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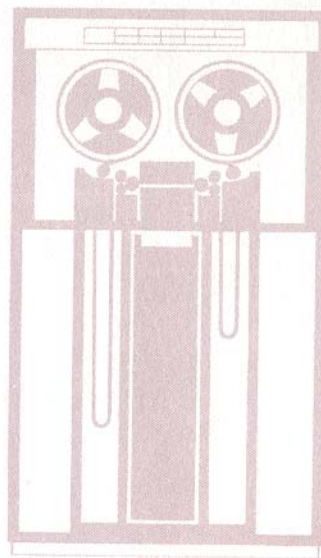
**annual
report**

Commissioner of Internal Revenue

FOR THE FISCAL YEAR
ENDED JUNE 30,

1962

INTERNAL REVENUE SERVICE
U.S. TREASURY DEPARTMENT





Commissioner of Internal Revenue

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INTERNAL REVENUE SERVICE
U.S. TREASURY DEPARTMENT
PUBLICATION NO. 55

NOTES: All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1962" pertain to the fiscal year ended June 30, 1962, and "July 1" inventory items under this heading reflect inventories as of July 1, 1961.

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



Interior view showing
Computer installation.
At right is ob-
servation booth from
which visitors may
watch operation.

Internal Revenue Service National Computer Center,
Martinsburg, W. Va. The Center is the heart of the
Service's automatic data processing system. Here will
be maintained and kept current on magnetic tapes
accounts of all U.S. taxpayers.



Summary and Transmittal

TREASURY DEPARTMENT,
OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE,
Washington, D.C., September 20, 1962.

DEAR MR. SECRETARY:

Fiscal year 1962 marked the one hundredth anniversary of the Internal Revenue Service. On this occasion, I am happy to submit the attached annual report reflecting record results in gross receipts, returns filed, refunds, and collections of taxpayer delinquent accounts. Enforcement efforts were vigorous this year, but of equal importance were the initiation of new programs and the improvement of existing programs directly related to attaining higher levels of voluntary compliance.

To reinforce taxpayer compliance—which is the cornerstone of our self-assessment system of taxation—we have worked closely with business, professional, and community service groups all over the country, and taken part in many of their meetings. We have tried to assure taxpayers at all levels that the aim of the Service is honest, fair and reasonable tax administration. Closely related to this have been our special efforts to attain a high degree of integrity in all phases of tax administration, and our cooperation with legal and accounting organizations in their projects to articulate acceptable standards of conduct in tax practice, and to make them known to the public.

During this past year, progress was made toward strengthening various facets of tax administration. This is covered in the report, but I would like to mention a particularly important development—the beginning of operations under an automatic data processing system. As you know, the National Computer Center is a reality, and the Atlanta Regional Service Center began processing business returns last January. The Philadelphia Regional Service Center will begin its returns processing in January 1963. Atlanta is now occupying its permanent space, and building plans are under way for five more regions—Philadelphia, Dallas, Cincinnati, Omaha, and Chicago. The remaining sites will be con-

sidered after further discussions with the Appropriations Committees.

At the rate we are now proceeding, every Internal Revenue district in the country will be involved in ADP by 1965, and every taxpayer in the United States will have his returns processed under this new system by 1966. We are taking great care to see that our procedures are perfected before they are installed in other service centers. While many problems will have to be solved before the system is installed nationwide, I am confident we will complete the job within the established timetable.

Our efforts this past year have thus followed two main lines: improved enforcement and more reasonable administration, with due regard for the rights and conveniences of taxpayers. While we cannot measure exactly the contribution these programs are making to improved compliance, the evidence on hand is encouraging. Taxpayers have been voluntarily reporting an impressive number of past delinquencies; they have written many letters praising the just and fair disposition of their tax cases; they have stressed unusual cooperation by Service personnel as well as courtesy and kindness; they have expressed gratitude for receiving information concerning their rights and responsibilities, even when it has meant an increase in tax liability.

As we enter a new fiscal period, the Service is in the midst of a thorough resources utilization study—to help us make a fresh appraisal of our organization and of how our appropriations are being spent. In the words of President Kennedy, we want to operate “a lean, fit and efficient” organization. We hope that the completion of these studies by the end of this calendar year will guide us in our moves in this direction.

Mortimer M. Caplin

MORTIMER M. CAPLIN,
Commissioner of Internal Revenue.

HON. DOUGLAS DILLON,
Secretary of the Treasury.

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Principal Officers of the Internal Revenue Service as of June 30, 1962

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

Administration

Assistant Commissioner.....	Edward F. Preston
Executive Assistant.....	Vacant
Director, Program Staff.....	Julius H. Lauderdale
Division Directors:	
Facilities Management.....	R. Bruce McNair
Fiscal Management.....	Gray W. Hume, Jr.
Personnel.....	Albert J. Schaffer
Public Information.....	Joseph S. Rosapepe
Training.....	Edwin N. Montague

Inspection

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

Compliance

Assistant Commissioner.....	William H. Loeb
Executive Assistant.....	Arthur H. Klotz
Division Directors:	
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.....	William H. Smith
Division Directors:	
Plans and Policy.....	James R. Turner
Systems Development.....	George J. Leibowitz
Research.....	Richard W. Nelson
Statistics.....	Ernest J. Engquist, Jr.

Technical

Assistant Commissioner.....	Harold T. Swartz
Principal Assistant to the Assistant Commissioner.....	Joseph S. Zucker
Technical Advisor to the Assistant Commissioner.....	Arthur Singer
Executive Assistant.....	Henry Wood, Jr.
Division Directors:	
Tax Rulings.....	John W. S. Littleton
Special Technical Services.....	Ned W. Arick
Technical Planning.....	Maurice Lewis

Data Processing

Assistant Commissioner.....	Robert L. Jack
Executive Assistant.....	Garrett DeMots
Division Directors:	
Operations.....	Clinton L. Walsh
Reports.....	Harry K. Dellinger
Systems.....	Monroe H. O. Berg

Office of the Chief Counsel

Chief Counsel.....	Crane C. Hauser
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.....	W. Dean Mathis
Collection Litigation.....	J. Walter Feigenbaum
Enforcement.....	Richard C. Schwartz
Alcohol and Tobacco Tax Legal.....	Robert B. Ritter
Legislation and Regulations.....	Samuel R. McClurd
Interpretative.....	Richard M. Hahn

REGIONAL AND DISTRICT OFFICERS

Atlanta Region

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

Boston Region

Regional Commissioner.....	Donald W. Bacon
Assistant Regional Commissioners:	
Administration.....	Maurice J. Taggart
Alcohol and Tobacco Tax.....	George P. Rowland
Appellate.....	Stephen C. Volpone
District Directors:	
Augusta, Maine.....	Whitney L. Wheeler
Boston, Mass.....	Frank J. Cavanagh
Burlington, Vt.....	Fulton D. Fields
Regional Counsel.....	Marvin Hagen
Regional Inspector.....	Emanuel M. Schuster
Director, Northeast Service Center, Lawrence, Mass.....	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
Director, Midwest Service Center, Kansas City, Mo.....	David F. Long
Director, Regional Service Center, Covington, Ky.....	William A. Costello

Cincinnati Region

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

Dallas Region

Regional Commissioner.....	B. Frank White
Assistant Regional Commissioners:	
Administration.....	Vacant
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.....	Robert L. Phinney
Regional Inspector.....	Thomas E. Scanlon
Director, Regional Service Center, Austin, Tex.....	Ervin B. Osborn

New York City Region

Regional Commissioner.....	Howard D. Taylor
Assistant Regional Commissioners:	
Administration.....	Arthur J. Collinson
Alcohol and Tobacco Tax.....	F. Virgil Welsh
Appellate.....	Ellis L. Zacker
District Directors:	
Albany, N.Y.....	James A. O'Hara
Brooklyn, N.Y.....	Thomas E. Scanlon
Buffalo, N.Y.....	Eugene C. Coyle, Jr.
Regional Counsel.....	James A. O'Hara
Regional Inspector.....	Thomas E. Scanlon
Director, Regional Service Center, New York City.....	Ervin B. Osborn

Omaha Region

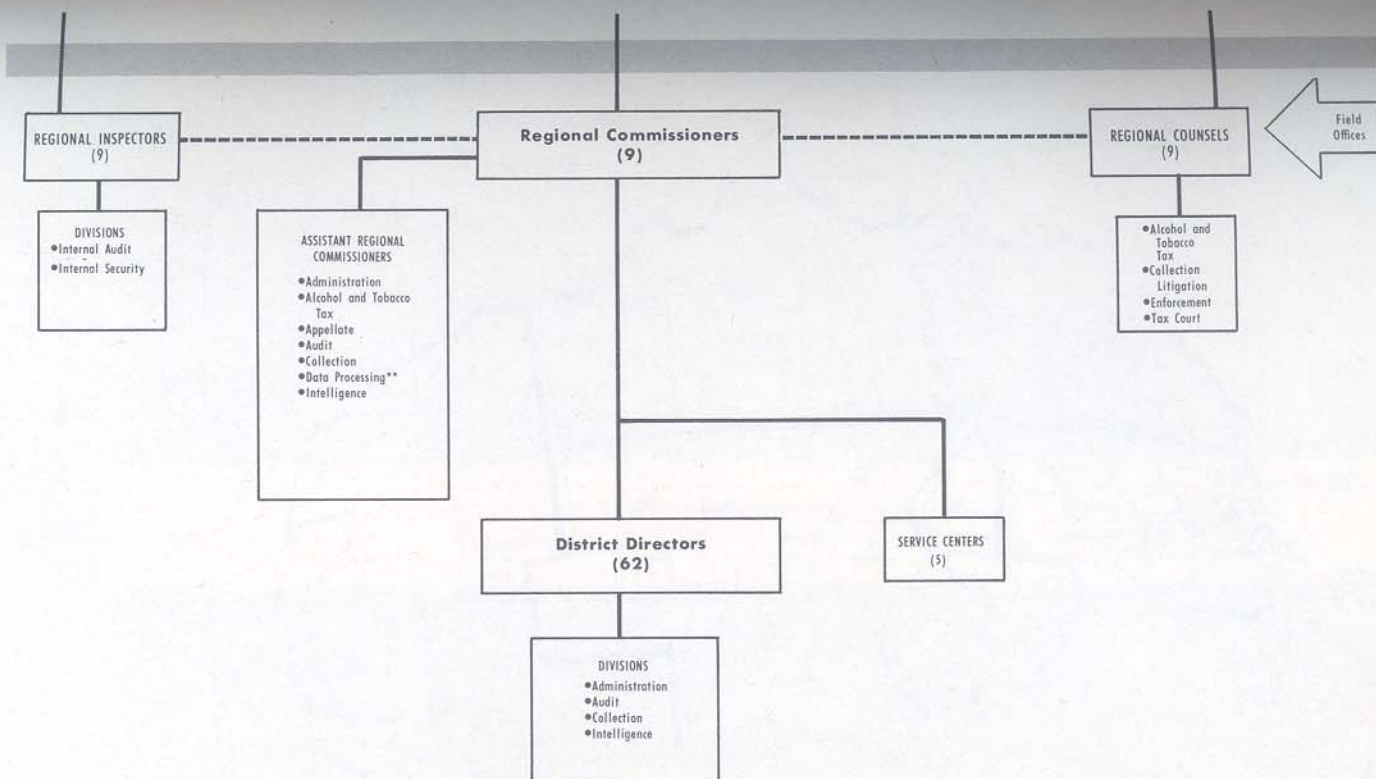
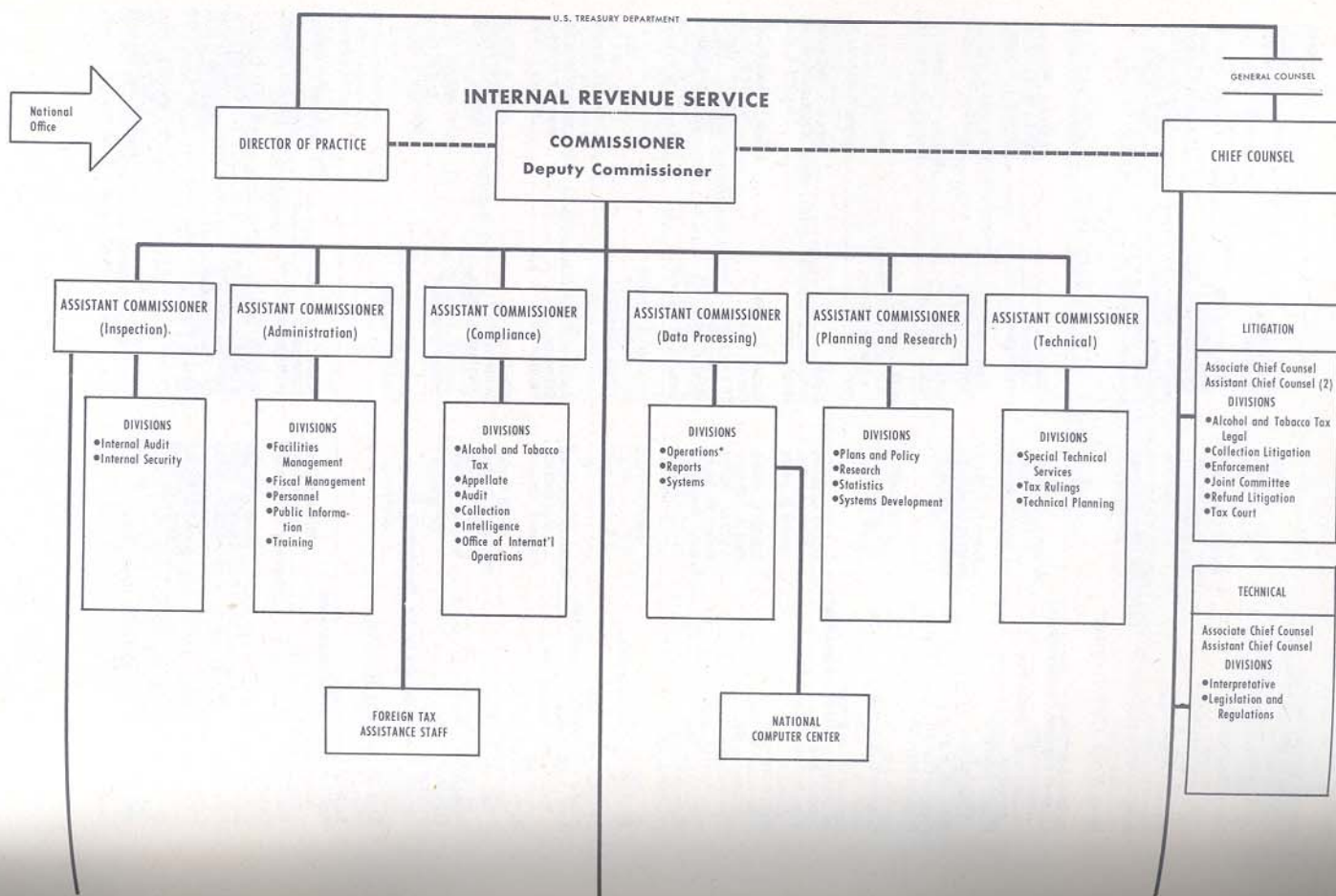
Regional Commissioner.....	Homer O. Croasmun
Assistant Regional Commissioners:	
Administration.....	Orland V. Steele
Alcohol and Tobacco Tax.....	Edward J. Fox
Appellate.....	Vance N. Bates
District Directors:	
Aberdeen, S. Dak.....	William C. Welsh
Cheyenne, Wyo.....	Paul A. Schuster
Denver, Colo.....	V. Lee Phillips
Des Moines, Iowa.....	Ernest W. Bacon
Fargo, N. Dak.....	Byron J. Rockwood
Regional Counsel.....	Ernest W. Bacon
Regional Inspector.....	Byron J. Rockwood

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.....	William F. Culliney
Newark, N. J.....	Chris L. Gross
Philadelphia, Pa.....	Kenneth O. Hook
Regional Counsel.....	Edwin P. Trainor
Regional Inspector.....	William B. Mayes
Director, Regional Service Center, Philadelphia, Pa.....	William B. Mayes

San Francisco Region

Regional Commissioner.....	Harold Hawkins
Assistant Regional Commissioners:	
Administration.....	Homer C. Gant
Alcohol and Tobacco Tax.....	Isham Railey
Appellate.....	Gardiner B. Willmarth
District Directors:	
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.....	Wilson B. Wood
Regional Inspector.....	Wilson B. Wood
Director, Western Service Center, Ogden, Utah.....	Wilson B. Wood



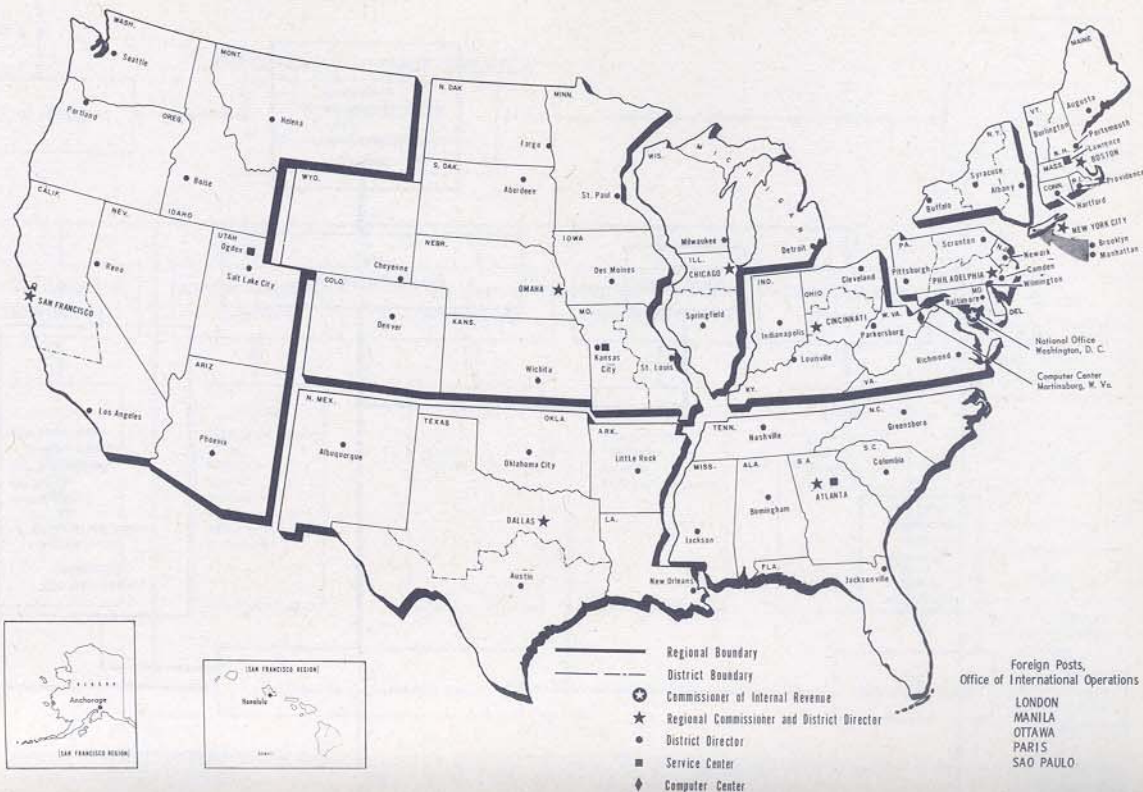
Internal Revenue Service Organization

*Including National Computer Center, Martinsburg, W. Va.
 **Atlanta Region only.

