of those who successfully completed this training, as well as qualified on-premises inspectors, has been enrolled in a new course for the advanced training of inspectors at the development level.

A number of new training programs were announced representing the implementation of additional means for career development as prescribed by the "Blue Ribbon" program. New courses launched include an Advanced Alcohol and Tobacco Tax Inspector Training Program, an Insurance Company Tax Law Course, a Foreign-Domestic Controlled Transactions Course, an Engineer Revenue Agent Training Program, a Special Procedures Technical Training Program, Regional Institutes for Intelligence Supervisors, an in-Service Intelligence Technical Investigative Aids School in connection with the organized crime, racketeering, and wagering tax programs, a Basic Inspector Training Program (Inspection), an Administrative Intern Training Program, a Basic Instructor Training Course, and two correspondence courses in writing improvement. Also, a new handbook was prepared for use as a training manual in developing potential supervisors in the Appellate activity.

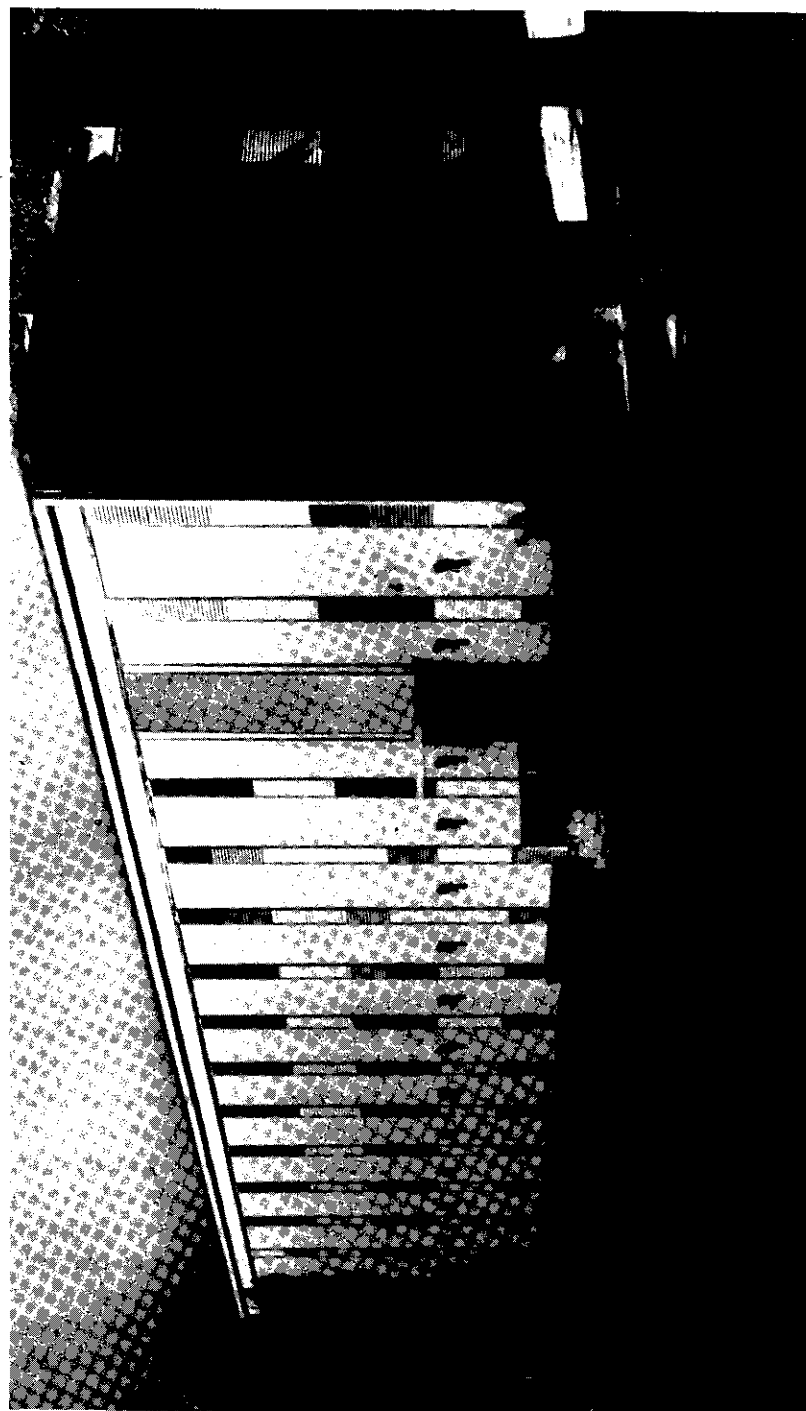
In view of the growth of the training program in recent years and the important role it plays in the Service's activities, a Task Force was appointed in April to study the entire training function and recommend ways in which it might be improved.

Facilities Management

Space and equipment.—The Service reexamined its traditional office layouts to find ways of housing more employees in the space available. As part of this project, the Service took into account the fact that many of its professional employees, such as revenue agents, revenue officers, and special agents perform the bulk of their work outside the office. As a result, new concepts were applied to office-furniture arrangements, and new equipment standards emerged, based on the functions performed by Service employees and the kinds of equipment actually called for by these functions.

New furniture and equipment in keeping with the new standards have been satisfactorily tested and the groundwork has been laid for a revised long-range equipment program.

As a long-range solution, agreement was reached with General Services Administration for the Service to include in its own budget all space



Modern branch office building at Montgomery, Alabama, facilitates taxpayer service

costs incident to its expansion. This will enable the Service to plan and budget for its future manpower and space needs concurrently.

Reduction of records and paperwork.—Continuing emphasis was placed on issuing guidelines, and vigorously implementing existing instructions to improve paperwork handling and to reduce the quantity of records held by the Service. The retirement or destruction of more than 236,000 cubic feet of records made available 120,638 square feet of urgently needed office space and \$442,000 worth of filing equipment.

Figures on records holdings for 1960 and 1961 are as follows:

Records holdings and disposition activities

Status	Volume of records (cubic feet)	
	1961	1960
In Internal Revenue Service custody, beginning of year.....	637,092	669,883
Disposed of, total.....	236,212	247,417
Destroyed.....	94,143	87,658
Retired to Federal Records Center.....	142,069	159,759
In Internal Revenue Service custody, end of year.....	601,251	637,092
In Federal Records Centers, end of year.....	748,752	817,966

Important new guidelines issued include the Form Letter Handbook and additional instructions with the Records Disposition Handbook. The former is expected to improve the quality and reduce the cost of correspondence with taxpayers; the latter, when fully installed, will streamline the shipping and requisitioning of records from Federal Centers, with an annual estimated saving of 60 man-years.

In addition, a net Servicewide reduction of more than 11 percent in the total number of forms and form letters was achieved. The following figures show the accomplishments in this area:

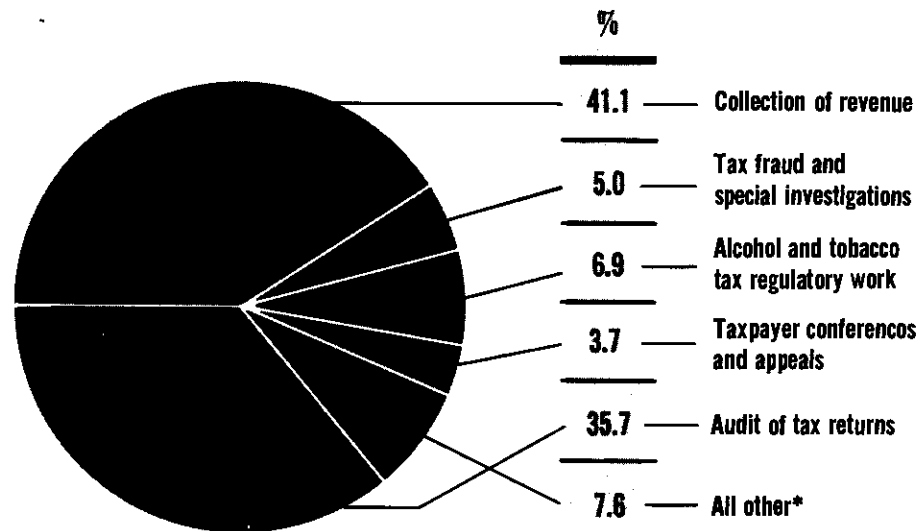
Forms prescribed by—	Inventory July 1, 1960	New forms added dur- ing year	Forms eliminated	Inventory June 30, 1961
National Office.....	3,651	588	678	3,561
Regional offices.....	8,374	1,876	749	9,501
District offices.....	7,288	895	4,317	3,866
Service centers.....	514	353	197	670
Revised.....				

Safety and emergency planning.—The Service's safety record in 1960 was its best in the past 5 years. Awards were presented to 28 district offices for having functioned without a lost-time injury for at least one year or a million hours. Two of these qualified for 6-year awards, one for five, and two for 4-year awards.

The modernization of the cash protective facilities was completed with the installation of money chests in all offices having inadequate equipment.

OBLIGATIONS BY ACTIVITY

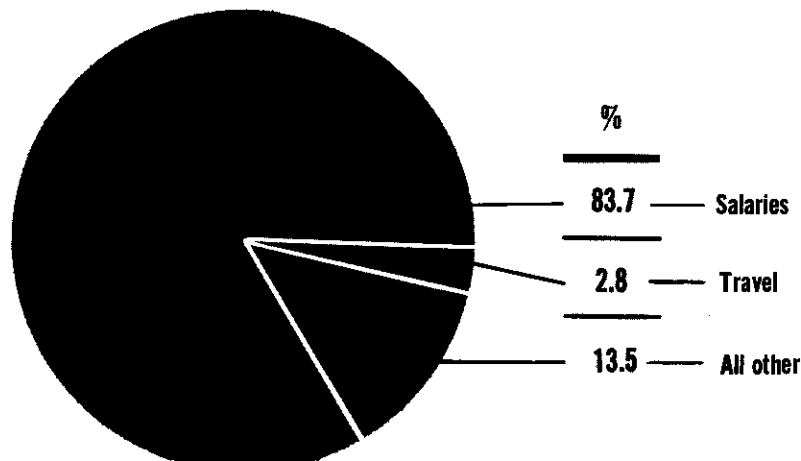
fiscal year, 1961



*Includes rulings, technical planning, and special technical services—1.6% • Legal services—2.6% • Inspection—1.3% • Statistical reporting—7% • Executive direction—1.4%

OBLIGATIONS BY OBJECT OF EXPENDITURE

fiscal year, 1961



An emergency communications system was planned and additional emergency relocation guidelines issued.

Fiscal Management

The Congress appropriated \$413.9 million for the financing of Internal Revenue Service operations in fiscal year 1961. This was an increase of \$49.7 million over 1960 appropriations. The additional money financed a salary increase effective July 10 costing nearly \$26 million; the Service's contribution of approximately \$3 million for employees' health benefit plans which also became effective July 10; an increase in automobile reimbursement allowance from 8 cents to 10 cents a mile costing about \$1 million; the first step (approximately \$13 million) of a long-range program to strengthen enforcement and modernize returns processing through conversion to automatic data processing, including a pilot automatic data processing center in Atlanta; and personnel promotions and increased requirements and costs for supplies, equipment, communications, space, etc.

Actual obligations in fiscal year 1961 by object of expenditure and by location are reported in table 27 on page 149. Total obligations amounted to \$413.3 million, or 99.8 percent of the funds available, compared with total obligations of \$363.7 million in 1960. This is an increase of \$49.6 million in actual obligations. Of the 53,345 planned man-years, 53,206 man-years, or 99.7 percent, were actually realized. This is an increase of 2,159 man-years over the 51,047 man-years actually realized in 1960.

The distribution of expenditures in fiscal year 1961 is shown in the following table:

Obligations incurred by the Internal Revenue Service

[In thousands of dollars]

Activity	Total		Salaries		Other	
	1961	1960	1961	1960	1961	1960
Total	413,295	363,735	345,771	307,099	67,524	56,636
Rulings, technical planning, and special technical services	6,646	5,834	5,759	5,092	887	742
Collection of revenue	169,783	149,413	137,930	122,712	31,853	26,701
Audit of tax returns	147,330	128,174	127,767	112,568	19,563	15,606
Tax fraud and special investigations	20,820	18,508	17,415	15,765	3,405	2,744
Alcohol and tobacco tax regulatory work	28,607	26,921	23,128	21,401	5,479	5,520
Taxpayer conferences and appeals	15,285	13,774	13,629	12,375	1,656	1,399
Legal services	10,734	9,256	9,299	8,017	1,435	1,239
Inspection	5,486	4,867	4,427	3,918	1,058	949
Statistical reporting	3,037	2,595	2,288	2,043	749	552
Executive direction	5,567	4,392	4,129	3,208	1,439	1,184

A handbook of budget formulation procedures was published, providing permanent basic instructions for the normal budgeting and financial planning procedures. This handbook eliminated the need to issue complete instructions on development of financial plans and budget estimates each year, and provided a much needed tool for budget analysts and technicians.

Considerable attention was given to the conversion of payroll and related fiscal operations system to stored program magnetic tape equipment. A personnel statistics master file incorporating necessary personnel data has been established, to be included in the tape system. The analyses and reports to be prepared from these data will soon be developed. The new system also includes a detailed listing of personnel on the rolls, providing information previously available only from manually prepared position record cards.

Long-Range Planning

The Service's Long-Range Plan was updated during 1961 to take account of revised workload projections, current work performance rates, and new research results. The updated Plan provided the basis for the preliminary 1963 budget request.

Long-range objectives include the modernization of returns processing operations through automatic data processing; expansion of tax returns examination capacity to minimum proportions needed to maintain an adequate level of voluntary compliance; increased investigative efforts aimed at tax evaders, especially racketeers; and improvement of the system to detect and secure delinquent returns. The Plan also provides for prompt collection of delinquent accounts arising from higher levels of tax enforcement; strengthening of enforcement-related activities such as the Appellate Division and the Office of the Chief Counsel; and the upgrading and improvement of space and equipment used throughout the Service. The broad programs needed to attain these objectives are scheduled over a number of years.

Systems Review and Coordination

The need for continued coordination of the many control and processing activities of the Internal Revenue Service has been intensified with the recent adoption of the master file concept of tax administration. This new approach, made possible through the introduction of highly efficient and versatile electronic equipment into the data processing operations, requires the central processing of consolidated taxpayer accounts and by its very nature puts increased emphasis on the importance of fully integrated activities.

Among the more important problems in the area of systems improvement and coordination to which the Service is currently addressing itself are: (a) the extension of the benefits of the master file to enforcement and statistical activities through machine selection of returns for examination and statistical reporting in connection with the Service's processing of tax returns; (b) the application of advanced electronic equipment and techniques to high volume processing operations, particularly in the area of document input preparation where optical scanning and character recognition equipment (in lieu of key punching), shows promise of substantial reduction in the present high costs of transferring data from documents to magnetic tape; (c) the adaptation of punch card and magnetic tape systems used by taxpayers required to report information to the Service (e.g. the filing of Forms W-2 and 1099) to the system used by the Service so that such information may be entered directly into the ADP system; and (d) the development of methods for supplying Service officials with important management information through the exploration of the latest techniques and advanced equipment available.

Current Research Program

The expansion in research studies reported last year has continued. The Treasury Department's decision to recommend legislation for withholding on dividends and interest (investment type) has required acceleration of surveys and analyses concerned with the reporting of dividend and interest income. In addition, it has been necessary to explore numerous alternative procedures given consideration in the adoption of a withholding system. These investigations relate both to numbers of taxpayers affected and the impact of various proposals on payers, payees, and the Revenue Service.

Sample surveys are underway in a number of areas dealing with the central problem of determining potential tax liability as a basis for planning enforcement programs and measuring their effectiveness. In addition to the continuing effort to measure the extent of under-reporting of interest and dividends, special projects have been started on the extent of illicit liquor operations and possible gaps in compliance with other taxes.

One basic survey conducted during the past year has made available for the first time extensive information on compliance by business in filing several types of tax returns. Wide variations in delinquency were found to exist among the taxes embraced in the survey, namely, income tax, social security and withholding tax, unemployment tax, the excise taxes required to be filed on Form 720, the highway use tax, and the taxes imposed on coin-operated amusement and gaming devices. This

information is now being analyzed for the purpose of revising and strengthening various compliance programs.

An interdepartmental project was carried out jointly with the Department of Labor on the feasibility of accepting reports of labor unions filing with that Department to satisfy their requirements for reporting to the Internal Revenue Service as tax exempt organizations.

The decision of the Service to go forward with a program for automatic data processing has extended the need for and scope of research activities. As a first step, proposed legislation was developed for assignment of account numbers to taxpayers not in covered employment under the social security system. There is need and desire for more precise quantitative indications of how to deal with various phases of tax administration under rapid data processing methods.

Advisory Group

The Advisory Group was established in 1959 to effect better cooperation and understanding between taxpayers, tax practitioners, and the Revenue Service. Four meetings were held with officials of the Service last year, and discussions touched on all facets of operations. As a result of the suggestions offered by the members, numerous administrative and procedural changes were made.

In keeping with the Service's commitment to the members, the terms of the first Group expired in June 1961. During that month a new panel of 12 high-ranking lawyers, accountants, educators, and business men was appointed. Like their predecessors, they were chosen from all sections of the country and they serve without compensation. The new Advisory Group, at their first meeting in June 1961, suggested a comprehensive agenda for discussions throughout the coming year. The present members are:

- Hugh F. Culverhouse, Attorney at Law, Jacksonville, Fla.;
- H. Brian Holland, Attorney at Law, Ropes and Gray, Boston, Mass.;
- Philip G. Johnson, Certified Public Accountant, Philip G. Johnson and Company, Lincoln, Nebr.;
- Donald H. Larmee, Assistant Vice President, Taxes, Pullman, Inc., Chicago, Ill.;
- Dana Latham, Attorney at Law, Latham and Watkins, and former Commissioner of Internal Revenue, Los Angeles, Calif.;
- Merle H. Miller, Attorney at Law, Ross, McCord, Ice, and Miller, Indianapolis, Ind.;
- Leslie Mills, Certified Public Accountant, Price Waterhouse and Company, New York, N.Y.;

Seymour S. Mintz, Attorney at Law, Hogan and Hartson, Washington, D.C.;

Joseph Pechman, Economist, The Brookings Institution, Washington, D.C.;

Robert C. Plumb, Certified Public Accountant, Manager, Tax Department, American Cyanamid Company, New York, N.Y.;

John Wilks Riehm, Jr., Dean, School of Law, Southern Methodist University, Dallas, Tex.;

L. Hart Wright, Professor of Tax Law, University of Michigan, Ann Arbor, Mich.

Internal Controls

Internal audit.—In the interest of efficient administration, the Service performs an independent review and appraisal of its accounting, financial, and other operating activities. This program of internal audit provides a protective and constructive service to all levels of management in that determinations are made as to whether the policies, practices, procedures, and controls of all Service activities have adequately protected the revenues and have been efficiently and effectively carried out.

Coverage of all major field activities is required at least once each year. This includes the various segments of the 9 regional offices, 62 district directors' offices, 3 service centers, and the Office of International Operations, aggregating 252 separate units subject to audit. For the second consecutive year, an internal audit was made on each of the field activities except those in Anchorage and the Atlanta Service Center which were created late in the year.

Internal security.—The integrity of the Service's personnel is vital to public confidence in our voluntary self-assessment system. To strengthen and sustain this confidence, special emphasis is being paid to the conduct of personnel in their official relations with taxpayers and tax practitioners. Thorough, expeditious, and impartial investigations are made and will continue to be made where there is evidence or allegation of wrongdoing on the part of employees. Applicants for employment are subjected to thorough character investigations. Involved in this area also are the investigations of enrollees and applicants for enrollment, described on page 79.

Over 6,000 investigations of employees and applicants for employment were completed in 1961, compared with nearly 5,000 in 1960. Investigations of the many applicants developed through an expanded recruitment program were responsible for much of the 21-percent increase. Although the number of disciplinary actions increased, the

ratio to total cases investigated was approximately the same as in the preceding year.

A decrease in enrollment investigations was due primarily to the fact that this was the first full year of operations under the revised and streamlined Service procedures covering enrollment of practitioners. Under the new procedures effected during the 1960 fiscal year, the requirement for formal investigations was eliminated for attorneys and CPA's, who comprise the bulk of enrollees.

A tabulation of the various types of investigations follows:

Personnel investigations, other investigations, and disciplinary actions

Type of investigation and action	1961	1960
Personnel investigations		
Number of cases closed, total	6,032	4,973
Character and security investigations	3,892	3,182
Conduct investigations	569	514
Special inquiries	1,571	1,277
Actions taken as a result of personnel investigations		
Disciplinary actions, total	660	556
Separations, total ¹	228	225
Bribery, extortion, or collusion	7	3
Embezzlement or theft of Government funds or property	21	19
Failure of employee to pay proper tax	14	15
Falsification or distortion of Government reports, records, etc.	103	79
Unauthorized outside activity	12	10
Failure to discharge duties properly	7	11
Refusal to cooperate	1	
Divulgence of confidential information	4	2
Acceptance of fees or gratuities	6	17
Personal and other misconduct	53	69
Suspensions from duty and pay	45	26
Reprimands, warnings, reassignments, transfers, or demotion	387	305
Nondisciplinary actions	5,372	4,417
Other investigations		
Number of cases closed, total	1,256	5,382
Applications for admission to practice before the Internal Revenue Service	1,080	5,198
Charges against enrollees	21	50
Federal tort claims	139	128
Attempted bribery ²	5	1
Discrimination ²	11	5

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 Not included in previous reports.

Several unscrupulous practitioners attempted to extort exorbitant fees from their clients under the guise that bribes were to be paid to Service employees to influence them in handling their tax cases. In each instance, the employee was cleared of any impropriety and the extortioners were prosecuted in State courts. To strengthen public confidence in the Service and to protect the integrity of its employees from attack by corrupt influences, recommendations have been made to declare such acts illegal under Federal statutes, thereby making them subject to Federal prosecution.

Enrollment of Practitioners

Lack of integrity on the part of persons enrolled to practice before the Internal Revenue Service could have a disastrous effect on revenue collections by undermining public confidence in our tax system. The Service is determined to fully investigate every incident of corrupt practice and to take swift action to discourage and eliminate further occurrences. The Director of Practice has intensified the surveillance of improper activities by enrolled practitioners. Fiscal year 1961 statistics, shown below, do not as yet reveal the increased attention to this area. However, tax practitioners have been put on notice of the Service's great concern with proper conduct in all tax matters. Practitioners and the public have been asked to assist the Service in this effort.

Disposition of enrollment and disciplinary cases

Type of case	1961	1960
General enrollment—attorneys and agents:		
Applications approved	4,196	4,964
Applications withdrawn or abandoned	3	43
Applications denied	4	15
Special enrollment:		
Ex-Internal Revenue Service employees:		
Applications approved	120	112
Applications withdrawn or abandoned	2	4
Applications denied	4	1
Successful examination candidates:		
Applications approved	842	1,288
Applications withdrawn or abandoned	12	16
Applications denied	9	12
Renewal of enrollment (general and special):		
Applications approved	2,522	2,694
Applications withdrawn or abandoned		21
Applications denied	1	1
Disciplinary actions:		
Disbarments		1
Resignations accepted	11	11
Suspensions		
Reprimands	2	1

Technical Assistance to Foreign Government Officials

During fiscal year 1961 technical assistance by the Service was given to approximately 150 officials representing the governments of 31 countries. The steadily increasing activity in this area reflects a growing recognition by revenue officials throughout the world of the outstanding ability of the Service in the field of tax law administration. The number and countries represented by such officials visiting our National and field offices during the year follows:

Argentina.....	10	Indonesia.....	2	Philippines.....	6
Bolivia.....	16	Iran.....	3	Puerto Rico.....	2
Brazil.....	3	Iraq.....	1	Somalia.....	2
British Honduras.....	1	Japan.....	24	Spain.....	9
Burma.....	1	Jordan.....	1	Sweden.....	1
Ceylon.....	1	Korea.....	3	Thailand.....	10
Ghile.....	17	Mexico.....	6	Togo.....	1
China.....	9	Netherlands.....	1	Tunisia.....	1
Egypt (U.A.R.).....	2	Norway.....	1	Turkey.....	7
Guatemala.....	1	Pakistan.....	3	Yugoslavia.....	5
India.....	3				

Among the numerous high-ranking officials observing and studying our operations during the past year were the following:

Commissioners of Revenue from Chile and Argentina
 Members of the Brazilian Chamber of Deputies
 First Assistant Secretary, Ministry of Finance, Guatemala
 Under-Secretary and Secretary General, Board of Tax Supervision,
 Office of the Prime Minister, Thailand
 Member, Central Board of Revenue, India
 Treasurer General, Tunisia
 Majority Leader of the Korean National Assembly
 Special Assistant to the Secretary General, Ministry of Finance,
 Indonesia
 Assistant Director, Contributions Directes, Ministry of Finance and
 Economic Affairs, Togo

An interesting aspect of these visits is their apparent broad influence on the methods of taxation and tax administration throughout the world. Time and again visitors mention changes in their tax laws and administrative procedures patterned after those of the United States. A number of these officials ultimately play a part in the negotiation of tax treaties.

Because of the close association of tax officials with the top echelon in government, it is felt that much is being accomplished by this program in promoting goodwill and enabling the less developed countries to progress and become self-supporting as a result of improved tax laws and enforcement techniques.

Statistical Reporting

Statistical information measuring the response of taxpayers to the administration of the Federal tax system indicates increasing complexity as well as further growth in volume of the Service workload. For example, the use of itemized deductions on returns filed by individual taxpayers continues to increase and, for the income year 1959, such returns

represented 37 percent of the total filed compared with 29 percent for 1955. Returns on which deductions are itemized involve greater administrative workload than those with standard deductions, because they contain greater possibility of error. The returns of corporations are likewise increasing in number and in complexity. 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 years.

Individual income tax returns: Number of returns and sources of income, 1955-59

Item	Income year				
	1959	1958	1957	1956	1955
(Thousands)					
A. Number of returns					
All individual returns, total.....	60,271	59,085	59,825	59,197	58,250
Taxable.....	47,497	45,652	46,865	46,259	44,689
Nontaxable.....	12,774	13,433	12,960	12,938	13,561
Returns with itemized deduction, total.....	22,510	20,811	20,155	18,459	16,891
Taxable.....	20,761	19,054	18,569	16,973	15,435
Nontaxable.....	1,749	1,758	1,586	1,486	1,456
Returns with standard deduction, total.....	37,761	38,274	39,670	40,738	41,359
Taxable.....	26,736	26,598	28,296	29,286	29,254
Nontaxable.....	11,026	11,675	11,374	11,453	12,105
B. Sources of income					
(Million dollars)					
All individual returns:					
Adjusted gross income, total.....	305,095	281,154	280,321	267,724	248,530
Salaries and wages.....	247,370	227,551	228,077	215,618	200,712
Business or profession.....	21,431	20,674	20,339	21,285	18,430
Dividends received.....	9,356	8,741	9,124	8,606	7,851
Interest received.....	4,395	3,659	3,319	2,872	2,584
Rents and royalties.....	3,235	3,227	3,259	3,344	3,086
Other income.....	19,307	17,304	16,202	16,000	15,868
Taxable returns:					
Adjusted gross income, total.....	287,775	262,188	262,169	249,551	229,595
Salaries and wages.....	233,804	213,043	214,187	201,837	186,154
Business or profession.....	20,222	18,900	18,596	19,176	16,349
Dividends received.....	8,789	8,257	8,627	8,201	7,454
Interest received.....	3,754	3,116	2,841	2,468	2,187
Rents and royalties.....	2,601	2,608	2,582	2,731	2,526
Other income.....	18,605	16,265	15,336	15,139	14,926

Note.—Returns classified as taxable are those reporting income tax after credits.