Internal Revenue Regions and Districts

XVIII

Regions and Districts



Report
on
Operations

Interpretation and Communication of Tax Law to Taxpayers

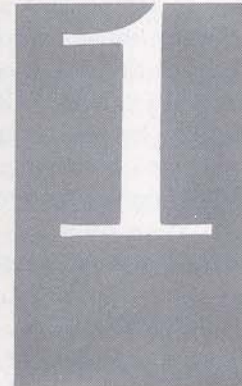
General

One of the primary tasks of the Internal Revenue Service is to see that public confidence in the tax system is sustained and strengthened. In seeking this goal, the Service focused attention on doing everything reasonably possible to encourage more effective self-assessment and voluntary compliance. Taxpayer education and service is one of the major

steppingstones to the attainment of this goal. The Service redoubled its efforts throughout the year by initiating programs and expanding others which had as their objective service to all—the wage earner, farmer, small proprietor, professional man, and the corporation. In carrying out the program greater emphasis was placed on personal relations existing

between Service employees and taxpayers. At the same time vigorous action was taken to raise the professional competence and stature of Service personnel and bring about the highest possible level of integrity among Service employees, tax practitioners, and taxpayers in all aspects of tax administration.

During the past year the Service intensified its program of tax education, starting with students in the high schools and extending to civic and other groups. Last fall kits and manuals were distributed to virtually every high school in the country. The public information program was expanded in recognition of its value in helping taxpayers understand all their rights and obligations under the tax laws.



Quality was the keynote in an expanded taxpayer assistance program in recognition of the major role it plays through rendering assistance to taxpayers who need information to correctly prepare their tax returns, comply with filing requirements, or meet payment deadlines.

Other services performed included the preparation and distribution of basic regulations, rulings, tax forms (which included reducing the basic Form 1040 tax return from four pages to two), and instructions; publication of a series of tax guides; dissemination of tax information through the various news media; and a nationwide program of speeches by National Office, regional office, and district office officials before accounting societies, bar associations, and other civic-minded groups aimed at acquainting the public with the mission of the Service and informing as many taxpayers as possible of their rights and responsibilities under the tax laws.

Taxpayer Publications

This is basically a self-help program for taxpayers. In addition to the return forms instructions, the Service issues approximately 50 publications in plain everyday language for the guidance of taxpayers on practically all aspects of Federal taxation (see page 112 for a partial list). As part of the Service's "New Direction" for greater emphasis on voluntary compliance through a more informed taxpaying public, numerous improvements and expansions of the program were accomplished during the year.

A total of 39 other miscellaneous taxpayer assistance documents, ranging in size from 1 to 16 pages, were distributed free to taxpayers. Distribution ranged from 1,000 to 110,000 copies. Each publication contains detailed and easy to understand explanations of the laws applicable to a particular problem area. Objectives of this program are to expedite and increase the effectiveness of our Taxpayer Assistance Program, and to minimize the necessity for individual assistance to taxpayers by Internal Revenue personnel. The booklets are used as inserts by the National Office and by our field offices in replies to requests from taxpayers, and are also available upon request in local offices of our district directors. They are also used as supporting statements for adjustments made in revenue agents' reports. These booklets are listed on page 114.

The "Mr. Businessman's Kit," a package of all the tax forms and instructions needed by a businessman to comply with the requirements of the Federal tax laws, was developed for presentation to new business entities. It is intended to save the taxpayer the time and effort required to inquire about his various tax obligations, to encourage voluntary compliance, and to avoid inadvertent noncompliance.

Public Information Program

GENERAL.—Recognizing that information about taxes is vital to maintaining and strengthening our self-assessment tax system—and in response to the increasing demand for information about tax laws and data on revenue operations—the Service conducted an active nationwide public information program.

The amount of radio and television time, theater and group showings of films, press reporting of speeches made by Internal Revenue officials, and coverage of other Service activities indicate the growing scope of the Service's efforts to achieve public understanding of Federal tax laws and taxpayers' rights and obligations.

NEWS RELEASES AND INQUIRIES.—During the year 63 technical and more than 125 general news releases were issued by the National Office including reports on the Service's nationwide gambling raids, developments in the conversion to automatic data processing, and articles about the Service's Centennial. These were supplemented by releases issued by the field offices dealing largely with taxpayer assistance information for local areas.

Over 500 requests for information relating to tax exempt organizations, offers in compromise, texts of officials' speeches, and Service issuances were answered. An estimated 26,000 inquiries (correspondence, telephone, or personal) from news media, national organizations, and field offices were handled during the year, many requiring extensive research or background drafts for feature articles in publications and for radio and TV scripts and speeches.

FILMS, RADIO, AND TV SPOT ANNOUNCEMENTS.—The Service's documentary films were shown more than 6,000 times to an estimated 64.5 million viewers on television or before local groups. Those films—with some selected TV spots—were shown approximately 4,000 times in theaters to an estimated total audience of 4 million. Filmed spot announcements were used by 402 television stations, radio spots by 2,103 stations.

OTHER.—A revised "History of U.S. Taxes and the Internal Revenue Service" was prepared for publication during the Centennial Anniversary.

The Service cooperated with three major television networks in the production and presentation of programs about Federal taxes and their administration.

Teaching Taxes Program

The "Teaching Federal Income Taxes Program" which serves to introduce students to their tax responsibilities is now in its ninth year of operation. Over 2.7 million student handbooks and 82,000 teacher

manuals were distributed. Recipients included not only secondary schools, colleges, and universities, but also professional organizations, Agricultural Extension Service county agents, and adult education groups throughout the country. Because of the tremendous scope of the program, the processing of orders of program materials and the maintenance of program records were converted to automatic data processing.

NUMBER OF TAXPAYERS ASSISTED (Thousands)

Individual assistance	509	
	409	
Self-help assistance	4,321	
	4,145	
Telephone assistance	6,350	
	5,803	
1962	Totals	1961
11,180		10,358

Taxpayer Assistance Program

The prime objective of this program is to give courteous and competent help to each taxpayer who seeks assistance from the Service. It is of paramount importance that employees assigned to the program create and maintain favorable relations with the public, since personal contact is made with more taxpayers through this program than all other Service programs combined. Thus, the 1962 Taxpayer Assistance Program placed emphasis on quality, as well as quantity, of assistance rendered. Over 11 million taxpayers visited or telephoned the field offices for assistance during the 1962 filing period, an increase of 8 percent over last year. About one-half million more taxpayers took advantage of the expanded telephone facilities in 1962 than during the prior filing period.

The increase in number of taxpayers assisted was accompanied by an increase of 21,400 man-days expended on direct assistance. Of course, this increase in man-days was due, in part, to an improvement in the quality of assistance rendered.

Approximately one-half million taxpayers had their returns fully prepared by individual-type assistance, an increase of 25 percent. In general the assistance provided the public went beyond the point of merely aiding the taxpayer in entering income and deduction items on the return. Sufficient time was taken by assistants to explain the status of items of income, deductions, and exemptions.

Indirect assistance which includes time spent in (1) conducting schools and preparation of material for such schools, (2) participation in radio and T.V. programs, (3) answering correspondence relative to the program, (4) giving out forms, pamphlets, etc., and (5) supervision of the program, increased 4,500 man-days, or 33 percent. This increase is consistent with the Taxpayer Assistance Program policy of encouraging person-to-person contact between Service personnel and the public to better educate the taxpayers in their duties and responsibilities under our self-assessment system.

In addition two pilot tax clinics jointly sponsored by the Service and the Small Business Administration were conducted at Syracuse, New York and Peoria, Illinois. These clinics enabled owners and managers of small businesses to discuss various aspects of taxation that enter into management decision-making. These were very well received by the participants. As a result, a nationwide program of such clinics will be instituted in 1963.

Tax Return Forms Program

The Service has long recognized that every effort must be made to develop technically correct forms which impose the least reporting burden on the taxpayer. Accomplishment of this objective presents a most difficult problem due to our complex tax system and the fact that a change to automatic data processing is now taking place.

In keeping with the continuous effort to simplify and improve the tax return forms and instructions, members of the Tax Return Forms Committee visited certain service centers and selected regional and district offices to observe first-hand the problems encountered in the processing systems. In addition to obtaining a keener insight into many of the technical, operational, and administrative aspects of our major return forms, the committee worked out a number of solutions to urgent problems. As in prior years, numerous suggestions and recommendations for revising the forms and instructions were received from taxpayers, practitioners, and Service employees. These were carefully studied and many valuable suggestions were adopted.

NEW AND REVISED TAX FORMS ISSUED.—As the result of the Service's conversion to an automatic data processing system in the Atlanta Region, the format of several forms had to be recast and the method of distribution changed. For example, a special Form 1120 package (U.S. Corporation Income Tax Return) containing the corporate return and instructions (calendar year 1961) was developed for the Atlanta Region. The package was changed to accommodate the pre-addressing of Form 1120, reflecting the corporate name, address, and account number.

Other forms for which special versions were prepared for ADP processing are shown on page 115.

A major change was made in the format of Form 1040 (U.S. Individual Income Tax Return) which reduced the number of pages from four to two with all tax computations provided for on page 1.

A total of 255 other forms, instructions, and documents were revised or reviewed. Some of the more significant changes are indicated on page 115.

In keeping with President Kennedy's directive, increased emphasis was placed on inventory valuations and methods, and five questions relating to these items were added to all business income tax return forms.

Regulations Program

GENERAL.—During the year 32 Treasury Decisions, 5 Executive Orders, and 19 notices of proposed rulemaking, relating to matters other than alcohol and tobacco taxes, were published in the Federal Register. These regulations were issued under provisions of the Internal Revenue Code of 1954 as originally enacted, subsequent public laws, or on the basis of an administrative determination.

Eight hearings on the provisions of the proposed regulations, which were published this year, were held in accordance with the provisions of the Administrative Procedure Act. Approximately 250 taxpayers or their representatives participated.

The more important regulations are described on page 116.

ALCOHOL AND TOBACCO TAXES.—The final phase of the program for the full implementation of the Excise Tax Technical Changes Act of 1958 was completed. This phase consisted of a complete revision of internal management guides covering the supervision and administrative regulation of the liquor and tobacco industries to recognize changes in the law and in the regulations issued pursuant thereto.

Changes in regulations were held to a minimum. New regulations were issued in 26 CFR Part 270, "Manufacture of Tobacco Products," and in 26 CFR Part 275, "Importation of Tobacco Materials, Tobacco Products, and Cigarette Papers and Tubes." The former instituted the tobacco products factory concept as contemplated by the Excise Tax Technical Changes Act, allowing for the manufacture of all tobacco products on the same premises under one permit and one bond, and making optional the supervision of the disposition of tobacco products withdrawn from the market and the verification of related schedules pertaining to claims for refund or allowance of tax on such tobacco products. The latter provided for Collectors of Customs to collect the taxes on imported tobacco products and cigarette papers and tubes at the same time and by the same method as duty is collected. Several significant Treasury Decisions were issued (see p. 118).

Depreciation Reform Program

During the year the Service cooperated with and assisted Treasury representatives in their studies on depreciation and in the development of the Department's depreciation reform program.

On May 2, 1961, the President announced a program of assistance to the textile industry designed to meet a wide range of problems resulting from rapid technological changes, shifts in consumer preference, and increasing international competition. Included in the overall program was a request to the Treasury Department to expedite review of existing depreciation allowances on textile machinery.

To carry out this directive, an intensive review was made by Treasury and Service officials of the average useful lives of machinery and equipment used in the domestic textile industry. This review included studies by Service engineers, inspection trips to several textile mills and textile machinery manufacturing plants, meetings with representatives of the industry, and a careful evaluation of the recent technological innovations. As a result of these studies, revised average useful lives for machinery and equipment used in the textile industry were announced by the President and published in the Internal Revenue Bulletin.

Service engineers also made studies of the following seven industries at the direction of the Secretary to aid in the Department's overall consideration of depreciation reform: Aircraft, automobile, electrical machinery and equipment, machine tool, railroad, steel, and mining and beneficiation of low-grade iron ore. As in the case of the textile industry, these studies involved inspection trips to manufacturing plants, meetings with representatives of industry, and a careful evaluation by the Service engineers of the technological developments. Three-man teams of Service engineers conducted each of these studies, and their reports and recommendations were submitted to the Secretary early in 1962.

In addition the Service worked with Treasury representatives in completing their studies on depreciation and in developing the Revenue procedure setting forth the new depreciation guidelines and rules scheduled for release on July 12, 1962.

Tax Rulings and Determination Letters

REQUESTS FOR TAX RULINGS.—During the year, 35,956 requests from taxpayers for rulings and requests from field offices of the Service for technical advice were processed. These included 33,055 requests which had been received from taxpayers or their representatives and 2,901 requests from field offices. At the close of the year, 6,681 requests for rulings and technical advice were on hand. A reorganization of the Corporation Tax Branch, Tax Rulings Division, resulted in an improvement in procedures which enabled that Branch to reduce a

significant backlog of old cases and bring its inventory of requests relating to changes in accounting periods and accounting methods to a current operating basis.

In addition to the processing of rulings and technical advice, 11,528 formal and informal technical conferences were held with taxpayers or their representatives.

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

Requests for tax rulings and technical advice processed

Subject	Total	Taxpayers' requests	Field requests
Total.....	35,956	33,055	2,901
Income and excess profits taxes.....	27,151	26,033	1,118
Employment and self-employment taxes.....	1,008	978	30
Estate and gift taxes.....	737	530	207
Alcohol and tobacco taxes.....	4,443	3,491	952
Other excise taxes.....	2,065	1,543	522
Engineering questions (depreciation, etc.).....	552	480	72

DETERMINATION LETTERS.—Based upon established rules and regulations district offices issued 10,413 determination letters involving the initial qualification or termination of employee benefit plans. The National Office considered 28 appeals; 12 were decided in favor of the taxpayer, 13 were adverse to the taxpayer, and 3 were partially in favor of the taxpayer. In addition district offices issued 4,970 determination letters pertaining to organizations seeking to establish their exemption from the Federal income taxes.

Below is a table which provides additional details as to the types of employee benefit plans involved and the nature of the determination.

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.....	4,610	4,848	22	4,554
Employees participating under plan.....	136,782	421,179	31,759	
Total number employed.....	375,795	1,145,987	61,950	
Disapproved.....	75	78		416
Terminations.....	383	396	1	
Closed without issuance of determination letter.....	306	280	2	1,359

CLOSING AGREEMENTS.—Closing agreement cases involving the tax status of prospective transactions are considered by the Tax Rulings Division of the National Office. Seven cases were received during the year, 9 were closed, and 18 are pending. Seventeen of the pending cases are related and are awaiting information from field offices.

PUBLICATION OF RULINGS, PROCEDURES, AND ANNOUNCEMENTS.—Two hundred rulings and 38 procedures were published, as follows:

Revenue rulings and procedures published

Type	Number
Total.....	238
Income tax.....	94
Administrative and miscellaneous.....	10
Alcohol and tobacco taxes.....	50
Employment taxes.....	8
Engineering issues.....	12
Estate and gift taxes.....	6
Other excise taxes.....	57
Firearms.....	1

The more significant rulings and procedures are summarized on page 118.

In addition to notices with respect to proposed regulations, 115 announcements of general interest were published in the Internal Revenue Bulletin. The more important ones are described on page 120.

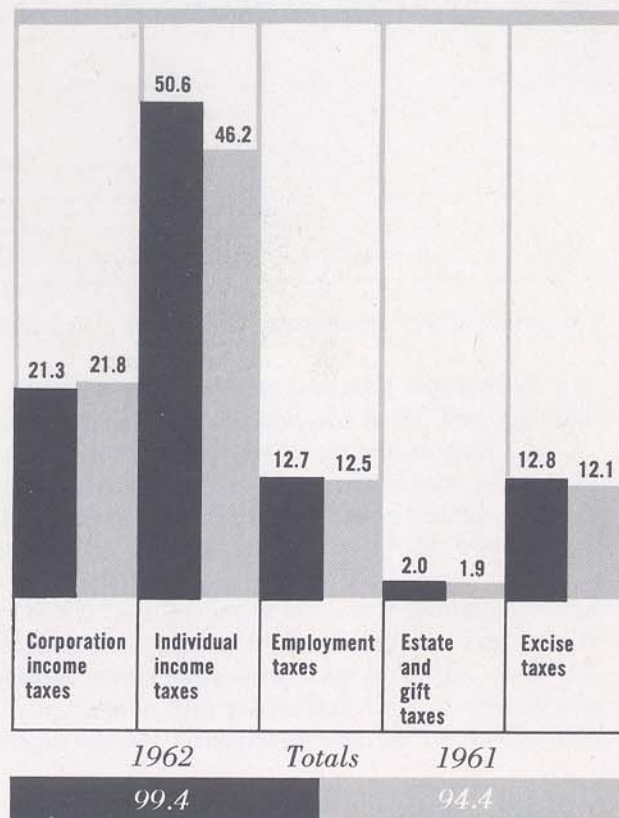
Of 63 technical information releases issued, 8 announced the position of the Service as the result of court decisions having widespread effect on tax administration (see p. 121 for summaries of the more significant releases).

A new Finding List has been prepared to assist in locating the publication of technical information releases in the Bulletin. The first list includes all such releases issued since their start in 1956. A similar list will be published from time to time in the Bulletin as a reference to the publication of current releases (Announcement 62-13, I.R.B. 1962-6, 41).

A second Index-Digest Supplement, a research and reference tool for locating documents published in Cumulative Bulletins 1957-1960, was published as IR-Publication No. 401 (Announcement 62-54, I.R.B. 1962-22, 21).

A special project has been undertaken to review all alcohol tax rulings to render obsolete those that are no longer applicable under current law and regulations. Also, those that need only a modification to promote current applicability will be revised accordingly (Revenue Ruling 62-75, I.R.B. 1962-22, 13; and Revenue Procedure 62-17, I.R.B. 1962-28, 13).

INTERNAL REVENUE COLLECTIONS (Billions of dollars)



Internal Revenue Collections and Refunds

General

A record \$99.4 billion was collected in fiscal year 1962, an increase of \$5 billion or 5 percent over 1961. Collections from all major sources of internal revenue were higher than last year. The increases were: Income taxes \$4 billion, or 6 percent; employment taxes \$0.2 billion, or 2 percent; estate and gift taxes \$0.1 billion, or 6 percent; and excise taxes \$0.7 billion, or 6 percent.

The increase in income taxes was the net effect of a \$4.5 billion rise in individual income taxes and a \$0.5 billion decline in corporation income taxes. The gain in individual income taxes, 89 percent of the increase in total revenue collections, reflected a continued rise in the national level of personal income,

particularly in wages and salaries. Corporation income taxes dropped approximately 2 percent. The decline is attributed to significantly lower payments from fiscal year corporations whose tax liabilities were affected adversely by the 1960-1961 lower profit levels.

Employment taxes increased slightly more than \$0.2 billion, or 2 percent over 1961. Gains in these taxes reflected not only the higher level of personal income, but also increases in tax rates. The old-age, disability and survivors insurance tax rate, payable by both employers and employees, increased from 3 to 3½ percent, effective January 1, 1962. The Federal unemployment insurance tax rate on



employers of 4 or more increased from 3 percent on the first \$3,000 of wages paid during calendar year 1960 to 3.1 percent on the first \$3,000 of wages paid during calendar year 1961.

Refunds of all classes of taxes, comprising amounts of both principal and interest, aggregated \$6.3 billion in fiscal year 1962. This was approximately \$0.3 billion more than in the preceding year.

Gross collections less refunds were \$93.1 billion in 1962, compared with \$88.4 billion in 1961. This represents an increase in net internal revenue of \$4.7 billion, or 5 percent. It is significant to note that internal revenue collections are not the same as budget receipts. Budget receipts include not only internal revenue taxes but certain other miscellaneous receipts and customs duties. Net budget receipts exclude taxes earmarked for trust funds (which are included in internal revenue receipts), interfund transfers, and refunds of all types including customs duties. In 1962, approximately \$12 billion of employment tax collections and \$3 billion of excise tax collections were transferred to trust fund accounts earmarked for specific purposes; these are not included in net budget receipts.

A comparison of collections in 1962 and 1961 by principal categories is shown below. Internal revenue refunds are compared by year and by type on page 19.

Internal revenue collections

(In thousands of dollars. For details, see table 3, p.152)

Source	1962	1961
Grand total ¹	99,440,839	94,401,086
Income taxes, total	71,945,305	67,917,941
Corporation	21,295,711	21,764,940
Individual, total	50,649,594	46,153,001
Withheld by employers ²	36,246,109	32,977,654
Other ²	14,403,485	13,175,346
Employment taxes, total	12,708,171	12,502,451
Old-age and disability insurance ²	11,686,231	11,586,283
Unemployment insurance	457,629	345,356
Railroad retirement	564,311	570,812
Estate and gift taxes	2,035,187	1,916,392
Excise taxes, total	12,752,176	12,064,302
Alcohol	3,341,282	3,212,801
Tobacco	2,025,736	1,991,117
Other	7,385,158	6,860,384

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. 134, and footnote 6, p.156.

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 accounted for more than 72 percent of total internal revenue in 1962.

Corporation taxes comprised almost 30 percent of all income taxes and about one-fifth of all internal revenue. Collections from this source in 1962 dropped about 2 percent. Refunds of corporation income and profits taxes, mostly representing carrybacks of operating losses, were \$48 million less in 1962 than in 1961. Gross corporation tax collections less refunds (including principal and interest) resulted in net revenue from this source of \$20.5 billion in 1962 compared with \$20.9 billion in 1961.

Individual income taxes accounted for 70 percent of all income taxes collected and more than half of all internal revenue. More than 71 percent of all individual income taxes in 1962 were collected by withholding on salaries and wages.

Nearly all individual income tax refunds were attributable to excessive prepayment of tax, mostly in the form of over-withholding. In 1962, refunds of excessive prepayments totaled \$5 billion, or 6 percent more than the preceding year. Gross collections of individual income taxes less refunds of excessive prepayments resulted in a net revenue from this source of \$45.5 billion in 1962 compared with \$41.4 billion in 1961. Refunds of other individual income and old-age and disability insurance taxes were less than \$0.2 billion in each year.

Employment Taxes

Employment taxes accounted for 13 percent of all internal revenue. Old-age and disability and survivors insurance taxes, comprising about 92 percent of the total, increased \$0.1 billion over 1961. This increase reflects in part the increase from 6 to 6¼ percent in the combined rate on employers and employees which became effective January 1, 1962. Unemployment insurance taxes, representing about 4 percent of all employment taxes, increased \$0.1 billion. This increase was due primarily to the rise in the tax rate to 3.1 percent on taxable wages paid during calendar year 1961 from the 3 percent rate in effect during calendar year 1960. A small part of the increase, \$158,000, was attributable to the higher unemployment tax paid by Alaskan employers. Collections under the Railroad Retirement Tax Act declined slightly.

Excise Taxes

Excise taxes in all categories which comprise almost 13 percent of total internal revenue rose about \$0.7 billion, or 6 percent, in 1962. Gains from this source reflect, for the most part, the general rise in business activity. There was a sizable increase in collections of the Federal Use Tax on highway motor vehicles, mainly due to the higher tax rate effective with the taxable year beginning July 1, 1961.

Alcohol taxes increased \$0.1 billion, or 4 percent. Tobacco tax collections increased 2 percent.

Retailers' excise taxes on the sale of toilet preparations, jewelry, etc., showed sizable gains in 1962. There were also gains in collections of manufacturers' excise taxes on motor vehicles and most durable goods. Refunds of Federal excise taxes approximated \$0.2 billion in each of the years 1962 and 1961. Gross collections of excise taxes less refunds amounted to \$12.5 billion in 1962 compared with \$11.9 billion in 1961.

Estate and Gift Taxes

Estate and gift taxes combined which comprised about 2 percent of total internal revenue increased \$0.1 billion, or 6 percent over 1961. Estate taxes, which accounted for 88 percent of the estate and gift tax total, rose \$50.7 million, or 3 percent. Gift taxes increased 40 percent. Gross collections of estate and gift taxes less refunds amounted to \$2 billion in 1962 compared with \$1.9 billion in 1961.

Internal Revenue Refunds

In 1962, refunds increased in number and in amount. The number totaled 40.4 million, an increase of less than one-half of one percent, and the amount, including interest, was \$6.3 billion, a 4.5 percent increase. Interest allowed on all types of refunds was \$68 million, a drop of \$15 million, or 18 percent.

Individual income tax refunds resulting from excessive prepayments comprised 94 percent of the number and 80 percent of the total amount. This pattern is consistent with that of the past several years.

Corporation refunds accounted for only one-fourth of 1 percent of the number, but more than 13 percent of the total amount refunded in 1962. Interest on corporation income tax refunds dropped from \$59 million in 1961 to \$48 million in 1962 and accounted for most of the \$15 million drop in total interest. There were about 1.4 million gasoline tax refunds to farmers, transit systems, and users of nonhighway vehicles aggregating \$132 million.

The following table compares refunds in the past 2 years, by type of tax:

Internal revenue refunds, including interest

[For refunds by region and district see table 5, p. 158]

Type of tax	Number		Amount refunded (principal and interest— thousand dollars)		Amount of interest included (thousand dollars)	
	1962	1961	1962	1961	1962	1961
Total refunds of internal revenue ¹	40,362,231	40,197,251	6,302,993	6,031,107	67,868	82,798
Corporation income taxes	104,298	97,818	820,831	869,274	47,778	58,781
Individual income and employment taxes, total	38,829,827	38,663,182	5,242,444	4,933,026	17,236	19,679
Excessive prepayment income tax	37,946,218	37,805,997	5,070,118	4,766,490	6,285	8,529
Other income tax and old-age and disability insurance ²	860,004	838,411	167,377	163,721	10,895	11,090
Railroad retirement	91	62	51	99	5	(*)
Unemployment insurance	23,514	18,712	4,897	2,716	51	60
Estate tax	5,638	6,441	19,008	23,073	1,514	3,415
Gift tax	594	713	1,544	902	222	95
Excise taxes, total	1,421,874	1,429,097	219,164	204,833	1,119	828
Alcohol taxes ⁴	9,492	10,253	73,073	67,120	(*) ⁹	5
Tobacco taxes ⁴	1,215	1,277	3,598	4,629	(*)	(*)
Manufacturers' and retailers' excise taxes, total	1,395,479	1,403,430	135,594	127,257	513	312
Gasoline used on farms	1,372,817	1,383,898	107,171	98,110		
Gasoline, non-highway	19,371	16,425	24,575	25,736	(*)	
Other	3,291	3,107	3,848	3,412	513	312
All other excise taxes ⁵	15,688	14,137	6,900	5,827	597	512

¹ Figures have not been reduced to reflect reimbursements from the Federal Old-age and Survivors and Federal Disability Insurance Trust Funds amounting to \$141,658,000 in 1962 and \$95,740,000 in 1961; from the Highway Trust Fund amounting to \$131,303,000 in 1962 and \$125,703,000 in 1961; and from the Unemployment Trust Fund amounting to \$5,049,000 in 1962 and \$2,245,000 in 1961.

² Net of 63,658 undeliverable checks totaling \$3,347,000.

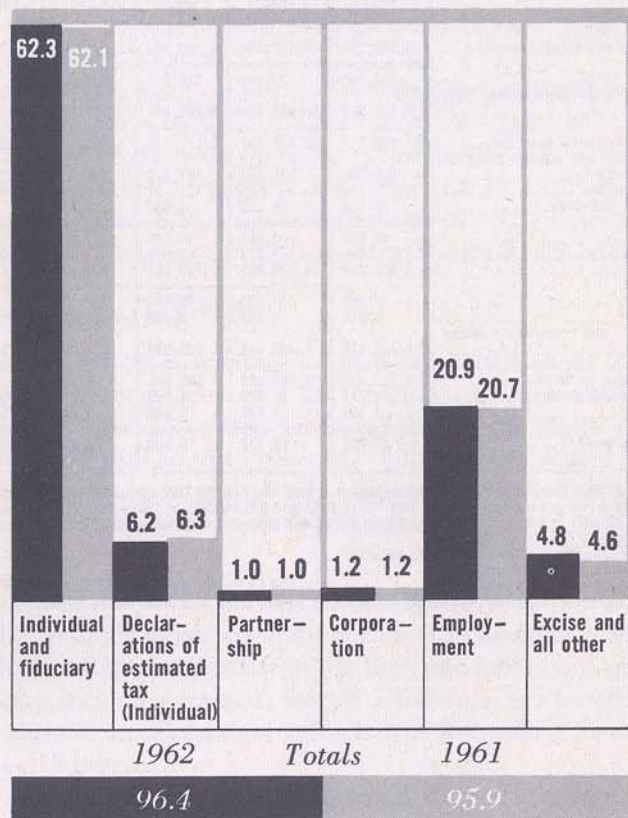
³ Includes refunds "not otherwise classified."

⁴ Includes drawbacks and stamp redemptions.

⁵ Includes narcotics, silver, wagering tax (excise and stamps), capital stock, and other excise refunds.

*Less than \$500.

NUMBER OF RETURNS FILED (Millions)



Receipt and Processing of Returns and Related Documents

Number of Returns Filed

In the 1962 fiscal year, 96.4 million tax returns of all classes were received. This was 0.6 million, or 0.6 percent, more than the number received in 1961.

The total of individual income tax returns on Forms 1040 and 1040A increased 0.2 million, or 0.4 percent over last year.

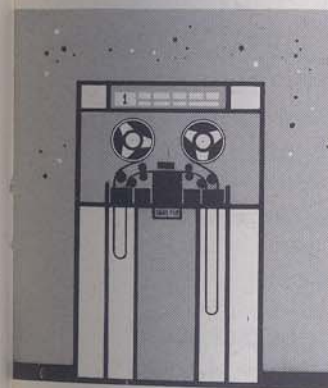
Declarations of estimated individual income tax numbered 6.2 million in 1962, a decrease of almost 0.1 million, or 1.2 percent.

Employment tax returns totaled 20.9 million, 1.3 percent more than in the preceding year. Almost three-fourths of the increase was in employers' returns for household employees.

Excise tax returns numbered 4.0 million, an increase of 1.7 percent.

A comparison of the number of returns filed in fiscal years 1962 and 1961 follows:

Report on Operations 21



Number of returns filed, by principal type of return

[Figures in thousands. For details, see table 6, p. 160]

Type of return	1962	1961
Grand total.....	96,435	* 95,856
Income tax, total.....	71,325	* 71,091
Individual and fiduciary, total.....	62,326	* 62,122
Individual—citizens and resident aliens, total.....	61,566	* 61,344
Forms 1040.....	42,531	* 42,526
Forms 1040A.....	19,036	* 18,818
All other individual and fiduciary.....	760	778
Declarations of estimated tax, total.....	6,211	6,286
Individual.....	6,194	6,270
Corporation.....	17	16
Partnership.....	994	1,003
Corporation.....	1,231	1,179
Other.....	564	501
Employment tax, total.....	20,932	20,660
Employers', Form 941.....	14,903	14,853
Employers', Form 942 (household employees).....	4,106	3,908
Employers', Form 943 (agricultural employees).....	642	632
Railroad retirement, Forms CT-1, CT-2.....	23	23
Unemployment insurance, Form 940.....	1,258	1,244
Estate tax.....	73	69
Gift tax.....	96	94
Excise tax, total.....	4,009	3,942
Occupational tax ¹	1,277	1,297
Form 720 (retailers, manufacturers, etc.).....	2,293	2,316
Alcohol.....	24	27
Tobacco.....	14	19
Other ¹	401	283

* Revised.

¹ Applications for license, Federal Firearms Act, formerly included in "Other" are now included in "Occupational tax returns."

Information Returns

Over 340 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).

Area Service Center Functions

The three area service centers located at Lawrence, Mass.; Kansas City, Mo.; and Ogden, Utah, processed 60.5 million individual income tax returns, Forms 1040 and 1040A. Of these, 49.5 million were 1961

returns filed during the 1962 filing period and 11.0 million were 1960 returns filed during the 1961 filing period but processed after June 30 of that year. The number of returns processed in the first half and in the second half of this fiscal year represented a decrease of 18 percent and an increase of 6 percent, respectively, compared with the number processed during the comparable periods last year. These changes were attributable primarily to accelerated processing of returns. The total volume processed in 1962 was 0.5 million, or nearly 1 percent, above the preceding year.

In addition, 4.8 million declarations of estimated individual income tax were processed. Accounts receivable were established for appropriate individual income and estimated tax returns. Mailing and delinquency check operations were performed on all employers' returns, Forms 940 and 941, except calendar year 1961 Forms 940 and 941 for the quarter ended March 31, 1962, required of taxpayers located in the Atlanta Region.

The initial transfer of work from the present area service centers to regional service centers under the automatic data processing program occurred during this year. Mailing and delinquency check operations on Forms 940 and 941 filed in districts of the Atlanta Region were shifted from the Midwest Service Center to the new Atlanta Regional Service Center.

During the first half of the year new high-speed magnetic tape computers were installed in the Midwest and Western service centers. Completion of this conversion program, which was initiated last year in the Northeast Service Center, made it possible for all area service centers to process individual income tax returns filed for the tax year 1961 on this advanced equipment during the 1962 filing period.

From January 1 through June 30, 1962, area service centers received 55.0 million individual income tax returns for processing, or 90.0 percent of the total filed. This was an increase of more than 0.8 million or 1.5 percent over the same period last year.

Refunds Covering Excessive Prepayments

In the 6-month period ended June 30, 1962, nearly 36.8 million refunds were scheduled on individual income tax returns filed for the 1961 tax year. This was an increase of over 0.8 million or 2.4 percent above the same period last year. The average refund scheduled for tax year 1961 was \$132 compared with \$124 for tax year 1960. The number of credits allowed on tax year 1961 returns decreased 11 percent, and the amount allowed increased 12 percent.

The following table shows the number and amount of refunds and credits and the amount of interest paid as a result of excessive prepay-

ments of individual income tax on returns filed for the tax years 1956 through 1961 (usually received and processed by June 30 of the following year):

Refunds and credits resulting from excessive prepayments of individual income tax

Tax year	Number (thousands)	Refunds Principal (thousand dollars)	Interest (thousand dollars)	Credits	
				Number (thousands)	Amount (thousand dollars)
1961 ¹	36,758	4,846,040	1,089	1,614	798,576
1960	37,036	4,679,757	3,963	1,925	813,364
1959	35,830	4,194,939	4,970	1,667	671,068
1958	35,154	3,978,226	3,933	1,756	756,887
1957	35,155	3,726,000	3,192	1,828	732,840
1956	34,096	3,323,779	3,936	1,602	599,012

¹ Figures are preliminary and reflect refunds or credits to June 30, 1962. Revised figures to December 31, 1962, will appear in next year's report.

² Estimated.

Carryback Allowances

During 1962, there was an increase in the filing of applications for tentative adjustments of prior years' income taxes to give effect to operating loss carrybacks. The increase consisted principally of filings by corporate taxpayers.

Compared with 1961, the number of applications adjusted rose 7.6 percent and the dollar allowance increased 5.1 percent.

The number of applications pending was 9 percent greater than in 1961, primarily due to the heavy filing during the last quarter of the year when almost one-third of the total were filed.

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

Receipt and disposal of tentative carryback applications

Status	Number		Amount (thousand dollars)			
	1962	1961	Claimed		Adjusted	
			1962	1961	1962	1961
Pending July 1	6,530	3,493	53,880	29,056		
Applications received	73,351	70,676	679,010	654,279		
Applications adjusted, total	72,763	67,639	684,757	629,456		
Allowed	n.a.	n.a.			636,383	605,631
Disallowed	n.a.	n.a.			49,277	24,746
Pending June 30	7,118	6,530	48,133	53,880		

n.a.—Not available.

Automatic Data Processing

Automatic machine processing of tax returns is being installed by the Service in order to keep abreast of its ever-growing returns processing and revenue enforcement workload. One principal objective of the program is to insure a fairer distribution of the tax burden by making it more difficult for people to evade their tax responsibilities. Installation of the system is proceeding on a carefully phased basis, with major attention being given to avoiding adverse effects on employees to be redeployed.

Some of the significant highlights were—

Establishment of the Office of Assistant Commissioner, Data Processing,

Completion of systems design, and programs for processing business returns,

Timely completion and dedication of the National Computer Center in Martinsburg, W. Va., and the new Atlanta Regional Service Center building,

Activation of the Philadelphia Regional Service Center,

Processing of business returns in the Atlanta Regional Service Center and the National Computer Center,

Initiation of systems design for processing individual returns,

Selection of sites for the Dallas, Cincinnati, and Omaha regional service centers, and

Continuation and improvement of the plan for personnel redeployment.

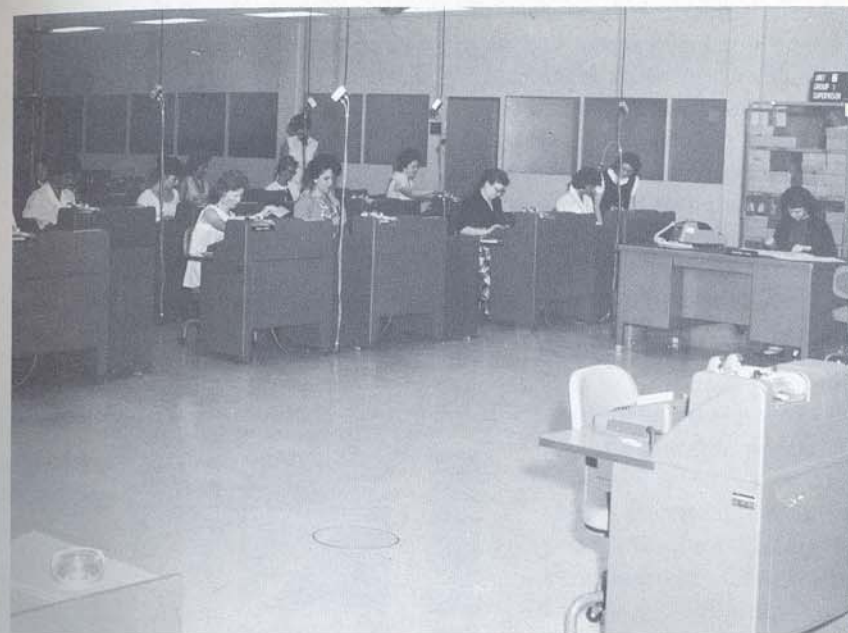
The automatic data processing master file was started during the year when the Atlanta Regional Service Center began processing corporation income tax returns and certain employer and excise returns. This major effort required the completion of systems development, computer programming, and necessary testing to assure proper systems performance and involved the combined team work of over 100 digital computer systems analysts and programmers.