Corporation income tax returns: Number of returns and sources of receipts,
1955-56—1959-60

Item	Income year				
	1959-60 ¹ (preliminary)	1958-59 ¹	1957-58	1956-57	1955-56
A. Number of returns					
All corporation returns, total	1, 120, 288	1, 033, 191	984, 894	925, 184	842, 354
Active corporations, total	1, 074, 128	990, 381	940, 147	885, 747	807, 303
With net income	670, 588	611, 131	572, 936	559, 710	513, 270
Without net income	403, 540	379, 250	367, 211	326, 037	294, 033
Inactive corporations	45, 715	42, 251	44, 369	39, 214	34, 822
Unincorporated businesses filing under section 1361	445	559	378	223	229
B. Sources of receipts					
	(Million dollars)				
Active corporations:					
Receipts, total	816, 826	735, 338	720, 414	679, 868	642, 248
Business receipts	772, 966	696, 594	684, 883	646, 673	612, 683
Dividends received	3, 977	3, 755	3, 453	3, 446	3, 344
Interest received	20, 896	17, 938	16, 893	15, 058	13, 207
Rents and royalties	7, 711	7, 471	7, 068	6, 830	5, 875
Other receipts	11, 276	9, 580	8, 116	7, 861	7, 140
Returns with net income:					
Receipts, total	719, 443	632, 343	625, 621	614, 857	584, 975
Business receipts	682, 238	599, 576	595, 602	586, 109	558, 996
Dividends received	3, 867	3, 638	3, 286	3, 352	3, 303
Interest received	17, 425	14, 994	14, 298	12, 855	11, 415
Rents and royalties	6, 135	5, 922	5, 549	5, 613	4, 862
Other receipts	9, 778	8, 213	6, 887	6, 928	6, 399

Note.—The income year 1959-60 covers accounting periods ended July 1959 through June 1960. Other income years cover corresponding periods.

¹ Includes Form 1120-S returns.

Following small pilot operations in 1959 and 1960, there was undertaken a comprehensive new program of publishing data from individual income tax returns for the 100 largest standard metropolitan areas. The inclusion of this information as a part of the Statistics of Income program came as a result of recommendations from many Government agencies, members of the Joint Economic Committee of Congress, and private research organizations. The first results obtained under this program will appear in the report covering the 1959 income year, to be published in the fall of 1961.

The new Statistics of Income volume entitled "U.S. Business Tax Returns," first published in 1960, was enlarged and continued as a regular publication. Also, the financial ratios first introduced in the 1957-58 report on corporations were expanded in the 1958-59 report to cover additional classes of data from corporation returns. See page 98 for a list of Statistics of Income releases in the 1961 fiscal year, for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

appendix

TAXPAYER PUBLICATIONS

TAX FORMS—REVISIONS IN

TAX FORMS—NEW

REGULATIONS

REVENUE RULINGS AND PROCEDURES

ANNOUNCEMENTS OF GENERAL INTEREST

TECHNICAL INFORMATION RELEASES

SUPREME COURT DECISIONS

OTHER COURT ACTIONS

STATISTICS OF INCOME RELEASES

Taxpayer Publications

Your Federal Income Tax, IRS Publication No. 17, is 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, ranking fourth on his list in terms of aggregate copies sold since 1955. The 1961 edition contains 144 pages, and sells for 40 cents a copy. The booklet contains simplified nontechnical explanations and examples of thousands of problems confronting individual taxpayers when they prepare their income tax returns. It contains a completely filled-in Form 1040, which is keyed to explanations in the text. Almost any problem of the individual taxpayer pertaining to the Federal income tax may be solved through use of this booklet. The 1961 edition, in addition to explanations of about 175 new rules resulting from current changes in law, regulations, and administrative rulings, contains 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., local Internal Revenue offices, and various cooperating newspapers. More than 540,000 copies were sold in 1961.

Tax Guide for Small Business, IRS Publication No. 334, explains and answers, in plain nontechnical language, most of the Federal tax problems confronting the small business and professional man. It contains 144 pages of 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-employment, and withholding taxes are explained. A tax calendar and a tax check list are included, as well as a detailed subject index. Copies are available to the public at 40 cents each through the same channels as *Your Federal Income Tax*. Approximately 160,000 copies were sold in 1961.

Farmers Tax Guide, IRS Publication No. 225, is a 64-page pamphlet directed especially at farm tax problems. Further improvements were effected in the 1961 edition as a result of suggestions received from readers, representatives of the Extension Services 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 utilization of the county farm agent channels.

How the Federal Income Tax Applies to Hurricanes, Floods, Tornadoes, Other Disasters, Thefts and Condemnations, IRS Document No. 5174, was prepared during the height of the hurricane season in the fall of 1960. Its purpose was to acquaint the taxpaying public with its rights under the Federal tax laws and to insure that taxpayers ob-

tained all the benefits of the deductions to which they were legally entitled as the result of their losses from such events.

Community Property, IRS Document No. 5192, was issued during the 1961 filing period as the result of suggestions received in the National Office, to help married couples domiciled in community property states to clearly understand the Federal income tax law as it pertains to them. In addition to explaining the tax law, the document contains a work sheet illustrating a comparison between a joint income tax return and separate returns of a husband and wife, to show how these taxpayers may determine which of the two returns is to their advantage.

Motor Fuel Tax Pamphlets.—These publications explain the latest rules regarding various Federal motor fuel taxes. They consist of:

Federal Use Tax on Highway Motor Vehicles,
IRS Publication No. 349,

Federal Gasoline Tax Refund for Non-highway and Transit Use,
IRS Publication No. 378,

Farmers Gasoline Tax Refund,
IRS Publication No. 308.

Teaching Taxes, IRS Publications Nos. 19, 21, 22, and 27, are part of a program designed to introduce high school students, college students, and others to the basic principles and rules underlying our Federal income tax system. Over 3 million students received the course throughout the country.

U.S. Tax Guide for Aliens, IRS Publication No. 433, a 27-page pamphlet, explains the U.S. tax status of aliens, both resident and non-resident 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 provisions of the U.S. tax treaties. Nearly 31,000 copies of this pamphlet have been sent to district offices and to U.S. embassies and consulates overseas for free distribution.

Tax Guide for U.S. Citizens Abroad, IRS Publication No. 54, is a 26-page booklet explaining the Federal income tax responsibilities of U.S. citizens who reside or work abroad. Consulates and other Government offices distributed 333,000 copies in fiscal 1961.

Information Guides—International Operations

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. 6—Preparation of Form 1040B
 No. 7—Foreign Scholars and U.S. Income Tax
 No. 9—U.S. Tax Guide for Aliens

Miscellaneous Taxpayer Assistance Documents

Document No.	Document No.
Personal Exemptions and Dependents..... 5013	Tax on Admissions and Dues... 5059
Employee Expenses..... 5014	Investment Income..... 5060
Sick Pay..... 5016	Losses From Operating A Business..... 5062
Selling Your Home..... 5017	Interest Deductions..... 5074
Retirement Income and Credit..... 5018	Taxes..... 5075
Medical and Dental Expenses..... 5020	Filing Your Tax Return..... 5107
What Is Income..... 5045	Installment and Deferred-Payment Sales..... 5108
Tax Calendar and Check List for 1961..... 5046	Alimony..... 5109
Self-Employment Tax..... 5047	Miscellaneous Deductible Expenses..... 5110
Sales and Exchanges of Assets..... 5048	Tax Withholding and Estimated Tax..... 5111
Entertainment for Business... 5049	Accounting Periods and Methods..... 5175
Depreciation, Depletion, Amortization..... 5050	Bad Debts..... 5176
Business Expenses..... 5051	Withholding From Wages by Employer..... 5177
Child Care..... 5052	Repairs and Improvements... 5178
Contributions..... 5053	Partnerships..... 5179
Retailers' Excise Tax..... 5054	Corporations..... 5180
Manufacturers' Excise Tax... 5055	Sale of A Business..... 5181
Excise Tax on Communications..... 5056	If Your Return is Examined... 5202
Occupational Stamp Taxes... 5057	Documentary Stamp Taxes... 5286

Revisions in Tax Forms

Form 1040.—U.S. Individual Income Tax Return. In the individual return form, the medical expense schedule on page 2 was designed to suit the needs of a majority of taxpayers only. Taxpayers possibly entitled to a larger medical deduction (where all or part of the medical expenses were for individuals 65 or over) were directed to a new separate schedule for medical expenses (Form 2948). In the instructions for Form 1040, material was added to cover returns for students and children under 19 years of age. Also, the instructions relating to the deduction for medical expense were revised to reflect a recent change in the law regarding the computation of the deduction where dependent parents 65 or over are involved.

Form 1120.—U.S. Corporation Income Tax Return. The first page of the corporate return was rearranged with the questions being divided into two groups, and placed to the right of the name and address box. Also, the officer's compensation schedule was revised so as to include expense account allowances and the balance sheet was revised so as to show loans to and from stockholders.

Form 1041.—U.S. Fiduciary Income Tax Return. The fiduciary return was revised to reflect the additional first year depreciation allowance to estates.

Employer Identification Numbers.—In anticipation of further development of automatic data processing, a space for entering employers' identification numbers was provided on a number of the major return forms and instructions.

Expense Account Abuses.—Forms 1040 (Schedule C), 1120, and 1065 for 1960 contained a special series of questions dealing with expense account information, including questions covering expenses for resort facilities, yachts, and expense-paid vacations of employees.

New Tax Forms Issued

Form 1120F.—U.S. Income Tax Return of Foreign Corporations. This new form replaced Form 1120NB. It is to be filed by both resident and nonresident foreign corporations.

Form 2948.—Medical and Dental Expense Statement. This form is an optional medical expense schedule for use by taxpayers who may have an increased deduction for certain individuals 65 years of age or over.

Form 2950.—Statement in Support of Deduction Claimed Under Section 404 of the Code Subsequent to the First Year. This form is an optional use schedule for corporations which claim a deduction for contributions to pension, profit-sharing, stock bonus, annuity, and other employee benefit plans.

Form 3115.—Application for Change in Accounting Method. Form 3115 was introduced in order to standardize procedures relating to approval of changes in accounting method.

Selected Regulations Published

General

Income Tax Regulations under section 302(c)(2) of the Public Debt and Tax Rate Extension Act of 1960. These regulations published in the Federal Register for September 16, 1960, as Treasury Decision 6492, inform the taxpayer as to how, when, and where to make the election to apply the provision of section 613(c)(2) and (4)

of the Code, relating to the depletion deduction for calcium carbonates or other minerals used in making cement.

Income Tax Regulations under section 1361 of the Code, relating to unincorporated business enterprises electing to be taxed as domestic corporations. These regulations, published in the Federal Register for October 11, 1960, as Treasury Decision 6496, provide the manner in which certain unincorporated business enterprises may elect to be taxed as domestic corporations and how the computation of taxable income is to be made.

Manufacturers' and Retailers' Excise Tax Regulations under section 4061(a) of the Code, relating to bonds for importers of motor vehicles. These regulations, published in the Federal Register for October 28, 1960, as Treasury Decision 6499, require certain importers of automobiles, trucks, buses, etc., taxable under section 4061(a) to secure a bond to insure payment of the tax.

Regulations on Procedure and Administration under section 7701 of the Code, relating to definitions. These regulations, published in the Federal Register for November 17, 1960, as Treasury Decision 6503, set forth the definition of partnership, corporation, associations, trusts, etc.

Income Tax Regulations under various sections of the Code, relating to life insurance companies. These regulations, published in the Federal Register for December 10, 1960, January 20, 1961, and April 4, 1961, as Treasury Decisions 6513, 6535, and 6558, provide the manner of computing the income tax for life insurance companies.

Income Tax Regulations under section 614 of the Code, relating to definition of property. These regulations, published in the Federal Register for January 10, 1961, as Treasury Decision 6524, concern the definition of property and various special rules by means of which taxpayers are permitted to aggregate separate properties for computing the depletion allowance.

Income Tax Regulations under section 501(c)(3) of the Code, relating to "scientific" organizations. The regulations, published in the Federal Register for January 11, 1961, as Treasury Decision 6525, provide the definition of the term "scientific" for purposes of determining if the organization is exempt from tax under section 501(c)(3).

Facilities and Services Excise Tax Regulations under sections 4241, 4242, and 4243 of the Code, relating to excise tax on club dues. These regulations, published in the Federal Register for January 20, 1961, as Treasury Decision 6536, provide the manner for the computation of the excise tax on dues or membership fees, initiation fees, and life memberships.

Alcohol, Tobacco, and Firearms

New Regulations.

26 CFR Part 285—Cigarette Papers and Tubes, Manufacturers and Importers.

Reissued Regulations.

27 CFR Part 1—Basic Permit Requirements.

27 CFR Part 2—Nonindustrial Use of Distilled Spirits and Wines.

27 CFR Part 3—Bulk Sales and Bottling of Distilled Spirits.

27 CFR Part 4—Labeling and Advertising of Wine.

27 CFR Part 5—Labeling and Advertising of Distilled Spirits.

27 CFR Part 6—Inducements Furnished Retailers.

27 CFR Part 7—Labeling and Advertising of Malt Beverages.

27 CFR Part 8—Credit Period to Be Extended to Retailers of Alcoholic Beverages.

26 CFR Part 179—Machine Guns and Certain Other Firearms (National Firearms Act). (Treasury Decision 6557)

Amended Regulations.

26 CFR Part 170—Miscellaneous Regulations Relating to Liquors. Amended by Treasury Decisions 6484, 6515, and 6550.

26 CFR Part 197—Drawback on Distilled Spirits Used in Manufacturing Nonbeverage Products. Amended by Treasury Decision 6549.

26 CFR Part 231—Taxpaid Wine Bottling Houses. Amended by Treasury Decision 6562.

26 CFR Part 250—Liquors and Articles from Puerto Rico and the Virgin Islands. Amended by Treasury Decision 6551.

26 CFR Part 270—Cigars and Cigarettes—Manufacturers, Importers, and Dealers. Amended by Treasury Decision 6502.

26 CFR Part 290—Exportation of Tobacco Materials, Tobacco Products, and Cigarette Papers and Tubes, without Payment of Tax, or with Drawback of Tax. Amended by Treasury Decision 6564.

26 CFR Part 296—Semimonthly Return System for Tax Payment in Puerto Rico of Tobacco Products of Puerto Rican Manufacture Shipped to the United States. Amended by Treasury Decision 6563.

Revenue Rulings and Procedures

With some restrictions, the amount paid by an adopting parent for hospital and medical expenses attributable to a child before its placement in the adopting parent's home qualifies as a medical expense (Rev. Rul. 60-255, C.B. 1960-2, 105).

The Service discussed certain per diem and mileage allowances paid to employees which are in excess of the allowances prescribed in Revenue

Ruling 58-453, C.B. 1958-2, 67, and whether they may be considered as equivalent to an accounting to the employer under section 1.162-17(b) of the Income Tax Regulations (Rev. Rul. 60-282, C.B. 1960-2, 56).

Amounts in an employee's account in a qualified employees trust are not "made available" until actually distributed to him, where withdrawal would cause him to lose all prior service credits in the event of his reemployment (Rev. Rul. 60-292, C.B. 1960-2, 153).

Copies of information forms filed with the Department of Labor pursuant to the Welfare and Pension Plans Disclosure Act and the Labor-Management Reporting and Disclosure Act of 1959 may be used to satisfy some of the reporting requirements for internal revenue purposes (Rev. Proc. 60-14, C.B. 1960-2, 937, and Rev. Proc. 61-3, I.R.B. 1961-4, 26).

Guides were set forth with respect to the packaging of mingled distilled spirits, the proof of the mingled spirits, and the mingling of spirits of different distilling seasons. (Rev. Rul. 60-353, C.B. 1960-2, 591; Rev. Rul. 60-341, C.B. 1960-2, 592; and Rev. Rul. 60-342, C.B. 1960-2, 592).

The Service set forth guides for the computation of restricted interest under the Internal Revenue Codes of 1939 and 1954 (Rev. Proc. 60-17, C.B. 1960-2, 942).

The Service discussed circumstances under which a contribution to a college for use in acquiring or constructing a housing facility for use by a particular fraternity designated by the donor may be deductible for Federal income, estate, and gift tax purposes (Rev. Rul. 60-367, C.B. 1960-2, 73).

The Service discussed the tax consequences where a taxpayer transfers appreciated property to an exempt organization, as trustee, under an express or implied obligation that the property is to be sold and the proceeds invested in tax-exempt securities (Rev. Rul. 60-370, C.B. 1960-2, 203).

New procedures have been established to simplify the issuance of Certificates of Compliance to departing aliens, particularly those entering or leaving the country as groups and those who enter and leave the country more than once during the year (Rev. Proc. 60-35, C.B. 1960-2, 1014).

Three-wheeled commercial motor vehicles which are designed for light hauling are considered to be automobile trucks for purposes of the manufacturers' tax on motor vehicle articles (Rev. Rul. 60-391, C.B. 1960-2, 299).

The applicability of the communications tax exemption for certain news services depends upon the manner in which the communication

services are utilized by the person to whom the services are furnished rather than by the nature of the activity of the company which furnishes the services (Rev. Rul. 61-14, I.R.B. 1961-4, 21).

In view of the *Cannelton Sewer Pipe Co.* decision, ordinary treatment processes of minerals used in making brick and tile products and cement are limited to those which bring the minerals to shipping form except where, in the case of cement, an election is made under Public Law 86-781 (Rev. Rul. 61-17, I.R.B. 61-5, 10).

A ruling was published which illustrates the position of the Service with respect to the employment tax status of individuals engaged to assist public officials in the performance of their official duties (Rev. Rul. 61-21, I.R.B. 1961-6, 60).

Parents domiciled in a community-property state may join in a multiple support agreement with a child where each provides more than 10 percent of the funds used for the support of the family group (Rev. Rul. 61-52, I.R.B. 1961-13, 7).

Trading in old equipment used in a trade or business on the purchase of new equipment of like kind results in an exchange of property under section 1031 of the Code, even though both parts of the transaction are accomplished by separate contracts (Rev. Rul. 61-119, I.R.B. 1961-26, 8).

Announcements of General Interest

A list of the forms to be used by proprietors of distilled spirits plants beginning July 1, 1960, under the new Distilled Spirits Plants Regulations, was published (60-62, I.R.B. 1960-28, 23).

The Service outlined the standards it uses for evaluating the performance of revenue agents (60-88, I.R.B. 1960-45, 29).

The Service clarified its position with respect to the granting of extensions of time for filing individual income tax returns, with special reference to those cases in which the delay in filing is due to a tax practitioner's workload (60-90, I.R.B. 1960-45, 31).

The Special Enrollment Examination held on September 8 and 9, 1960, for persons who are not attorneys or certified public accountants, but who wish to practice before the Service, was published (60-92, I.R.B. 1960-46, 54).

A list was compiled of taxpayer information pamphlets on specific subjects available upon request from the offices of District Directors of Internal Revenue (61-30, I.R.B. 1961-11, 129).

A new Internal Revenue Looseleaf Regulations Service was established, divided into five individual services for distribution purposes each of which is available to the general public from the Superintendent of Documents on a subscription basis (61-32, I.R.B. 1961-13, 22).

Technical Information Releases

The situs of the property at the time of loss, and not the residence status of the insurer, determines whether gain realized by a Western Hemisphere trade corporation from insurance proceeds received for goods lost in transit constitutes income from sources within or without the United States (T.I.R. 241, July 18, 1960).

The fact that sales are made pursuant to a revolving credit plan is not determinative of whether such sales qualify under the installment method of accounting; the contrary court decision in the case of *Consolidated Dry Goods Company* will not be followed (T.I.R. 247, August 23, 1960).

The Service will, in appropriate cases, continue to regard the filing of a notice of Federal tax lien at the taxpayer's domicile as effective with respect to all his personal property, wherever situated; decision in *Lema P. Bagley* will not be followed (T.I.R. 260, October 17, 1960).

Importers of foreign cars, trucks, buses, and other articles taxable under section 4061(a) of the Code, were reminded that the new regulations relating to the bonding of such importers became effective with respect to those articles arriving in the United States on and after January 1, 1961 (T.I.R. 280, December 19, 1960).

There is no provision of law authorizing the Service to issue a certificate of discharge of property from Federal tax lien where property has been sold at a foreclosure sale commenced by the holder of an encumbrance senior to a junior Federal tax lien and under state law such proceeding discharges all junior liens (T.I.R. 282, December 22, 1960).

Strike benefit payments by labor unions will be treated as tax-exempt gifts where they arise in situations similar to those found in the *Allen Kaiser* case (T.I.R. 284, January 6, 1961).

The Service has undertaken a program to consolidate and republish in the Federal Register certain regulations issued on a piecemeal basis under the Internal Revenue Code of 1954; however, they will not appear in the Internal Revenue Bulletin (T.I.R. 285, January 6, 1961).

A number of procedural changes have been made by the National Office of the Service to expedite the preparation, consideration, and issuance of regulations and rulings, particularly as they affect conferences with taxpayers and their representatives in connection with their requests for rulings (T.I.R. 288, January 13, 1961).

Foreign reinsurance arrangements between domestic and foreign reinsurers of close relationships will be scrutinized to determine whether they represent tax avoidance plans or were entered into for bona fide business purposes (T.I.R. 300, February 1, 1961).

The Service will continue to apply the "temporary v. indefinite" test in determining whether a taxpayer is "away from home" for purposes

of allowing a deduction for the cost of his meals and lodging as traveling expenses; the contrary court decision in the case of *John J. Harvey* will not be followed (T.I.R. 314, April 18, 1961).

The Service has specified areas under the Code, in addition to those designated in Revenue Procedure 60-6, C.B. 1960-1, 880, in which rulings will not be issued (T.I.R. 262, October 28, 1960; T.I.R. 303, February 9, 1961; T.I.R. 308, March 2, 1961; T.I.R. 309, 310, and 311, March 3, 1961; T.I.R. 312, March 13, 1961; and T.I.R. 313, March 23, 1961).

Supreme Court Decisions

Civil Cases

On November 14, 1960 the case of *Knetsch v. United States* (364 U.S. 361) was decided in favor of the Government. In a pre-1954 transaction the question was whether taxpayer could deduct interest paid on the purchase price of 30-year deferred annuity savings bonds and on borrowing on the bonds, where annual borrowings kept the cash value of the bonds, on which the annuity or life insurance payments depended, at a nominal amount. Taxpayer purchased 30-year maturity deferred annuity savings bonds with a face value of \$4 million and bearing interest at 2½ percent, for \$4,004,000. The taxpayer gave the company his check for \$4,000 and a non-recourse note for \$4 million bearing interest at 3½ percent. Taxpayer also borrowed against the increasing cash value of the bonds.

The Court held that the "interest" paid by the taxpayer was not deductible. The transaction did not create an indebtedness for it was a sham; there was nothing of substance to be realized by taxpayer beyond a tax deduction. The Court held that Congress, by disallowing in section 264(a)(2) I.R.C. 1954 deductions for interest paid on indebtedness incurred to purchase single-premium annuity contracts, did not show an intent to allow deduction of interest on pre-1954 transactions without regard to whether the transactions created a true obligation to pay interest.

By way of dictum the Court observed that there may well be single-premium annuity arrangements with nontax substance which create "indebtedness" for the purposes of section 23(b) I.R.C. 1939 and section 163(a) I.R.C. 1954. It concluded, however, that this was not such an arrangement.

On November 21, 1960 the Court decided *Meyer v. United States* (364 U.S. 410) in favor of the Government, sustaining the Court of Appeals for the Second Circuit. The issue was whether, for estate tax purposes, the estate of this decedent was entitled to a marital deduction

under section 812(e) of the Internal Revenue Code of 1939 with respect to a portion of the proceeds of two life insurance policies on the life of the decedent, where proceeds were payable under options elected by the decedent, in specified monthly payments to the surviving spouse for life, but, if she died before the expiration of 20 years, thereafter the decedent's daughter would receive the payments until the 20 years elapsed. The Court held that each policy constituted one property, contrary to the taxpayer's contention that the insurer's separate book-keeping entries for the payments certain and the contingent payments divided the proceeds into two separate properties, so that the sum necessary to fund the contingent payments beyond the period certain qualified for the marital deduction and made only so much of its proceeds payable to the wife as she might live to receive in monthly installments. As she might die at any time, upon the occurrence of which event her interest in the proceeds would terminate and pass to another, the Court concluded that the property was "disqualified for the marital deduction by the express provisions of section 812(e)(1)(B)." The Court of Appeals for the Third Circuit had decided the same issue in favor of taxpayer in *Joseph F. Reilly v. Commissioner*, 239 F. 2d 797.

On March 22, 1961 the Court decided the case of *United States v. Consolidated Edison Company of New York, Inc.* (366 U.S. 380) for the taxpayer, unanimously affirming the Court of Appeals for the Second Circuit. The Court held that the contested portion of real property taxes did not accrue in the year in which remittance was made in order to avoid seizure and sale of the property, but in the year in which the contest was finally terminated, since it was not until the latter year that "all events" occurred which fixed the taxpayer's liability. During the years 1946 through 1950, taxpayer disputed its liability for fifteen percent of the New York real property taxes assessed against it, but it remitted all of the taxes assessed during those years and promptly filed suits to recover the disputed amounts. In 1951 it entered into a settlement pursuant to which it admitted liability for two-thirds of the amounts in dispute and received a refund of one-third. After stating that "the very narrow issue" was whether "the remittance" admitted liability for, and constituted "payment" and satisfaction of, the contested part of the assessment, and conceding that an unconditional "payment" in apparent satisfaction of an asserted matured liability was persuasive evidence that "all events" had occurred which fixed the amount of the tax and determined the liability of the taxpayer to pay it, the Supreme Court held that the "remittance" in question was in effect "a mere deposit" made for the sole purpose of staying—there being no other way to stay—an otherwise possible seizure and sale of the property for the contested tax while its validity was being "honestly

and diligently contested" in the only way allowed by the law of the State, and that it would not do to say that the taxpayer had made an unconditional "payment" in apparent "satisfaction" of an asserted matured tax liability and thereby rendered it immediately accruable. The narrow scope of the Supreme Court's decision leaves in doubt the rule to be applied in many situations involving payment of a contested liability prior to termination of the contest.

On April 17, 1961, in the case of *Bulova Watch Company v. United States* (365 U.S. 753) the Court affirmed the decision of the Court of Claims to agree with the Government that the date from which interest accrues on an overpayment of taxes attributable to an unused excess profits credit carryback is governed by section 3771(e) of the 1939 Code and not by 28 U.S.C. section 2411(a). The Court held that the Government's position was consistent with the intention of Congress as evidenced by the legislative history. Congress, the Court felt, thought that it would be unfair to the Government to require it to pay interest on a claim brought about by such a retroactive adjustment prior to the time when the taxpayer took affirmative steps to bring home to the Commissioner his claim for a readjustment of his past admittedly correct tax liability. The section, therefore, the Court agreed, prohibits the accrual of interest prior to the time the taxpayer's claim is filed. This construction, the Court noted, recognizes that a specific statute controls over a general one and that this is true without regard to priority of enactment and without regard to whether the ultimate refund is granted administratively or pursuant to a judgment.