As a result, the Service is now able to make automatic checks on compliance by business entities in filing required returns; electronically verify the mathematical accuracy of the returns, the credits claimed, and the balance of tax due or any allowable credit or refund; and mechanically apply overpayments to any other taxes due from the taxpayers.

Progress was made on systems development for returns filed by individual taxpayers. This phase of the system is scheduled for installation in the Atlanta Region in 1963.



Officials attending dedication ceremonies—National Computer Center, Martinsburg, W. Va. From left to right: Senator A. Willis Robertson, Va.; Senator Robert C. Byrd, W. Va.; Commissioner Mortimer M. Caplin; Senator Jennings Randolph, W. Va.; Secretary of the Treasury C. Douglas Dillon; Representative Harley O. Staggers, W. Va.



Interior views of the new Atlanta Regional Service Center. Located at Chamblee, Ga., the Center will process returns of taxpayers in the seven southern states which comprise the Atlanta Region. (Above) One of the Transcribing Division Units (Keypunch). (Below) Accounting Division.



As the automatic data processing program has progressed, the Service has continued and intensified its massive effort to redeploy district office personnel whose work is affected. Special authorities obtained from the Civil Service Commission have proved helpful in minimizing personnel placement problems. An intensive information program was initiated to provide employees with information regarding the impact of automatic data processing on their jobs, opportunities for training and reassignment, and other facets of the program. Several films were produced, a monthly newsletter was inaugurated, and a program of employees' information conferences was set up to meet the needs of employees during the transition period.



Enforcement Activities

General

The enforcement activities include correcting errors in tax liability on returns voluntarily filed, securing delinquent returns, collecting delinquent accounts, investigating evidence or allegation of fraud, suppressing the traffic in illicit liquor, conducting a firearms program, providing collection litigation services to district offices, administering a taxpayer

appeals system, processing civil litigation cases and those involving criminal prosecution, conducting the Federal-State Cooperative Exchange Program, and managing the Service's tax program abroad.

Voluntary payments of taxes flow through three broad channels—estimating, withholding, and reporting. Voluntary compliance by the taxpayers is

the heart of our revenue-raising capacity; therefore, major attention was devoted to it throughout the past year.

In correcting errors in tax liability, returns were selected in a manner that provided for audit coverage among all types and groups of taxpayers, with appropriate emphasis in those areas where noncompliance is known to exist. The major objective was to insure a just and fair disposition of each tax case. Linked to this responsibility was the need to take vigorous enforcement action to curb abuses in reporting income and claiming deductions to assure honest taxpayers that all are treated alike. In this area the tax enforcement program involving transactions between domestic companies and foreign affiliates was given increased attention in recognition

of the fact that expanding activity of American business in foreign investment and commerce has been accompanied by numerous illegal tax-avoidance schemes.

In the collection field new streamlined procedures were put into effect which trigger enforced collection procedure more quickly when timely deposits or prompt payments of trust fund collections (excise taxes and taxes withheld from employees) are not made. Voluntary compliance was emphasized by inaugurating a procedure whereby each revenue officer's personal contact with a taxpayer was used as a means to explain the filing, depositary, and payment provisions of the Internal Revenue Code.

The fraud investigation program gave special attention to cases related to the drive against organized crime and to the identification and investigation of income tax evasion cases of substance with prosecution potential. Strenuous efforts were made to gain widespread news coverage of completed cases in order to realize a maximum deterrent effect and thereby improve voluntary compliance with the tax laws.

Enforcement efforts in the liquor taxing area were directed toward the prevention of frauds on the revenue through the detection, arrest, and prosecution of liquor law violators, with the apprehension of major violators as the primary goal.

Since a vital part of a successful tax system is an effective administrative appeals system, the Service continued, during the past year, to direct its efforts in this area to a prompt resolution of tax controversies, without litigation, on a basis fair and impartial to both the Government and the taxpayer.

Mathematical Verification

Nearly 58.8 million income tax returns of individuals filed on Forms 1040 and 1040A were mathematically verified during the year, a decrease of 0.7 million, or 1 percent from the preceding year. The decrease mainly reflects an acceleration in the processing of tax year 1960 returns, which reduced the number carried over to the first half of fiscal year 1962 by 3.6 million, or 27.6 percent. This decrease was offset in part during the last half of fiscal year 1962 by an increase of 2.9 million, or 6.2 percent, which reflects the continued acceleration in the processing of tax year 1961 returns.

The number of error cases disclosed by mathematical verification was 2.4 million, a decrease of 2.8 percent from the preceding year. The number with a tax increase dropped 4.3 percent, while the number with a tax decrease was about the same as last year. The tax increases averaged \$90, while the tax decreases averaged \$70. The aggregate amount of tax increases was \$134.6 million, compared with \$132.0 million in 1961, while tax decreases totaled \$69 million, compared with \$66 million in the preceding year.

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

Individual income tax returns mathematically verified

Item	Type of return					
	Total		Form 1040		Form 1040A	
	1962	1961	1962	1961	1962	1961
Number of returns verified.....thousands..	58,787	59,495	41,875	46,191	16,912	13,304
Number of returns on which changes were made thousands..	2,431	2,501	1,639	1,739	792	762
Returns with increase:						
Number.....thousands..	1,502	1,570	1,067	1,134	435	435
Amount.....thousand dollars..	134,583	131,981	101,980	96,808	32,604	35,174
Returns with decrease:						
Number.....thousands..	929	931	572	605	356	325
Amount.....thousand dollars..	69,013	65,598	41,278	40,478	27,735	25,119

Examination Program

GENERAL.—The examination program was directed toward the overall Service mission of encouraging and achieving maximum voluntary compliance. Steps were taken to curb tax abuses such as incorrect travel and entertainment expense deductions, improper inventory reporting, and tax avoidance in the international area.

An improved system for managing and evaluating the office audit operations was developed and implemented during this fiscal year. In addition, guidelines were issued for the establishment of a new career program for office auditors. Objectives of the program are to increase the emphasis on the quality of audits and to improve voluntary compliance through the auditors' contacts with taxpayers.

The need for increased emphasis on exempt organizations has been apparent for some time. Guidelines have been developed for carrying out the audit program as it relates to this area.

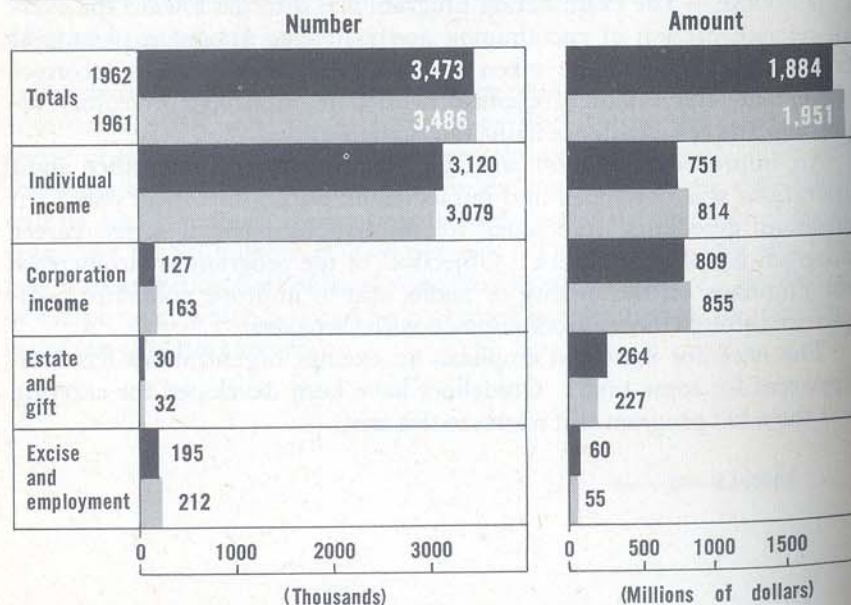
CLASSIFICATION AND SELECTION OF RETURNS FOR EXAMINATION.—The selection of returns for examination through the classification program is a key part of the direct enforcement activity. Under present classification procedures, it is not practicable to classify all returns filed. Because of this the classification program contemplates the selection of returns with indications of noncompliance. In addition, sufficient returns in other areas are selected to insure appropriate audit coverage.

In developing a good classification program, consideration must be given to the number of returns that will be received from sources other than classification. It is essential that all factors be considered in order to have a well-rounded audit workload program.

About 71 million income, estate, and gift tax returns are filed annually. Of the 22.5 million returns classified by district audit divisions, about 3.1 million were selected for examination.

One of the objectives of the automatic data processing system is to identify returns with certain characteristics by use of mechanical means and thus improve the classification and selection of returns for examination. With the potential of automatic data processing, the Service will be in a better position to direct its efforts toward encouraging and achieving a higher degree of voluntary compliance.

NUMBER OF TAX RETURNS EXAMINED AND ADDITIONAL TAX AND PENALTIES RECOMMENDED



NUMBER OF RETURNS EXAMINED.—During 1962, nearly 3.5 million returns were examined of which 2.7 million were by office audit and 804,000 by field examination. Office audits increased 99,000, and field examinations decreased 113,000.

The decrease in field examinations is attributable to (1) advanced training of incumbent agents, (2) participation in the organized crime drive, (3) increased time expended on the taxpayer assistance program, and (4) special Service projects such as the Audit Research Program.

In connection with the office audit activity, the installation of electronic report writing equipment was completed in all district offices during the year. These machines not only compute the tax, but also select a standard explanatory paragraph for inclusion in the report to the taxpayer.

In addition to the returns examined, the Service closed 855,000 returns without examination.

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	
	1962	1961	1962	1961	1962	1961
Grand total.....	3,473	3,486	804	917	2,668	2,569
Income tax, total.....	3,248	3,242	612	703	2,635	2,539
Corporation.....	127	163	125	161	2	2
Individual and fiduciary.....	3,120	3,079	487	542	2,633	2,537
Estate and gift tax.....	30	32	27	29	3	3
Excise and employment tax ¹	195	212	164	185	31	28

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.

ADDITIONAL TAX AND PENALTIES RECOMMENDED.—Adjustments on returns examined during the year resulted in the recommendation of additional tax and penalties amounting to \$1,884.5 million, a decrease of \$66.4 million from the \$1,950.9 million recommended last year. The amounts recommended are the result of examinations and informal conferences with taxpayers by audit field personnel. In some instances further adjustments are made as a result of appeals action or court decision.

Additional tax and penalties recommended on corporation and individual income tax returns decreased \$45.9 million and \$63.2 million, respectively, compared with 1961. These decreases were partly offset by increases of \$37.2 million recommended on estate and gift tax returns and \$5.5 million on excise and employment tax returns over amounts recommended last year.

CLAIMS FOR REFUND.—During the year 304,647 claims for refund were closed by district audit divisions, of which 128,831 were closed on examination and 175,816 without examination. This is approximately the same as in 1961; however, the amount actually claimed by taxpayers was \$106.5 million less than last year.

Details 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	
	1962	1961	1962	1961	1962	1961	1962	1961
Total.....	304,647	302,690	367,238	473,780	154,606	159,205	212,633	314,575
Individual income.....	258,056	264,287	96,538	99,736	63,518	65,330	33,020	34,406
Corporation income.....	23,353	24,169	209,427	288,133	74,235	79,377	135,193	208,755
Estate.....	1,630	1,529	15,635	13,895	6,138	6,645	9,497	7,250
Gift.....	231	277	3,525	864	479	347	3,045	517
Excise.....	12,039	7,890	38,488	69,350	7,360	6,208	31,129	63,142
Employment.....	9,338	4,538	3,625	1,802	2,876	1,298	749	505

OVERASSESSMENTS OF TAX EXCLUSIVE OF CLAIMS FOR REFUND.—Examination of returns other than those involving claims for refund, resulted in the recommendation of \$98.2 million in overassessments (decrease in tax liability). This represents a decrease of 15 percent from the prior year. The corporate income tax area accounted for the major portion of this decrease. The following table shows the amounts of overassessments recommended:

Overassessments of tax exclusive of claims for refund

Type of tax	Amount recommended (thousand dollars)	
	1962	1961
Total.....	98,197	115,719
Individual and fiduciary income.....	38,196	34,372
Corporation income.....	52,653	73,227
Estate.....	6,589	6,129
Gift.....	499	707
Excise.....	40	1,030
Employment.....	220	254

APPEALS (Income, Profits, Estate, and Gift Tax Cases) Method of Disposal		
BEFORE ISSUANCE OF STATUTORY NOTICE		
Agreed	10,368	10,939
Unagreed over-assessment and claim rejection	629	729
STATUTORY NOTICE OUTSTANDING		
Agreed	746	660
Defaulted	944	987
PETITIONED TO TAX COURT		
Agreed	4,682	5,614
Dismissed or defaulted	231	330
Tried on merits	831	1,039
1962	Totals	1961
18,431		20,298

Appeals

General

The primary purpose of the administrative appeals procedure is to provide a means whereby a taxpayer who disagrees with a proposed determination of his tax liability may promptly obtain an independent review of his case.

The appeals function is decentralized and operates at two organizational levels, the district and the region. A taxpayer who disagrees with the findings of the examining officer may request a conference in the audit division of the district director's office. If he does not reach an agreement at the district level, he may ask that the appellate division of the regional office consider his case. Conference opportunities are available in the appellate division even after the case is docketed in the Tax Court of the United States.

The jurisdiction of both the audit divisions of the district directors' offices and of the appellate divisions of the regional commissioners' offices extends to all internal revenue taxes except those involving alcohol, tobacco, firearms, narcotics, and wagering. It extends to disagreements involving overassessments as well as deficiencies.

Income, Profits, Estate, and Gift Taxes

Cases not before the Tax Court (pre-90-day cases).—At the conclusion of negotiations at the district level, the district director issues a preliminary notice, commonly called a "30-day letter," informing the taxpayer of the proposed determination of tax liability and advising him of his right to file a protest and request a hearing in the appellate division. Cases received in the appellate division by reason of such protests are referred to as "pre-90-day cases." The appellate division's activities for 1962 in the processing of such cases are summarized below. (For additional information, see table 15, p. 174.)

Appellate Division receipt and disposition 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	
	1962	1961
Pending in pre-90-day status July 1.....	9,711	10,564
Received.....	15,513	14,871
Disposed of, total.....	14,492	15,724
By agreement with taxpayers.....	10,368	10,939
Unagreed overassessment and claim rejections.....	629	729
By issuance of statutory notices—transferred to 90-day status.....	3,495	4,056
Pending in pre-90-day status June 30.....	10,732	9,711

The number of pre-90-day cases on hand June 30, 1962, was somewhat higher than a year ago, principally because of an increase in referrals from audit divisions.

Cases not before the Tax Court (90-day cases).—If a taxpayer does not accept the district director's proposed determination, or if he files a protest but does not settle his case at the appellate level during pre-90-day consideration, a statutory notice of deficiency is issued. Such a notice is frequently referred to as a "90-day letter," because the taxpayer is allowed 90 days from the date of the letter to petition the Tax Court of the United States. A case which is pending in the appellate division during this period is called a "90-day case." The following table shows the results of processing these cases in the appellate divisions. (Additional details are shown in table 16, p. 174).

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

Status	Number of cases	
	1962	1961
Pending in 90-day status July 1.....	1,211	1,268
Received, total.....	3,786	4,410
Statutory notices issued by appellate division ¹	3,336	3,883
Statutory notices issued by district directors and received during 90-day period.....	450	527
Disposed of, total.....	3,924	4,467
By agreement with taxpayers.....	746	660
By taxpayer default.....	944	987
By petition to the Tax Court—transferred to docketed status.....	2,234	2,820
Pending in 90-day status June 30.....	1,073	1,211

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.

The number of 90-day cases petitioned to the Tax Court was lower than any year since 1954.

Cases petitioned to the Tax Court (docketed cases).—A taxpayer who does not agree with a deficiency determined by the Service in a case involving income, profits, estate, or gift taxes, may file a petition with the Tax Court of the United States asking for a redetermination of his tax liability. These cases are referred to as "petitioned" or "docketed" cases. The Tax Court is an independent agency of the Government and has no connection with the Internal Revenue Service.

A taxpayer may discuss the possibilities of settling his case with the Service even after it is docketed in the Tax Court, regardless of whether he has previously availed himself of conference opportunities with the audit division of the district office, or with the appellate division at the regional level. Settlement negotiations in docketed cases may be conducted by the appellate division at any time before the case is called for

trial by the Tax Court. Regional Counsel for the Service may also be represented in such negotiations, since a settlement at this level requires his concurrence.

Further progress has been made toward achieving the principal objectives of Revenue Procedure 60-18, namely, earlier conclusion of settlement negotiations and earlier trial preparation in docketed cases. During 1962, the second year the procedure has been in effect, much of the rush and delay which was previously caused by last-minute settlement negotiations and trial preparations in cases set on trial calendars was avoided.

The table which follows shows the processing of docketed cases. (For additional information see table 17, p. 175.)

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

Status	Number of cases	
	1962	1961
Pending in docketed status July 1.....	9,957	11,489
Received, total.....	4,752	5,451
Petitions filed in response to— District directors' statutory notices.....	2,657	2,895
Appellate Division's statutory notices ¹	2,095	2,556
Disposed of, total.....	5,744	6,983
By stipulated agreement with taxpayers.....	² 4,682	5,614
By dismissal by the Tax Court or taxpayer default.....	231	330
Tried before the Tax Court on the merits.....	831	1,039
Pending in docketed status June 30.....	8,965	9,957

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.

² Difference from the number shown in the table on p. 50 and in table 19, p. 176, is due to cutoff dates in respective reporting systems.

With docketed case receipts during 1962 being the lowest since 1954, and dispositions at a relatively high rate, the number of cases on hand June 30, 1962, was lower than any year since 1957.

Excise and Employment Taxes

This year 1,378 cases were received in the appellate divisions and 1,430 disposed of, approximately the same volume as in the preceding year. There were 777 cases on hand at the end of the year.

Claims for Relief From Excess Profits Tax

The Service program for the disposition of claims for relief from the World War II excess profits tax (Section 722, Internal Revenue Code of 1939) has practically been completed. The number of cases pending in the Tax Court was reduced during 1962 from 12 to 7, and no nondocketed cases were pending before the Excess Profits Tax Council.

Closing Agreement Cases

During the year, 65 final closing agreement cases were received and 54 processed to a conclusion. The inventory on June 30 was 16 cases. (Rulings on proposed closing agreements involving prospective transactions are discussed on p. 12.)