In *Commissioner of Internal Revenue v. Jerry Lester* (366 U.S. 299) decided May 22, 1961, the Court affirmed the Court of Appeals for the Second Circuit and held that to constitute child support, not deductible by the husband nor taxable to the wife, the agreement providing for the periodic payments must *specifically* state the amounts or parts thereof allocable to the support of the children. Such child support will not be *inferred* from the reduction made in the payments on the happenings of contingencies as the emancipation, death, marriage or attainment of majority of the children.

On June 12, 1961, the Court decided the cases of *Jarecki v. G. D. Searle & Company* and *Polaroid Corporation v. Commissioner* (367 U.S. 303) in favor of the Government. The cases involved the question of whether income resulting from the "discovery" of the drugs dramamine and banthine and the Polaroid Land Camera qualified as abnormal income under section 456 of the Korean War excess profits tax law. In upholding the Government's interpretation of the word "discovery" in section 456(a)(2)(B) as limited to discoveries of natural resources, the Court noted that the word "discovery" was used in con-

junction with the words "exploration" and "prospecting" and applied the maxim *noscitur a sociis*, "that a word is known by the company it keeps." It felt that a broader interpretation would conflict with the Congressional purpose to cut down on the scope of available relief previously allowed under the World War II excess profits tax law, would render certain other provisions in the statute redundant, and would introduce into the statute the difficult distinction between inventions and discoveries, which Congress, it thought, could not have intended. The Court's decision removes the possibility of large refunds to corporations which had derived income during the Korean War from sales of newly developed products which might be classified as resulting from discoveries.

On June 19, 1961, the case of *American Automobile Association v. United States* (81 S.Ct. 1727) was decided in favor of the Government, with four Justices dissenting. That case involved the deferral of prepaid membership dues ratably over the annual membership period. Taxpayer furnished various services to its members upon demand. Its deferral of prepaid membership dues was admittedly in accordance with sound commercial accounting principles. The Court of Claims had based its decision for the Government on *Automobile Club of Michigan v. Commissioner* (1957) 353 U.S. 180, finding that the deferral method employed was for Federal income tax purposes "purely artificial." The Supreme Court agreed that taxpayer's deferral method was artificial because the deferral of each individual membership fee was not related to the fixed expenses of services to be performed for each member, but it held that, whether or not the *Automobile Club of Michigan* decision was controlling, there were other considerations requiring disallowance of the ratable accrual method by taxpayer. The absence of a statute specifically authorizing such deferral, the legislative history of prepaid income provision, and the current study of the problem by Congress persuaded the Supreme Court that it should leave the matter to the sound discretion of the Commissioner pending further action by the Congress. On July 17, 1961 the Senate passed and cleared for the President's signature H.R. 929, which would permit membership organizations such as taxpayer to defer prepaid membership dues over the membership periods.

On June 19, 1961, the Court granted certiorari in *Commissioner of Internal Revenue v. Milwaukee & Suburban Transport Corp.* (81 S.Ct. 1917) and vacated the judgment of the United States Court of Appeals for the Seventh Circuit providing that it was proper for a common carrier to accrue estimated liability for tort claims growing out of the operation of its transportation facilities.

On the same date the Court also granted certiorari in *Commissioner of Internal Revenue v. Mark E. and Marzalie Schlude* (81 S.Ct. 1915), and vacated the judgment of the United States Court of Appeals for the Eighth Circuit providing that a dancing studio could defer the accrual of fees which applied in part to instructional services to be rendered in a year following the receipt of the fee. Both cases were remanded in the light of *American Automobile Association v. United States*, decided on the same date.

Criminal Cases

The question of taxability of income from embezzlement was settled by the Court's decision in *James v. United States* (366 U.S. 213) that its holding in *Wilcox v. United States* (327 U.S. 404) exempting such income from taxation was erroneous. However, the conviction of James, a Union leader who embezzled in excess of \$738,000 was reversed because the element of willfulness could not be established so long as the statute defining gross income for tax purposes "contained the gloss placed upon it by *Wilcox* at the time the alleged crime was committed."

The Court reversed the conviction of *Abraham Chaifetz* (366 U.S. 209) for the misdemeanor of failing to supply information, which crime the trial court had held was a lesser offense included in the felony of tax evasion charged in the indictment. Certiorari was denied as to the conviction of tax evasion for another year.

Other Court Action

The Seventh Circuit Court of Appeals affirmed the convictions and resentencing of defendants in *United States v. Shotwell Manufacturing Company et al.* after review of the record of the rehearing ordered by the Supreme Court (355 U.S. 233) because of newly discovered evidence which, if true, indicated that the alleged voluntary disclosure of the failure to report black market receipts was a step in a conspiracy to "fix" the tax case, possibly to corrupt government officials and to perpetrate a fraud upon the courts.

Bernard Goldfine and his secretary, *Mildred Paperman*, entered pleas of guilty in connection with attempted evasion of individual and corporate income taxes. The indictments involved evaded taxes of approximately \$800,000. Goldfine was fined \$110,000 and sentenced to concurrent sentences of a year and a day on certain counts. Sentences of eighteen months on other counts were suspended with probation conditioned on satisfactory settlement of the civil tax liabilities and full cooperation in

accounting for the disposition of about \$600,000 in cash withdrawn from Goldfine's business enterprises.

United States District Judge George H. Boldt sentenced *Mickey Cohen*, of Los Angeles, to 15 years in prison and fined him \$30,000 on charges including willful failure to pay assessed income taxes, attempted evasion of taxes, concealing assets and making a false statement. Cohen had previously been convicted and served a prison sentence for making false statements in connection with his income tax returns.

Statistics of Income Releases

Individual Income Tax Returns, 1958 (126 pp., 75 cents)

Corporation Income Tax Returns with accounting periods ended July 1958-June 1959, Preliminary (41 pp., 30 cents)

Corporation Income Tax Returns with accounting periods ended July 1958-June 1959 (274 pp., \$1.50)

Fiduciary, Gift, and Estate Tax Returns, 1958 (116 pp., 70 cents)

U.S. Business Tax Returns with accounting periods ended July 1958-June 1959, Sole Proprietorships, Partnerships, and Corporations (100 pp., 60 cents)

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

statistica
table

NOTES

All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1961" pertain to the fiscal year ended June 30, 1961, and "July 1" inventory items under this heading reflect inventories as of July 1, 1960.

In many tables and charts, figures have been rounded and therefore may not 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, 6, and 14. A map of the districts appears on page XIV.

STATISTICAL TABLES

COLLECTIONS, REFUNDS, AND RETURNS FILED

Table	Page
1. Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas.....	102
2. Internal revenue collections by sources and by quarters.....	118
3. Internal revenue collections by sources.....	120
4. Internal revenue collections by principal sources, fiscal years 1940-61.....	123
5. Internal revenue refunds including interest.....	126
6. Number of returns filed by internal revenue regions, districts, States, and other areas.....	128
7. Internal revenue tax on manufactured products from Puerto Rico.....	130

ALCOHOL AND TOBACCO TAXES

8. Establishments qualified to engage in the production, distribution, storage, or use of alcohol and alcoholic liquors.....	130
9. Establishments qualified to engage in the production or distribution of tobacco products.....	131
10. Permits relating to distilled spirits under chapter 51, IRC.....	131
11. Permits for operations relating to alcoholic beverages under the Federal Alcohol Administration Act.....	132
12. Permits relating to tobacco under chapter 52, IRC.....	133
13. Label activity under Federal Alcohol Administration Act.....	133

STAMP TAXES

14. Number of occupational tax stamps issued, by class of tax and by internal revenue regions, districts, and States.....	134
---	-----

CASES RECEIVING APPELLATE CONSIDERATION OR IN LITIGATION

15. Appellate Division processing of protested income, profits, estate, and gift tax cases prior to issuance of statutory notice.....	142
16. Appellate Division processing of protested income, profits, estate, and gift tax cases in which statutory notices were outstanding.....	143
17. Appellate Division processing of income, profits, estate, and gift tax cases petitioned to the Tax Court (docketed cases).....	144
18. Office of Chief Counsel—Processing of income, profits, estate, and gift tax cases in the Tax Court.....	145
19. Office of Chief Counsel—Results obtained in income, profits, estate, and gift tax cases disposed of in the Tax Court.....	145
20. Office of Chief Counsel—Receipt and disposal of Tax Court cases in courts of appeals or in Supreme Court.....	146
21. Receipt and disposal of suits filed by taxpayers in Federal courts.....	146
22. Civil tax cases decided by courts of appeals and Supreme Court.....	147
23. Receipt and disposal by the Office of the Chief Counsel of collection, erroneous refund, subpoena, summons, and injunction cases.....	147
24. Receipt and disposal by the Office of the Chief Counsel of insolvency and debtor proceedings.....	147
25. Receipt and disposal by the Office of the Chief Counsel of lien cases and noncourt collection litigation cases.....	148
26. Office of Chief Counsel—Caseload report.....	148

COST OF ADMINISTRATION

27. Obligations incurred by the Internal Revenue Service.....	149
28. Quantity and cost statistics for printing.....	151

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. 120, 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 ^{3,4}	Income tax withheld and old-age and disability insurance ^{3,5,6}	Railroad retirement ^{1,7}	Unemployment insurance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	94,401,086	21,764,940	58,655,452	13,997,444	43,741,840	570,812	345,356
Atlanta region	6,914,129	1,285,229	3,985,172	1,152,681	2,782,252	21,961	28,278
Atlanta (Georgia)	1,080,790	237,115	713,828	169,201	535,247	4,247	5,133
Birmingham (Alabama)	620,448	136,233	457,849	120,664	329,295	4,709	3,180
Columbia (South Carolina)	407,989	101,905	282,125	67,440	212,134	114	2,438
Greensboro (North Carolina)	2,366,242	384,191	723,177	180,006	534,403	2,588	6,179
Jackson (Mississippi)	241,794	32,276	192,400	62,901	127,325	372	1,442
Jacksonville (Florida)	1,398,537	237,746	1,027,250	378,385	634,651	8,352	5,862
Nashville (Tennessee)	798,329	155,762	588,903	174,084	409,197	1,579	4,044
Boston region	5,267,656	1,073,053	3,680,274	909,368	2,734,049	14,441	22,425
Augusta (Maine)	242,125	45,295	179,185	50,517	124,850	2,601	1,217
Boston (Massachusetts)	2,748,822	581,676	1,912,598	435,037	1,463,055	2,849	11,658
Burlington (Vermont)	95,841	12,662	75,310	21,394	52,404	1,066	446
Hartford (Connecticut)	1,610,023	335,272	1,084,375	298,287	771,971	7,871	6,244
Portsmouth (New Hampshire)	194,367	30,952	154,153	38,359	114,757	73	993
Providence (Rhode Island)	376,478	67,197	274,653	65,773	207,002	11	1,867
Chicago region	16,141,846	4,362,765	8,930,656	1,896,924	6,884,717	93,240	55,776
Chicago (See (b) below)	6,455,042	1,672,481	4,126,018	878,966	3,135,089	85,882	25,081
Detroit (Michigan)	6,916,466	2,112,608	3,116,177	565,330	2,523,922	6,325	20,600
Milwaukee (Wisconsin)	1,668,706	389,263	1,085,549	264,812	813,560	631	6,846
Springfield (See (b) below)	1,101,631	188,413	602,913	187,816	411,146	702	3,249
Cincinnati region	11,274,497	2,251,486	6,490,815	1,396,966	4,884,161	73,442	36,247
Cincinnati (See (f) below)	2,038,168	545,536	1,268,070	289,386	970,183	995	7,506
Cleveland (See (f) below)	3,761,996	930,182	2,377,383	427,158	1,898,451	38,446	13,328
Indianapolis (Indiana)	2,094,585	340,203	1,372,480	279,075	1,086,068	958	6,350
Louisville (Kentucky)	1,637,919	166,769	451,205	136,857	298,250	13,460	2,639
Parkersburg (West Virginia)	332,181	51,392	257,147	71,487	183,779	19	1,806
Richmond (Virginia)	1,409,647	217,403	764,530	193,004	547,431	19,508	4,588
Dallas region	5,286,474	1,008,441	3,545,903	1,176,696	2,323,048	28,095	21,064
Albuquerque (New Mexico)	209,689	22,964	174,855	52,059	121,953	3	840
Austin (See (h) below)	1,638,853	325,629	1,083,120	354,729	708,433	13,489	6,468
Dallas (See (h) below)	1,471,195	296,447	1,048,587	369,274	659,923	13,303	6,087
Little Rock (Arkansas)	244,023	34,405	196,251	73,285	121,477	169	1,320
New Orleans (Louisiana)	784,426	150,944	528,564	176,340	348,183	743	3,298
Oklahoma City (Oklahoma)	938,290	178,052	514,527	151,009	360,079	388	3,052
New York City region	18,234,140	5,836,035	10,207,992	1,963,895	8,105,606	73,355	65,135
Albany (See (e) below)	970,375	234,623	694,983	90,085	598,116	2,623	4,159
Brooklyn (See (e) below)	1,835,832	258,572	1,421,978	430,038	978,465	4,150	8,324
Buffalo (See (e) below)	1,142,607	311,252	720,953	156,345	560,105	47	4,455
Manhattan (See (e) below)	13,669,359	4,929,507	6,940,349	1,197,119	5,631,330	66,507	45,393
Syracuse (See (e) below)	615,967	102,080	429,730	90,308	336,590	28	2,804
Omaha region	7,383,759	1,446,723	5,018,989	1,300,695	3,570,350	122,764	25,180
Aberdeen (South Dakota)	122,696	15,975	98,894	39,781	58,627	1	484
Cheyenne (Wyoming)	90,813	9,007	71,201	29,813	41,068	7	313
Denver (Colorado)	1,122,545	136,743	877,438	145,778	724,339	4,581	2,740
Des Moines (Iowa)	754,375	150,378	558,076	201,053	353,523	505	2,995
Fargo (North Dakota)	105,617	10,732	90,046	37,809	51,827	18	393
Kansas City (See (c) below)	762,986	203,263	481,889	121,813	352,881	4,142	3,053
Omaha (Nebraska)	571,266	94,504	415,086	129,403	260,600	23,152	1,931
St. Louis (See (c) below)	1,508,522	351,245	944,067	206,323	701,162	30,877	5,705
St. Paul (Minnesota)	1,496,430	348,088	1,004,353	222,691	743,052	33,043	5,566
Wichita (Kansas)	648,510	126,788	477,940	166,231	283,271	26,437	2,000
Philadelphia region	12,222,504	2,617,446	7,998,722	1,748,476	6,090,351	112,192	47,704
Baltimore (Maryland and D.C.)	2,202,372	291,790	1,601,011	1,237,236	40,137	6,328	2,470
Camden (See (d) below)	552,662	102,250	413,472	122,735	288,258	9	10,166
Newark (See (d) below)	2,407,187	518,325	1,534,548	394,817	1,125,803	3,762	12,491
Philadelphia (See (g) below)	3,206,669	598,904	2,138,705	482,285	1,585,739	58,189	11,137
Pittsburgh (See (g) below)	2,418,834	465,434	1,565,973	264,036	1,283,307	7,493	3,319
Scranton (See (g) below)	621,076	172,321	413,050	73,654	333,477	2,599	1,793
Wilmington (Delaware)	813,704	468,421	331,964	93,638	236,530	2	43,526
San Francisco region	11,575,015	1,862,776	8,480,688	2,314,021	6,082,079	41,062	235
Anchorage (Alaska)	65,886	4,401	59,330	12,042	47,041	13	814
Boise (Idaho)	168,654	26,400	136,022	39,678	95,284	246	565
Helena (Montana)	157,249	24,696	124,701	46,122	77,673	341	944
Honolulu (Hawaii)	242,358	42,657	186,599	44,673	140,658	324	18,698
Los Angeles (See (a) below)	4,757,067	782,704	3,523,800	953,593	2,550,598	911	1,393
Phoenix (Arizona)	350,732	54,523	278,920	99,243	178,181	103	2,653
Portland (Oregon)	599,006	87,948	485,194	136,500	343,427	2,613	601
Reno (Nevada)	150,142	23,016	110,757	34,714	75,442	(*)	981
Salt Lake City (Utah)	263,516	46,528	197,532	45,257	150,186	1,107	12,210
San Francisco (See (a) below)	3,729,150	598,105	2,547,262	685,309	1,814,955	34,788	4,432
Seattle (Washington)	1,091,255	171,797	830,570	216,890	608,633	615	29
Office of International Operations	272,441	70,987	205,974	137,722	67,406	826	(*)
Puerto Rico	63,257	21	34,164	3,253	30,910		
Other	209,184	20,966	171,811	134,469	36,496	826	20
Undistributed:							
Depository receipts	(-359,505)		(-277,867)		(-267,301)	(-10,565)	
Transferred to Government of Guam	(-4,464)		(-4,464)				
Withheld taxes of Federal employees	392,595		392,595		392,595		
Totals for States not shown above							
(a) California	8,486,217	1,380,810	6,071,062	1,638,903	4,365,553	35,699	30,908
(b) Illinois	7,556,673	1,860,894	4,728,931	1,066,782	3,547,236	86,584	28,330
(c) Missouri	2,271,508	554,508	1,425,956	328,136	1,054,043	35,019	8,758
(d) New Jersey	2,959,949	620,576	1,948,020	517,552	1,414,061	3,771	12,636
(e) New York	18,234,140	5,836,035	10,207,992	1,963,895	8,105,606	73,355	65,135
(f) Ohio	5,800,164	1,475,718	3,645,453	716,544	2,868,634	39,441	20,834
(g) Pennsylvania	6,246,579	1,236,659	4,117,728	819,975	3,202,523	68,282	26,947
(h) Texas	3,110,047	622,076	2,131,707	1,368,356	724,003	26,792	12,555

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. 120, 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)	Distilled spirits taxes				
						Imported (collected by Customs) (13)	Domestic ⁸ (14)	Rectifica- tion ⁹ (15)	Occupational taxes ⁹ (16)	Other ¹⁰ (17)
United States, total	1,745,480	170,912	12,064,302	3,212,801	2,314,746	395,800	1,879,653	22,494	15,702	1,098
Atlanta region	114,684	8,769	1,520,284	50,207	28,178	16,123	10,838	13	602	602
Atlanta (Georgia)	12,202	821	116,823	7,433	3,704	918	2,583	13	94	96
Birmingham (Alabama)	8,612	1,121	16,634	806	717	618	14		44	42
Columbia (South Carolina)	9,241	333	14,384	977	564	443	1		62	57
Greensboro (North Carolina)	18,589	1,873	1,238,413	1,050	836	490	25		32	288
Jackson (Mississippi)	4,367	394	12,717	184	98				57	37
Jacksonville (Florida)	47,373	3,220	82,948	31,135	13,769	13,081	379	(*)	260	49
Nashville (Tennessee)	14,298	999	38,366	8,622	8,491	574	7,831		52	33
Boston region	173,686	11,311	329,331	157,194	133,003	20,921	109,987	1,045	1,040	10
Augusta (Maine)	12,153	343	5,149	1,421	1,127	26	1,066	13	20	2
Boston (Massachusetts)	76,050	5,015	173,482	82,459	69,139	12,292	55,569	757	512	7
Burlington (Vermont)	3,364	331	4,174	2,760	2,689	2,668			31	
Hartford (Connecticut)	59,307	4,928	126,142	60,360	58,460	4,645	53,229	257	328	1
Portsmouth (New Hampshire)	5,790	219	3,252	213	169		122	18	30	
Providence (Rhode Island)	17,022	475	17,133	9,982	1,409	1,289			120	
Chicago region	197,634	25,533	2,625,258	534,269	362,417	96,375	259,854	3,066	3,084	38
Chicago (See (b) below)	100,398	9,174	546,972	65,893	40,827	27,256	12,547	71	949	4
Detroit (Michigan)	46,083	12,289	1,629,310	121,903	82,306	67,513	13,540	199	1,024	31
Milwaukee (Wisconsin)	33,591	2,504	157,800	93,673	2,445	1,606	49	4	786	(*)
Springfield (See (b) below)	17,563	1,566	291,176	252,801	236,840		233,718	2,793	326	3
Cincinnati region	138,096	11,675	2,382,425	996,257	914,570	16,231	887,181	9,263	1,750	144
Cincinnati (See (f) below)	32,566	2,341	189,654	133,625	120,143		118,234	1,507	398	3
Cleveland (See (f) below)	41,842	4,363	408,227	36,055	8,675	5,428	2,365	24	839	18
Indianapolis (Indiana)	24,420	2,406	355,075	274,289	254,062	4,984	242,898	5,861	311	8
Louisville (Kentucky)	12,200	787	1,006,957	542,683	525,819	4,940	518,834	1,871	138	36
Parkersburg (West Virginia)	7,734	262	15,646	1,558	1,009		947		41	20
Richmond (Virginia)	19,333	1,516	406,866	8,046	4,863	879	3,902		24	58
Dallas region	127,102	14,317	590,711	67,857	20,077	12,996	6,282	1	749	49
Albuquerque (New Mexico)	4,270	357	7,242	94	91	(*)		(*)	89	1
Austin (See (h) below)	39,072	6,086	184,947	36,120	8,858	8,700	21		136	1
Dallas (See (h) below)	40,929	3,464	81,767	227	110				109	1
Little Rock (Arkansas)	4,533	757	8,077	310	65		15		43	7
New Orleans (Louisiana)	19,238	2,452	83,228	30,435	10,862	4,297	6,245	1	315	5
Oklahoma City (Oklahoma)	19,059	1,202	225,450	670	91		1		58	32
New York City region	362,596	29,735	1,797,782	335,565	223,209	149,261	71,074	1,049	1,745	80
Albany (See (e) below)	20,288	660	19,820	10,264	2,643		2,305	18	273	47
Brooklyn (See (e) below)	55,853	2,897	96,532	54,282	3,902		3,314	73	491	25
Buffalo (See (e) below)	33,737	1,794	74,871	28,922	5,861	5,567	(*)		291	3
Manhattan (See (e) below)	241,596	23,752	1,534,154	213,614	187,634	120,771	65,455	958	445	5
Syracuse (See (e) below)	11,123	631	72,404	28,483	23,168	22,924	(*)		244	(*)
Omaha region	126,886	12,756	578,405	156,616	24,444	8,852	14,285	156	1,130	22
Aberdeen (South Dakota)	3,109	23	4,695	98	55				54	(*)
Cheyenne (Wyoming)	1,339	230	9,036	49	42				30	12
Denver (Colorado)	17,716	1,438	89,210	21,364	1,230	1,065			164	(*)
Des Moines (Iowa)	12,065	884	32,971	794	100		(*)		99	
Fargo (North Dakota)	1,636	105	3,098	74	59	1			58	(*)
Kansas City (See (c) below)	9,894	1,003	66,936	11,499	3,764		3,607	4	149	4
Omaha (Nebraska)	9,980	365	51,330	9,841	105				105	1
St. Louis (See (c) below)	21,372	4,076	187,762	70,768	12,270	5,062	6,889	110	208	1
St. Paul (Minnesota)	32,661	3,122	108,206	41,650	6,445	2,724	3,489	42	188	2
Wichita (Kansas)	17,113	1,508	25,161	480	374		299		74	1
Philadelphia region	255,788	42,618	1,307,930	538,279	380,249	20,523	351,303	5,958	2,391	74
Baltimore (Maryland and D.C.)	35,045	3,062	271,464	150,712	131,784	10,407	118,039	2,992	331	14
Camden (See (d) below)	15,301	611	21,027	7,700	3,948		3,632		207	19
Newark (See (d) below)	75,100	3,945	275,268	156,070	83,376		82,517	325	522	12
Philadelphia (See (g) below)	66,765	6,826	395,470	135,469	100,931	7,780	91,231	1,329	582	9
Pittsburgh (See (g) below)	47,296	24,921	315,209	83,003	59,939	2,336	55,885	1,220	479	19
Scranton (See (g) below)	8,484	244	26,978	5,277	227				226	(*)
Wilmington (Delaware)	7,797	3,009	2,514	48	46		(*)		45	(*)
San Francisco region	233,750	14,055	983,746	352,306	204,394	54,516	145,249	1,341	3,210	78
Anchorage (Alaska)	179	8	1,968	50	47		(*)		47	(*)
Boise (Idaho)	2,080	183	3,969	89	44		(*)		43	(*)
Helena (Montana)	2,851	113	4,887	2,288	99	1			98	(*)
Honolulu (Hawaii)	4,059	474	8,570	1,632	1,071	958	54	1	59	
Los Angeles (See (a) below)	98,332	5,677	346,554	90,392	50,882	22,158	27,611	142	963	8
Phoenix (Arizona)	9,601	384	7,304	1,648	133	3	(*)		129	1
Portland (Oregon)	8,529	807	16,529	5,319	3,338	1,797	1,388		115	39
Reno (Nevada)	3,274	308	12,786	95	87				87	
Salt Lake City (Utah)	2,330	156	16,970	1,548	6				5	(*)
San Francisco (See (a) below)	79,329	5,068	499,386	209,840	136,870	18,169	116,196	1,197	1,280	28
Seattle (Washington)	23,186	879	64,824	39,405	11,817	11,430	(*)		385	2
Office of International Operations	15,259	152	30,068	24,250	24,204	(*)	23,602	602		
Puerto Rico		(*)	29,073	24,250	24,204	(*)	23,601	602		
Other			996	1	(*)		(*)			
Undistributed:										
Depository receipts			(-81,639)							
Transferred to Government of Guam										
Withheld taxes of Federal employees										
Totals for States not shown above										
(a) California	177,661	10,744	845,940	300,232	187,751	40,326	143,806	1,340	2,243	36
(b) Illinois	117,961	10,740	838,148	318,694	277,666	27,256	246,265	2,864	1,275	8
(c) Missouri	31,266	5,079	254,699	82,267	16,034	5,062	10,496	113	358	5
(d) New Jersey	90,402	4,556	296,295	163,770	87,324		86,148	416	729	31
(e) New York	362,596	29,735	1,797,782	335,565	223,209	149,261	71,074	1,049	1,745	80
(f) Ohio	74,408	6,704	597,818	169,680	128,818	5,428	120,600	1,532	1,236	21
(g) Pennsylvania	122,544	31,991	737,657	223,750	161,097	10,116	147,116	2,549	1,287	28
(h) Texas	80,001	9,550	266,714	36,347	8,969	8,700	21		245	3

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. 120, 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 ¹¹ (21)	Total (22)	Imported (collected by Customs) (23)	Domestic ⁸ (24)	Occupational taxes ¹² (25)	
United States, total					97,803	6,804	89,269	1,729	800,252	3,746	791,682	4,825	
Atlanta region					1,804	264	1,044	496	20,225	166	19,375	683	
Atlanta (Georgia)					319	11	251	57	3,410	13	3,338	59	
Birmingham (Alabama)					6	4		2	83	7		75	
Columbia (South Carolina)					286	5	193	88	127	8		120	
Greensboro (North Carolina)					102	2	1	99	112	11		101	
Jackson (Mississippi)					7			7	79			79	
Jacksonville (Florida)					1,079	236	600	243	16,287	127	16,037	124	
Nashville (Tennessee)					4	4			127	(*)		126	
Boston region					2,564	391	2,115	58	21,627	117	21,314	196	
Augusta (Maine)					222	(*)	222		72	5		67	
Boston (Massachusetts)					1,175	266	905	4	12,145	85	12,049	11	
Burlington (Vermont)					53	(*)		53	9	4		5	
Hartford (Connecticut)					949	88	860	(*)	951	12	873	66	
Portsmouth (New Hampshire)									43			43	
Providence (Rhode Island)					165	36	129	1	8,408	11	8,392	4	
Chicago region					7,144	993	5,966	185	164,708	599	163,807	302	
Chicago (See (b) below)					5,394	684	4,706	3	19,673	213	19,404	56	
Detroit (Michigan)					1,565	191	1,194	179	38,032	347	37,655	30	
Milwaukee (Wisconsin)					183	117	65	2	91,044	39	90,819	187	
Springfield (See (b) below)					2		1	1	15,959		15,930	29	
Cincinnati region					4,282	207	3,607	469	77,404	48	76,971	385	
Cincinnati (See (f) below)					467		398	70	13,015		12,987	28	
Cleveland (See (f) below)					711	153	523	35	26,668	39	26,608	22	
Indianapolis (Indiana)					148	11		137	20,080		20,041	39	
Louisville (Kentucky)					1,059	26	1,033	(*)	15,805		15,732	73	
Parkersburg (West Virginia)					22			22	527		411	116	
Richmond (Virginia)					1,874	17	1,653	205	1,309	9	1,193	107	
Dallas region					1,728	225	1,279	224	46,053	109	45,163	780	
Albuquerque (New Mexico)					3	(*)	3	1	1	(*)		1	
Austin (See (h) below)					1,389	138	1,083	168	25,873	84	25,387	402	
Dallas (See (h) below)					33			33	83			83	
Little Rock (Arkansas)					202		181	21	44			44	
New Orleans (Louisiana)					99	87	12		19,474	25	19,311	138	
Oklahoma City (Oklahoma)					2			2	578		465	112	
New York City region					15,823	3,308	12,489	26	96,533	1,951	93,781	801	
Albany (See (e) below)					272		271	1	7,349		7,256	94	
Brooklyn (See (e) below)					3,083		3,075	7	47,297		46,995	302	
Buffalo (See (e) below)					7,038	68	6,970	(*)	16,022	546	15,380	96	
Manhattan (See (e) below)					5,430	3,240	2,173	17	20,550	1,230	19,098	221	
Syracuse (See (e) below)					(*)	(*)		(*)	5,314	175	5,052	87	
Omaha region					2,227	147	2,064	16	129,945	12	129,158	775	
Aberdeen (South Dakota)					(*)			(*)	43			43	
Cheyenne (Wyoming)									7			7	
Denver (Colorado)					190	22	166	2	19,944	8	19,899	38	
Des Moines (Iowa)					142		131	11	552		405	147	
Fargo (North Dakota)					(*)	(*)			14	(*)		14	
Kansas City (See (c) below)					663		661	1	7,073		7,023	50	
Omaha (Nebraska)									9,735		9,697	39	
St. Louis (See (c) below)					974	72	901	1	57,524	1	57,438	84	
St. Paul (Minnesota)					259	53	204	1	34,947	2	34,696	248	
Wichita (Kansas)									105			105	
Philadelphia region					9,710	458	9,218	34	148,321	184	147,722	415	
Baltimore (Maryland and D.C.)					1,458	258	1,168	32	17,472	108	17,293	71	
Camden (See (d) below)					813		812	1	2,939		2,926	13	
Newark (See (d) below)					4,737		4,737		67,957		67,937	21	
Philadelphia (See (g) below)					2,694	200	2,494		31,844	75	31,628	141	
Pittsburgh (See (g) below)					(*)	(*)		(*)	23,064	1	22,936	127	
Scranton (See (g) below)					8		7	(*)	5,043		5,002	42	
Wilmington (Delaware)					(*)			(*)	2			2	
San Francisco region					52,522	813	51,487	221	95,390	559	94,344	486	
Anchorage (Alaska)					(*)	(*)			3	1		2	
Boise (Idaho)									45			45	
Helena (Montana)					(*)	(*)		(*)	2,189	(*)	2,165	23	
Honolulu (Hawaii)					19	17		2	542	51	488	3	
Los Angeles (See (a) below)					6,652	449	6,203		32,859	315	32,407	137	
Phoenix (Arizona)					10	(*)	(*)	9	1,505		1,495	10	
Portland (Oregon)					127	16	24	87	1,854	10	1,793	51	
Reno (Nevada)					(*)		(*)		7			7	
Salt Lake City (Utah)					(*)				1,542		1,503	39	
San Francisco (See (a) below)					44,895	303	44,470	123	28,075	158	27,793	124	
Seattle (Washington)					818	28	790		26,770	24	26,701	46	
Office of International Operations									46		46	(*)	
Puerto Rico									(*)			(*)	
Other													
Totals for States not shown above													
(a) California					51,547	752	50,672	123	60,933	473	60,199	261	
(b) Illinois					5,396	684	4,707	4	35,632	213	35,334	85	
(c) Missouri					1,636	72	1,562	3	64,597	1	64,461	134	
(d) New Jersey					5,550		5,549	1	70,896		70,863	33	
(e) New York					15,823	3,308	12,489	26	96,533	1,951	93,781	801	
(f) Ohio					1,179	153	921	104	39,684	39	39,595	50	
(g) Pennsylvania					2,702	200	2,501	1	59,951	76	59,566	309	
(h) Texas					1,422	138	1,083	201	25,956	84	25,387	485	

Footnotes on p. 124.

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. 120, 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	Cigarettes ⁸	Cigars ⁹	Manufactured tobacco ⁸	Other ¹⁴	Total	Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance		Playing cards, silver bullion transfers
							Sales by postmasters	Sales by directors	
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
United States, total	1,991,117	1,923,540	49,604	17,280	694	149,350	37,544	103,746	8,060
Atlanta region	1,220,380	1,199,740	13,273	6,717	650	7,113	5,618	1,493	2
Atlanta (Georgia)	584		584	(*)	(*)	1,104	827	275	
Birmingham (Alabama)	1,452		1,452	(*)	(*)	663	519	145	
Columbia (South Carolina)	1,918		1,918			358	287	70	(*)
Greensboro (North Carolina)	1,205,306	1,199,738	(*)	5,010	557	958	897	61	
Jackson (Mississippi)						335	225	110	
Jacksonville (Florida)	9,180	1	9,178	(*)	(*)	2,715	2,165	550	(*)
Nashville (Tennessee)	1,940		140	1,707	93	980	697	282	(*)
Boston region	807	5	792	11	(*)	5,843	2,120	3,715	7
Augusta (Maine)	1	1				200	188	12	
Boston (Massachusetts)	307	3	294	10	(*)	3,895	934	2,954	7
Burlington (Vermont)						86	68	18	
Hartford (Connecticut)	215	1	214	1		1,171	667	503	(*)
Portsmouth (New Hampshire)	281		281			183	115	67	
Providence (Rhode Island)	4		3	(*)		307	147	160	(*)
Chicago region	2,459	(*)	557	1,902	(*)	15,342	3,055	10,452	1,836
Chicago (See (b) below)	1,139	(*)	30	1,109		10,652	1,268	8,321	1,062
Detroit (Michigan)	1,239	(*)	466	772	(*)	2,506	965	1,540	1
Milwaukee (Wisconsin)	80		60	21		2,063	822	469	772
Springfield (See (b) below)	1		1	(*)		121		121	
Cincinnati region	735,003	723,046	5,601	6,356		12,985	3,972	3,475	5,539
Cincinnati (See (f) below)	136		115	21		8,412	1,555	1,319	5,538
Cleveland (See (f) below)	2,431		2,009	421		1,380		1,380	(*)
Indianapolis (Indiana)	749		749	(*)		1,037	728	309	(*)
Louisville (Kentucky)	362,756	358,504	1,248	3,004		694	433	261	
Parkersburg (West Virginia)	1,104	(*)	208	896		268	234	34	
Richmond (Virginia)	367,828	364,542	1,272	2,014		1,194	1,021	172	
Dallas region	1,242	(*)	1,241	(*)		7,765	3,498	4,267	(*)
Albuquerque (New Mexico)						306	169	137	(*)
Austin (See (h) below)	127		127	(*)		1,750		1,750	(*)
Dallas (See (h) below)	(*)		(*)			3,274	1,733	1,541	(*)
Little Rock (Arkansas)						327	241	86	(*)
New Orleans (Louisiana)	1,115	(*)	1,114			1,256	747	508	(*)
Oklahoma City (Oklahoma)						853	608	245	(*)
New York City region	676	75	478	120	3	63,386	1,460	61,715	211
Albany (See (e) below)	49		48	(*)	1	183		84	99
Brooklyn (See (e) below)	54	3	49	2		444		439	5
Buffalo (See (e) below)	3		3	(*)		619		619	(*)
Manhattan (See (e) below)	542	72	378	90	2	61,899	1,460	60,332	107
Syracuse (See (e) below)	29		(*)	28		240		240	
Omaha region	1,093	(*)	16	1,077		7,512	4,208	2,884	422
Aberdeen (South Dakota)						138	127	11	
Cheyenne (Wyoming)	(*)		(*)			132	110	22	
Denver (Colorado)	(*)		(*)			1,228	605	623	(*)
Des Moines (Iowa)	(*)		(*)	(*)		713	693	20	(*)
Fargo (North Dakota)	(*)	(*)	(*)			120	106	14	
Kansas City (See (c) below)	(*)		(*)			494		494	(*)
Omaha (Nebraska)						604	336	267	
St. Louis (See (c) below)	1,092	(*)	15	1,077		1,511	1,227	284	(*)
St. Paul (Minnesota)	1	(*)	(*)			2,001	560	1,020	421
Wichita (Kansas)						572	441	130	(*)
Philadelphia region	27,191	668	25,435	1,048	40	10,079	3,700	6,369	1
Baltimore (Maryland and D.C.)	49	3	46			1,733	926	806	(*)
Camden (See (d) below)	1,751		1,751			244		244	(*)
Newark (See (d) below)	1,219		315	864	40	2,168	1,624	544	(*)
Philadelphia (See (g) below)	11,296	644	10,469	183		3,412		3,412	(*)
Pittsburgh (See (g) below)	17		16	1	(*)	1,792	1,126	666	(*)
Scranton (See (g) below)	12,859	21	12,838			145		145	
Wilmington (Delaware)						575	24	552	
San Francisco region	138	6	85	47	(*)	19,333	9,916	9,375	41
Anchorage (Alaska)						48		48	
Boise (Idaho)						193	169	24	(*)
Helena (Montana)						215	199	15	
Honolulu (Hawaii)	14	(*)	14			320	15	299	6
Los Angeles (See (a) below)	48	2	28	18		5,072		5,046	25
Phoenix (Arizona)	1			1	(*)	769	236	526	7
Portland (Oregon)	(*)		(*)			838	562	276	(*)
Reno (Nevada)						276	164	112	
Salt Lake City (Utah)						314	94	221	
San Francisco (See (a) below)	72	3	42	27		9,858	7,981	1,877	1
Seattle (Washington)	2		(*)	2		1,430	449	979	2
Office of International Operations	2,128		2,125						
Puerto Rico	2,128		2,125	3					
Other									
Totals for States not shown above									
(a) California	121	6	70	45		14,930	7,981	6,923	26
(b) Illinois	1,140	(*)	31	1,109		10,773	1,268	8,442	1,062
(c) Missouri	1,092	(*)	15	1,077		2,005	1,227	778	1
(d) New Jersey	2,970		2,066	864	40	2,413	1,624	788	(*)
(e) New York	676	75	478	120	3	63,386	1,460	61,715	211
(f) Ohio	2,566		2,124	442		9,792	1,555	2,699	5,539
(g) Pennsylvania	24,172	665	23,323	184	(*)	5,350	1,126	4,223	(*)
(h) Texas	127		127	(*)		5,024	1,733	3,290	(*)

Footnotes on p. 124.

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. 120, 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 ¹⁵
		(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
United States, total		4,896,802	2,370,303	74,296	279,572	1,654,107	148,989	120,404	249,130
Atlanta region		72,184	42,440	357	7,138	9,255	4,973	5,048	2,973
Atlanta	(Georgia)	9,502	6,048	70	620	1,863	9	99	794
Birmingham	(Alabama)	6,129	3,132	6	894	1,718	2	220	156
Columbia	(South Carolina)	6,240	5,611	66	(*)	181	6	187	189
Greensboro	(North Carolina)	14,279	11,427	30	1	1,800	(*)	353	667
Jackson	(Mississippi)	8,762	2,086		5,554	321		741	61
Jacksonville	(Florida)	10,660	8,353	53	14	1,658	124	120	338
Nashville	(Tennessee)	16,612	5,783	132	55	1,714	4,832	3,329	768
Boston region		69,334	21,786	97	5,891	7,978	5,052	5,151	23,379
Augusta	(Maine)	1,462	1,304		29	37	(*)	3	89
Boston	(Massachusetts)	24,950	12,023	90	12	3,041	3,470	208	6,106
Burlington	(Vermont)	347	293			3			50
Hartford	(Connecticut)	37,851	6,237	6	5,722	3,235	1,553	4,912	16,186
Portsmouth	(New Hampshire)	1,241	556		32	36	21	3	593
Providence	(Rhode Island)	3,482	1,372		96	1,627	9	24	354
Chicago region		1,841,766	266,293	6,739	266	1,421,850	60,539	49,461	36,708
Chicago	(See (b) below)	331,631	198,983	6,080	21	43,170	48,705	12,706	21,967
Detroit	(Michigan)	1,445,765	30,540	456	241	1,368,255	9,002	29,487	7,783
Milwaukee	(Wisconsin)	37,197	20,502	159	3	9,383	22	5,203	1,925
Springfield	(See (b) below)	27,173	16,178	44	1	1,042	2,811	2,065	5,033
Cincinnati region		476,898	151,572	4,556	179,168	79,340	6,089	24,344	31,829
Cincinnati	(See (f) below)	26,355	3,135	66	4,782	5,653	129	4,375	8,215
Cleveland	(See (f) below)	307,893	59,080	1,847	174,365	46,054	167	5,670	20,711
Indianapolis	(Indiana)	48,504	15,240	246	10	25,614	2,833	2,522	2,038
Louisville	(Kentucky)	85,114	67,178	2,226	8	949	2,959	11,442	353
Parkersburg	(West Virginia)	2,237	1,952	120	3	152	(*)	8	1
Richmond	(Virginia)	6,795	4,986	51	(*)	918	2	327	511
Dallas region		419,935	396,146	11,331	854	8,062	1,165	1,296	1,079
Albuquerque	(New Mexico)	3,291	3,256	(*)	(*)	29		(*)	6
Austin	(See (h) below)	125,321	119,322	3,345	1	1,324	72	1,098	159
Dallas	(See (h) below)	44,624	37,397	191	853	4,721	1,040	139	283
Little Rock	(Arkansas)	2,693	2,317	41	(*)	266	3	34	31
New Orleans	(Louisiana)	29,784	28,123	1,137	(*)	377	22	21	103
Oklahoma City	(Oklahoma)	214,221	205,730	6,617		1,344	28	4	498
New York City region		1,019,349	731,121	27,979	55,862	29,997	45,527	10,129	115,634
Albany	(See (e) below)	3,188	1,569	(*)	(*)	804		3	123
Brooklyn	(See (e) below)	23,222	3,665	208	1,359	4,581	4,293	5,539	3,576
Buffalo		33,788	6,411	50	5,865	2,138	836	531	17,958
Manhattan	(See (e) below)	924,900	714,733	26,820	48,637	21,715	23,012	2,025	87,957
Syracuse	(See (e) below)	34,251	4,743	1	1	759	16,697	2,030	10,020
Omaha region		159,358	111,616	2,326	13,492	16,900	2,428	8,116	4,480
Aberdeen	(South Dakota)	2,350	2,268	4	(*)	78		(*)	(*)
Cheyenne	(Wyoming)	7,117	7,108	2	(*)	6			1
Denver	(Colorado)	15,192	6,480	102	6,083	2,403	8	(*)	114
Des Moines	(Iowa)	21,810	8,978	109	6,788	1,228	907	2,625	1,174
Fargo	(North Dakota)	1,298	1,216	15	(*)	37			29
Kansas City	(See (c) below)	22,015	18,808	403	(*)	1,557	78	1,071	98
Omaha	(Nebraska)	4,741	3,833	186	1	508	30	177	7
St. Louis	(See (c) below)	28,720	21,102	466	521	4,589	195	762	1,086
St. Paul	(Minnesota)	42,744	29,789	816	98	5,893	1,146	3,076	1,927
Wichita	(Kansas)	13,371	12,034	224	(*)	601	66	404	43
Philadelphia region		529,448	389,768	13,992	15,216	62,732	18,422	12,914	16,404
Baltimore	(Maryland and D.C.)	69,832	55,996	1,060	10,102	413	1,575	96	590
Camden	(See (d) below)	4,939	3,860	49		425	24	75	507
Newark	(See (d) below)	69,221	10,731	661	272	46,589	4,650	557	5,761
Philadelphia	(See (g) below)	169,880	138,595	3,909	3,925	8,794	7,780	5,270	1,607
Pittsburgh	(See (g) below)	211,595	177,404	8,312	917	5,992	4,386	6,909	7,674
Scranton	(See (g) below)	3,591	2,888	(*)	(*)	483	7		207
Wilmington	(Delaware)	389	294	(*)	(*)	35		(*)	60
San Francisco region		308,468	259,652	7,818	1,685	17,932	4,792	3,943	12,645
Anchorage	(Alaska)	53	32		(*)	20	1	(*)	(*)
Boise	(Idaho)	1,486	1,307	(*)	1	96	(*)		82
Helena	(Montana)	143	93			41	(*)	(*)	8
Honolulu	(Hawaii)	365	4	(*)	5	256	42	(*)	52
Los Angeles	(See (a) below)	183,296	153,503	4,422	1,053	8,723	4,212	3,624	7,759
Phoenix	(Arizona)	198	47	1	2	91	4	6	48
Portland	(Oregon)	2,429	(*)		(*)	2,200	17	146	66
Reno	(Nevada)	28	17		(*)	8	1	(*)	1
Salt Lake City	(Utah)	6,034	4,779	84	(*)	239	3		929
San Francisco	(See (a) below)	105,462	94,170	3,288	623	3,530	475	53	3,323
Seattle	(Washington)	8,974	5,701	22	(*)	2,727	38	109	376
Office of International Operations		62				62			(*)
Puerto Rico		(*)				(*)			(*)
Other		62				62			(*)
Totals for States not shown above									
(a) California		288,758	247,673	7,710	1,676	12,253	4,687	3,677	11,082
(b) Illinois		358,804	215,161	6,124	22	44,212	51,516	14,770	26,999
(c) Missouri		50,735	39,910	869	521	6,146	273	1,833	1,184
(d) New Jersey		74,161	14,591	710	272	47,014	4,674	6,332	6,267
(e) New York		1,019,349	731,121	27,079	55,862	29,997	45,527	10,129	119,634
(f) Ohio		334,248	62,215	1,913	179,147	51,706	296	10,045	28,926
(g) Pennsylvania		385,067	318,887	12,222	4,842	15,270	12,173	12,185	9,487
(h) Texas		169,945	156,719	3,536	854	6,045	1,113	1,237	442

Footnotes on p. 124.

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. 120, 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 initia- tion fees
							Theaters, concerts, athletic contests, etc. ¹⁰	Roof gardens, cabarets, etc.	
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
United States, total	397,649	68,182	168,498	29,226	131,743	1,497,526	36,679	33,603	64,357
Atlanta region	32,337	5,341	15,321	1,444	10,231	137,991	2,031	2,577	6,027
Atlanta (Georgia)	6,311	1,191	2,968	327	1,825	91,855	236	270	750
Birmingham (Alabama)	3,558	476	1,868	160	1,054	4,026	52	105	653
Columbia (South Carolina)	2,004	310	893	70	731	2,869	81	55	339
Greensboro (North Carolina)	5,028	748	2,394	237	1,648	11,786	147	79	1,094
Jackson (Mississippi)	1,633	277	719	80	556	1,802	10	52	309
Jacksonville (Florida)	9,186	1,464	4,396	310	3,016	20,055	1,389	1,879	1,857
Nashville (Tennessee)	4,617	873	2,082	259	1,402	5,598	117	138	1,025
Boston region	22,715	3,905	10,115	1,540	7,156	73,391	1,990	1,479	4,116
Augusta (Maine)	973	142	502	73	256	1,091	59	113	146
Boston (Massachusetts)	12,447	2,656	6,037	948	2,806	49,398	1,218	825	1,845
Burlington (Vermont)	321	47	190	15	69	658	4	28	78
Hartford (Connecticut)	6,512	669	2,112	387	3,344	20,024	243	361	1,620
Portsmouth (New Hampshire)	634	93	327	28	186	700	174	19	108
Providence (Rhode Island)	1,827	297	947	89	494	1,519	292	133	320
Chicago region	52,317	10,155	21,569	5,240	15,352	179,486	3,900	4,597	8,601
Chicago (See (b) below)	29,107	6,327	11,724	3,288	7,767	108,670	2,236	2,235	4,073
Detroit (Michigan)	14,424	2,344	5,778	1,244	5,058	43,744	1,130	1,325	2,884
Milwaukee (Wisconsin)	5,947	1,114	2,681	586	1,565	18,837	445	564	986
Springfield (See (b) below)	2,839	369	1,387	121	962	8,234	90	473	658
Cincinnati region	33,950	5,186	16,243	2,015	10,505	127,219	2,214	2,585	6,847
Cincinnati (See (f) below)	8,681	1,673	3,618	506	2,883	12,433	435	500	1,231
Cleveland (See (f) below)	9,187	1,295	4,306	657	2,929	51,173	787	909	2,172
Indianapolis (Indiana)	6,610	874	3,636	338	1,762	23,890	342	596	1,109
Louisville (Kentucky)	2,773	416	1,424	144	789	12,941	328	408	722
Parkersburg (West Virginia)	1,879	263	921	108	586	8,597	154	109	427
Richmond (Virginia)	4,820	666	2,336	262	1,556	18,185	167	63	1,186
Dallas region	29,840	4,271	15,352	1,458	8,760	64,096	1,117	1,460	6,517
Albuquerque (New Mexico)	1,115	114	520	33	449	2,442	120	189	206
Austin (See (h) below)	8,523	1,249	4,273	371	2,630	13,167	204	276	2,080
Dallas (See (h) below)	10,638	1,348	6,386	564	2,340	22,972	409	335	2,134
Little Rock (Arkansas)	1,652	265	758	71	558	3,095	95	108	301
New Orleans (Louisiana)	4,427	756	1,815	280	1,576	16,213	171	511	925
Oklahoma City (Oklahoma)	3,483	539	1,600	138	1,207	6,207	117	42	871
New York City region	94,247	18,055	31,918	7,871	36,403	284,232	12,821	4,337	9,129
Albany (See (e) below)	1,883	276	854	171	582	4,248	314	339	619
Brooklyn (See (e) below)	7,714	1,627	2,960	571	2,556	10,793	2,626	561	2,001
Buffalo (See (e) below)	4,635	773	2,042	396	1,424	6,902	346	466	1,172
Manhattan (See (e) below)	74,028	14,947	21,348	6,517	31,217	258,863	9,378	2,687	4,859
Syracuse (See (e) below)	5,988	432	4,714	217	624	3,426	156	285	478
Omaha region	34,328	7,227	14,442	2,435	10,224	219,492	1,496	2,659	5,361
Aberdeen (South Dakota)	716	78	349	31	259	1,392	36	42	73
Cheyenne (Wyoming)	445	49	228	12	156	1,295	5	81	36
Denver (Colorado)	2,884	351	1,369	287	877	48,522	228	659	648
Des Moines (Iowa)	3,496	444	1,673	177	1,201	6,173	84	140	627
Fargo (North Dakota)	641	74	329	32	205	967	17	61	45
Kansas City (See (c) below)	4,391	662	1,723	285	1,721	28,521	209	296	612
Omaha (Nebraska)	2,303	351	1,010	147	795	33,842	149	191	341
St. Louis (See (c) below)	9,606	3,817	2,949	808	2,032	76,066	367	256	1,028
St. Paul (Minnesota)	7,269	1,086	3,692	550	1,941	14,551	352	804	1,199
Wichita (Kansas)	2,577	315	1,119	106	1,036	8,165	49	129	751
Philadelphia region	37,772	6,133	16,838	3,453	11,348	164,907	4,765	3,646	8,419
Baltimore (Maryland and D.C.)	9,184	1,458	4,060	779	2,887	39,954	1,426	1,012	1,851
Camden (See (d) below)	2,225	324	1,117	181	603	4,147	1,175	986	597
Newark (See (d) below)	7,020	1,046	2,977	779	2,218	39,383	329	555	1,649
Philadelphia (See (g) below)	10,410	1,869	4,588	1,161	2,792	64,976	749	592	2,151
Pittsburgh (See (g) below)	6,372	1,033	2,839	375	2,125	12,408	441	338	1,493
Scranton (See (g) below)	2,041	345	996	133	567	3,059	311	123	392
Wilmington (Delaware)	521	59	261	45	156	980	335	40	286
San Francisco region	60,143	7,910	26,700	3,770	21,763	243,084	6,197	10,263	9,340
Anchorage (Alaska)	286	26	136	20	104	1,531	21	103	1
Boise (Idaho)	869	99	399	19	353	1,338	27	116	65
Helena (Montana)	759	96	355	46	261	1,481	18	128	102
Honolulu (Hawaii)	1,337	233	722	9	373	4,900	66	621	157
Los Angeles (See (a) below)	26,477	3,499	10,873	2,007	10,098	40,951	3,746	2,898	4,065
Phoenix (Arizona)	2,087	258	1,016	61	752	2,600	168	317	386
Portland (Oregon)	2,966	438	1,371	114	1,044	4,975	157	492	522
Reno (Nevada)	853	96	442	43	272	11,535	35	2,931	65
Salt Lake City (Utah)	1,663	221	695	66	680	7,407	84	51	314
San Francisco (See (a) below)	17,876	2,326	8,304	1,126	6,119	156,306	1,562	2,210	2,683
Seattle (Washington)	4,970	618	2,387	259	1,706	10,060	314	395	980
Office of International Operations	1	(*)	(*)		(*)	3,628	147		
Puerto Rico						2,695			
Other	1	(*)	(*)		(*)	933	147		
Totals for States not shown above									
(a) California	44,353	5,825	19,178	3,133	16,217	197,257	5,307	5,108	6,748
(b) Illinois	31,946	6,697	13,111	3,410	8,729	116,905	2,325	2,707	4,731
(c) Missouri	13,996	4,478	4,672	1,092	3,754	104,586	575	551	1,641
(d) New Jersey	9,244	1,369	4,094	960	2,821	43,531	1,504	1,540	2,245
(e) New York	94,247	18,055	31,918	7,871	36,403	284,232	12,821	4,337	9,129
(f) Ohio	17,868	2,968	7,925	1,163	5,813	63,605	1,222	1,409	3,403
(g) Pennsylvania	18,822	3,246	8,423	1,669	5,484	80,443	1,500	1,053	4,036
(h) Texas	19,162	2,597	10,658	936	4,971	36,139	613	611	4,214