Overassessments Reported to Joint Committee

A total of 439 cases involving overassessments of \$238.2 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 requires a report to the Committee of all refunds and credits of income, war profits, excess profits, estate, or gift tax exceeding \$100,000. These figures compare with 723 cases involving \$372.6 million reported in the preceding year.

Civil Litigation

LITIGATION RESULTS.—The Supreme Court decided 7 tax cases, sustaining the Government's position in 5. In 3 other tax cases the Court took dispositive action without entering opinions on the merits.

The circuit courts of appeals decided 414 tax cases (exclusive of bankruptcy, receivership, insolvency, compromise, and liquor cases). The Government's position was supported in 268 of these cases.

In most cases a taxpayer who has paid a disputed tax can, if he wishes, sue for refund in the Court of Claims or in a United States district court. This year the district courts decided 192 cases for the Government, 21 for the taxpayer, and 44 partly for the Government and partly for the taxpayer. The Court of Claims decided 27 cases for the Government, 23 for the taxpayer, and 6 partly for each.

At the close of the year 2,748 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 were pending in district courts, and 494 in the Court of Claims.

The Tax Court decided 275 cases in favor of the Government, 93 for the taxpayer, and 163 cases partly for the Government and partly for the taxpayer.

For details as to civil litigation see page 69 and tables 21 and 22 on page 178. For descriptions of Supreme Court decisions in civil tax cases see pages 122 through 125.

ADVERSE TAX COURT DECISIONS.—There were published in the Internal Revenue Bulletin acquiescences of the Commissioner in 57 adverse decisions of the Tax Court and nonacquiescences in 18 adverse decisions for the fiscal year ended June 30.

Delinquency Investigations and Delinquent Returns

The Service is charged with the responsibility of ensuring that all tax-paying entities satisfy the filing and payment requirements under the Internal Revenue laws. One of the major sources for detecting nonfilers is delinquency investigations which result primarily from a check of office records of previously filed returns. This year 1.5 million delinquency investigations were conducted. This was about 15 percent greater than the record number of 1.3 million in 1961.

The amount of tax, penalties, and interest due on 935,000 delinquent returns secured was \$165 million compared with \$159 million in 1961. It was necessary during the year to redeploy some manpower from delinquent returns to delinquent accounts due to a substantial build-up in the delinquent accounts workload. This resulted in a sizable increase in the number of accounts closed (discussed on p. 47), which more than offset the decline of 3 percent in the number of delinquent returns secured.

Revenue officers have been instructed to use each taxpayer contact in connection with a delinquent account investigation or with returns compliance activity as an opportunity to determine whether the taxpayer is current with regard to his other Federal tax responsibilities and to assist him with any information needed. To better equip revenue officers in performing this aspect of their duties, a comprehensive returns compliance training program covering all internal revenue taxes was developed. It is anticipated that all revenue officers will have received this training in fiscal years 1962 and 1963.

In addition, district audit divisions secured 73,000 delinquent returns in connection with tax examinations compared with 95,000 secured last year. Tax, penalties, and interest on these returns amounted to \$39.2 million, a decrease of 23 percent.

Tax Fraud Investigations

Efforts in the detection and investigation of tax law violations were directed throughout the year to the development of significant criminal tax cases in all sections of the country involving all types of taxes and all strata of society.

In furtherance of the Service's objective of encouraging and achieving the highest degree of voluntary compliance with Internal Revenue laws, close attention was given to the enforcement of the criminal statutes applicable to all Federal tax laws with added emphasis in the wagering and coin-operated gaming device tax areas. Also, important cooperation was given to the Department of Justice's drive on organized crime through the initiation of a number of major tax investigations involving the racketeer element.

While the number of both preliminary and full-scale investigations declined, a slight increase occurred in the total number of prosecution recommendations. The added emphasis given to investigations of the tax affairs of the racketeering element has resulted in a substantial increase in the number of prosecution recommendations for wagering and coin-operated gaming device tax violations and in the successful completion of a number of criminal tax cases involving notorious racketeers such as Michael "Mickey" Cohen, Los Angeles; Michael "Trigger Mike" Coppola, New York and Miami; Frank "Buster" Wortman, East St. Louis, Ill., and Abe Minker, Reading, Pa. As investigations involving racketeers require substantially more manpower per case than other tax investigations, concentration of effort in this area during the past year resulted in a smaller number of investigations and prosecution recommendations in the nonracketeer area.

A summary of investigations by special agents follows:

Tax fraud investigations

Type	1962	1961
Grand total.....	13,698	16,543
Unnumbered (preliminary) investigations, total.....	10,229	12,866
Fraud.....	8,342	10,839
Wagering.....	1,547	1,650
Coin-operated gaming devices.....	228	245
Miscellaneous.....	112	132
Numbered (full-scale) investigations, total.....	3,469	3,677
Prosecution recommended, total.....	2,128	2,096
Fraud.....	955	1,240
Wagering.....	1,031	781
Coin-operated gaming devices.....	98	44
Miscellaneous.....	44	31
Prosecution not recommended, total.....	1,341	1,581

In enforcement of the wagering and coin-operated gaming device tax statutes, special agents of the Service in 1962 conducted raids at 630 locations in 277 cities throughout the country. These raids resulted in the seizure of 151 automobiles, \$377,000 in currency, and considerable gambling equipment, and the arrest of 743 tax violators.

To aid in the detection and investigation of potential criminal tax violations the Intelligence Division initiated steps to utilize the additional information that will be available through the automatic processing of

returns. It is expected that these data on each taxpayer's filing record and sources of income will greatly facilitate the development of prosecution cases for criminal violation of the tax laws.

The Service is proud to report that the President on January 3, 1962, sent a congratulatory message to Special Agent Nathan Zeldin, of the Intelligence Division, commending him for his work and service in the criminal income tax evasion case against Grant Foster, a nonresident American citizen. Mr. Foster was convicted of tax evasion on December 1, 1961, at Baltimore, Md.

Cases Involving Criminal Prosecution

Additional taxes and penalties of \$108.1 million were involved in cases received in the Chief Counsel's office with recommendations of criminal prosecution. This was an increase of \$11.3 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	1962	1961
Pending July 1 ¹	2,506	2,270
Received, total.....	2,003	1,966
With recommendation for prosecution.....	1,798	1,784
With requests for opinion, etc.....	205	182
Disposed of, total.....	1,696	1,730
Prosecution not warranted.....	165	146
Department of Justice declined.....	77	87
Prosecutions.....	1,143	1,244
Opinions delivered.....	103	91
All other closings.....	208	162
Pending June 30 ¹	2,813	2,506

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

A total of 1,021 income and miscellaneous criminal cases, with prosecution recommendations involving 1,081 prospective defendants, were forwarded to the Department of Justice. Compared with last year this was an increase of 1.6 percent in the volume of referrals. Indictments of such cases were down 11.8 percent and the total disposal of cases in those categories in the district courts decreased 11.7 percent.

In all criminal cases reaching the courtroom 5,263 defendants pleaded guilty or nolo contendere, 866 were convicted after trial, 402 were acquitted, and 760 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	
	1962	1961
Total		
Indictments and informations.....	7,681	7,556
Disposals, total.....	7,291	7,364
Plea, guilty or nolo contendere.....	5,263	5,199
Convicted after trial.....	866	764
Acquitted.....	402	364
Nol-prossed or dismissed.....	760	1,037
Income, estate, gift, and excise tax cases		
Indictments and informations.....	836	948
Disposals, total.....	734	829
Plea, guilty or nolo contendere.....	529	662
Convicted after trial.....	94	66
Acquitted.....	41	34
Nol-prossed or dismissed.....	170	67
Wagering tax cases		
Indictments and informations.....	866	761
Disposals, total.....	703	645
Plea, guilty or nolo contendere.....	484	467
Convicted after trial.....	84	36
Acquitted.....	24	15
Nol-prossed or dismissed.....	111	127
Alcohol, tobacco, and firearms taxes		
Indictments and informations.....	5,979	5,847
Disposals, total.....	5,854	5,890
Plea, guilty or nolo contendere.....	4,250	4,070
Convicted after trial.....	688	662
Acquitted.....	337	315
Nol-prossed or dismissed.....	579	843

¹ Includes cases dismissed for the following reasons: 8 because of death of principal defendant, 6 because of serious illness, and 54 because principal defendant had pleaded guilty or had been convicted in a related case.

ADDITIONAL TAX FROM DIRECT ENFORCEMENT

(including interest and penalties)

(Millions of dollars)

From audit	1,631
	1,788
From mathematical verification	135
	132
From delinquent returns secured	204
	210
From taxpayer delinquent accounts collected	1,152
	1,092

1962

1961

Summary of Additional Tax From Direct Enforcement

While practically all taxes are voluntarily reported and paid by taxpayers under our self-assessment system it is nevertheless essential for the Service to maintain direct enforcement programs to maximize correct reporting and thereby strengthen compliance with the tax laws.

During the year \$2.0 billion of additional tax, penalties, and interest were assessed as a result of these efforts, a decrease of \$160.7 million from 1961.

Certain overpayment returns filed by individuals are examined and adjustments of tax liability made prior to refunding the amount of overpayment. Additional tax resulting from these adjustments decreased \$10.5 million from \$130.9 million in 1961 to \$120.4 million in 1962.

There was a decrease of \$146.5 million in additional assessments of tax, penalties, and interest on examined returns (exclusive of prerefund examinations). These assessments are made when the correct tax liability is determined upon examination or after appeals action or court decision, and consequently are not comparable with tax increases on returns examined during the current year. The time required for consideration of administrative appeals or litigation in cases on which agreements are not reached at the audit division level may delay the settlement for a year or more. Therefore, while these amounts reflect assessments on examined returns they do not accurately measure the results obtained from current year operations.

Additional tax resulting from mathematical verification of individual income tax returns increased \$2.6 million over 1961 while tax, penalties, and interest on delinquent returns secured during the year decreased \$6.2 million.

Tax, penalties, and interest resulting from direct enforcement

(In thousands of dollars)

Item	1962	1961
Additional tax, penalties, and interest assessed, total.....	1,969,498	r 2,130,159
From examination of tax returns, total.....	1,631,236	r 1,788,305
Income tax, total.....	1,408,959	r 1,573,311
Corporation.....	726,600	825,284
Individual and fiduciary:		
Prerefund audit.....	120,386	r 130,916
Regular audit.....	561,973	617,111
Estate and gift tax.....	175,779	178,243
Employment tax (including withheld income tax).....	4,959	5,330
Excise tax.....	41,539	31,420
From mathematical verification of income tax returns.....	134,583	131,981
From delinquent returns secured, total.....	203,679	209,873
By district collection divisions.....	164,506	159,194
By district audit divisions.....	39,173	50,679
Claims disallowed.....	352,285	649,471
Total.....	212,633	314,575
By district audit divisions.....	139,652	334,896
By regional appellate divisions.....		
Taxpayer delinquent accounts.....	1,152,373	1,092,332
Amount collected.....		

r Revised.

TAXPAYER DELINQUENT ACCOUNTS (Millions of dollars)

Issued		1,454
		1,474
Closed		1,478
		1,470
Inventory June 30		1,036
		1,023

1962

1961

Taxpayer Delinquent Accounts

During the year nearly 3.2 million delinquent account assemblies were issued (each assembly consisting of a notice to the taxpayer and related office records), about 9 percent greater than the unusually high number issued in 1961. However, the amount of delinquent tax involved, \$1.5 billion, was \$20 million less than last year. Although the increased emphasis on reducing the delinquent accounts inventory resulted in the closing of 3.1 million accounts, 6 percent more than in the previous year, accounts closed have not kept pace with the continued growth in new accounts.

At the end of June, the inventory of 1.1 million delinquent accounts was 10 percent above last year. The delinquent tax dollars, however, aggregated \$1,036 million, an increase of only 1 percent. The nominal percentage increase in dollar value as compared with the 10-percent increase in number reflects the emphasis on the large accounts.

Contributing to the increase in new accounts were the normal growth in returns filed, depressed economic conditions in various parts of the country, and a late accumulation of delinquent accounts in the prior fiscal year that were not actually issued until early in fiscal year 1962. Another contributing factor was the accelerated program under which assemblies on delinquent trust fund accounts, that normally would be issued in July, were actually issued earlier and counted in the June 30 inventory.

The delinquent accounts activity for the last 2 years is shown in the following table:

Taxpayer delinquent accounts

Status	Number (thousands)		Amount (thousand dollars)	
	1962	1961	1962	1961
Issued.....	3, 187	2, 931	1, 453, 568	1, 473, 956
Closed, total.....	3, 090	2, 913	1, 478, 422	1, 470, 431
By type of action:				
Collected.....	2, 622	2, 412	1, 114, 445	1, 070, 804
Additional collections ¹			37, 928	21, 528
Other disposals ²	468	501	326, 050	378, 099
By method of handling: ¹				
Revenue officers.....	1, 031	915	656, 951	612, 157
Office collection force ³	1, 912	1, 904	619, 727	678, 037
Other ⁴	148	94	163, 818	158, 709
Pending June 30, total.....	1, 056	960	1, 036, 337	1, 023, 263
Active.....	851	786	542, 276	543, 766
Inactive.....	101	94	448, 853	436, 206
Deferred.....	104	80	45, 208	43, 292

¹ Revised.

² Collections of unassessed amounts and on accounts previously written off which are not reported by method of handling; not available prior to Jan. 1, 1961.

³ Includes disposals due to uncollectibility and erroneous and duplicate assessments.

⁴ Two years not comparable. Effective Jan. 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.

⁵ Effective Jan. 1, 1961, comprises the inactive accounts but excludes postponement bonds, collateral agreements, etc.

Revised procedures to accelerate the assessment and collection of trust fund taxes, which were initiated by the Service late in fiscal year 1961, were improved and fully implemented during fiscal year 1962. While these procedures account for a substantial portion of the increase in new taxpayer delinquent accounts during the past year, the increased emphasis on prompt collection of withholding and similar taxes from employers and excise taxpayers should result in increased compliance on their part. Under the revised procedures, immediate contacts are made to collect taxes due from those taxpayers who fail to pay the tax due on returns filed or fail to obtain depository receipts evidencing payment to the Government of employment or excise taxes on a timely basis.

Work Flow in the Service and Courts

More than 96.4 million tax returns were filed during the year compared with 95.9 in 1961. With this extremely large volume of work it is impossible for the Service to complete the processing of all returns within a year. However, by considering the total number of returns filed and the workload at different administrative levels of the Service and action by the courts, a comparison can be made of the volume processed at each level. Another factor to be considered in evaluating the work flow is the unit count at different levels. Returns filed and the processing through audit divisions is on a return basis while the processing by appellate divisions and action by the courts is on a case basis which may involve one or more returns. As the major administrative burden is on the processing of income, estate, and gift tax returns, especially at the appellate and court levels, the following tabulation, with the exception of returns filed and internal revenue collections, is confined to these types of returns.

Work flow in the Internal Revenue Service and the courts, fiscal years 1962 and 1961

	1962	1961
	Returns	
Tax returns filed, total	96,435,000	95,856,000
Individual income	62,326,000	62,122,000
Corporation income	1,231,000	1,179,000
Estate and gift	168,000	163,000
Employment	20,932,000	20,660,000
Excise	4,009,000	3,942,000
Other returns	7,769,000	7,790,000
	Income, estate, and gift taxes	
Number of returns examined	3,278,000	3,274,000
Returns with adjustments proposed by audit divisions ¹	2,100,000	2,187,000
Disposed of by audit divisions: ²	2,068,000	2,158,000
Agreed, paid, or defaulted		
	Cases	
Total received in appellate divisions ³	15,963	15,398
Disposed of by appellate divisions:	12,687	13,315
Agreed, paid, or defaulted		
Courts of original jurisdiction:		
Tax Court:		
Total petitioned to Tax Court	4,749	5,368
Dismissed	228	330
Settled by stipulation	4,890	5,614
Settled by Tax Court decision	882	882
Decided by Tax Court but appealed	403	335
District courts and Court of Claims:		
Total filed in district courts and Court of Claims	1,364	1,285
Settled in district courts and Court of Claims	659	713
Decided by district courts and Court of Claims	505	443
Courts of appeals:		
Settled by courts of appeals decision	414	261
Favorable to Government	268	174
Favorable to taxpayers	113	68
Modified	33	19
Decided by courts of appeals but reviewed by Supreme Court	6	8
Supreme Court:		
Settled by Supreme Court decision	7	10

¹ Includes returns with deficiencies and overassessments recommended and claims for refund.

² In 1962 there were 30,469 informal conferences held in which agreements were reached in 18,793. Corresponding figures for 1961 were 30,019 and 19,048, respectively.

³ Cases protested after audit division action and refund cases requiring review by the Joint Committee on Internal Revenue Taxation.

The amounts of revenue involved at each level of the tax system, fiscal years 1962 and 1961

	1962	1961
	(millions of dollars)	
Internal revenue collections, total	99,441	94,401
Individual income taxes	50,650	46,153
Withholding	36,246	32,978
Other	14,403	13,175
Corporation income taxes	21,296	21,765
Estate and gift taxes	2,035	1,916
Employment taxes	12,708	12,502
Excise taxes	12,752	12,064
	Income, estate, and gift taxes	
Additional tax and penalties in cases disposed of in audit divisions by agreement, payment, or default	1,042	1,194
Additional tax and penalties in cases disposed of in appellate divisions by agreement, payment, or default	146	178
Additional tax and penalties determined by settlement in Tax Court	63	92
Additional tax and penalties determined by Tax Court decision:		
Dismissed	4	8
Decision on merits	27	17
Additional tax and penalties in cases decided by Supreme Court and courts of appeals	12	39
Amount refunded to taxpayers as a result of refund suits	25	30

Offers in Compromise

Another phase of the decentralization of the offers-in-compromise program was completed on January 1, 1962, by extending the district directors' authority to accept offers in compromise involving liabilities up to \$50,000. At the same time, the Chief Counsel redelegated to the 9 regional counsels the responsibility for furnishing the legal opinion on these offers.

In view of the directors' increased authority, added emphasis was placed on evaluating the effectiveness of field performance in the compromise acceptance area and in training district investigative and review personnel through periodic analyses and evaluation programs, seminars, and indoctrination courses.

District offices continued to maintain compromise workloads in a current status and disposed of cases as expeditiously as the complexity of the issues permitted. During the year district offices received for consideration 4,683 tax offers, 4,074 delinquency penalty offers, and 5,994 specific penalty offers. They disposed of 14,861 offers, leaving 3,441 on hand on June 30.

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 198 offers, disposed of 232, and had 125 pending.

In the alcohol, tobacco, and firearms categories, 290 offers were received; and 295 were disposed of, leaving a total of 39 on hand.

The overall compromise workload on June 30 consisted of 3,605 cases awaiting consideration at all Service levels, a decrease of 4 percent from the preceding year. The number of cases on hand has leveled off in the past several years, indicating that work inventories are approaching minimal size.