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. 120, 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)	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 ¹⁷	Sugar	Diesel and special motor fuels
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
United States, total.	318,475	25,419	483,408	264,262	6,581	89	91,618	88,856
Atlanta region.	36,759	1,234	50,436	20,171	484	(*)	4,168	6,035
Atlanta (Georgia)	30,554	878	41,654	11,065	73	(*)	4,127	803
Birmingham (Alabama)	513	76	394	430	63			886
Columbia (South Carolina)	282	26	369	83	24			697
Greensboro (North Carolina)	2,113	33	3,964	1,998	59	(*)		1,008
Jackson (Mississippi)	61	5	80	7	26			591
Jacksonville (Florida)	2,615	169	3,184	6,333	177		41	1,128
Nashville (Tennessee)	620	47	791	256	62			921
Boston region.	18,976	1,211	29,757	7,664	440		2,715	1,970
Augusta (Maine)	118	11	122	60	28			154
Boston (Massachusetts)	13,520	293	22,413	3,957	234		2,715	876
Burlington (Vermont)	64	12	52	156	12			156
Hartford (Connecticut)	5,227	859	7,123	3,292	110			397
Portsmouth (New Hampshire)	46	8	44	37	20			83
Providence (Rhode Island)	(*)	29	3	161	36			304
Chicago region.	32,459	2,360	63,886	43,648	921	1	1,297	7,388
Chicago (See (b) below)	16,609	1,134	31,258	42,585	430	1	8	4,098
Detroit (Michigan)	9,259	863	21,025	711	243	(*)	1,166	1,501
Milwaukee (Wisconsin)	4,737	320	8,897	228	138	(*)	124	1,038
Springfield (See (b) below)	1,855	38	2,705	125	109			670
Cincinnati region.	27,307	1,381	46,063	17,943	639	85	145	10,827
Cincinnati (See (f) below)	2,948	148	4,714	240	110	83		675
Cleveland (See (f) below)	11,697	320	19,830	8,488	198	2	145	3,615
Indianapolis (Indiana)	6,211	236	9,311	846	159			1,943
Louisville (Kentucky)	952	26	1,591	4,646	51			1,967
Parkersburg (West Virginia)	1,569	180	3,369	1,032	38			454
Richmond (Virginia)	3,930	472	7,248	2,690	83			1,373
Dallas region.	4,301	306	4,350	12,059	433	(*)	13,643	11,834
Albuquerque (New Mexico)	106	13	87	131	20			1,321
Austin (See (h) below)	453	96	363	1,560	127		3,066	3,025
Dallas (See (h) below)	3,019	108	3,153	8,633	125	(*)		2,841
Little Rock (Arkansas)	269	11	326	363	34		(*)	652
New Orleans (Louisiana)	170	19	159	976	59		10,577	926
Oklahoma City (Oklahoma)	283	58	263	396	68			3,070
New York City region.	55,048	10,307	71,838	69,490	1,043	1	31,698	13,529
Albany (See (e) below)	599	36	614	526	68			352
Brooklyn (See (e) below)	22	4	8	3,996	203	(*)		226
Buffalo (See (e) below)	1,193	76	2,328	120	102	(*)	31,698	344
Manhattan (See (e) below)	52,892	10,179	68,480	64,684	616	(*)	12,721	12,345
Syracuse (See (e) below)	343	12	408	764	55	(*)	262	262
Omaha region.	54,679	5,011	72,740	46,644	694	1	12,721	9,669
Aberdeen (South Dakota)	116	34	207	87	23			317
Cheyenne (Wyoming)	34	3	22	16	12			791
Denver (Colorado)	10,632	837	15,238	5,667	60		12,390	1,200
Des Moines (Iowa)	1,152	67	1,468	62	120	(*)		1,340
Fargo (North Dakota)	126	25	259	16	18			252
Kansas City (See (c) below)	257	25	337	24,858	76	(*)		809
Omaha (Nebraska)	12,709	2,455	13,370	2,632	64			1,152
St. Louis (See (c) below)	27,924	1,516	39,643	2,782	107	(*)	331	967
St. Paul (Minnesota)	757	33	1,106	7,363	125	1	(*)	1,818
Wichita (Kansas)	973	40	1,090	3,160	87			1,022
Philadelphia region.	34,900	1,883	58,842	24,724	888	1	4,648	11,003
Baltimore (Maryland and D.C.)	6,471	274	10,830	12,606	117	(*)	(*)	1,493
Camden (See (d) below)	22	1	406	72	23			241
Newark (See (d) below)	13,610	200	17,709	1,677	208			1,797
Philadelphia (See (g) below)	13,326	1,111	27,849	9,428	245		4,648	2,172
Pittsburgh (See (g) below)	1,055	292	2,007	219	171			4,800
Scranton (See (g) below)	412	4	447	319	55			433
Wilmington (Delaware)	3	(*)	(*)	70	20			71
San Francisco region.	54,047	1,727	85,495	21,157	1,040	(*)	13,689	17,481
Anchorage (Alaska)	366	24	298	496	5		(*)	15
Boise (Idaho)	68	12	65	37	23		53	534
Helena (Montana)	120	11	108	83	29	(*)		536
Honolulu (Hawaii)	559	30	1,648	1,411	17		20	71
Los Angeles (See (a) below)	7,633	129	8,236	6,915	236	(*)		4,677
Phoenix (Arizona)	109	24	32	109	35			1,047
Portland (Oregon)	379	17	515	286	79	(*)		1,130
Reno (Nevada)	260	7	594	540	12			575
Salt Lake City (Utah)	104	5	61	53	20		5,284	863
San Francisco (See (a) below)	42,939	1,413	71,929	10,130	467		12,732	7,260
Seattle (Washington)	1,509	54	2,010	1,098	118	(*)	(*)	799
Office of International Operations.	(*)			762			2,695	
Puerto Rico							2,695	
Other	(*)			762				
Totals for States not shown above								
(a) California	50,571	1,542	80,165	17,045	703	(*)	12,732	11,937
(b) Illinois	18,463	1,172	33,963	42,709	539	1	8	4,768
(c) Missouri	28,181	1,541	39,979	27,640	183	(*)	331	1,775
(d) New Jersey	13,632	201	17,709	2,083	280	(*)		2,039
(e) New York	55,048	10,307	71,838	69,490	1,043	1	31,698	13,529
(f) Ohio	14,644	468	24,544	8,728	307	85	145	4,290
(g) Pennsylvania	14,794	1,408	30,304	9,966	471	(*)	4,648	7,405
(h) Texas	3,472	205	3,515	10,193	252	(*)	3,066	5,866

Footnotes on p. 124.

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. 120, 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)	Miscellaneous excise taxes—Continued							Unclassified excise taxes ²
	Narcotics and marihuana, including occupational taxes	Coin-operated amusement and gaming devices	Bowling alleys, pool tables, etc.	Wagering taxes		Use tax on certain vehicles	Other ¹⁸	
				Occupational	Wagers			
	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)
United States, total	1,107	23,909	4,317	641	6,682	45,575	1,746	(-80,943)
Atlanta region	67	2,684	399	30	481	4,204	205	73
Atlanta (Georgia)	11	749	76	5	60	543	1	35
Birmingham (Alabama)	7	53	47	6	105	614	22	(-1)
Columbia (South Carolina)	6	502	27	1	9	354	13	18
Greensboro (North Carolina)	10	100	75	3	31	1,000	73	6
Jackson (Mississippi)	5	329	27	6	70	217	8	1
Jacksonville (Florida)	16	168	80	7	90	858	63	16
Nashville (Tennessee)	12	782	66	2	117	617	25	(-2)
Boston region	41	387	245	27	66	2,247	61	46
Augusta (Maine)	3	26	19	1	5	214	10	(*)
Boston (Massachusetts)	22	191	119	14	31	1,085	41	26
Burlington (Vermont)	1	7	6	(*)	79	2	1	8
Hartford (Connecticut)	10	96	60	8	23	591	5	1
Portsmouth (New Hampshire)	2	38	17	2	6	96	1	(*)
Providence (Rhode Island)	3	29	23	1	1	183	3	11
Chicago region	119	1,628	747	50	875	6,948	141	(-382)
Chicago (See (b) below)	29	452	233	19	627	2,606	38	(-120)
Detroit (Michigan)	71	278	262	8	39	2,938	35	(-271)
Milwaukee (Wisconsin)	11	326	134	1	1	837	50	3
Springfield (See (b) below)	8	572	117	22	208	567	18	6
Cincinnati region	114	2,750	516	134	2,319	5,747	403	113
Cincinnati (See (f) below)	14	249	90	6	117	863	9	13
Cleveland (See (f) below)	23	351	150	37	258	1,855	336	108
Indianapolis (Indiana)	42	495	105	54	959	1,471	10	(-5)
Louisville (Kentucky)	11	829	65	20	765	530	29	(-4)
Parkersburg (West Virginia)	4	709	34	13	169	333	3	2
Richmond (Virginia)	20	116	72	4	50	695	15	(-2)
Dallas region	59	1,566	324	66	827	5,037	195	(-24)
Albuquerque (New Mexico)	3	37	14	2	11	177	2	(-6)
Austin (See (h) below)	18	134	104	9	196	1,435	20	(-62)
Dallas (See (h) below)	13	56	68	8	47	1,874	148	32
Little Rock (Arkansas)	5	284	31	4	155	455	2	(-1)
New Orleans (Louisiana)	11	942	41	36	321	368	2	(-2)
Oklahoma City (Oklahoma)	9	113	66	7	97	728	21	14
New York City region	285	484	362	38	82	3,573	167	326
Albany (See (e) below)	75	85	40	1	17	518	47	5
Brooklyn (See (e) below)	113	123	116	(*)	22	756	17	23
Buffalo (See (e) below)	23	116	78	2	23	502	12	1
Manhattan (See (e) below)	67	76	75	26	5	1,339	56	309
Syracuse (See (e) below)	7	84	53	9	15	459	36	(-12)
Omaha region	83	1,423	550	27	181	5,349	205	7
Aberdeen (South Dakota)	2	182	22	2	27	219	1	2
Cheyenne (Wyoming)	1	69	9	5	12	197	2	(-1)
Denver (Colorado)	7	184	42	1	25	693	9	21
Des Moines (Iowa)	7	112	98	(*)	1	869	25	(-16)
Fargo (North Dakota)	2	23	22	1	7	116	1	(-1)
Kansas City (See (c) below)	6	109	58	5	10	845	9	17
Omaha (Nebraska)	9	85	61	2	36	581	5	(-1)
St. Louis (See (c) below)	33	312	60	1	3	644	93	(*)
St. Paul (Minnesota)	10	110	101	7	43	682	41	(-10)
Wichita (Kansas)	6	237	77	4	16	501	21	(-3)
Philadelphia region	219	4,196	593	36	399	5,590	155	261
Baltimore (Maryland and D.C.)	16	2,818	126	2	69	814	32	20
Camden (See (d) below)	5	165	55	2	10	408	2	187
Newark (See (d) below)	113	121	107	6	13	1,285	5	26
Philadelphia (See (g) below)	66	541	132	8	152	1,773	34	22
Pittsburgh (See (g) below)	13	376	128	14	109	883	68	6
Scranton (See (g) below)	4	162	34	3	13	335	12	(*)
Wilmington (Delaware)	1	14	11	2	33	90	4	275
San Francisco region	121	8,791	581	233	1,452	6,859	211	(-6)
Anchorage (Alaska)	(*)	168	11	4	3	16	(*)	(-1)
Boise (Idaho)	3	37	24	(*)	3	271	1	2
Helena (Montana)	2	108	23	23	41	147	2	1
Honolulu (Hawaii)	6	145	18	1	1	126	1	317
Los Angeles (See (a) below)	56	251	193	3	51	1,793	70	1
Phoenix (Arizona)	4	135	20	1	26	185	1	(*)
Portland (Oregon)	7	380	38	4	21	970	8	1
Reno (Nevada)	1	5,842	6	8	597	60	1	4
Salt Lake City (Utah)	4	175	27	37	83	234	5	(-29)
San Francisco (See (a) below)	26	236	129	6	40	2,446	99	(-17)
Seattle (Washington)	11	1,313	91	145	585	612	23	2
Office of International Operations					(*)	21	2	
Puerto Rico					(*)			
Other								
Undistributed:								(-81,639)
Depository receipts								
Transferred to Government of Guam								
Withheld taxes of Federal employees								
Totals for States not shown above								
(a) California	82	487	323	9	91	4,239	169	288
(b) Illinois	37	1,024	350	41	834	3,173	56	(-114)
(c) Missouri	39	421	118	6	13	1,490	102	17
(d) New Jersey	118	286	162	8	23	1,694	7	206
(e) New York	285	484	362	38	82	3,573	167	326
(f) Ohio	36	600	241	43	376	2,717	345	121
(g) Pennsylvania	83	1,078	294	24	274	2,991	114	54
(h) Texas	31	190	172	17	243	3,309	168	(-29)

Footnotes on p. 124.

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

[In thousands of dollars]

Source of revenue	Quarter ended—			
	Sept. 30, 1960	Dec. 31, 1960	Mar. 31, 1961	June 30, 1961
	(1)	(2)	(3)	(4)
Grand total, all sources	21,751,671	19,006,332	25,606,701	28,036,383
Corporation income and profits taxes ²	4,571,340	4,266,854	6,776,907	6,149,838
Individual income and employment taxes, total	13,665,771	11,198,758	15,446,814	18,344,109
Income tax not withheld ^{3,4}	2,451,691	736,221	3,880,427	6,929,105
Income tax withheld and old-age and disability insurance ^{3,4,5,6}	11,059,086	10,316,562	11,092,596	11,273,596
Railroad retirement ^{5,7}	152,905	143,896	137,937	136,074
Unemployment insurance	2,089	2,080	335,853	5,335
Estate tax	370,011	438,959	505,290	431,221
Gift tax	4,594	4,029	17,068	145,220
Excise taxes, total	3,139,955	3,097,731	2,860,622	2,965,994
Alcohol taxes, total	786,795	898,109	685,527	842,369
Distilled spirits ⁸	535,972	690,571	492,030	596,172
Wines, cordials, etc.	19,792	28,274	23,796	25,940
Beer ⁸	231,031	179,264	169,701	220,257
Tobacco taxes, total	506,591	500,771	457,390	526,365
Cigarettes ⁹	489,941	482,573	442,112	508,914
Cigars ^{9,10}	12,233	13,791	10,884	12,696
Other ⁹	4,418	4,407	4,394	4,755
Stamp taxes on documents, other instruments, and playing cards, total	34,880	33,043	39,874	41,554
Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance:				
Sales by postmasters	9,226	8,888	10,709	8,721
Sales by directors	23,965	22,168	26,909	30,703
Playing cards, silver bullion transfers	1,689	1,987	2,256	2,129
Manufacturers' excise taxes, total	1,357,545	1,190,174	1,263,736	1,085,347
Gasoline	618,844	634,281	586,847	530,331
Lubricating oil, etc.	20,198	19,741	16,842	17,515
Tires (wholly or in part of rubber), inner tubes, and tread rubber	82,624	69,780	64,033	63,135
Motor vehicles, chassis, bodies, parts, and accessories	505,457	331,176	463,937	353,538
Radio and television sets, phonographs, components, etc.	32,077	41,411	41,757	33,744
Refrigerators, freezers, air-conditioners, etc.; electric, gas, and oil appliances	36,726	29,171	23,761	30,746
Other ¹¹	61,619	64,614	66,560	56,338

Footnotes on p. 124.

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

[In thousands of dollars]

Source of revenue	Quarter ended—			
	Sept. 30, 1960	Dec. 31, 1960	Mar. 31, 1961	June 30, 1961
	(1)	(2)	(3)	(4)
Excise taxes—Continued				
Retailers' excise taxes, total	91,274	84,801	139,712	81,863
Luggage, etc.	17,685	14,243	23,279	12,976
Jewelry, etc.	38,668	34,333	62,626	32,871
Furs	3,970	5,386	12,878	6,991
Toilet preparations	30,950	30,839	40,929	29,024
Miscellaneous excise taxes, total	408,503	358,554	369,469	361,001
Admissions:				
Theaters, concerts, athletic contests, etc.	9,248	10,615	8,200	8,616
Roof gardens, cabarets, etc. ¹⁶	9,119	8,473	8,150	7,861
Club dues and initiation fees	18,122	13,674	13,875	18,686
Long-distance telephone, telegraph, cable, radio, etc.; wire mileage service, wire and equipment service	85,920	81,690	88,841	87,444
Local telephone service	122,155	111,743	132,228	117,282
Transportation of persons	65,807	72,004	66,264	60,187
Use of safe deposit boxes	1,602	1,546	1,414	2,019
Coconut and other vegetable oils processed ¹⁷	53	21	12	3
Sugar	23,169	27,611	20,715	20,323
Diesel and special motor fuels	21,334	22,223	22,031	23,268
Narcotics and marihuana, including occupational taxes	258	198	178	474
Coin-operated amusement and gaming devices	13,987	1,432	1,104	7,386
Bowling alleys, pool tables, etc.	2,278	417	241	1,381
Wagering taxes:				
Occupational	274	88	83	196
Wagers	1,642	1,764	1,783	1,493
Use tax on certain vehicles	32,920	4,820	3,774	4,062
Other ¹⁸	613	233	579	321
Unclassified excise taxes:				
Unapplied collections	(-722)	130	753	535
Undistributed depository receipts ⁵	(-44,910)	32,151	(-95,840)	26,961

Footnotes on p. 124.

Table 3.—Internal revenue collections by sources, fiscal years 1961 and 1960

(In thousands of dollars)

Source of revenue	Fiscal year	
	1961	1960
Grand total, all sources.....	94,401,086	91,774,803
Corporation income and profits taxes, total.....	21,764,940	22,179,414
Regular ¹⁹	21,761,747	22,177,310
Exempt organization business income tax ¹⁹	3,193	2,104
Individual income and employment taxes, total.....	58,655,452	56,104,300
Income tax not withheld ^{24 20}	13,997,444	13,972,253
Income tax withheld and old-age and disability insurance, total ^{24 21}	43,741,840	41,184,008
Received with returns ⁶	44,009,141	40,468,529
Undistributed depository receipts ⁶	(-267,301)	715,479
Railroad retirement, total.....	570,812	606,931
Railroad employment compensation tax; employers' tax 6¾ percent, employees' tax 6¾ percent, both imposed on taxable portion of wages:.....		
Received with returns.....	581,348	594,100
Undistributed depository receipts ⁶	(-10,565)	12,801
Railroad employees' representative tax, 13½ percent of taxable portion of wages.....	29	30
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.....	345,356	341,108
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.....	1,745,480	1,439,259
Gift tax, graduated rates from 2¼ percent on first \$5,000 of net gifts in excess of \$30,000 exemption to 57¾ percent on portion over \$10,000,000; \$3,000 annual exclusion for each donee.....	170,912	187,089
Excise taxes, total.....	12,064,302	11,864,741
Alcohol taxes, total.....	3,212,801	3,193,714
Distilled spirits taxes, total.....	2,314,746	2,292,425
Imported (collected by Customs), \$10.50 per gallon.....	395,800	378,673
Domestic, \$10.50 per gallon ⁸	1,879,653	1,875,704
Rectification, 30 cents per proof gallon ⁸	22,494	22,114
Occupational taxes:.....		
Nonbeverage manufacturers of spirits, \$25, \$50, \$100 per year.....	95	84
Rectifiers:.....		
Less than 20,000 gallons, \$110 per year.....	3	5
20,000 gallons or more, \$220 per year.....	20	20
Retail dealers in liquor or medicinal spirits, \$54 per year.....	14,757	13,607
Wholesale liquor dealers, \$255 per year.....	822	822
Manufacturers of stills, \$55 per year.....	5	5
Seizures, penalties, etc.....	1,091	1,384
Stills or worms manufactured, \$22 each.....	7	6
Wines, cordials, etc., taxes, total.....	97,803	100,369
Imported (collected by Customs, rates same as domestic).....	6,804	6,708
Domestic.....	89,269	92,142
(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, \$54 per year.....	1,567	1,366
Wholesale dealers in wines or in wines and beer, \$255 per year.....	162	152
Beer taxes, total.....	800,252	800,921
Imported (collected by Customs), \$9 per barrel of 31 gallons.....	3,746	3,599
Domestic, \$9 per barrel of 31 gallons ⁸	791,682	792,634
Occupational taxes:.....		
Brewers:.....		
Less than 500 barrels, \$55 per year.....	(*)	(*)
500 barrels or more, \$110 per year.....	23	24
Retail dealers in beer, \$24 per year.....	3,788	3,687
Wholesale dealers in beer, \$123 per year.....	1,013	977

Footnotes on p. 124.

Table 3.—Internal revenue collections by sources, fiscal years 1961 and 1960—Continued

(In thousands of dollars)

Source of revenue	Fiscal year	
	1961	1960
Excise taxes—Continued		
Tobacco taxes, total.....	1,991,117	1,931,504
Cigarettes, total.....	1,923,540	1,863,562
Class A (small), \$4 per thousand.....	1,923,532	1,863,557
Class B (large), \$8.40 per thousand ⁸	3	3
Prepayments.....	4	1
Cigars, total.....	49,604	50,117
Large cigars, classified by intended retail prices, total ⁸	49,377	49,850
Class A (Retailing at not over 2½ cents each), \$2.50 per thousand.....	56	50
Class B (Over 2½ cents, not over 4 cents each), \$3 per thousand.....	951	900
Class C (Over 4 cents, not over 6 cents each), \$4 per thousand.....	10,662	10,355
Class D (Over 6 cents, not over 8 cents each), \$7 per thousand.....	7,652	8,303
Class E (Over 8 cents, not over 15 cents each), \$10 per thousand.....	22,850	23,229
Class F (Over 15 cents, not over 20 cents each), \$15 per thousand.....	3,793	3,424
Class G (Over 20 cents each), \$20 per thousand.....	3,412	3,589
Small cigars, 75 cents per thousand.....	118	95
Prepayments.....	108	172
Manufactured tobacco, 10 cents per pound ⁸	17,280	17,128
Cigarette papers and tubes, papers ½ cent per 50; tubes 1 cent per 50.....	693	691
Court fines, penalties, and taxes on leaf tobacco sold or removed in violation of sec. 5731, Internal Revenue Code of 1954.....	1	6
Stamp taxes on documents, other instruments, and playing cards, total.....	149,350	139,231
Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance: ²²		
Sales by postmasters.....	37,544	39,805
Sales by directors.....	103,746	91,329
Playing cards, 13 cents per pack.....	8,046	8,075
Silver bullion transfers, 50 percent of profit.....	14	22
Manufacturers' excise taxes, total.....	4,896,802	4,735,129
Gasoline:.....		
Gasoline, 3 cents per gallon to Sept. 30, 1959; 4 cents per gallon thereafter.....	2,370,072	2,014,403
Floor stocks tax, 1 cent per gallon on tax-paid stocks on hand as of Oct. 1, 1959.....	231	1,460
Lubricating oil, etc., 6 cents per gallon; cutting oil, 3 cents.....	74,296	81,679
Tires (wholly or in part of rubber), inner tubes, and tread rubber:.....		
Tires, highway type, 8 cents per pound; other, 5 cents per pound, except laminated tires (other than type used on highway vehicles) 1 cent per pound.....	250,959	272,116
Inner tubes, 9 cents per pound.....	14,560	17,448
Tread rubber, 3 cents per pound.....	14,053	14,902
Motor vehicles, chassis, bodies, parts, and accessories:.....		
Passenger automobiles, chassis, bodies, etc., 10 percent.....	1,228,629	1,331,292
Trucks and buses, chassis, bodies, etc., 10 percent.....	236,659	271,938
Parts and accessories for automobiles, trucks, etc., 8 percent.....	188,819	189,476
Radio and television sets, phonographs, components, etc., 10 percent.....	148,989	169,451
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.....	55,920	50,034
Electric, gas, and oil appliances, 5 percent.....	64,483	69,276
Pistols and revolvers, 10 percent.....	1,549	1,986
Phonograph records, 10 percent.....	22,823	24,324
Musical instruments, 10 percent.....	18,113	18,023
Sporting goods (other than fishing rods, creels, etc.), 10 percent.....	14,710	13,611
Fishing rods, creels, etc., 10 percent.....	6,253	5,836
Business and store machines, 10 percent.....	98,305	99,370
Cameras, lenses, film, and projectors, 10 percent except projectors which are taxed at 5 percent.....	25,268	26,234
Electric light bulbs and tubes, 10 percent.....	32,924	31,762
Firearms (other than pistols and revolvers), shells, and cartridges, 11 percent.....	14,985	15,590
Mechanical pencils, pens, 10 percent; lighters 10 percent each lighter but not more than 10 percent of the price for which sold.....	9,035	9,632
Matches, 2 cents per thousand; fancy wooden or colored stems, 5½ cents.....	5,165	5,287

Footnotes on p. 124.

Table 3.—Internal revenue collections by sources, fiscal years 1961 and 1960—Continued

(In thousands of dollars)

Source of revenue	Fiscal year	
	1961	1960
Excise taxes—Continued		
Retailers' excise taxes, total	397,649	378,690
Luggage, etc., 10 percent	68,182	62,573
Jewelry, etc., 10 percent	168,498	165,699
Furs, 10 percent	29,226	30,207
Toilet preparations, 10 percent	131,743	120,211
Miscellaneous excise taxes, total	1,497,526	1,386,829
Admissions taxes, total	70,282	84,100
Theaters, concerts, athletic contests, etc.:		
Admissions, 1 cent for each 10 cents or major fraction thereof of the amount paid in excess of \$1 ²³	35,646	33,457
Ticket brokers' sales, 10 percent of amounts in excess of box office price ²⁴	522	618
Leases of boxes or seats, 10 percent of the amount for which similar accommodations are sold ²⁵	407	350
Admissions sold by proprietors in excess of established price, 50 percent of such excess	104	69
Roof gardens, cabarets, etc., 20 percent of total paid for admissions, services, etc. to May 1, 1960; 10 percent thereafter	33,603	49,605
Club dues and initiation fees, 20 percent	64,357	67,187
Toll telephone service, telegraph, cable, radio, etc., 10 percent	318,475	291,102
Wire mileage service, 10 percent; wire and equipment service, 8 percent	25,419	20,953
Local telephone service, 10 percent	483,408	426,242
Transportation of—		
Oil by pipeline, 4½ percent; repealed, effective Aug. 1, 1958	387	50
Persons, 10 percent	264,262	255,459
Property, 3 percent of amount paid, except coal which is 4 cents per ton; repealed, effective Aug. 1, 1958	1,306	3,140
Use of safe deposit boxes, 10 percent	6,581	6,378
Coconut and other vegetable oils processed ¹⁷	89	389
Sugar, approximately ½ cent per pound	91,818	89,856
Diesel and special motor fuels, 3 cents per gallon to Sept. 30, 1959; 4 cents thereafter	88,856	71,869
Narcotics and marihuana, total ²⁴	1,107	1,076
Narcotics	1,059	1,026
Marihuana	48	50
Coin-operated amusement and gaming devices, \$10 and \$250 per device	23,909	20,336
Bowling alleys, pool tables, etc., \$20 per alley or table	4,317	3,670
Wagering taxes:		
Occupational tax, \$50 per year	641	560
Wagers, 10 percent of amount wagered	6,682	6,084
Use tax on highway motor vehicles weighing over 26,000 pounds, \$1.50 per 1,000 pounds	45,575	38,333
Adulterated and process or renovated butter, filled cheese, and imported oleomargarine ²⁴	2	2
Firearms transfer and occupational taxes ²⁶	51	44
Unclassified excise taxes:		
Unapplied collections	696	1,637
Undistributed depository receipts ³	(-81,639)	98,007

Footnotes on p. 124.