Compromise cases closed are shown in the following table:

Offers in compromise disposed of

Type of tax or penalty	Number		Amount (thousand dollars)			
	1962	1961	Liabilities		Offers	
			1962	1961	1962	1961
Offers accepted, total.....	11,061	10,693	26,053	43,453	7,706	9,708
Income, profits, estate, and gift taxes.....	777	927	16,163	32,078	4,951	6,166
Employment and withholding taxes.....	759	851	4,667	5,878	1,478	1,667
Alcohol taxes.....	97	103	469	266	76	59
Other excise taxes.....	219	291	3,092	3,706	698	1,426
Delinquent penalties on all taxes.....	3,083	3,234	1,662	1,525	337	322
Specific penalties.....	6,126	5,287			166	69
Offers rejected or withdrawn, total.....	4,327	4,703	69,989	74,604	10,182	11,451
Income, profits, estate, and gift taxes.....	1,545	1,673	50,374	58,193	6,823	8,643
Employment and withholding taxes.....	1,305	1,204	12,683	9,945	2,156	1,735
Alcohol taxes.....	82	118	418	638	41	98
Other excise taxes.....	373	437	5,917	5,176	1,027	843
Delinquent penalties on all taxes.....	982	1,117	597	652	114	127
Specific penalties.....	40	154			11	5

Collection Litigation Legal Services

For the past 4 years the legal work connected with the functions of the district directors' offices has maintained the level of activity it reached in fiscal 1958. The number of cases received during the current year was 10,374 compared with 10,341 in 1961. The number of cases disposed of was 10,380 compared with 10,405 last year. The inventory of pending cases stands at 4,385, a decline of 6 from the 4,391 cases pending at the end of 1961. For a detailed report of the cases received and disposed of see tables 23-26, pages 178 and 179.

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. This informal assistance together with the assistance rendered during the periodic visits to the district directors' offices by these same lawyers as a part of a continuing visitation program is a result of the reorganization program begun some 9 years ago under which much of this legal work was decentralized to the regional counsels.

As in prior years, the lawyers in the regional counsels' offices participated in the continuing in-service training programs developed by the Service to train and give guidance to the personnel in the district directors' offices dealing most directly with collection litigation matters.

Giving emphasis to the growing importance of the international aspects of the Internal Revenue laws was the establishment of an International Operations Branch in the Collection Litigation Division of the National Office to furnish legal advice and assistance to the Office of International Operations. Since September of 1961 this branch has acted as primary legal advisor to the Office of International Operations and its activity is included in the tables referred to above.

Four cases pertaining to problems considered in connection with collection litigation legal work were decided by the United States Supreme Court. For a summary of these cases see pages 122, 123, and 126.

Federal-State Cooperation

The tempo of activity under the Federal-State cooperative information exchange program increased throughout the year. New agreements were concluded with Indiana, Missouri, Ohio, and Oregon, thus bringing to 13 the number of States under the program. Negotiations were initiated with 8 additional States and considerable progress has been made in developing agreements with most of these. Interest in future participation in the program has been expressed by a number of other States. As a result of the growing acceptance of this program, the standardization of procedures, and a determination of the nature and scope of exchanges under the agreements, the Service has extended the authority of regional commissioners and district directors in the conduct of negotiations for the drafting of agreements.

International Operations

The organizational and functional revisions of the Office of International Operations made in fiscal 1961 bore the fruit of more effective compliance in fiscal 1962. More than 70 revenue agents, specialists in international tax matters, now assist district office personnel in coordinated examinations.

Research and analysis of data on problems created by the rapid growth of foreign investment by U.S. taxpayers are identifying more specifically the legislative and operative actions needed to encourage voluntary compliance in the foreign area. Analysis of data of the previous year's controlled audit program in the international area indicates that the 1,000 taxpayers examined had approximately 6,000 controlled foreign affiliates and subsidiaries. The program disclosed the extent to which "tax haven" countries are used to deposit and shift profits from the United States to countries in which there are few, if any, income taxes.

The difficulties of obtaining full information on foreign affiliates are much greater than on domestic entities. Foreign economic espionage laws have been invoked to delay, hinder, and sometimes entirely prevent the acquisition of data pertinent to examinations. Research continues on the most practical ways to require the production of information in regard to foreign subsidiary and affiliate transactions.

To promote voluntary compliance abroad, the Service sent 21 agents to 97 cities in 51 foreign countries to aid and assist both citizen and alien taxpayers subject to U.S. revenue laws. Practical tax law training and assistance courses were conducted for members of the Judge Advocate General Corps at 10 overseas military installations.

The Director of the Office of International Operations consulted with foreign authorities in the disposition of 10 cases involving double taxation. Representatives abroad also prepared 130 collateral reports involving information connected with examinations being conducted by district audit and intelligence divisions.

The Service maintains permanent foreign posts at Paris, London, Ottawa, São Paulo, and Manila with one or more technical employees at each. As the fiscal year ended the establishment of a foreign post in Mexico City was in the final planning stages.

The Office of International Operations performs much of the administrative work connected with tax treaties between the United States and foreign countries and also collects the tax required to be withheld from United States source income of nonresident alien individuals, partnerships, and foreign corporations. Income paid to residents of tax treaty countries is subject to withholding in accordance with rates set forth in the appropriate tax treaty. In certain cases dividends paid to nominees in tax treaty countries are subject to an additional 15-percent tax. Foreign withholders collect and remit this tax.

Taxes withheld by domestic withholding agents from the income of recipients in treaty and nontreaty countries, and taxes remitted by foreign withholders are as follows:

Tax withheld from payments to nonresident alien entities of treaty and nontreaty countries

	(Thousands of dollars)
Total.....	87,359
Total from foreign withholding agents.....	10,346
Total from domestic withholding agents.....	77,023
Nontreaty countries.....	13,365
Tax treaty countries.....	63,658
Australia.....	218
Austria.....	48
Belgium.....	1,970
Canada.....	14,310
Denmark.....	118
Finland.....	59
France.....	2,643
Germany.....	1,058
Greece.....	186
Honduras.....	84
Iceland.....	291
Italy.....	544
Japan.....	1,130
Netherlands.....	4,333
Netherlands Antilles.....	1,362
New Zealand.....	66
Norway.....	197
Pakistan.....	19
Sweden.....	508
Switzerland.....	15,295
Union of South Africa.....	173
United Kingdom.....	18,522
Unspecified.....	524

Informants' Rewards

A total of 4,147 claims were filed by informants in fiscal 1962. However, 83 percent of the claims closed were rejected either because they could not be substantiated or because they failed to meet the eligibility requirements of the regulations.

Informants received \$587,256 in payments from 665 claims approved by district directors. This is an increase of 7 percent over the year earlier. From information furnished by informants, the Service recovered \$13.5 million in taxes, penalties, and interest.

Below is a table showing a 2-year comparison of this activity:

Receipt and disposal of claims for informants' rewards

Status	1962	1961
Pending July 1.....number.....	4,774	4,518
Received.....do.....	4,147	4,401
Disposed of, total.....do.....	3,921	4,145
Rejected.....do.....	3,256	3,439
Allowed.....do.....	665	706
Pending June 30.....do.....	5,000	4,774
Amount allowed on claims disposed of.....dollars.....	587,256	548,914

Alcohol and Tobacco Tax Enforcement

Significant progress was made to eliminate the well-organized illicit alcohol traffic which has flourished in the metropolitan areas of the eastern seaboard. The East Coast Plan has proved highly effective against the principals and key subordinates of the syndicates engaged in large-scale production of nontaxpaid alcohol, by reducing the incidence of such violations through the location and prompt seizure of most of their distilling plants. As a result, the major operating groups have sustained severe monetary losses, and have been forced to abandon or curtail operations and to seek outside financial support for new ventures. Available intelligence indicates that these illegal combines are now disorganized, their lines of supply seriously disrupted, and the cost of the illicit product increased.

The Mandatory Preventive Raw Materials Program has continued to be an effective method of curtailing the production of nontaxpaid spirits by means of soliciting the voluntary cooperation of dealers in refusing to sell the essential materials to known violators or suspected persons, placing non-cooperating dealers under demand to report dispositions thereof, and prosecuting those who violate the regulations. For example, sugar seized at illicit stills is frequently packaged in relatively small containers; some of the larger violators are finding it extremely difficult to accumulate sufficient quantities to meet operating schedules; some of their stills operate only intermittently due to uncertain sources of supply; they are frequently forced to travel great distances to secure raw materials, at increased cost; and in many instances they are finding it necessary to relocate their activities. The effective application of the container provisions of Part 173, CFR, has been another important adjunct to our enforcement effort. The scarcity of the usual types of containers heretofore available to illicit distillers has compelled them to use less adaptable substitutes on an ever increasing scale.

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 the 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. During this fiscal year 511 petitions were considered and disposed of after investigation and processing in the regional offices.

Seizures and arrests for violations of these laws were as follows:

Seizures and arrests for alcohol, tobacco, and firearms violations

Item	1962	1961
Seizures:		
Stills.....number.....	6,826	6,826
Nontaxpaid distilled spirits.....gallons.....	174,572	153,929
Nontaxpaid wines.....do.....	2,530	6,377
Mash.....do.....	3,424,472	3,669,518
Vehicles.....number.....	2,621	2,788
Property (appraised value).....dollars.....	2,252,718	2,365,264
Arrests.....number.....	9,126	9,503

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

¹ Includes 2 arrests for tobacco tax violations and 399 arrests for firearms violations in 1962, compared with 6 and 514, respectively, in 1961.

Fourteen southern states accounted for 93.4 percent of the stills and 95.6 percent of the mash seized in 1962. Seizures in all categories declined with the exception of stills and nontaxpaid distilled spirits.

Significant court decisions involving the admissibility of evidence in criminal proceedings, and the related field of forfeitures for violation of internal revenue laws, are described on pages 127-129.

Firearms Program

Close cooperation with the Department of Defense has brought about a complete revision of TB ORD 412, "Demilitarization of Surplus and Foreign Excess Army Ordnance Material." As a result, a more thorough job of destroying surplus or obsolete firearms is now being done by the military services. The destroyed firearms are now being reduced to unsalvageable scrap, and removal of the profit motive has sharply decreased situations involving unauthorized transactions relating to military-type firearms subject to provisions of the National and Federal Firearms Acts.

The Federal Firearms Act was amended by Public Law 87-342, effective October 3, 1961. This amendment was sponsored by the Attorney General as one of the measures needed to more effectively combat organized crime. It has strengthened the Act by making it unlawful for any person under indictment for, or convicted of, a crime punishable by imprisonment for a term exceeding one year, to transport, ship, or receive firearms and pistol or revolver ammunition in interstate or foreign commerce. Prior to this amendment the prohibition was limited to persons indicted for, or convicted of, a "crime of violence." Part 177, CFR (Interstate Traffic in Firearms and Ammunition, Federal Firearms Act) was revised to conform with the amendment.

Registration of firearms totaled 349,311, compared with 81,702 in 1961. The substantial increase was due primarily to the production of a large number of automatic weapons by the Armed Forces. 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 444 criminal cases, 398 arrests, and the seizure of 136 vehicles and 1,365 firearms.

The restrictions imposed by the National Firearms Act on the importation of firearms received their first judicial test and the court supported the Service's interpretation of the statutory language as narrowly limiting the importation of such weapons. A well-known dealer in firearms filed an application to import some 500 Thompson submachine guns urging that such guns were not commercially available in the United States. The application was denied by the Service because the applicant had failed to establish that the weapons were "unique or of a type which cannot be obtained within the United States." The importer thereupon petitioned the District Court for the District of Columbia for relief alleging that the denial of its application was arbitrary and without warrant in fact. The government's motion to dismiss was granted.

The conferences on legislative proposals with respect to firearms legislation, called by the Staff of the Senate Subcommittee on Juvenile Delinquency, continued during the year. Representatives of the Service as well as of the firearms industry attended. Extensive amendments to the Federal Firearms Act were proposed. Briefly, the proposed amendments would increase the fees for licenses for dealers and manufacturers of firearms and place restrictions on the availability of pistols and revolvers to juveniles, particularly through so-called "mail order" sales.

Supervision of the Alcohol and Tobacco Industries

General

A committee was established on March 1, 1962, to study the industrial alcohol and liquor tax laws. The objectives of the committee are to achieve the utmost simplification in revenue control and tax determination so that more economical Government supervision can be attained and the industries will have the greatest possible degree of operating latitude consistent with effective revenue protection.

The Director, Alcohol and Tobacco Tax Division, testified before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary of the United States Senate as to the scope of laws and regulations administered by the Service relating to packaging and labeling including the standardization

of container sizes for bottling distilled spirits and wines. The hearings were held for the purpose of inquiring into packaging practices with respect to all commodities; practices which many witnesses referred to as misleading and deceptive. At the conclusion of the hearings, Senator Philip A. Hart, presiding, commented upon the inadequacy of Federal laws, in general, to curb unfair competitive practices in packaging, but observed that the Service had done successfully that which had been described as impossible to do, in the case of market-basket items.

A review of all revenue rulings issued under law and regulations prior to July 1, 1960, the effective



date of Public Law 85-859, was completed. As a result, 168 were found to be no longer applicable and were declared obsolete.

Authorization of Industry Operations

An indication of the extent of activities relating to the authorization of industry operations may be obtained by reference to statistical tables. Permit actions are shown in tables 10-12, on pages 163-165, and the number of establishments qualified to engage in the production, distribution, storage, or use of distilled spirits and alcoholic liquors, is shown in table 8, page 162. Corresponding figures relating to cigarettes, tobacco products, and tobacco materials, are shown in table 9, page 163.

The National Office processed 684 formulas for rectified products, and 127 formulas for wine; reviewed 3,495 qualifying documents; issued to government agencies a total of 20 permits to use tax-free spirits and 14 permits to use specially denatured spirits; approved 133 distinctive liquor bottles; and acted on 64 offers in compromise involving violations of Internal Revenue laws, and 27 under the Federal Alcohol Administration Act.

During the year 44,861 applications for label approval or exemptions from label approval were processed, as compared with 40,565 in 1961. A total of 86,420 alcoholic beverage advertisements and 2,701 radio "commercials" were examined for compliance with laws and regulations governing their form and content. The Service reviewed 1,054 proposed advertisements and projected advertising campaigns voluntarily submitted by the industry prior to publication.

The National Conference of State Liquor Administrators and the National Alcoholic Beverage Control Association, Inc., representing all of the State alcoholic beverage control agencies, have agreed to join with National Office officials in a study of State and Federal regulations controlling alcoholic beverage advertising to formulate specific recommendations for any changes needed to achieve greater uniformity in advertising restrictions imposed upon the industry.

On-premises Supervision

The continued study and development of improved and streamlined methods of Government supervision of distilled spirits plants, followed by pilot operations to test the conclusions, has resulted in a decrease of 89 inspectors (on-premises) by eliminating positions which became vacant during the year. The feasibility of still further reductions in the on-premises supervision force, without unacceptable risks of revenue losses, is being tested by additional pilot operations initiated near the close of the year.

Inspector (on-premises) supervision was provided at distilled spirits plants whose operations and activities involved transactions in distilled spirits, as follows: Production, 809.5 million tax gallons; denaturation, 513.4 million tax gallons; warehousing, 1 billion tax gallons; and tax-payments, 184.0 million tax gallons. In addition, 85.2 million proof gallons of distilled spirits and wines were rectified, and 212.7 million wine gallons of distilled spirits were bottled.

Inspection of Establishments

Pilot operations to test new or revised procedures and techniques used in conducting selected inspections at breweries and bonded wine cellars were completed. As a result, the majority of the new procedures, including the use of a "Plant Profile" as a basis for an audit approach to inspections, will be applied in selected inspections of distilled spirits plants, breweries, bonded wine cellars, and tobacco products factories. The preparation, testing, and institution of these new procedures required considerable time and this contributed to the reduction in the number of inspections made—from 36,044 in 1961 to 32,260 this year. Breweries and wineries subject to inspection produced 96.4 million barrels (of 31 gallons each) of beer, 168.8 million gallons of still wines, 4.3 million gallons of effervescent wines, 4.6 million gallons of vermouth, and 13.0 million gallons of special natural wines other than vermouth. Tobacco products factories, also subject to inspection, produced 6.7 billion large cigars, 164.7 million small cigars, 11,110 large cigarettes, 529.9 billion small cigarettes, and 169.2 million pounds of manufactured tobacco (including smoking and chewing tobacco, and snuff).

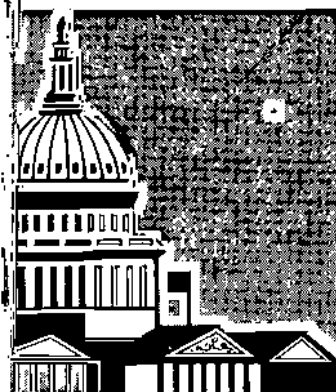
Chemical Analysis and Research

The National Office laboratory, in cooperation with officials of the French Government, established guidelines for the chemical and physical examination of French brandies intended for importation into the United States. In collaboration with the distilled spirits industry, studies were carried out on a number of projects concerned with (1) new procedures for aging whisky and (2) entry for storage at higher proofs than traditionally used.

More active participation by industry scientists has been secured in developing official methods of analysis for alcoholic beverages under the joint direction of the National Office laboratory and the Association of Official Agricultural Chemists. Instrumental methods of analysis are replacing some of the older laboratory techniques. More emphasis has been placed on research activities since the changes in industrial tech-

nology require corresponding modernization of test procedures. The results of this research have been published in scientific periodicals.

Approximately 37,900 samples were received and examined in the National Office and regional laboratories of which approximately 9,500 were illicit spirits and 6,300 narcotics. The use of taxpaid ethyl alcohol was approved for 2,833 new formulas representing foods, flavors, and medicines while 3,534 formulas and 4,116 samples were examined and approved for products and processes using denatured alcohol. Labels were approved for 7,274 products produced with specially denatured alcohol.



Legislative Activities

General

The fiscal year was a busy one for the Service in the area of tax legislation. Principal activities were directed to the proposed Revenue Act of 1962, and to the major tax reform program which is to be submitted to Congress after January 1, 1963. In addition, research, study, and assistance were carried on regarding particular revenue measures enacted by

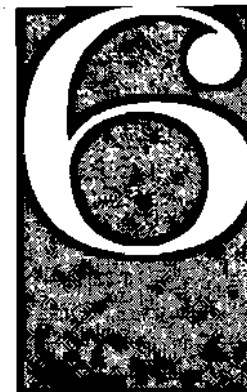
Congress or still pending. The regular and recurring functions in connection with the Department's legislative program, reports on bills, drafting of legislation, and other technical work were continued.

Legislative Program

The Service submitted to the Assistant Secretary for Tax Policy approximately 130 items for consideration

in the formulation of the Department's legislative program. These suggestions dealt principally with tax administrative problems, tax loopholes, and tax inequities. They were developed from items submitted by offices throughout the Service; from research and study projects undertaken to develop information about tax administrative problems, abuses, and inequities which seem to warrant corrective legislation; from suggestions made by Members of Congress and the public; and from employee suggestions forwarded through the incentive awards program.

There was a marked increase in activity in the Technical Coordination Program. It is through this program that the field offices report on actual taxpayer cases involving tax abuses, inequities, and



administrative problems. These reports are studied and evaluated in determining what legislative suggestions the Service should make to the Department. The number received during the year increased approximately 70 percent over 1961.