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1961
(In thousands of dollars)

Fiscal year ended June 30—	Total internal revenue collections	Income, profits, and employment taxes				Estate and gift taxes	Alcohol taxes ⁸	Tobacco taxes ⁹	Manufacturers' excise taxes	All other taxes
		Total	Individual income and employment taxes ^{10, 11}							
			Corporation income and profits taxes ²	Individual income and employment taxes ^{10, 11}						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
961	94,401,086	80,420,392	21,764,940	58,655,452	1,916,392	3,212,801	1,991,117	4,896,802	1,963,582	
960	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	
959	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	
958	73,978,476	67,746,260	20,533,316	47,212,944	1,410,925	2,946,461	1,734,021	3,974,135	2,166,675	
957	80,172,971	68,140,946	21,530,653	46,610,293	1,377,999	2,973,195	1,674,050	3,973,195	2,243,856	
956	75,112,649	63,931,948	21,298,522	42,633,426	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380	
955	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	
954	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	
953	69,686,535	58,849,134	21,594,315	37,254,819	891,364	2,780,925	1,654,911	2,862,788	2,647,492	
952	65,059,586	55,205,280	21,466,910	33,738,370	833,147	2,549,120	1,565,162	2,348,943	2,507,933	
951	50,445,686	41,012,357	14,387,569	26,624,788	729,730	2,546,808	1,380,396	2,383,677	2,392,719	
950	36,957,132	30,652,234	10,854,351	19,797,883	706,227	2,219,202	1,328,464	1,856,953	2,214,951	
949	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	
948	41,864,542	33,553,533	10,174,410	23,379,123	899,345	2,255,327	1,300,280	1,649,234	2,206,823	
947	39,108,386	31,044,121	9,676,459	21,367,662	779,291	2,474,762	1,237,768	1,925,260	2,147,184	
946	40,672,097	32,958,966	12,553,602	20,405,364	676,832	2,526,165	1,165,519	922,671	2,421,944	
945	43,800,388	36,840,704	16,027,213	20,813,491	643,055	2,309,866	932,145	782,511	2,292,108	
944	40,121,760	34,766,174	14,766,796	19,999,378	511,210	1,618,775	988,483	503,462	1,733,655	
943	22,371,386	17,797,593	9,668,956	8,128,637	447,496	1,423,646	923,857	504,746	1,274,048	
942	13,047,869	9,192,245	4,744,083	4,448,162	432,540	1,048,517	780,982	711,902	821,682	
941	7,370,108	4,396,980	2,053,469	2,343,512	407,058	820,056	698,077	617,373	430,564	
940	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. 124.

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. 4 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 Effective for taxable years beginning after 1960, self-employment tax and taxes imposed by the Federal Insurance Contributions Act are applicable with respect to Guam and American Samoa. Amounts of such taxes collected in Guam and American Samoa are combined with similar taxes reported for International Operations—Other.

⁵ 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.

⁶ 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 \$4,464,000 for 1961.

⁷ Includes railroad employment compensation tax and tax on railroad employee representatives.

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 7.

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

¹¹ Includes occupational taxes on wholesale and retail dealers in wines or in wines and beer.

¹² Includes occupational taxes on brewers and wholesale and retail beer dealers.

¹³ Includes taxes on large cigars, classes A through G, and on small cigars.

¹⁴ 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.

Footnotes for tables 1-4—Continued

¹⁵ 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.

¹⁶ 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.

¹⁷ Includes taxes on coconut oil from the Philippines, the Trust Territory, and the 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.

¹⁸ 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.

¹⁹ 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.

²⁰ 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 for taxable years beginning in 1959 and 4½ percent for taxable years beginning in 1960.

²¹ 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 2½ percent to Dec. 31, 1959; employees' tax 2½ percent to Dec. 31, 1959, 3 percent thereafter; both imposed on taxable portion of wages.

²² Issues of stock 10 cents per \$100 actual value, except that such rate shall be 4 cents per \$100 if issued after April 8, 1960, by a corporation which qualifies as a regulated investment company or a real estate investment trust; issues of bonds, 11 cents per \$100 face value. Transfers of stocks, 4 cents per \$100 actual value; 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.

²³ 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.

²⁴ Narcotics, 1 cent per ounce; narcotics order blanks, \$1 per hundred. Marihuana, \$1 per ounce; marihuana 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 14.

²⁵ 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.

²⁶ Transfers of machineguns, short-barreled firearms, silencers, etc., \$200 each; certain double-barreled guns, \$1 each; transfer of other special types of firearms, \$5 each. Occupational taxes are levied on manufacturers, importers, or dealers in firearms and are included in the amounts shown.

²⁷ 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.—Internal revenue refunds including interest

[In thousands of dollars]

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 (1)	Corporation income and profits (2)	Individual income and em- ployment taxes		Estate (5)	Gift (6)	Excise ¹ (7)
			Excessive prepayments (3)	Other (4)			
United States, total²	6,031,107	869,274	4,766,490	166,536	23,073	902	204,833
Atlanta region	566,881	43,192	489,025	17,248	1,169	185	16,062
Atlanta (Georgia)	87,770	5,006	75,780	2,382	29	9	4,563
Birmingham (Alabama)	69,653	7,266	59,926	1,601	56	7	796
Columbia (South Carolina)	45,190	2,135	40,496	1,282	216	20	1,041
Greensboro (North Carolina)	97,886	5,368	84,303	3,428	235	89	4,463
Jackson (Mississippi)	33,180	1,150	29,328	1,224	26	3	1,450
Jacksonville (Florida)	156,744	15,914	133,296	5,625	526	34	1,348
Nashville (Tennessee)	76,459	6,353	65,896	1,705	80	23	2,401
Boston region	369,169	54,337	298,485	8,298	2,001	50	5,998
Augusta (Maine)	24,365	2,197	20,978	604	254		332
Boston (Massachusetts)	199,712	33,850	158,341	3,785	635	43	3,059
Burlington (Vermont)	9,173	957	7,650	305	29	3	229
Hartford (Connecticut)	90,275	12,168	72,680	2,531	702	4	2,189
Portsmouth (New Hampshire)	16,788	1,593	14,443	507	145		99
Providence (Rhode Island)	28,856	3,573	24,392	566	235		91
Chicago region	784,599	140,400	589,496	19,869	2,792	57	31,986
Chicago (See (b) below)	297,113	64,386	212,854	7,768	1,099	7	11,000
Detroit (Michigan)	290,441	44,726	230,501	6,435	1,056	33	7,689
Milwaukee (Wisconsin)	127,462	28,365	90,338	2,998	398	5	5,359
Springfield (See (b) below)	69,583	2,924	55,803	2,667	239	11	7,938
Cincinnati region	658,042	82,051	535,042	15,578	1,010	25	24,336
Cincinnati (See (f) below)	115,410	15,912	92,594	1,828	94	11	4,971
Cleveland (See (f) below)	223,148	42,083	171,476	5,491	418	9	3,671
Indianapolis (Indiana)	122,430	11,091	98,597	3,472	203	1	9,064
Louisville (Kentucky)	60,453	3,197	52,008	1,593	60	1	3,594
Parkersburg (West Virginia)	38,128	2,667	34,515	598	119		229
Richmond (Virginia)	98,473	7,101	85,852	2,595	115	2	2,808
Dallas region	457,331	55,555	366,854	21,586	1,470	82	11,785
Albuquerque (New Mexico)	25,931	1,122	23,323	1,133	9	3	340
Austin (See (h) below)	136,262	20,623	105,607	6,011	465	48	3,508
Dallas (See (h) below)	117,389	12,179	93,256	7,624	341	14	3,974
Little Rock (Arkansas)	30,578	1,218	26,964	1,181	186	(*)	1,030
New Orleans (Louisiana)	79,656	12,180	63,771	2,514	145	(*)	1,056
Oklahoma City (Oklahoma)	67,506	8,233	53,934	3,123	324	17	1,875
New York City region	798,127	174,068	574,486	20,135	8,507	64	20,867
Albany (See (e) below)	49,741	4,612	43,575	113	556	(*)	885
Brooklyn (See (e) below)	258,986	11,692	237,103	3,322	1,677	7	5,184
Buffalo (See (e) below)	87,005	7,552	76,467	241	241	2	2,172
Manhattan (See (e) below)	345,607	141,692	171,535	14,988	6,351	43	10,998
Syracuse (See (e) below)	56,788	8,521	45,805	698	125	12	1,627
Omaha region	522,383	59,815	389,975	18,832	1,165	119	52,478
Aberdeen (South Dakota)	14,588	389	9,854	629	29	4	3,682
Cheyenne (Wyoming)	9,662	552	7,669	871	16	13	540
Denver (Colorado)	61,119	7,349	48,903	2,349	257	15	2,246
Des Moines (Iowa)	72,563	6,862	53,007	2,252	257	52	10,133
Fargo (North Dakota)	14,353	532	9,335	428	47	(*)	4,010
Kansas City (See (c) below)	53,377	6,485	37,772	3,903	73	1	5,142
Omaha (Nebraska)	32,463	2,636	24,627	1,381	75	17	3,727
St. Louis (See (c) below)	85,070	16,085	59,327	1,652	148	6	7,851
St. Paul (Minnesota)	118,502	14,192	92,037	3,105	154	4	9,010
Wichita (Kansas)	60,686	4,731	47,444	2,261	106	7	6,137
Philadelphia region	743,413	100,280	600,863	16,213	2,509	168	23,280
Baltimore (Maryland and D.C.)	135,804	9,892	115,349	4,022	318	9	6,214
Camden (See (d) below)	65,276	11,333	51,263	1,632	288	2	758
Newark (See (d) below)	165,837	20,071	134,682	949	593	9	9,533
Philadelphia (See (g) below)	198,712	28,337	159,821	5,120	764	12	4,657
Pittsburgh (See (e) below)	125,633	22,618	98,877	2,736	419	56	928
Scranton (See (g) below)	39,303	6,059	31,261	967	62	1	953
Wilmington (Delaware)	12,847	1,970	9,708	787	64	80	238
San Francisco region	1,097,721	157,444	895,392	25,723	2,176	152	16,924
Anchorage (Alaska)	7,031	763	6,069	181			18
Boise (Idaho)	18,366	1,777	14,395	800	43		1,351
Helena (Montana)	17,977	890	14,640	1,157	10	1	1,279
Honolulu (Hawaii)	22,389	2,217	18,966	742	101	3	361
Los Angeles (See (a) below)	524,308	96,586	418,435	4,853	617	116	3,701
Phoenix (Arizona)	40,128	2,074	35,676	1,581	220	7	569
Portland (Oregon)	59,284	8,580	46,701	2,933	65	1	1,004
Reno (Nevada)	12,505	1,410	10,443	466	42		144
Salt Lake City (Utah)	30,506	1,732	27,677	699	12	1	386
San Francisco (See (a) below)	258,509	26,382	217,457	7,528	601	10	6,531
Seattle (Washington)	106,716	15,032	84,841	4,785	465	14	1,579
Office of International Operations	32,357	2,133	26,864	3,054	275	(*)	32
Puerto Rico	3,739	4	3,548	185			2
Other	28,618	2,128	23,315	2,869	275	(*)	30
Bureau of Customs	1,085						1,085
Totals for States not shown above							
(a) California	782,817	122,968	635,892	12,381	1,218	126	10,232
(b) Illinois	366,696	67,310	268,657	10,435	1,338	18	18,938
(c) Missouri	138,447	22,570	97,099	5,555	221	7	12,993
(d) New Jersey	231,113	31,404	185,945	2,581	881	11	10,291
(e) New York	798,127	174,068	574,486	20,135	8,507	64	20,867
(f) Ohio	338,558	57,995	264,070	7,319	512	20	8,642
(g) Pennsylvania	363,648	57,014	289,959	8,823	1,245	69	6,538
(h) Texas	253,650	32,802	198,863	13,635	806	62	7,482

*Less than \$500.

¹ Includes drawbacks and stamp redemptions.² Figures have not been reduced to reflect reimbursements from the Federal Old-age and Survivors and Federal Disability Insurance Trust Funds amounting to \$95,740,000 in 1961, and \$89,190,000 in 1960, from the Highway Trust Fund amounting to \$125,703,000 in 1961 and \$103,473,000 in 1960, and from the Unemployment Trust Fund amounting to \$2,245,000 in 1961.³ Net of 75,750 undeliverable checks totaling \$3,876,000.

Table 6.—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	Individual income tax	Corporation income tax	Partnership	Declarations of estimated tax and all other income taxes	Employment taxes	Estate tax	Gift tax	Excise taxes
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
United States, total	95,779,743	61,267,569	1,179,473	1,003,184	7,564,524	20,660,200	69,405	93,581	3,941,816
Atlanta region	10,845,681	6,861,536	121,611	108,514	624,380	2,657,518	5,920	9,724	456,478
Atlanta (Georgia)	1,646,794	1,042,320	17,116	14,767	88,448	419,216	669	1,504	62,754
Birmingham (Alabama)	1,273,507	830,796	9,912	11,550	66,311	298,869	508	964	54,597
Columbia (South Carolina)	960,671	612,060	8,963	7,797	43,365	242,181	407	653	45,245
Greensboro (North Carolina)	2,062,895	1,327,502	20,576	18,605	106,195	502,697	849	1,700	84,771
Jackson (Mississippi)	710,853	429,188	6,261	8,658	37,073	188,290	327	444	40,612
Jacksonville (Florida)	2,573,330	1,566,521	45,586	28,656	200,402	628,676	2,505	3,472	97,512
Nashville (Tennessee)	1,617,631	1,053,149	13,197	18,481	82,586	377,589	655	987	70,987
Boston region	6,208,019	4,023,469	98,641	41,940	560,565	1,242,241	4,684	7,264	229,235
Augusta (Maine)	548,513	347,372	6,112	3,572	38,888	126,563	391	439	25,176
Boston (Massachusetts)	3,028,255	1,992,140	53,370	17,518	284,636	572,655	2,069	3,738	102,127
Burlington (Vermont)	221,368	131,437	2,564	2,298	15,199	57,743	166	232	11,729
Hartford (Connecticut)	1,533,371	972,002	22,376	12,936	158,163	306,639	1,417	2,218	57,620
Portsmouth (New Hampshire)	366,993	234,814	4,544	2,506	27,033	81,666	286	256	15,888
Providence (Rhode Island)	509,519	345,704	9,675	3,110	36,646	96,973	335	381	16,695
Chicago region	11,960,117	7,825,220	130,920	127,237	1,041,286	2,337,309	8,626	11,044	478,475
Chicago (See (b) below)	4,300,219	2,821,988	52,394	46,291	455,421	789,139	3,455	4,118	127,413
Detroit (Michigan)	3,918,939	2,616,184	40,781	37,926	283,547	763,220	1,855	3,053	172,373
Milwaukee (Wisconsin)	2,193,705	1,388,299	26,934	21,948	188,588	455,953	1,595	2,592	107,796
Springfield (See (b) below)	1,547,254	998,749	10,811	21,072	113,730	328,997	1,721	1,281	70,893
Cincinnati region	11,486,341	7,596,495	114,469	103,527	794,612	2,376,161	7,201	9,266	484,610
Cincinnati (See (f) below)	2,020,337	1,343,389	20,345	15,136	163,781	397,582	1,406	1,824	76,874
Cleveland (See (f) below)	3,071,698	2,043,184	34,911	25,626	229,235	597,922	1,789	2,973	136,058
Indianapolis (Indiana)	2,341,101	1,572,667	22,437	21,206	160,376	467,513	1,698	1,477	93,727
Louisville (Kentucky)	1,330,536	851,388	10,249	17,344	79,200	308,749	774	975	61,857
Parkersburg (West Virginia)	834,679	546,388	8,421	9,239	48,672	176,754	384	494	44,327
Richmond (Virginia)	1,887,990	1,239,479	18,106	14,976	113,348	427,641	1,150	1,523	71,767
Dallas region	8,353,067	5,190,894	80,786	104,536	537,421	2,010,271	4,304	7,710	417,145
Albuquerque (New Mexico)	425,944	281,699	3,672	4,967	25,466	90,184	166	440	19,350
Austin (See (h) below)	2,458,968	1,518,214	24,476	28,677	167,482	591,973	1,288	2,431	124,427
Dallas (See (h) below)	2,226,056	1,355,021	21,681	34,982	154,299	558,351	1,283	2,171	98,268
Little Rock (Arkansas)	751,543	457,179	6,128	9,246	36,378	197,560	319	621	44,112
New Orleans (Louisiana)	1,334,762	846,294	15,162	12,861	80,727	305,001	557	829	73,331
Oklahoma City (Oklahoma)	1,155,794	732,487	9,667	13,803	73,069	267,202	691	1,218	57,657
New York City region	10,711,082	6,558,880	240,281	107,780	1,012,389	2,401,142	8,256	12,615	369,759
Albany (See (e) below)	954,526	633,293	11,978	8,582	66,099	191,190	820	672	41,892
Brooklyn (See (e) below)	3,530,081	2,373,438	66,044	33,223	263,969	688,343	2,288	2,888	99,888
Buffalo (See (e) below)	1,381,007	933,737	16,711	12,502	110,085	251,430	1,212	1,257	54,073
Manhattan	3,905,078	1,992,159	136,129	44,563	509,597	1,081,465	3,179	7,125	130,761
Syracuse (See (e) below)	940,390	626,253	9,419	8,790	62,639	188,714	757	673	43,145
Omaha region	9,691,946	6,053,630	96,811	132,610	735,463	2,191,047	9,091	10,999	463,095
Aberdeen (South Dakota)	373,721	226,842	2,664	5,840	18,960	95,946	305	323	22,840
Cheney (Wyoming)	197,649	116,134	2,252	3,371	13,585	48,403	121	311	13,472
Denver (Colorado)	985,419	615,910	12,430	14,204	80,738	218,180	764	1,243	41,950
Des Moines (Iowa)	1,562,418	955,500	11,862	28,184	137,867	350,604	2,339	1,504	74,558
Fargo (North Dakota)	338,117	207,102	2,758	4,783	13,830	90,644	248	274	18,478
Kansas City (See (c) below)	995,290	633,681	10,289	12,913	66,126	224,781	1,003	1,245	48,110
Omaha (Nebraska)	841,423	510,357	7,975	12,669	55,983	204,081	890	1,423	54,128
St. Louis (See (c) below)	1,324,272	834,963	18,219	12,982	110,934	290,733	1,669	1,505	83,972
St. Paul (Minnesota)	1,865,234	1,200,639	18,902	22,764	140,785	394,998	1,669	2,197	59,586
Wichita (Kansas)	1,208,403	752,502	8,660	14,900	96,655	272,707	1,196	1,582	59,586
Philadelphia region	12,281,352	8,083,902	149,522	105,564	990,101	2,487,907	8,548	10,725	445,083
Baltimore (Maryland and D.C.)	2,330,487	1,523,906	27,363	15,606	180,301	494,470	1,492	2,125	85,224
Camden (See (d) below)	1,004,873	647,578	13,568	9,510	77,855	216,753	825	789	37,995
Newark (See (d) below)	2,585,058	1,661,244	52,635	23,944	223,767	539,861	2,139	2,475	78,993
Philadelphia (See (d) below)	3,188,497	2,117,134	29,537	26,439	263,099	632,550	2,209	2,765	114,764
Pittsburgh (See (g) below)	2,102,814	1,430,308	15,129	20,656	162,134	390,597	1,256	1,582	81,152
Scranton (See (g) below)	812,152	546,392	5,762	7,751	58,063	154,443	437	545	38,759
Wilmington (Delaware)	257,471	157,340	5,528	1,658	24,882	59,233	190	444	8,196
San Francisco region	13,847,311	8,882,911	146,571	171,384	1,166,682	2,857,329	11,220	14,022	597,182
Anchorage (Alaska)	73,905	56,777	759	1,221	2,400	10,367	7	14	2,723
Boise (Idaho)	348,058	218,406	3,506	5,039	20,661	81,064	172	265	18,642
Helena (Montana)	377,555	227,808	4,401	5,916	23,014	88,620	402	635	26,759
Honolulu (Hawaii)	350,098	234,581	3,381	3,099	32,606	61,100	160	242	14,929
Los Angeles (See (a) below)	5,235,730	3,410,655	63,368	59,355	454,514	1,058,719	4,700	5,568	178,851
Phoenix (Arizona)	635,597	404,600	7,654	7,003	46,879	140,170	385	578	28,328
Portland (Oregon)	991,014	612,004	10,348	14,071	75,375	226,676	683	1,456	50,401
Reno (Nevada)	184,155	116,085	2,358	2,602	12,759	37,732	101	203	12,315
Salt Lake City (Utah)	435,783	288,752	5,849	5,471	25,397	86,163	174	405	23,572
San Francisco (See (a) below)	3,651,048	2,315,811	28,782	49,789	356,514	739,323	3,542	3,667	153,620
Seattle (Washington)	1,564,368	997,432	16,165	17,818	116,573	327,455	894	989	87,042
Office of International Operations	394,827	190,623	661	112	101,615	59,275	1,575	212	754
Puerto Rico	159,818	24,249	55	4	40,715	94,170	1,575	8	617
Other	235,009	166,374	606	108	60,900	5,105	1,575	204	137
Totals for States not shown above									
(a) California	8,886,778	5,726,466	92,150	109,144	811,028	1,798,042	8,242	9,235	332,471
(b) Illinois	5,847,473	3,820,737	63,205	67,363	569,151	1,118,136	5,176	5,399	198,306
(c) Missouri	2,319,562	1,468,644	28,508	25,895	177,060	515,484	1,445	2,397	100,129
(d) New Jersey	3,589,931	2,308,822	66,203	33,454	301,622	756,614	2,964	3,264	116,988
(e) New York	10,711,082	6,558,880	240,281	107,780	1,012,389	2,401,142	8,256	12,615	369,759
(f) Ohio	5,092,035	3,386,573	55,256	40,762	393,016	995,504	3,195	4,797	212,932
(g) Pennsylvania	6,103,463	4,093,834	50,428	54,846	483,296	1,177,590	3,902	4,892	234,675
(h) Texas	4,685,024	2,873,235	46,157	63,659	321,781	1,150,324	2,571	4,602	222,695

Table 7.—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	1961	1960
Total.....	26,348	22,698
Distilled spirits.....	23,572	20,646
Distilled spirits, rectification tax.....	602	544
Wine.....		
Beer.....	46	41
Cigars, large:		
Class A.....	2	(*)
Class B.....	350	38
Class C.....	2	3
Class D.....	1,568	1,421
Class E.....	202	1
Class F.....	1	1
Class G.....		
Cigars, small.....		
Cigarettes, large.....		(*)
Cigarettes, small.....		
Manufactured tobacco (chewing, smoking, and snuff).....	3	3

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

*Less than \$500.

Table 8.—Establishments qualified to engage in the production, distribution, storage, or use of alcohol and alcoholic liquors

Class of establishment	As of June 30—	
	1961	1960
Distilled spirits plants:		
Plants (net number).....	360	366
Facilities:		
Production.....	196	199
Warehousing.....	247	248
Bottling in bond.....	55	52
Denaturing.....	42	40
Taxpaid bottling.....	140	47
Rectifying.....	123	123
Denatured and tax-free products (dealers, users, etc.):		
Dealers in specially denatured alcohol.....	44	39
Users of specially denatured alcohol and denatured rum.....	3,736	3,755
Reprocessors, rebottlers, etc., of specially denatured alcohol articles.....	1,082	1,101
Users of tax-free alcohol.....	7,430	7,395
Beer: Breweries.....	220	225
Wines:		
Bonded wine cellars.....	474	495
Taxpaid wine bottling houses.....	113	117
Vinegar: Vinegar factories using vaporizing process.....	6	6
Beverage dealers:		
Importers.....	1,644	1,562
Wholesale dealers in liquors.....	3,823	3,902
Wholesale dealers in beer.....	7,378	7,488
Retail dealers in liquors.....	280,746	267,247
Retail dealers in beer.....	147,166	149,264
Other:		
Manufacturers of nonbeverage products (drawback).....	966	986
Fruit-flavor concentrate plants.....	39	34
Bottle manufacturers.....	105	96

Table 9.—Establishments qualified to handle tobacco materials, or to engage in the production or exportation of tobacco products and cigarette papers and tubes

Class of establishment	As of June 30—	
	1961	1960
Manufacturers of tobacco.....	154	161
Manufacturers of cigars and cigarettes.....	476	524
Manufacturers of cigarette papers and tubes.....	4	4
Dealers in tobacco materials.....	2,215	2,257
Tobacco export warehouses.....	105	* 105

* Revised.

Table 10.—Permits relating to distilled spirits under Chapter 51, Internal Revenue Code, 1954

Status	Total	Section 5171, I.R. Code	Section 5271, I.R. Code			
		Distilled spirits plants	Dealers in specially denatured alcohol	Users of—		
				Specially denatured alcohol	Specially denatured rum	Tax-free alcohol
	(1)	(2)	(3)	(4)	(5)	(6)
In effect July 1, 1960.....	11,379	190	39	* 3,714	* 41	7,395
Issued.....	658	33	8	348	2	267
Terminated, total.....	636	32	3	358	11	232
Revoked.....						
Otherwise terminated.....	636	32	3	358	11	232
In effect June 30, 1961.....	11,401	191	44	3,704	32	7,430
Amended.....	3,978	20	16	1,048	13	2,881

* Revised.

Table 11.—Permits for operations relating to alcoholic beverages under the Federal Alcohol Administration Act

Status	Grand total (1)	Distilled spirits plants ¹				Wine producers and blenders (6)	Wine blenders (7)	Importers (8)	Wholesalers (9)
		Total ² (2)	Distillers (3)	Warehousing and bottling (4)	Rectifiers (5)				
In effect July 1, 1960 Issued.....	14,020 1,611	584 62	219 25	225 40	146 36	426 32	59 8	1,562 232	11,389 1,277
Terminated.....	1,794	119	34	48	32	51	9	150	1,465
Revoked.....	6							1	5
Otherwise terminated.....	1,788	119	34	48	32	51	9	149	1,460
In effect June 30, 1961 Amended.....	13,837 1,524	527 335	210	217	150	407 63	58 7	1,644 219	11,201 900

¹ Excludes permits for Customs manufacturing bonded warehouses since such establishments are not required to qualify as distilled spirits plants (15 warehousing and bottling permits and 15 rectifiers permits for Customs manufacturing bonded warehouses in effect on June 30, 1961).

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

Table 12.—Permits relating to tobacco under Chapter 52, Internal Revenue Code, 1954

Status	Total (1)	Manufacturers of—		Export warehouse proprietors (4)
		Cigars and cigarettes (2)	Tobacco (3)	
In effect July 1, 1960 Issued.....	790 47	524 20	161 13	105 14
Terminated, total.....	102	68	20	14
Revoked.....	1	1		
Otherwise terminated.....	101	67	20	14
In effect June 30, 1961 Amended.....	735 87	476 53	154 17	105 17

¹ Revised.

Table 13.—Label activity under Federal Alcohol Administration Act

Type of label	Applications acted upon			
	Total (1)	Certificates issued		Disapproved (4)
		Approvals (2)	Exemptions (3)	
Grand total.....	40,565	39,781	232	552
Distilled spirits, total.....	18,138	17,830	21	287
Domestic.....	16,109	15,890	21	198
Imported.....	2,029	1,940		89
Wines, total.....	21,207	20,759	211	237
Domestic.....	5,443	5,158	211	74
Imported.....	15,764	15,601		163
Malt beverages, total.....	1,220	1,192		28
Domestic.....	764	753		11
Imported.....	456	439		17

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1961, 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 (5)	Retail dealers			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 50 gallons, \$50 (10)	More than 50 gallons, \$100 (11)
United States, total		1,161,801	88	35	96	3,083	255,011	525	1,511	77	69	858
Atlanta region		115,229			3	240	9,180		12	8	3	53
Atlanta (Georgia)		15,691				37	1,428			1	3	8
Birmingham (Alabama)		10,854				7	639		4			7
Columbia (South Carolina)		13,635				14	978					2
Greensboro (North Carolina)		16,342				49	284		7	4		7
Jackson (Mississippi)		11,353				27	1,055			1		3
Jacksonville (Florida)		28,185			3	75	4,093			1		3
Nashville (Tennessee)		19,169				31	703		1	1		23
Boston region		65,736	5	5	10	192	16,129	2	741	5	9	70
Augusta (Maine)		6,179			1	2	388				1	2
Boston (Massachusetts)		28,258	5	3	6	128	7,655		695	2	5	50
Burlington (Vermont)		3,014				1	517					
Hartford (Connecticut)		18,746		1	2	37	5,259	1		1		9
Portsmouth (New Hampshire)		4,177			1	1	504				2	3
Providence (Rhode Island)		5,362				23	1,806	1	46	2	1	6
Chicago region		160,041	18	5	8	527	50,683	7	402	11	8	133
Chicago (See (b) below)		46,541	1		3	169	15,687		5	5	7	79
Detroit (Michigan)		50,952	10	3	3	202	16,588	6	11	2		33
Milwaukee (Wisconsin)		43,482	3	2		94	13,891	1	380	1	1	11
Springfield (See (b) below)		19,068	4		2	62	4,517		6	3		10
Cincinnati region		138,017	14	5	22	418	29,011	33	7	11	4	77
Cincinnati (See (f) below)		23,286	4		3	128	6,628	8		5		28
Cleveland (See (f) below)		39,233	4	1	1	169	14,066	7	4	5	2	15
Indianapolis (Indiana)		25,239		1	2	22	5,295			1		23
Louisville (Kentucky)		16,543	3	3	16	90	1,984	18	1		1	1
Parkersburg (West Virginia)		14,609	2			1	648					1
Richmond (Virginia)		19,107	1			8	390		2		1	9
Dallas region		106,982	4	2	1	195	12,282	12	2	6	5	33
Albuquerque (New Mexico)		4,346		1		34	1,363					
Austin (See (h) below)		38,682	2			35	2,262			1		11
Dallas (See (h) below)		16,732	1			41	1,764	12	1	1	3	11
Little Rock (Arkansas)		8,635				8	742		1	2		
New Orleans (Louisiana)		25,446		1	1	60	5,197			2	2	9
Oklahoma City (Oklahoma)		13,141	1			17	954			2		2
New York City region		130,954	15	1	4	165	29,979	8		10	13	142
Albany (See (e) below)		16,997	2		1	10	5,018					10
Brooklyn (See (e) below)		39,979	1	1	2	36	7,915	8		3	2	51
Buffalo (See (e) below)		20,445	4			24	5,428			1	2	19
Manhattan (See (e) below)		37,812	5		1	82	7,500			3	6	55
Syracuse (See (e) below)		15,721	3			13	4,118			3	3	7
Omaha region		118,398	4	1	3	234	19,275	223	289	6	7	76
Aberdeen (South Dakota)		5,592				26	905					1
Cheyenne (Wyoming)		2,838				1	694					
Denver (Colorado)		11,158				17	2,637	29	237	1		7
Des Moines (Iowa)		17,780				2	1,907			1		6
Fargo (North Dakota)		3,895				13	1,030					
Kansas City (See (c) below)		11,734		1		53	2,356	87	2			9
Omaha (Nebraska)		9,704				15	1,737	61	9	1	3	
St. Louis (See (c) below)		18,915	4		2	22	3,944	44	4			36
St. Paul (Minnesota)		23,399			1	53	2,852	2	36	3	2	13
Wichita (Kansas)		13,383				32	1,213		1		1	4
Philadelphia region		152,518	20	4	24	172	42,314	240	5	9	13	165
Baltimore (Maryland and D.C.)		29,902		1	9	57	5,573	222	1	1	2	18
Camden (See (d) below)		12,203	3		3	11	4,013				1	5
Newark (See (d) below)		28,925	12	1	6	43	10,072	13		3	6	70
Philadelphia (See (g) below)		37,585	4	2	5	49	8,921	2	1	3	4	58
Pittsburgh (See (g) below)		29,121			1	2	8,712	3	3	2		11
Scranton (See (g) below)		12,519	1			1	4,231					3
Wilmington (Delaware)		2,263				9	792					
San Francisco region		173,924	8	12	21	940	46,458		53	11	7	109
Anchorage (Alaska)		2,130				10	709					1
Boise (Idaho)		5,272				1	749					
Helena (Montana)		6,827				1	1,805					
Honolulu (Hawaii)		3,666		2		25	1,011				1	1
Los Angeles (See (a) below)		52,664	1	3	7	248	15,913			4	3	49
Phoenix (Arizona)		7,831				58	2,363					
Portland (Oregon)		13,612				95	1,714					5
Reno (Nevada)		4,690				22	1,210		53			
Salt Lake City (Utah)		5,912				1	185			1		1
San Francisco (See (a) below)		47,793	4	6	14	323	15,059			3	2	46
Seattle (Washington)		23,527	3	1		156	5,440			3	1	6
Totals for States not shown above												
(a) California		100,457	5	9	21	571	30,972			7	5	95
(b) Illinois		65,609	5		5	231	20,204		11	8	7	89
(c) Missouri		30,649	4	1	2	75	6,300	131	6		1	45
(d) New Jersey		41,128	15	1	9	54	14,085	13		3	7	75
(e) New York		130,954	15	1	4	165	29,979	8		10	13	142
(f) Ohio		62,519	8	1	4	297	20,694	15	4	10	2	73
(g) Pennsylvania		79,225	5	2	6	52	21,864	5	4	5	4	72
(h) Texas		55,414	3			76	4,026	12	1	2	3	22

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1961, 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		Retail dealers		Brewers		Wholesale dealers, \$123	Retail dealers, \$24	Retail dealers at large, \$24	Temporary dealers in liquors (beer or wine) \$2.20 per month (21)
	Wines, \$255 (12)	Wines and beer, \$255 (13)	Wines, \$54 (14)	Wines and beer, \$54 (15)	Less than 500 barrels, \$55 (16)	500 barrels or more, \$110 (17)	(18)	(19)	(20)	(21)
United States, total.	113	448	166	27,142		230	5,174	147,933	182	9,172
Atlanta region	14	139	80	7,803		8	511	24,294		71
Atlanta (Georgia)		18	31	843		1	60	1,870		
Birmingham (Alabama)	3						57	2,758		
Columbia (South Carolina)	2	27	3	1,319			43	3,723		36
Greensboro (North Carolina)	7	50	45	1,587			76	3,859		
Jackson (Mississippi)	2		1	101			71	3,092		10
Jacksonville (Florida)		44		3,953		7	114	4,237		1
Nashville (Tennessee)							90	4,755		24
Boston region	1	32		997		9	227	6,964		538
Augusta (Maine)							61	2,539		
Boston (Massachusetts)		2		52		7	64	144		243
Burlington (Vermont)		29		929			5	195		3
Hartford (Connecticut)	1			9		1	53	2,543		291
Portsmouth (New Hampshire)							29	1,505		
Providence (Rhode Island)		1		7		1	15	38		1
Chicago region	7	101	6	2,493		60	1,088	5,152	1	2,082
Chicago (See (b) below)	4		1	25		11	308	345		735
Detroit (Michigan)	3	96	4	2,456		10	172	187		374
Milwaukee (Wisconsin)		4	1	4		35	474	4,318	1	590
Springfield (See (b) below)		1		8		4	134	302		383
Cincinnati region	12	71	14	7,815		24	743	11,925	1	792
Cincinnati (See (f) below)	3	10	4	1,121		4	68	702		330
Cleveland (See (f) below)		2		577		8	123	593		329
Indianapolis (Indiana)	2	12	7	2,399		4	226	427		56
Louisville (Kentucky)	3			423		5	119	2,396	1	76
Parkersburg (West Virginia)				2		1	117	3,871		
Richmond (Virginia)	3	47	3	3,295		2	90	3,936		1
Dallas region	1	36	5	3,814		10	815	27,826	11	1,554
Albuquerque (New Mexico)		2	2	2			3	16		
Austin (See (h) below)		8	3	3,066		6	414	14,723		42
Dallas (See (h) below)				495			149	3,029	9	40
Little Rock (Arkansas)		26		243			38	1,642	2	
New Orleans (Louisiana)	1					3	106	3,809		1,461
Oklahoma City (Oklahoma)				8		1	105	4,607		11
New York City region	48	5	22	130		17	711	25,377	48	944
Albany (See (e) below)				7		2	98	3,429		97
Brooklyn (See (e) below)	8		6	45		4	280	8,862	48	35
Buffalo (See (e) below)	1		1			6	126	3,969		326
Manhattan (See (e) below)	39	5	14	78		3	106	7,057		77
Syracuse (See (e) below)			1			2	101	3,060		409
Omaha region	4	2	8	199		29	1,092	25,282	17	755
Aberdeen (South Dakota)				1			54	1,371		15
Cheyenne (Wyoming)							50	122		31
Denver (Colorado)		1		28		3	76	1,179		7
Des Moines (Iowa)				167		2	189	4,726	1	14
Fargo (North Dakota)						1	46	339		7
Kansas City (See (c) below)	1		2			3	79	1,640	4	19
Omaha (Nebraska)						3	86	1,224		4
St. Louis (See (c) below)	2	1	3			4	78	3,121	11	362
St. Paul (Minnesota)	1		3	3		13	327	7,951	1	263
Wichita (Kansas)							107	3,609		33
Philadelphia region	9	2	5	542		41	2,314	4,310	104	1,495
Baltimore (Maryland and D.C.)	1	2		540		7	122	2,259	12	619
Camden (See (d) below)	3		3			3	78	62	89	320
Newark (See (d) below)	3					5	120	242	3	503
Philadelphia (See (g) below)						15	865	912		5
Pittsburgh (See (g) below)	1		1	2		7	874	525		1
Scranton (See (g) below)	1		1			4	244	299		8
Wilmington (Delaware)							11	11		39
San Francisco region	17	60	26	3,349		32	673	15,803		341
Anchorage (Alaska)							11	23		
Boise (Idaho)				1			71	1,441		6
Helena (Montana)				2		4	76	510		25
Honolulu (Hawaii)		1	1	32		4	14	34		
Los Angeles (See (a) below)						6	142	4,841		158
Phoenix (Arizona)		1		159		1	10	377		2
Portland (Oregon)		3		1,489		1	43	1,906		89
Reno (Nevada)							22	160		11
Salt Lake City (Utah)						3	45	1,298		11
San Francisco (See (a) below)	17	55	25	1,666		6	192	3,840		612
Seattle (Washington)						7	47	1,373		27
Totals for States not shown above										
(a) California	17	55	25	1,666		12	334	8,681		770
(b) Illinois	4	1		33		15	442	647		1,118
(c) Missouri	3	1	5			7	157	4,761	15	381
(d) New Jersey	6		3			8	198	304	92	823
(e) New York	48	5	22	130		17	711	26,377	48	944
(f) Ohio	3	12	4	1,698		12	191	1,295		659
(g) Pennsylvania	2		2			26	1,983	1,736		14
(h) Texas		8	3	3,561		6	563	17,752	9	82

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1961, 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 compounders of opium, etc., \$24	Wholesale dealers, \$12	Retail dealers, \$3	Practi- tioners, \$1	Dealers in untaxed prepara- tions, \$1	Labora- tories, etc., \$1	Manufac- turers, \$24	Dealers, \$3	Producers and millers, \$1	Practi- tioners, \$1	Labora- tories, \$1
		(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
United States, total		151	1,187	56,195	284,569	1,600	364	6	15	1	81	15
Atlanta region		7	145	6,885	27,924	221	28		1		1	1
Atlanta	(Georgia)		34	1,174	4,296	14	2					
Birmingham	(Alabama)	1	14	894	3,073	14	6		1		1	
Columbia	(South Carolina)	2	11	651	2,245	5	1					
Greensboro	(North Carolina)		17	1,031	4,646	130	7					
Jackson	(Mississippi)		8	585	2,048	23						
Jacksonville	(Florida)		27	1,510	7,126	11	6					1
Nashville	(Tennessee)	4	34	1,040	4,490	24	6					
Boston region		6	69	3,910	20,799	251	35				9	3
Augusta	(Maine)		5	258	1,416	1	1					
Boston	(Massachusetts)	4	37	2,086	10,991	15	17				5	3
Burlington	(Vermont)		2	106	637	77	2					
Hartford	(Connecticut)		15	961	5,355	117	12				4	
Portsmouth	(New Hampshire)	1	3	162	910	2	1					
Providence	(Rhode Island)	1	7	337	1,490	39	2					
Chicago region		22	157	6,758	32,543	165	43	1	5		4	1
Chicago	(See (b) below)	6	51	2,463	12,143	52	23		2		3	1
Detroit	(Michigan)	10	66	2,411	11,595	58	12		2			
Milwaukee	(Wisconsin)	3	17	1,166	5,634	19	2	1				
Springfield	(See (b) below)	3	23	718	3,171	36	6		1		1	
Cincinnati region		27	150	6,136	29,588	353	38		2		9	2
Cincinnati	(See (f) below)	7	32	1,062	5,609	29	4		1		3	
Cleveland	(See (f) below)	8	40	1,668	8,132	28	17		1		2	
Indianapolis	(Indiana)	7	39	1,357	5,801	35	6				2	
Louisville	(Kentucky)		17	823	3,106	48	4				1	1
Parkersburg	(West Virginia)	1	9	368	2,089							1
Richmond	(Virginia)	4	13	858	4,851	213	7				1	
Dallas region		9	100	5,664	23,644	101	14		1		3	1
Albuquerque	(New Mexico)		3	287	1,014	9	2					
Austin	(See (h) below)	1	25	1,536	6,905	28	2				1	
Dallas	(See (h) below)	2	31	1,373	6,252	25	2					
Little Rock	(Arkansas)		6	589	1,975	8	1					
New Orleans	(Louisiana)	6	18	1,025	4,225	12	7		1		1	
Oklahoma City	(Oklahoma)		17	854	3,273	19					1	1
New York City region		21	92	5,606	39,980	127	51	2	2		6	
Albany	(See (e) below)	2	9	594	2,939	10	5				1	
Brooklyn	(See (e) below)	6	24	2,690	13,447	31	10					
Buffalo	(See (e) below)	2	12	815	4,847	20	3				3	
Manhattan	(See (e) below)	9	39	2,032	15,825	53	30	2	2		2	
Syracuse	(See (e) below)	2	8	475	2,922	13	3					
Omaha region		13	144	5,835	25,869	138	20	1	3	1	31	
Aberdeen	(South Dakota)		3	252	733	2	1					
Cheyenne	(Wyoming)		2	123	416							
Denver	(Colorado)		27	689	3,331	5	1					
Des Moines	(Iowa)		30	804	3,768	38	5				6	
Fargo	(North Dakota)		3	193	706							
Kansas City	(See (c) below)	1	21	630	2,921	32	1				2	
Omaha	(Nebraska)	1	9	597	2,108	9	1	1	2	1	23	
St. Louis	(See (c) below)	8	17	812	3,883	32	8					
St. Paul	(Minnesota)	1	18	987	5,166	4	3		1			
Wichita	(Kansas)	2	14	748	2,837	16						
Philadelphia region		32	144	7,009	36,979	137	76	2			9	3
Baltimore	(Maryland and D.C.)	3	27	1,093	6,918	10	6				1	
Camden	(See (d) below)	3	3	601	2,755	3	3				2	
Newark	(See (d) below)	8	25	1,392	7,574	34	33					
Philadelphia	(See (g) below)	17	63	2,091	11,367	69	24	2			1	3
Pittsburgh	(See (g) below)	1	16	1,305	5,874	13	9				3	
Scranton	(See (g) below)		2	399	1,882	4					1	
Wilmington	(Delaware)		8	128	609	4	1				1	
San Francisco region		14	186	7,392	47,234	107	59		1		9	4
Anchorage	(Alaska)		1	41	174							
Boise	(Idaho)		2	239	892		1					
Helena	(Montana)		4	271	951	26	2					
Honolulu	(Hawaii)		8	83	863							
Los Angeles	(See (a) below)	5	73	2,485	19,621	43	35				8	3
Phoenix	(Arizona)		9	408	1,802	3	2					1
Portland	(Oregon)	4	7	565	3,226	9	2					
Reno	(Nevada)		5	120	435	1						
Salt Lake City	(Utah)		10	262	1,413	1						
San Francisco	(See (a) below)	3	38	1,880	13,148	19	11		1		1	
Seattle	(Washington)	2	29	1,038	4,709	3	5					
Totals for States not shown above												
(a) California		8	111	4,365	32,769	62	46		1		9	3
(b) Illinois		9	74	3,181	15,314	88	29		3		4	1
(c) Missouri		9	38	1,442	6,804	64	9				2	
(d) New Jersey		11	28	1,993	10,329	37	36				2	
(e) New York		21	92	6,606	39,980	127	51	2	2		6	
(f) Ohio		15	72	2,730	13,741	57	21				5	
(g) Pennsylvania		18	87	3,795	19,123	86	33	2			5	3
(h) Texas		3	56	2,909	13,157	53	4				1	

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1961, 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, process or renovated butter, and filled cheese	Wagering, \$50
	Manufacturers or importers		Pawn-brokers, Class 3, \$300	Dealers, other than pawn-brokers, Class 4, \$200	Dealers, Class 5, \$1	Billiard or pool room and bowling alley premises, \$20 per table or alley	Amusement device premises, \$10 per device	Gaming device premises, \$250 per device		
	Class 1, \$500	Class 2, \$25								
	(33)	(34)								
United States, total	14	3		54	213	36,645	287,024	29,553	18	9,189
Atlanta region										
Atlanta (Georgia)				5	57	3,739	27,688	5,740	1	367
Birmingham (Alabama)					5	540	4,017	1,239		70
Columbia (South Carolina)						378	2,946	2	1	48
Greensboro (North Carolina)					4	412	2,688	1,441		28
Jackson (Mississippi)					15	897	3,466	113		45
Jacksonville (Florida)				5	1	313	3,081	820		111
Nashville (Tennessee)					22	597	6,297	39		13
					10	602	5,193	2,086		52
Boston region	3	2				1,888	12,341	247		229
Augusta (Maine)					8	201	1,295			2
Boston (Massachusetts)	1				5	929	4,715	221		172
Burlington (Vermont)					1	92	418			1
Hartford (Connecticut)	2	1			2	392	3,637	2		38
Portsmouth (New Hampshire)		1				153	870	20		9
Providence (Rhode Island)						121	1,406	4		7
Chicago region	2	1		9	14	6,580	49,356	1,103	3	484
Chicago (See (b) below)				3	1	1,312	12,598	318	1	179
Detroit (Michigan)		1		2	8	2,584	13,971	31		41
Milwaukee (Wisconsin)	1			3		1,698	15,008	104		15
Springfield (See (b) below)	1			1	5	986	7,779	650	2	249
Cincinnati region	1			4	47	4,813	38,269	5,851	2	1,726
Cincinnati (See (f) below)				2	1	695	6,238	487		70
Cleveland (See (f) below)					25	1,367	11,452	329	1	257
Indianapolis (Indiana)					11	918	6,694	1,213		679
Louisville (Kentucky)						662	4,593	2,143		428
Parkersburg (West Virginia)					3	504	4,761	1,549	1	258
Richmond (Virginia)	1			2	7	667	4,531	130		34
Dallas region				2	27	3,095	23,309	3,339	6	1,053
Albuquerque (New Mexico)				2	2	134	1,451	10		11
Austin (See (h) below)					1	1,180	8,144	73	3	209
Dallas (See (h) below)					3	549	2,839	26		74
Little Rock (Arkansas)						353	2,282	596	2	119
New Orleans (Louisiana)				1	11	442	6,049	2,514		482
Oklahoma City (Oklahoma)					10	437	2,544	120	1	158
New York City region	2			5	2	1,975	23,413	2	1	28
Albany (See (e) below)	1					292	4,468			2
Brooklyn (See (e) below)				1		405	6,055			3
Buffalo (See (e) below)						482	4,332	2		20
Manhattan (See (e) below)	1			4	2	387	4,390		1	2
Syracuse (See (e) below)						409	4,168			1
Omaha region				2	17	5,717	31,180	1,601	2	318
Aberdeen (South Dakota)						319	1,522	371		16
Cheyenne (Wyoming)						112	983	165		139
Denver (Colorado)				1		389	2,403	80		10
Des Moines (Iowa)					2	1,232	4,830	50		
Fargo (North Dakota)						372	1,163	2		20
Kansas City (See (c) below)						489	3,291	68		22
Omaha (Nebraska)				1	6	651	2,997	105		45
St. Louis (See (c) below)					7	638	5,471	390	2	8
St. Paul (Minnesota)						758	4,896	22		19
Wichita (Kansas)					2	757	3,624	348		35
Philadelphia region	3			6	13	5,111	45,460	5,374		372
Baltimore (Maryland and D.C.)	2			3	3	798	7,592	3,991		9
Camden (See (d) below)						441	3,730	66		2
Newark (See (d) below)				2		1,286	7,431	4		34
Philadelphia (See (g) below)					6	968	11,336	703		89
Pittsburgh (See (g) below)	1			1	4	1,141	9,932	522		156
Scranton (See (g) below)						431	4,879	73		47
Wilmington (Delaware)						46	560	15		35
San Francisco region	3			21	28	3,727	36,008	6,296	3	4,612
Anchorage (Alaska)						76	583	348		153
Boise (Idaho)						228	1,629	8	1	3
Helena (Montana)						215	2,063	349		548
Honolulu (Hawaii)						188	1,172	195		3
Los Angeles (See (a) below)	3			21	2	859	8,094	22	2	13
Phoenix (Arizona)					5	193	2,166	255		16
Portland (Oregon)					3	386	3,108	900		57
Reno (Nevada)					2	61	1,088	1,336		164
Salt Lake City (Utah)					3	199	1,380	403		696
San Francisco (See (a) below)					6	803	9,975	23		15
Seattle (Washington)					7	519	4,750	2,457		2,944
Totals for States not shown above										
(a) California	3			21	8	1,662	18,069	45	2	28
(b) Illinois	1			4	6	2,298	20,377	968	3	428
(c) Missouri					7	1,127	8,762	458	2	30
(d) New Jersey				2		1,727	11,161	70		36
(e) New York	2			5	2	1,975	23,413	2	1	28
(f) Ohio				2	26	2,062	17,690	816	1	327
(g) Pennsylvania	1			1	10	2,540	26,147	1,298		292
(h) Texas				1	4	1,729	10,983	99	3	283

Table 15.—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, 1960.....	¹ 10,564	² 596,733	35,357	¹ 154,723
Net receipts from district directors during year.....	14,871	486,170	19,778	114,347
Processed during year, total.....	15,724	480,361	23,252	148,047
Agreed.....	10,939	302,524	12,098	134,299
Unagreed overassessments and claim rejections.....	729	260	22	6,280
Statutory notices issued—transferred to 90-day status.....	4,056	177,577	11,132	7,468
Pending in pre-90-day status June 30, 1961.....	9,711	602,541	31,883	121,023

¹ Revised.² Change in reporting procedure on July 1, 1960, transferred 367 overassessment cases from pre-90-day status and associated them with related deficiency cases in 90-day and docketed status.

B. Results obtained in cases processed

Method	Number of cases	Appellate determination (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
Processed during year, total.....	15,724	335,512	14,298	145,276
Agreed.....	10,939	147,910	3,556	131,148
Unagreed overassessments and claim rejections.....	729	349	26	5,753
Statutory notices issued—transferred to 90-day status.....	4,056	187,252	10,716	8,375

Table 16.—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, 1960.....	1,268	64,553	5,643	¹ 201
Net receipts during year, total.....	4,410	200,912	11,389	8,386
Statutory notices issued by Appellate Division ² Cases resulting from district directors' statutory notices.....	3,883 527	188,247 12,665	10,935 454	8,374 11
Processed during year, total.....	4,467	181,838	12,007	2,487
Agreed.....	660	9,684	156	75
Defaulted.....	987	19,523	1,248	52
Petitioned to the Tax Court—transferred to docketed status.....	2,820	152,632	10,604	2,360
Pending in 90-day status June 30, 1961.....	1,211	83,628	5,025	6,099

¹ Change in reporting procedure on July 1, 1960, transferred 367 overassessment cases from pre-90-day status and associated them with related deficiency cases in 90-day and docketed status.² Difference from table 15—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.....	4,467	177,823	11,909	2,540
Agreed.....	660	5,669	58	128
Defaulted.....	987	19,523	1,248	52
Petitioned to the Tax Court—transferred to docketed status.....	2,820	152,632	10,604	2,360

Table 17.—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	Amount petitioned (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
	(1)	(2)	(3)	(4)
Pending in docketed status July 1, 1960.....	11,489	765,086	100,534	14,644
Net receipts during year, total.....	5,451	332,987	27,858	2,675
Petitions filed in response to— District directors' statutory notice.....	2,895	179,400	16,832	335
Appellate Division's statutory notice ²	2,556	153,587	11,026	2,341
Processed during year, total.....	6,983	289,428	33,342	2,562
Agreed—stipulated.....	5,614	230,117	29,590	2,004
Dismissed or defaulted.....	330	6,353	1,944	28
Tried before the Tax Court on merits.....	1,039	52,958	1,807	530
Pending in docketed status June 30, 1961.....	9,957	808,646	95,050	4,757

¹ Change in reporting procedure on July 1, 1960, transferred 367 overassessment cases from pre-90-day status and associated them with related deficiency cases in 90-day and docketed status.

² Difference from table 16—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.....	6,983	140,021	14,855	7,365
Agreed—stipulated.....	5,614	80,751	11,123	6,813
Dismissed or defaulted.....	330	6,312	1,924	22
Tried before the Tax Court on merits ¹	1,039	52,958	1,807	530

¹ Represents amounts petitioned. Results as to decisions rendered by Tax Court during the year are shown in table 19.

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

Status	Number of cases	Deficiency in dispute (thousand dollars)	
		Tax	Penalty
	(1)	(2)	(3)
Pending July 1, 1960.....	12,591	842,152	100,534
Filed or reopened during year.....	5,368	321,719	26,050
Disposed of during year ¹	6,826	278,042	31,534
Pending June 30, 1961.....	11,133	885,830	95,050

¹ For analysis of disposals, see table 19.