Legislative Assistance

The President in his tax message to the Congress on April 20, 1961, recommended the enactment of a tax program directed toward stimulating economic recovery, removal of tax advantages of American overseas investments, and removal of defects in the income tax structure. The Service assisted the Department in developing the Administration's tax program. Also, representatives of the Service attended both the public hearings and executive sessions before the House Committee on Ways and Means. Subsequent to such hearings the Service assisted in drafting a bill (H.R. 10650) to carry out the decisions of the Committee with regard to the President's recommendations and the Committee report accompanying the bill.

The House passed H.R. 10650 on March 29, 1962. This is a complex bill covering a great many items recommended by the President in modified form. The more important sections provide for a tax incentive credit to encourage modernization and expansion; withholding tax on dividends and interest; more equitable taxation of mutual thrift institutions, mutual casualty insurance companies, and cooperatives; and the removal of much of the preferential treatment accorded foreign income. The Revenue Act of 1962, as passed by the House of Representatives, was referred to the Senate Committee on Finance. Revenue Service representatives attended the extensive public hearings which the Committee on Finance held during April, May, and June, and prepared summaries of the testimony for use of the Secretary and other Treasury and Service officials. Additional hearings will be held prior to action on the bill by the Committee and the Senate.

The Service assisted the Treasury Department in developing the major tax reform program which the President plans to send to the Congress after January 1, 1963. Work on this program included research, technical analyses, and the gathering of information regarding tax matters covered by sections of the Internal Revenue Code which are under consideration.

Representatives of the Service attended public hearings and executive sessions of Congressional Committees on the enacted and pending legislation listed below. They also rendered other technical assistance in drafting the legislation and related Committee reports.

Information reports, technical reports, drafts of bills and accompanying technical explanations, and other data relating to legislative matters

were prepared for the Office of the Secretary of the Treasury. Included were 61 formal reports on Congressional bills which dealt with proposals to amend the Internal Revenue Code, the Bankruptcy Act, the Social Security Act, the Customs laws, the Federal Firearms Act, the Federal Alcohol Administration Act, the Administrative Procedure Act, and other legislative matters, including private relief bills.

Legislation Enacted

Congress enacted a number of public laws relating to tax matters, the more important of which are listed below:

Public Law 87-109 provides that certain membership organizations may spread prepaid membership dues ratably over the period during which there is a liability to perform services, but not more than 36 months.

Public Law 87-312 provides liberalized depletion allowances for open taxable years beginning before January 1, 1961, at the election of the taxpayer, for brick and tile clay, fire clay, or shale which taxpayer mined and used in manufacturing building or paving brick, drainage and roofing tile, and kindred products.

Public Law 87-321 provides liberalized depletion allowances for open taxable years beginning before January 1, 1961, at the election of the taxpayer, for quartzite and clay used in the production of refractory products.

Public Law 87-370 extends to employees of public educational institutions the benefits of section 403(b) of the Internal Revenue Code relating to employee annuities.

Public Law 87-397 provides for the assignment of identifying numbers to taxpayers.

Public Law 87-403 provides for special tax treatment of stock distributions required in anti-trust cases (relating to the distribution by E. I. DuPont de Nemours and Company of its General Motors stock).

Public Law 87-426 provides special tax treatment of losses suffered by property owners in certain disaster areas so that they may deduct the loss in their income tax returns for the taxable year preceding the year in which the loss occurred.

Public Law 87-508 is the Tax Rate Extension Act of 1962 which in general postpones until July 1, 1963, reductions in the corporation income tax rate and certain excise tax rates which would have become effective on July 1, 1962. The Act, however, terminates the tax on transportation of persons (except transportation by air) with respect to transportation beginning after November 15, 1962, and provides for continuance of the tax on transportation by air at a

5-percent rate from November 16, 1962 through June 30, 1963, when the tax is to terminate. The Act provides a new definition of "wire mileage service" and provides a new exemption from tax on amounts paid on or after January 1, 1963 for certain private telephone or radio telephone service.

On September 13, 1961, S. 1653 (87th Cong.) was enacted to prohibit travel or transportation in commerce in aid of racketeer enterprises, including businesses involving liquor on which the federal excise tax has not been paid. Authority over investigation of violations of the Act involving liquor was vested in the Secretary of the Treasury, and such authority has been delegated to the Alcohol and Tobacco Tax Division of the Internal Revenue Service (P.L. 87-228).

Effective October 3, 1961, the Federal Firearms Act was amended by the enactment of S. 1750 (87th Cong.) to bar persons who are under indictment for, or who have been convicted of, crimes involving imprisonment for a term exceeding one year, from transporting, shipping, or receiving firearms in interstate or foreign commerce (P.L. 87-342).

Legislation Pending

Some of the more important tax bills (other than the proposed Revenue Act of 1962) which had been passed by the House at the end of the fiscal year and awaiting Senate action were:

H.R. 10, the Self-Employed Individuals Tax Retirement Act.

H.R. 2244, relating to allowance of deductions of up to 30 percent of adjusted gross income for contributions to a charitable organization whose sole purpose is making distributions to other organizations contributions to which are deductible up to 30 percent of adjusted gross income.

H.R. 1961, relating to the priority of liens in bankruptcy.

H.R. 4473, relating to the priority and nondischargeability of taxes in bankruptcy.

H.R. 6371, relating to increase in the retirement income credit.

Legislative Implementations

The Service developed and proceeded to carry out plans for the implementation of tax legislation enacted during the year. These plans included the issuance of new or amendatory regulations, revision of tax return forms and instructions, issuance of publicity primarily through news and technical information releases, revision of Service publications, and issuance of special instructions and procedures to field offices.

In some instances immediate action, particularly publicity, was required to assist taxpayers to comply with requirements of legislative amendments or to take advantage of tax relief afforded. For example, Public Law 87-426, enacted on March 31, 1962, provided that casualty losses suffered by taxpayers, after the beginning of the year but before the date for filing the prior year's income tax return, in areas determined by the President to warrant disaster assistance, could be deducted on the prior year's tax return. This legislation, although enacted as a permanent provision to be applicable to future years, was initiated primarily to grant tax relief to taxpayers who suffered casualty losses from floods, high tides, and severe storms occurring in the first three months of 1962. Since there was a very limited amount of time between the date of enactment of the law (March 31, 1962) and the deadline for filing the 1961 income tax return (April 16, 1962) on which many taxpayers would be entitled to claim the benefits of the new law, the Service made determined efforts to get necessary information and assistance to affected taxpayers almost immediately after the law's enactment. A news release (IR-477) and a technical information release (TIR-376) were issued on April 5, 1962. A special reprint of the Service's circular, *How the Federal Income Tax Applies to Storms, Floods, Hurricanes, Other Disasters, and Thefts*, which included an explanation of the new law, was issued on April 6, 1962.

Some of the more important publicity releases on other tax legislation include:

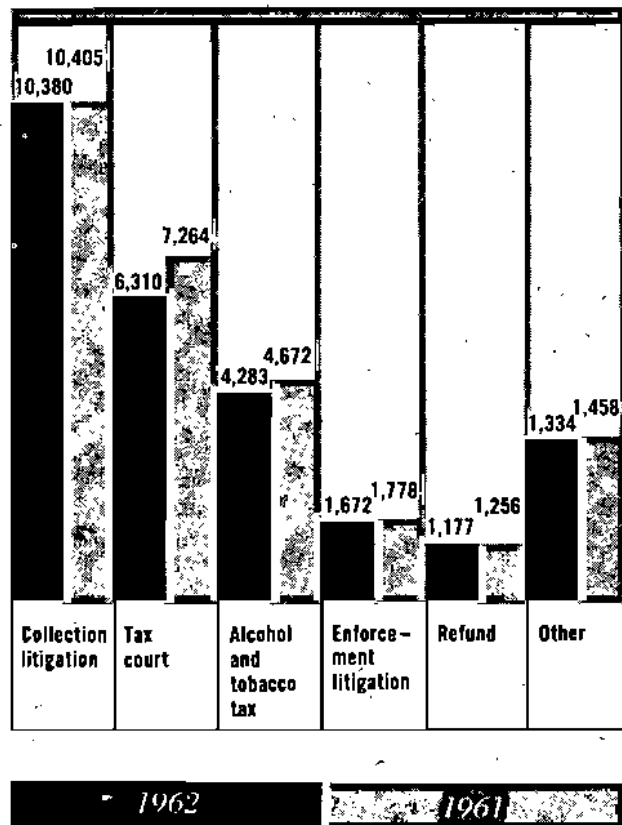
TIR-332 (August 11, 1961) calling attention to the liberalized treatment provided by Public Law 87-109 for prepaid membership dues of certain membership organizations and pointing out that an election must be filed by a specified date.

TIR-340 (October 9, 1961) setting out the effect that the increases provided by Public Law 87-139 in the mileage and subsistence allowances for Government employees have on the reporting and substantiation requirements for income tax purposes of traveling and other business expenses of employees.

TIR-342 (October 16, 1961) directing attention to the deadline for electing to apply the provisions of Public Law 87-312 (relating to the computation of depletion on certain clays and shales).

TIR-356 (January 4, 1962) directing attention to the deadline for electing to apply the provisions of Public Law 87-321 (relating to computation of depletion on quartzite and clay used in the production of refractory products).

CASE DISPOSALS BY OFFICE OF THE CHIEF COUNSEL



Legal Activities

Caseload Disposal Activity

The total caseload disposals in the Office of the Chief Counsel declined to 25,156 from the total of 26,833 disposals in 1961. At the close of the year the total caseload pending was 21,907, a decline of 576. 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 five of the seven civil tax cases decided by the Supreme Court, compared with eight of ten in 1961. The Government also won, in whole or in part, 301 of the 414 civil tax cases decided by Courts of Appeal (exclusive of bankruptcy, receivership, insolvency, lien, compromise, and liquor), compared with 193 of 261 such cases decided in 1961. In 1962 the Government's position was wholly or partially sustained in 73 percent of Courts of Appeal cases, compared with 74 percent in 1961.

In the trial courts (Tax Court, Court of Claims, and U.S. district courts) 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	
	1962	1961	1962	1961	1962	1961
Won.....number.....	275	313	27	17	192	166
Lost.....do.....	93	108	23	24	213	192
Partially won.....do.....	163	159	6	5	44	39
Percent won or partially won.....percent.....	82	81	59	49	53	52

* Revised.

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 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 9 regional counsels.

In the trial or settlement of cases in the Federal district courts, the Court of Claims and the Tax Court, \$68 million was successfully defended in refund suits and nearly \$221 million was successfully defended as proposed deficiency assessments, for a total of \$289 million of revenue saved for the Government (see the table below):

Taxes in litigation

(In thousands of dollars)

Status	Total	Tax Court		Refund litigation
		Deficiencies	Overpayments	
Pending July 1.....	1,409,397	766,276	195,080	448,041
Received.....	449,227	305,835	57,338	86,054
Disposed of.....	411,726	261,575	56,837	93,315
Pending June 30.....	1,446,898	810,536	195,581	440,780
Amount saved.....	288,550	167,141	53,494	68,015

* Revised.

Personnel

On June 30, 1962, the Office of the Chief Counsel had a total employment of 1,304 persons, composed of 655 attorneys and 649 non-attorney employees. This represented a substantial increase in staff over the preceding fiscal year. The 655 attorneys were assigned to the National Office and regions, as follows:

Office	Number of attorneys
National office.....	261
Atlanta region.....	41
Boston region.....	23
Chicago region.....	44
Cincinnati region.....	46
Dallas region.....	32
New York City region.....	62
Omaha region.....	36
Philadelphia region.....	48
San Francisco region.....	62

Tort Claims

The Service adjudicates all administrative claims under the Federal Tort Claims Act arising out of negligent acts of Service employees, and assists the Department of Justice in the defense of suits brought under that Act for damages caused by the negligence of Service employees. During the year 48 administrative claims and 14 suits were disposed of.

The Federal Tort Claims Act was amended on September 21, 1961 (effective March 21, 1962), by Public Law 87-258 to make that Act the exclusive remedy for damage to property or for personal injuries, including death, resulting from the operation of a motor vehicle by a Federal employee where the Attorney General certifies that the employee was acting within the scope of his office of employment.

Management Activities

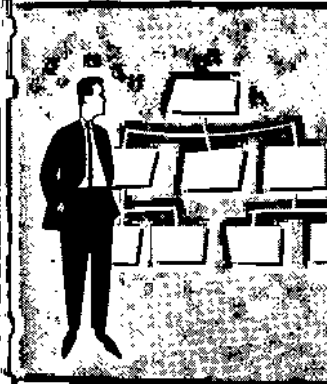
General

Progress of the Service in this area throughout the past year was directed towards achieving the highest possible standards of integrity, raising the level of competence of employees, extending and improving service to taxpayers, and fostering greater taxpayer compliance. All of these objectives are linked closely to the fundamental responsibility of the Service to improve and strengthen our self-assessment system of taxation.

Major Administrative Improvements

BENEFITS FROM MANAGEMENT IMPROVEMENTS.

—The progressive management environment of the Service and the vigor of leadership exercised by its executives and supervisors at all levels of organization, is reflected in part by results achieved through the Management Improvement Program during the year. Although total tangible recurring savings of nearly \$5 million were specifically identified, the large majority of benefits were of an intangible nature. Regardless of the category, the important fact is that management actions have had the net effect of strengthening the enforcement effort, reducing backlogs of work, improving taxpayer service, and otherwise contributing to the successful attainment of the Service mission. Numerous examples of specific management improvement actions and benefits are described throughout this report.



ORGANIZATIONAL CHANGES IN THE NATIONAL OFFICE.—On September 19, 1961, less than a year following its establishment as a separate division, the Automatic Data Processing Division was converted into the Office of Assistant Commissioner (Data Processing). This new office was assigned responsibility for the implementation and operation of the automatic data processing system and the closely related returns processing, revenue accounting, and service center operations. The functions of the Reports Division formerly attached to the Office of Assistant Commissioner (Administration) also came under the jurisdiction of the new Assistant Commissioner (Data Processing).

At the same time, the Assistant Commissioner (Operations) was redesignated as the Assistant Commissioner (Compliance).

On December 20, 1961, the Fiscal Management Division was transferred from the Office of the Commissioner to the Office of the Assistant Commissioner (Administration).

The International Tax Relations Division was abolished on May 1, 1962, and the Foreign Tax Assistance Staff was established in the Office of the Commissioner.

REPORTS PROGRAM REFLECTS MODERN MANAGEMENT.—With attention at all levels focused on improving the quality and reducing the cost of reports, the Service redesigned several major reporting requirements to obtain more meaningful information and at the same time to redirect manpower worth over \$1.4 million from the preparation and use of reports to essential operations. In the process, 676 reporting requirements were eliminated and 190 were modified.

The Service has designed its Reports Program to be fully responsive to the benefits of mechanized and electronic applications, while keeping in mind the advantages of manual processes for some types of reporting.

Personnel

The personnel administration program continued to respond to the needs of management and employees for better use of manpower, more effective communications, and assistance in carrying through organizational and program changes with efficiency and high morale. Major areas of attention included recruitment; data processing staffing and redeployment; occupational standards studies; and noteworthy advances in employee-management relations, including preparation for more formalized dealings with organized groups under the President's Executive Order 10988.

RECRUITMENT.—The Service expanded its recruitment of experienced accountants for revenue agent positions at GS-9 and GS-11 levels. As in previous years, however, chief emphasis was given to recruiting college graduates for entrance-level professional positions. To assure maintenance of quality in the decentralized recruitment program, nationwide

uniform interview methods and standards were developed for use by Boards of U.S. Civil Service examiners.

About 80,000 college recruiting brochures were mailed to students on campus and distributed by college placement officers and Service recruiters. In an evaluation of recruitment brochures conducted by the College Placement Council, those of the Service were ranked among the 15 best sets in the country, the only Federal materials so honored. A guidance booklet, "Careers in Tax Work," was developed and distributed through the "Teaching Taxes" course, to high school counsellors, libraries, and other sources of student guidance information. The booklet advises students on college preparation, particularly in accountancy.

Employees on the rolls at the close of the year totaled 56,510 compared with 53,680 last year. The following table gives a comparison by principal categories.

Personnel Summary

Location and type	Man-years realized		Number on rolls at close of year	
	1962 (1)	1961 (2)	1962 (3)	1961 (4)
Service, total.....	56,481	53,206	56,510	53,680
Permanent.....	53,373	50,663	53,928	51,471
Temporary.....	3,108	2,543	2,582	2,209
National Office.....	13,401	13,042	3,357	3,031
Field service, total ¹	53,080	50,164	53,153	50,649
Collection, total.....	24,466	24,107	23,994	23,626
Revenue officers.....	5,804	5,668	5,861	5,769
Other ²	18,662	18,439	18,133	17,857
Audit, total.....	18,599	16,492	18,987	17,284
Revenue agents.....	11,859	10,798	11,942	11,289
Office auditors.....	3,052	2,545	3,026	2,657
Other ³	3,688	3,149	4,017	3,338
Intelligence, total.....	2,160	1,949	2,201	2,079
Special agents.....	1,606	1,456	1,624	1,558
Other.....	554	493	577	521
Alcohol and tobacco tax, total.....	2,819	2,875	2,848	2,862
Investigators.....	923	904	978	915
Inspectors.....	425	398	441	425
Storekeeper-gaugers.....	568	670	522	611
Other.....	903	903	907	911
Appellate, total.....	1,399	1,389	1,420	1,392
Technical advisors.....	617	626	625	615
Auditors.....	149	147	148	147
Other.....	633	616	647	630
Administration.....	2,364	2,187	2,361	2,210
Regional Counsel.....	756	713	776	733
Regional inspection.....	517	452	566	463

¹ Includes terminal leave man-years for entire Service.

² Includes Office of International Operations.

³ 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 accounting functions.

Also includes man-years for automatic data processing.

⁴ Revised to include tax examiners, previously shown separately.

⁵ Includes overseas employees hired locally (3 in 1962 and 4 in 1961).

AUTOMATIC DATA PROCESSING STAFFING AND REDEPLOYMENT.—On July 14, 1961, the Civil Service Commission authorized special personnel procedures to facilitate the conversion to automatic data processing. These procedures are designed to redeploy employees affected by the conversion and avoid layoffs and other adverse personnel actions which otherwise might become necessary.

Progress was made in staffing the National Computer Center at Martinsburg, West Virginia. By June 1962 there were 53 employees at the Center, 32 recruited within the Service and 21 from other Government agencies and private enterprise.

EMPLOYEE MANAGEMENT RELATIONS.—Emphasis was placed on strengthening employee-management relations and relationships with organized employee groups. This resulted in: (1) new Service policy and procedures on employee-management cooperation, grievances, adverse actions, and appeals; (2) increased participation in national and district conferences between organized employee groups and management representatives to explore proposed policies and procedures affecting employees; (3) improved performance evaluation techniques; and (4) an improved Incentive Awards Program.

Procedures in the Incentive Awards Program were streamlined by authorizing field offices to process most suggestions even though national in scope, and to act on certain appeals arising from disapproved suggestions. "Quality" standards in program promotion as opposed to the "quantity" approach of former years resulted in fewer suggestions and fewer adoptions, with a marked increase in the amount of estimated tangible savings.