Table 19.—Office of Chief Counsel—Results obtained in income, profits, estate, and gift tax cases disposed of in the Tax Court

Basis of closing	Number	Amount in dispute		Amount approved		Saved or recovered	
		Deficiency and penalty	Overpayment	Deficiency and penalty	Overpayment	Amount	Percent of amount in dispute
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Thousand dollars)							
Total.....	6,826	309,576	78,010	116,855	5,767	189,098	48.8
Dismissed.....	330	8,297	112	8,236	1	8,347	99.3
Decision on merits.....	882	41,572	7,954	16,745	507	24,192	48.8
Agreed settlement.....	5,614	259,707	69,944	91,874	5,259	156,559	47.5

Table 20.—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	Amount (thousand dollars)	Number of cases	Amount (thousand dollars)
	(1)	(2)	(3)	(4)
Pending July 1, 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		
Appealed during year, total	335	25,837	8	1,283
By Commissioner	59	8,883	6	454
By taxpayers	263	12,288	2	830
By both	13	4,666		
Disposed of during year, total	329	39,129	3	92
Favorable to Commissioner	175	6,450	3	92
Favorable to taxpayers	75	3,508		
Modified	22	11,166		
Settled	7	371		
Dismissed	50	17,635		
Pending June 30, 1961, total	388	31,445	8	1,283
Appealed by Commissioner	46	8,449	6	454
Appealed by taxpayers	321	17,470	2	830
Appealed by both	21	5,526		

Table 21.—Office of Chief Counsel—Receipt and disposal of suits filed by taxpayers in Federal courts

Status	Total	Refund suits (other than alcohol, tobacco, and firearms taxes) ¹		Perpetuation of testimony and damage actions	Erroneous refunds
		Court of Claims	District courts		
	(1)	(2)	(3)	(4)	(5)
Pending July 1, 1960:					
Cases	2,950	465	2,440	45	
Amount in dispute	475,895	241,281	234,575	39	
Received during year:					
Cases	1,348	168	1,117	14	49
Amount in dispute	123,813	58,410	63,267		2,136
Disposed of during year:					
Cases	1,256	147	1,081	23	5
Amount in dispute	151,667	56,455	93,709	6	1,497
Refunded during year:					
Amount	29,919	13,892	16,027		
Percent of amount disposed of	19.73	24.61	17.10		
Pending June 30, 1961:					
Cases	3,042	486	2,476	36	44
Amount in dispute	448,041	243,237	204,133	27	644

¹ Revised.

¹ 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 46, of which 17 were for the Government, 24 against the Government, and 5 partly for and partly against the Government. In the district courts 397 decisions were rendered, of which 166 were for the Government, 192 against the Government, and 39 partly for and partly against the Government. For decisions by the courts of appeals and Supreme Court, see table 22.

Table 22.—Office of Chief Counsel—Civil tax cases decided by the courts of appeals and Supreme Court

Court	Total	For the Government	Against the Government	Partly for and partly against the Government
	(1)	(2)	(3)	(4)
Total	271	182	70	19
By courts of appeals, total	261	174	68	19
Originally tried in—				
Tax Court	147	100	37	10
District courts	114	74	31	9
By Supreme Court, total	10	8	2	
Originally tried in—				
Tax Court	4	3	1	
District courts	4	3	1	
Court of Claims	2	2		

Note.—Except for Supreme Court cases, the cases covered by tables 25 and 26 are not included.

Table 23.—Office of Chief Counsel—Receipt and disposal of collection, erroneous refund, subpoena, summons, and injunction cases

Status	Number of cases
Pending July 1, 1960	1,294
Received	1,036
Total	2,330
Disposed of	1,047
Pending June 30, 1961	1,283

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 24 and 25.

Table 24.—Office of Chief Counsel—Receipt and disposal of insolvency and debtor proceedings

Status	Total	Reorganization proceedings ¹	Bankruptcy and receivership proceedings ²	Miscellaneous insolvency proceedings ³
	(1)	(2)	(3)	(4)
Pending July 1, 1960	1,752	803	406	543
Received	2,848	1,258	847	743
Total	4,600	2,061	1,253	1,286
Disposed of	2,719	1,150	849	720
Pending June 30, 1961	1,881	911	404	566

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 25.—Office of Chief Counsel—Receipt and disposal of lien cases and noncourt collection litigation cases

Status	Total	Lien cases		Noncourt collection litigation cases ³
		In court ¹	Not in court ²	
(1)	(2)	(3)	(4)	(5)
Pending July 1, 1960	1,409	590	165	654
Received	6,352	2,066	1,990	2,296
Total	7,761	2,656	2,155	2,950
Disposed of	6,623	2,340	2,017	2,266
Pending June 30, 1961	1,138	316	138	684

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 collection litigation matters from regional counsel to district directors which are not related to court proceedings or lien cases.

Table 26.—Office of Chief Counsel—Caseload report

Type	Pending July 1, 1960	Receipts	Disposals	Pending June 30, 1961
(1)	(2)	(3)	(4)	(5)
Total	1 23,681	25,635	26,833	22,483
Alcohol and tobacco tax	400	4,619	4,672	347
National Office	102	1,304	1,298	108
Field	298	3,315	3,374	239
Collection litigation	4,455	10,341	10,405	4,391
National Office	308	625	533	400
Field	4,147	9,716	9,872	3,991
Enforcement	1 2,285	1,999	1,778	2,506
Interpretative Division	88	720	664	144
Joint Committee	79	823	794	108
Refund Litigation Division	2,950	1,348	1,256	3,042
Tax Court ²	1 13,424	5,785	7,264	11,945
National Office	385	345	334	396
Field	13,039	5,440	6,930	11,549

¹ Adjusted.

² Nondocketed cases not included.

Table 27.—Obligations incurred by the Internal Revenue Service

[In thousands of dollars]

Internal revenue office, district, or region	Total	Salaries	Travel	Communication services	Rents and utility services	Supplies and equipment	Other
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A. National Office and regional totals (including district directors' offices and service centers)							
Total, Internal Revenue Service ¹	413,295	345,771	11,626	7,893	2,807	6,916	38,283
National Office	39,417	22,272	1,305	4,900	69	1,204	9,666
Atlanta region	35,923	30,253	1,554	253	82	778	3,003
Boston region	27,250	23,027	549	210	931	553	1,980
Chicago region	41,832	36,825	843	397	38	543	3,186
Cincinnati region	46,425	39,788	1,281	314	757	727	3,559
Dallas region	28,411	24,277	1,278	193	39	471	2,152
New York City region	48,861	43,541	540	483	74	584	3,638
Omaha region	31,854	27,608	1,283	203	15	409	2,336
Philadelphia region	47,513	42,101	830	368	25	487	3,702
San Francisco region	52,190	44,568	1,384	424	751	956	4,107
Regional counsel	6,535	5,672	123	103	2	155	481
Regional inspection	4,503	3,603	544	42		27	288
Office of International Operations	2,581	2,236	112	4	23	22	184
B. Regional commissioners' offices (excluding district directors' offices and service centers)							
Atlanta region	6,951	5,480	339	61	6	287	779
Boston region	3,003	2,501	140	30	6	75	251
Chicago region	5,168	4,455	87	60	3	125	439
Cincinnati region	8,473	7,093	409	57	13	200	701
Dallas region	3,760	3,155	140	35	6	116	308
New York City region	5,651	4,890	79	65	14	134	469
Omaha region	4,076	3,428	152	42	4	107	343
Philadelphia region	7,396	6,263	207	64	7	157	697
San Francisco region	6,151	5,201	213	53	5	171	507
C. District directors' offices and service centers							
Atlanta:							
Atlanta	4,622	3,972	180	30	4	51	385
Birmingham	3,358	2,911	125	22	12	35	253
Columbia	2,307	1,998	97	17	1	27	167
Greensboro	5,029	4,329	230	30	5	59	376
Jackson	2,006	1,692	106	12	1	51	144
Jacksonville	7,052	6,060	285	49	26	89	543
Nashville	4,175	3,608	162	29	1	53	322
Atlanta Service Center	422	204	28	3	26	127	34
Boston:							
Augusta	1,555	1,350	60	15		19	110
Boston	8,875	7,943	146	87	5	62	631
Burlington	810	690	38	8		12	61
Hartford	5,061	4,515	82	33	7	55	369
Portsmouth	1,118	954	40	9	12	21	81
Providence	1,779	1,594	20	16		16	133
Northeast Service Center	5,050	3,480	23	12	901	291	344
Chicago:							
Chicago	14,576	12,969	142	151	19	180	1,115
Detroit	11,894	10,527	259	97	7	127	878
Milwaukee	5,589	4,895	171	49	4	-60	409
Springfield	4,605	3,978	183	39	6	52	345

Footnote on p. 150.

Table 27.—Obligations incurred by the Internal Revenue Service—Continued

[In thousands of dollars]

Internal revenue office, district, or region	Total	Salaries	Travel	Communi- cation services	Rents and utility services	Supplies and equipment	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
C. District directors' offices and service centers—Continued							
Cincinnati:							
Cincinnati:	5,895	5,262	119	36	2	53	424
Cleveland	9,417	8,375	180	87	5	90	680
Indianapolis	6,185	5,494	159	33	2	55	412
Louisville	3,893	3,408	128	31	1	43	282
Parkersburg	2,480	2,133	95	21	1	40	190
Richmond	4,716	4,089	178	44	2	59	345
Midwest Service Center	5,366	3,935	14	6	730	188	494
Dallas:							
Albuquerque	1,377	1,148	76	13	3	27	110
Austin	6,966	5,999	298	44	7	93	525
Dallas	6,829	5,860	327	41	4	95	502
Little Rock	2,146	1,756	168	14	2	42	164
New Orleans	4,060	3,533	147	26	4	50	301
Oklahoma City	3,272	2,825	123	21	13	49	243
New York City:							
Albany	2,899	2,539	86	28	1	36	203
Brooklyn	11,949	10,716	83	128	5	139	878
Buffalo	4,138	3,662	97	29	4	49	297
Manhattan	21,118	19,028	79	211	49	187	1,564
Syracuse	2,981	2,599	113	22	2	34	211
Puerto Rico	125	107	3			4	10
Omaha:							
Aberdeen	1,098	922	81	5		13	76
Cheyenne	752	629	54	5		13	51
Denver	3,096	2,702	105	21	1	37	229
Des Moines	3,864	3,341	183	24	2	40	273
Fargo	991	835	68	5		14	69
Kansas City	3,027	2,671	91	13	1	31	220
Omaha	2,411	2,082	103	13	1	30	182
St. Louis	4,183	3,680	128	18	1	49	307
St. Paul	4,917	4,335	151	34	3	44	349
Wichita	3,440	2,982	165	24	1	30	238
Philadelphia:							
Baltimore	7,937	7,136	114	49	4	59	574
Camden	3,592	3,193	82	25	1	29	261
Newark	8,683	7,764	90	98	3	72	656
Philadelphia	9,685	8,649	144	63	4	74	750
Pittsburgh	6,691	5,955	123	48	4	56	506
Scranton	2,382	2,108	52	14		31	176
Wilmington	1,147	1,033	17	5	1	9	82
San Francisco:							
Anchorage	383	304	29	4		13	32
Boise	1,217	1,033	66	13		17	89
Helena	1,250	1,059	76	14		15	87
Honolulu	1,336	1,180	34	9	1	14	98
Los Angeles	14,991	13,193	279	142	30	179	1,169
Phoenix	1,834	1,502	68	16	4	107	138
Portland	3,194	2,756	117	19	1	34	266
Reno	1,054	897	41	10		19	87
Salt Lake City	1,393	1,222	46	9		16	101
San Francisco	10,284	9,013	247	83	8	154	779
Seattle	4,792	4,172	154	46	5	62	353
Western Service Center	4,310	3,036	15	7	697	156	400

¹ Includes \$246,076 financed from reimbursements.

Table 28.—Quantity and cost statistics for printing

Class of work	1961			1960		
	Quantity (thousands)		Cost (thousand dollars)	Quantity (thousands)		Cost (thousand dollars)
	Items or sets (1)	Packages (2)		Items or sets (4)	Packages (5)	
Total	1,698,243		6,500	1,649,473		6,394
Packages of tax returns and instructions for major mailings to taxpayers, total	334,462	69,616	1,021	319,810	69,276	993
Package 1 (Form 1040W)	39,900	13,300	105	47,337	15,779	109
Package 2 (Form 1040 nonbusiness with estimated tax)	75,000	12,500	274	63,144	10,523	224
Package 3 (Form 1040 business)	54,760	6,845	237	52,280	6,660	254
Package 4 (Form 1040 farm)	35,595	3,955	138	29,754	3,306	124
Package 5 (Form 1065 partnership)	5,250	1,050	15	5,350	1,070	16
Package 6 (Form 1120 corporation)	5,075	1,015	22	5,215	1,043	20
Form 1040A	53,762	26,881	143	53,930	26,960	157
Employment tax package	65,120	4,070	87	62,800	3,935	89
Other tax returns, instructions, public-use forms, and pamphlets	835,425		2,768	841,603		2,822
Administrative forms and pamphlets	450,210		1,565	422,938		1,356
Field printing	78,146		270	65,122		217
Excise tax stamps	(¹)		876	(¹)		1,006

¹ The number of excise tax stamps printed in 1961 totaled 1,771,261,000 as compared with 1,734,902,000 in 1960.

INDEX

	Page		Page
A		Automatic data processing:	
Acts:		Atlanta Service Center.....	23
Dealers Reserve Income Adjust-		Creation of ADP Division.....	64
ment, 1960.....	13	Master file.....	23
Federal-Aid Highway, 1961.....	56	National Computer Center.....	24
Federal Alcohol Administration..	13	Training.....	68
Federal Firearms.....	39		
Federal Insurance Contributions..	56	B	
Federal Unemployment Tax.....	56	Bulletin, Internal Revenue.....	16, 89-91
National Firearms.....	14		
Social Security Amendments,		C	
1960.....	56	Carryback allowances.....	22
Social Security Amendments,		Chief Counsel, Office of:	
1961.....	56	Analysis of cases flowing through..	40
Tax Rate Extension, 1961.....	56	Cases involving criminal prose-	
Temporary Extended Unemploy-		cution.....	40
ment Compensation, 1961.....	56	Disposal of cases by.....	40, 145-148
Adverse Tax Court Decisions, statis-		Civil litigation.....	34
tics on.....	35	Claims. (See specific item.)	
Advisory group.....	76	Closing agreement cases.....	16
Alaska.....	64	Collection Division, reorganization..	64
Alcohol and tobacco tax:		Collection litigation legal services..	49-50
Authorization of operations.....	51	Collections:	
Chemical analyses research.....	53	Alcohol taxes.....	4, 104, 118, 120, 123
Enforcement activity.....	36	Corporation income and profits	
Establishments:		taxes.....	3, 4, 102, 118, 120, 123
Inspection of.....	54	Disability insurance... 3, 4, 102, 118, 120	
Qualified to produce, distribute,		Employment taxes... 4, 5, 102, 118, 120	
etc.....	51	Estate and gift taxes.....	4, 104,
Label activity.....	53		118, 120, 123
Seizures and arrests.....	39	Excise taxes.....	4, 5, 104, 118, 120, 123
Supervision:		Individual income taxes.....	3, 4, 102,
Of industries.....	51		118, 120, 123
On-premises.....	53	Old-age insurance.....	3, 4, 102,
Statistics on.....	4, 104, 108,		118, 120, 123
	118, 120, 121, 123	Other.....	4, 110, 123
Appeals:		Railroad retirement.. 4, 5, 102, 118, 120	
Appellate Division.....	31	Stamp taxes.....	108, 118, 121, 134
Closing agreement cases.....	33	Statistics on.....	102-123
Processing of.....	31-34	Tobacco taxes.....	4, 108, 118, 121, 123
Statistics on.....	31-32, 142-144	Unemployment insurance.....	4, 5, 102,
Appendix.....	83		118, 120
Assessments, additional. (See Taxes.)		Withholding taxes.....	4, 102, 118, 120

	Page		Page
Commissioner:		Dividends and interest:	
Acquiescences in adverse Tax		Expansion in research studies....	75
Court decisions.....	35	Legislation recommended.....	75
Contest of suits.....	93-97		
Nonacquiescences in adverse Tax		E	
Court decisions.....	35	Electronic data processing. (See	
Summary and transmittal letter..	V	Automatic data processing.)	
Commissioners of Internal Revenue,		Employee benefit plans, determina-	
1862-1961.....	XI	tion letters on.....	15
Computer center, Martinsburg.....	24	Employment taxes:	
Conventions, tax. (See Tax conven-		Additional assessments resulting	
tions.)		from examination.....	29, 45
Corporation income taxes:		Appellate Division processing of..	32-33
Additional assessments.....	29, 45	Collections.....	4, 5, 102, 118, 120
Collections.....	3, 4, 102, 118, 120, 123	Refunds, claims for.....	29
Refunds of, and claims for.....	6, 29, 126	Refunds of.....	7
Returns examined.....	27	Returns:	
Statistics on.....	3, 4, 102, 118, 120, 123	Examined.....	27
Court(s):		Filed.....	19, 20, 128
Circuit courts of appeals... 34, 146, 147		Revenue rulings and procedures	
Of Claims.....	34, 146	published.....	16, 89
Supreme, of the U.S. 34, 93-97, 146, 147		Enforcement activities:	
The Tax, of the U.S. 31, 33, 144-146		Additional tax from.....	45
U.S. district.....	34, 146	Alcohol and tobacco tax enforce-	
Credits resulting from excessive		ment.....	36
prepayments.....	21	Appeals.....	31-33
Criminal prosecution:		Delinquent accounts.....	47
Analysis of cases in.....	40-41	Examination of returns.....	27
Cases, disposal of.....	40	Firearms program.....	39
Of tax cases.....	40	Fraud investigations.....	35
Supreme Court decisions in.....	93-97	Informants' rewards.....	43
Current research program.....	75	Mathematical verification.....	25
		Offers in compromise.....	48
D		Enrollment of practitioners.....	79
Delinquency investigations and de-		Estate tax:	
linquent returns:		Additional assessments.....	29, 45
Additional tax from.....	45	Appellate Division processing of..	31-32,
Increase in returns secured.....	35	142-144	
Statistics on.....	45	Claims for refunds.....	29
Delinquent accounts:		Collections.....	4, 104, 118, 120, 123
Disposals.....	48	Refunds of.....	7, 126
Improvement in.....	47	Returns:	
Statistics on.....	47	Classification of.....	27
Techniques.....	48	Examined.....	27
Determination letters:		Filed.....	20, 128
Employee benefit plans.....	15	Estimated tax, declaration of:	
Exempt organizations.....	15	Corporation.....	20
Pension trust plans.....	15	Individual.....	19, 20
Statistics on.....	15	Processed by service centers.....	20
Disability insurance taxes:		Examination, additional assessments	
Collections, increase in.....	3, 4	from.....	29
Refunds.....	7		

	Page		Page
Excess profits tax:		Gift taxes:	
Appellate Division processing of..	33	Additional assessments.....	29, 45
Council.....	33	Appellate Division processing of..	32-33
Relief claims, reduction of.....	33	Claims for refunds of.....	7, 126
Excise taxes:		Collections.....	4, 104, 118, 120, 123
Additional assessments.....	45	Returns:	
Appellate Division processing of..	32-33	Classification and examination..	27
Collections, increase in.....	3, 4, 5	Filed.....	20, 128
Refunds of.....	7, 126		
Returns filed.....	19, 20, 128	I	
Exempt organizations, determina-		Incentive awards program.....	67
tion letters on.....	15	Income tax(es):	
		Additional, from enforcement.....	45
F		All returns.....	3, 4, 102-123
Facilities Management:		Corporation.....	3, 4, 102, 118, 120, 123
Property.....	69	Individual.....	3, 4, 102, 118, 120, 123
Publications.....	71	Processing of protested cases....	142-143
Records and paperwork.....	69-71	Indictments.....	40-41
Reorganization of.....	64	Individual income taxes:	
Safety.....	71	Additional assessments.....	45
Space.....	69	Appellate Division processing of..	32-33
Statistics on.....	71	Collections.....	3, 4, 102, 118, 120, 123
Federal-State cooperation.....	41	Mathematical verification of.....	25, 26
Fiduciary income tax:		Refunds, claims for.....	29
Additional assessments from ex-		Returns:	
amination.....	45	Classification and examination	
Returns filed.....	20	of.....	27
Firearms program.....	39	Filed.....	19-20, 128
Fiscal Management:		Processed in service centers.....	20
Cost of operations.....	73, 149-150	Informants:	
Improvements of financial plans..	74	Claims, disposal of.....	43
Mechanization of operations.....	74	Rewards to.....	43
Statistics on.....	73, 149-150	Information returns, number re-	
Foreign tax officials, assistance to..	79	ceived.....	20
Forms:		Inspection:	
Cost of printing.....	151	Internal audit.....	77
Distribution of.....	12	Internal security.....	77
New:		Investigations.....	77-78
1120F.....	87	Reorganization of.....	64
2948.....	87	Statistics on.....	78
2950.....	87	Intelligence Division:	
3115.....	87	Fraud investigations.....	35
Revision of.....	86	Statistics on.....	36
Statistics on.....	71	Training program.....	69
Tax return program.....	12	Interest, allowed on refunds... 6-7, 21-22	
Fraud investigations.....	35	Internal Revenue regulations sys-	
		tem.....	13
G		International operations:	
Gasoline taxes:		Activities of.....	42
Collections.....	110, 118, 121	Foreign posts of.....	43
Refunds.....	6	Reorganization of.....	64

	Page		Page
Interpretation and communication of tax laws to taxpayers.....	8-17	Occupational taxes:	
Investigations:		Collections.....	116, 119, 122
Delinquency.....	35	Number of stamps issued by class of tax.....	134-140
Disciplinary actions.....	78	Returns filed.....	20
Fraud.....	35	Offers in compromise.....	48-49
Miscellaneous.....	35	Officers, principal, Internal Revenue Service.....	XI-XIII
Of applicants for enrollment to practice.....	79	Old-age insurance taxes:	
Personnel.....	78-79	Collections.....	3, 4
Prosecutions recommended.....	36	Increase in.....	3, 4
Statistics on.....	36	Refunds of.....	7
Wagering and coin-operated gaming devices.....	35-36	Organizational changes, National Office.....	64
J		Other collections.....	4, 116, 119, 123
Joint Committee on Internal Revenue Taxation.....	34	Overassessments.....	29
K		Overassessments reported to Joint Committee.....	34
Known defendant seizure program.....	36-37	P	
L		Pension trust plans.....	15
Laboratories:		Personnel:	
Research.....	53	ADP conversion.....	66
Testing.....	53	Employee relations.....	67
Legal activities.....	59-62	Incentive awards.....	67
Legislative developments.....	55-57	Recruiting.....	65
Litigation, appeals and civil, results of.....	34-35	Statistics on.....	66
Long-range planning.....	74	Training program for.....	68
M		Practitioners:	
Major administrative improvements and policy changes.....	63	Enrollment of.....	79
Major violator program.....	36-37	Statistics on.....	79
Management activities.....	63-82	Prepayments, excessive:	
Management development program.....	63	Individual income tax.....	6, 7
Map of Internal Revenue regions and districts.....	XIV	Interest allowed on.....	6, 7
Martinsburg, computer center.....	24	Refunds of.....	6, 21, 22
Mathematical verification:		Preventive Raw Materials program.....	37
Additional tax from.....	25	Principal officers of the Internal Revenue Service.....	XI-XIII
Statistics on.....	26	Protested cases, statistics on.....	142-143
N		Public information program:	
National Computer Center.....	24	Films.....	11
National Office, organizational changes in.....	64	News releases.....	11
O		Other.....	11
Obligations incurred, Internal Revenue Service.....	73, 149-150	Radio.....	11
		Television.....	11
		Publications, taxpayer assistance:	
		Community Property.....	85
		Farmer's Tax Guide.....	84
		Hurricanes, Floods, Tornadoes, Other Disasters, Thefts and Condemnations.....	84

	Page		Page
Publications, etc.—Continued		Supreme Court decisions:	
Miscellaneous.....	86	Civil cases.....	93-97
Motor Fuels Tax.....	85	Criminal cases.....	97
Objective of.....	8	Systems review and coordination.....	74
Tax Guide for Small Business.....	84	T	
Tax Guide for U.S. Citizens Abroad.....	85	Tax conventions.....	57
Teaching Taxes.....	85	Tax Court, The (see also Appeals):	
U.S. Tax Guide for Aliens.....	85	Adverse decisions.....	35
Your Federal Income Tax.....	84	Disposal of cases.....	144-146
Puerto Rico.....	130	Tax laws, interpretation and communication of.....	8-16
R		Tax(es):	
Railroad retirement taxes:		Additional:	
Collections.....	4, 5, 102, 118, 120	From examination.....	29
Refunds of.....	7	From delinquent returns secured.....	35
Returns filed.....	20	From enforcement.....	45
Receipt and processing of returns.....	19-24	From mathematical verification.....	25
Refunds:		Increase in.....	29
Claims for.....	3, 6, 7	Alcohol.....	4, 104, 118, 120, 123
Excessive prepayments.....	21	Corporation income and profits.....	3, 4, 102, 118, 120, 123
Statistics on.....	7, 22, 126	Disability insurance.....	3, 4, 102, 118, 120
Regulations:		Employment.....	4, 5, 102, 118, 120
Amended.....	89	Estate.....	4, 104, 118, 120, 123
New.....	89	Excise.....	4, 5, 104, 118, 120, 123
Reissued.....	89	Fiduciary income.....	45
Reports program.....	64	Gasoline and motor fuels.....	110, 118, 121
Requests for tax rulings:		Gift.....	4, 104, 118, 120, 123
Field offices.....	15	Individual income.....	3, 4, 45, 102, 118, 120, 123
Taxpayer.....	15	Old-age insurance.....	3, 4, 102, 118, 120, 123
Analysis of.....	15	Other.....	4, 110, 123
Research program.....	75	Railroad retirement.....	4, 5, 102, 118, 120
Returns filed:		Stamp.....	108, 118, 121, 134
Classification and selection of.....	27	Tobacco.....	4, 108, 118, 121, 123
Examination of.....	27	Unemployment.....	4, 5, 102, 118, 120
Increase in.....	19	Withholding.....	4, 102, 118, 120
Processed in service centers.....	20	Taxpayer assistance program.....	11
Statistics on.....	20, 128	Tax rulings:	
Verification of.....	25	Request for.....	15
Revenue Procedure 60-18.....	34, 60	Statistics on.....	15
Revenue rulings and procedures:		Teaching taxes program.....	11
Analysis of.....	16	Technical information releases.....	92
Published.....	89-91	Tobacco tax(es):	
S		Arrests.....	39
Service centers.....	20	Collection.....	4, 108, 118, 121, 123
Stamp taxes, statistics on.....	108, 118, 121, 134	Refunds of.....	7
Statistical reporting.....	80	Results of criminal action.....	40-41
Supervision of the alcohol and tobacco industries.....	51-54		
Supreme Court cases.....	93-97		

	Page		Page
Tobacco tax(es)—Continued		V	
Returns filed.....	20	Verification, mathematical:	
Seizures.....	39	Error cases, increase in.....	25
Statistics on..... 4, 108, 118, 121, 123		Results of.....	26
Training:		Visitors, foreign.....	79
ADP program.....	68		
General.....	68	W	
Management Development Pro-		Wagering tax cases, results of crim-	
gram.....	68	inal action.....	41
Treasury Decisions.....	87	West Virginia, Martinsburg, com-	
		puter center.....	24
U		Wines:	
Unemployment insurance taxes:		Control of.....	53
Collections..... 4, 5, 102, 118, 120		Taxes collected..... 106, 118, 120	
Refunds of.....	7	Withholding taxes, by employer...	4
Returns filed.....	20		