SUMMER STUDENT ASSISTANT PROGRAM.—The Service inaugurated an experimental summer employment program for well-qualified college students to encourage them to seek employment with the Service upon graduation. Based on faculty recommendations and scholastic records, about 75 law and undergraduate students were selected for work in the field and National Office.

DEPUTY COMMISSIONER HARDING HONORED BY NATIONAL CIVIL SERVICE LEAGUE.—Deputy Commissioner Bertrand M. Harding was selected by the National Civil Service League as one of the top 10 Federal employees in the country. He was the first Revenue employee to receive this honor.

Mr. Harding progressed from the bottom to the top of the civil service career ladder in less than 20 years. Typical of his contributions to the Service are several specific programs and concepts including the "Long-Range" planning program, the reorganization of the collection activity, and the application of automatic data processing to the functions of the Service.

OCCUPATIONAL STANDARDS.—Greater emphasis was given to the concurrent development of classification and qualification standards to more closely match skills and experience with job demands. A notable example is the new career program for tax technicians in office audit. On the basis of studies initiated to strengthen voluntary compliance, it was determined that the office audit area of tax administration requires broad audit coverage, quality examinations, and special competence in contacts with taxpayers. New classification and qualification standards were accordingly developed to insure staffing by employees with requisite analytical and public contact skills.

EXECUTIVE SELECTION PROGRAM.—For several years the Service has had a well-developed formal management development program at executive levels, which has been extended to supervisory and middle management levels. All assistant district director positions and other positions of comparable rank are filled by graduates of the Executive Development course. This year, for the first time, consideration was also given to a number of qualified people from other agencies, referred to the Service through the Civil Service Commission. Of the total of 787 applicants, 20 were ultimately selected for the program, including one from outside the Service.

ATTITUDE SURVEY.—Last September a pilot employee attitude survey was tested in the Philadelphia District Office. The survey revealed that employees have a strong dedication to their work and confidence in the Service's management and leadership, and also uncovered apparent failures in communication in certain areas which are being corrected.

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM.—The Service continued its efforts during the year to assure that qualified minority group members are considered for appointments, promotions, and training opportunities at all levels in the Service.

The Service has made over 100 middle and high level appointments and promotions (GS-5 and above) to Negroes. For the first time in history Internal Revenue has two Negroes in GS-15 positions. Aside from its progress in areas outside the South, the Service has made appointments to the GS-5 level or above to Negroes in Atlanta, Ga.; Louisville, Ky.; and New Orleans, La. A Negro office auditor has been hired in Austin, Tex. and the first Negro clerk was named in Oklahoma City. In Atlanta, Ga., where no Negro had previously served in any white collar position, eight Negro card punch operators have already been hired.

Training

Training programs were expanded to insure smooth conversion to automatic data processing. Additional seminars were held to familiarize

management personnel with the plan; 51 employees were trained as digital computer programmers; programs were developed and conducted for employees of the pilot regional service center in Atlanta; and guidelines were issued to field offices for retraining employees whose jobs will be eliminated or changed. The growing number of users of automatic data processing equipment in private industry also led to increased emphasis on training enforcement personnel in techniques of examining the returns of such users. Finally, a program was developed for training auditors of the Inspection Service in conducting audits of the automatic data processing Service centers.

Fiscal year 1962 marked the first full year of management training under the new Management Development Program. Sixteen executives completed the 11-week executive course; 125 managers completed the 5-week managerial course; and 690 supervisors completed the 2-week supervisory course. In addition, in a specially designed centralized 2-week course, 27 regional analysts received training in the techniques of management analysis and coordination.

In July of 1961 the first National Office Administrative Intern Program began. Under a training agreement with the Civil Service Commission the program provides for developing top quality administrative technicians with high potential. The program has proved highly successful and steps were taken to provide for regional participation.

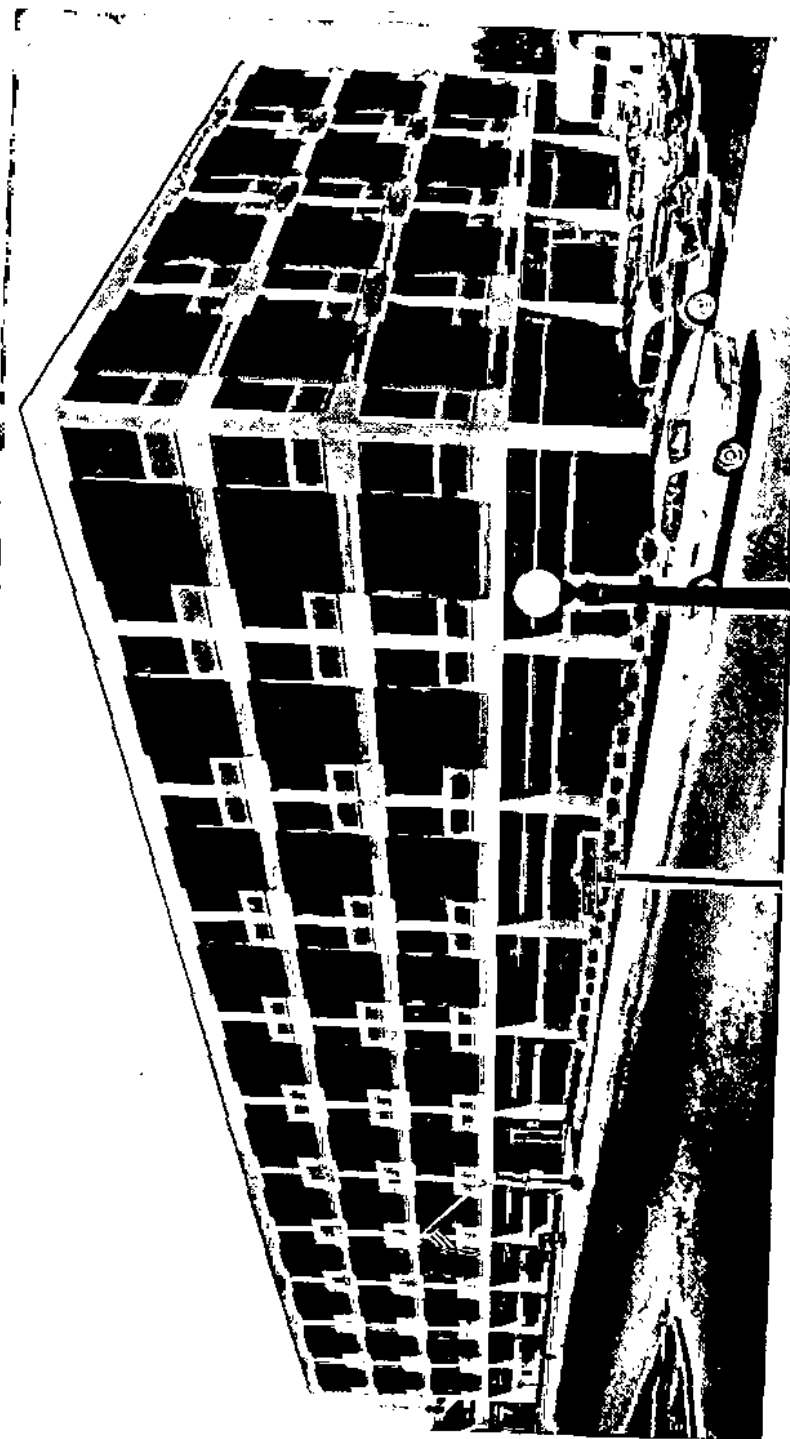
A Special Training Advisory Committee was appointed by the Commissioner in August 1961 to survey the entire collection training program and develop a comprehensive career training plan for that activity. Its report and recommendations are expected to be completed by October 1, 1962.

A number of new programs were launched to meet Servicewide training needs in the audit, collection, and alcohol and tobacco tax functions. In addition, the scope of technical field conferences on income tax and specialized tax areas was expanded.

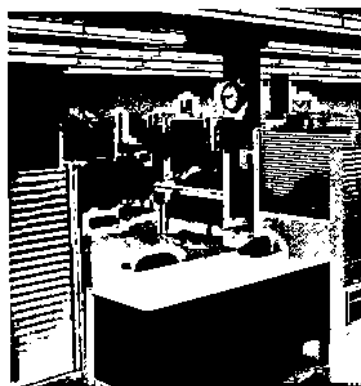
In December 1961 after an 8-month study of its training responsibilities, a task force concluded that anticipated training demands of the sixties could best be met by establishing national and regional training centers. Detailed studies were accordingly set in motion to explore the feasibility of such centers.

Facilities Management

SPACE MANAGEMENT.—Through close cooperation with the General Services Administration the Service was successful in obtaining new space and improving space conditions in offices throughout the country. The following offices were moved into new buildings in 1962: Jackson, Miss.;



New District Office Building, Springfield, Ill.

Cafeteria
for employeesAudit
Division
Offices

Interior design of new District office building at Springfield, Ill., occupied June 15, 1962, facilitates taxpayer services and provides stimulus for improving employee work performance

Training
roomTaxpayer
Contact
Unit

Springfield, Ill.; Little Rock, Ark.; Phoenix, Ariz.; Oklahoma City, Okla.; Richmond, Va.; and Houston, Tex.

Additional space was acquired at 206 locations to relieve crowded conditions and to house new employees.

A building was also constructed under a long-term lease agreement at Martinsburg, W. Va., to house the National Computer Center. This is one of the first buildings to be specifically designed for the sole occupancy of a Federal installation of this type and was constructed in almost record-breaking time. Invitations to bid were issued on March 7, 1961 the ground-breaking ceremony was held on June 1; a portion of the building was occupied on September 1; and the entire building was completed by November 1, 1961. The new Center has about 40,000 square feet of floor area, approximately one-fifth of which is specialized in construction to house the computing equipment.

A building designed and constructed for the Atlanta regional service center at Chamblee, Ga., was completed and occupied on June 1, 1962. It contains approximately 200,000 square feet of floor area about 5,000 of which is specialized space for the computer equipment.

EQUIPMENT PROGRAM.—After 3 years of extensive studies, a long-range equipment replacement plan was begun, based on a comprehensive set of furniture and equipment standards which are believed to be the first of their kind in the Government. Working conditions were improved in many areas, especially in the new district offices in Phoenix, Ariz., and Richmond, Va., where taxpayers are now afforded privacy during interviews, and employees have equipment tailored to the work characteristics of their jobs. Steps were taken to supply enforcement personnel with cars and equipment needed to meet acceptable standards and to accommodate the enlarged crime detection program.

RECORDS AND PAPERWORK MANAGEMENT.—The Service continued to emphasize (1) faster service to taxpayers with better written messages, (2) elimination or simplification of paperwork, (3) strict control over proposed new documents, and (4) retention of minimum records and reference material.

The total records holding declined to a new all-time low even though over a million more tax returns were filed. Controls applied to records creation, and the systematic elimination of all records eligible for retirement or disposal, released much-needed space and equipment valued at \$914,550.

Efforts to improve public-use form letters and standardize all forms and form letters at the highest practicable organizational level were intensified. The resulting elimination of unessential forms and standardization of the remaining forms and form letters decreased the number developed by district offices by more than 20 percent, with a correspond-

ing increase of less than one percent in regional office forms and only 11.5 percent in forms prescribed by the National Office. A Service-wide net reduction of 2 percent was realized, despite the increase in the forms inventory attributable to the phased conversion to data processing, which necessitates two similar forms (one manual, one machine) for many processing operations.

Fiscal Management

Expanding operations for 1962 were financed by a Congressional appropriation of \$452 million, \$38.1 million above the 1961 appropriation and \$179 million over 1952. The additional funds over 1961 were used mainly to finance the second step of development under the Long-Range Plan, to inaugurate the Organized Crime Drive, to cover costs of the Automatic Data Processing program including the National Computer Center, to cover increases in travel per diem allowances authorized by Congress, and to reimburse the Social Security Administration for assignment of taxpayer account numbers.

Total obligations amounted to \$450.1 million compared with \$413.3 million in 1961. Man-years realized totaled 56,481 compared with 53,206 in 1961. Table 28 on page 180 reflects obligations by location and type of expenditure. The distribution of expenditures by activity is shown below.

Obligations incurred by the Internal Revenue Service

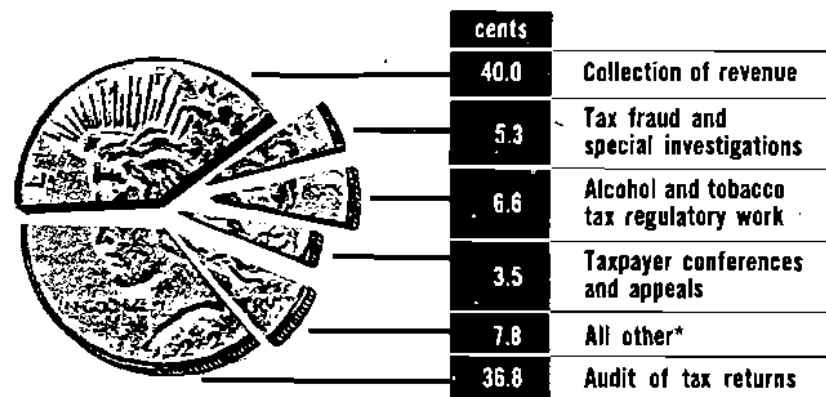
(In thousands of dollars)

Activity	Total		Salaries ¹		Other ¹	
	1962	1961	1962	1961	1962	1961
Total	450,080	413,295	396,853	345,771	53,227	67,524
Ruling, technical planning, and special technical services	7,068	6,646	6,411	5,759	657	887
Collection of revenue	179,912	169,783	153,529	137,930	26,383	31,853
Audit of tax returns	165,631	147,330	152,921	127,767	12,710	19,563
Tax fraud and special investigations	23,989	20,820	20,616	17,415	3,373	3,405
Alcohol and tobacco tax regulatory work	29,949	28,607	24,821	23,128	5,122	5,479
Taxpayer conferences and appeals	15,677	15,285	14,904	13,629	773	1,656
Legal services	11,751	10,734	10,824	9,299	927	1,435
Inspection	6,610	5,486	5,444	4,427	1,166	1,058
Statistical reporting	3,455	3,037	2,718	2,288	737	749
Executive direction	6,044	5,567	4,665	4,129	1,379	1,439

¹ Personnel benefits are included in "Salaries" in 1962. In 1961 these costs were included in "Other."

The steady increase in work programs, with the accompanying rise in operating costs, makes efficient financial management an ever more important responsibility. Accordingly the Service adopted a number of new and improved methods and procedures for financial management

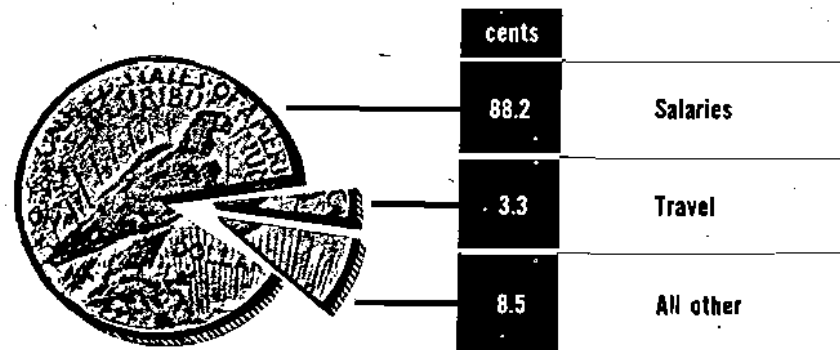
OBLIGATIONS BY ACTIVITY



* Includes rulings, technical planning, and special technical services, 1.6¢; legal services, 2.6¢; inspection, 1.5¢; statistical reporting, 0.8¢; executive direction, 1.3¢.

Fiscal Year 1962

OBLIGATIONS BY OBJECT OF EXPENDITURE



and related accounting and fiscal work, designed to promote greater efficiency and effectiveness in these operations.

Fiscal management data processing operations were converted to a magnetic tape stored-program computer system. This system, in addition to payroll, bonds, and related activities, also includes personnel accounting and a number of reports and data for financial management purposes. Provision was also made in the master record for certain information of interest in personnel operations, looking towards preparation of personnel management reports as part of the integrated computer system.

Procedures for controlling work performed on a reimbursable basis for other agencies were strengthened; an orientation pamphlet on financial management, including the major phases of a budget cycle, was prepared; and refinements were made in the development of cost factors for projecting travel and materials and facilities costs for additional personnel.

With passage of the Travel Increase Act in August 1961, the Service expanded its sliding scale for computation of per diem allowances based on lodging costs. This system, which provides appropriate reimbursement to the traveler for out-of-pocket expenses incurred on official travel at minimum cost to the Government, has been adopted by a number of other agencies.

Resources Utilization

During the year the Service placed special emphasis on efficiency and economy, in keeping with the President's call for a lean and fit Federal establishment. Specifically, at a Regional Commissioners' conference in April 1962 the Commissioner called for a three-phase program to strengthen resources utilization. Phase I, referred to as "belt-tightening," and accomplished in May and June, involved a short-range search for positions in the National Office and regional offices which could be eliminated or reallocated to direct tax enforcement operations in the field. This resulted in the elimination of some 280 positions originally scheduled to be filled in fiscal year 1962 at an annual cost of 2.4 million dollars.

Phase II is being carried out by a high-level *ad hoc* Committee on Resources Utilization. This committee, comprising both National Office and field officials and representatives from Treasury and the Bureau of the Budget, is expected to complete an examination of the following matters by the end of December 1962:

- (1) A study of the organization and functions of the National Office with the idea of ascertaining whether any operations might be eliminated, reassigned to a different component or level, or accomplished in a better way;

- (2) A number of studies affecting regional and district office organization and functions;

- (3) A study of manpower planning and control in selected activities;

- (4) Additional collateral studies to determine how effectively the Service is using its resources.

Phase III is the implementation of the recommendations which may be approved on the basis of Phase II studies. This phase includes follow-up studies to delineate specific courses of actions within the framework of Phase II general conclusions.

Long-Range Planning

The Long-Range Plan was updated in the light of improved workload projections, current work performance rates, and new research results to provide the basis for the 1964 budget request. The Plan comprises estimates of the additional manpower and other resources needed in each of the years 1963 through 1968 to eliminate operating deficiencies and meet the constant growth in tax administration workload.

During the past 2 years, substantial progress was made toward the long-range objectives established in the Plan. The installation of an automatic data processing system is well under way, with service centers activated in the Atlanta and Philadelphia regions and the National Computer Center in operation at Martinsburg, W. Va. Staffing increases in the audit area have provided for the initial phases of a program to expand tax returns examination capacity and increase the quality of examinations to minimum levels needed to improve voluntary compliance. The investigative efforts aimed at racketeers and other persons suspected of tax frauds, have been expanded through the Organized Crime Drive. Additions to the collection staff have enabled the Service to increase the number and amount of delinquent accounts closed and thus cope with an upward trend in the number of accounts becoming delinquent. At the same time that these improvements were being made in data processing and enforcement areas, steps were taken to promote a better understanding of the tax laws, regulations, and forms. These actions provided for widening the dissemination of tax information, expanding the facilities for taxpayer assistance, and making greater use of personal contacts with taxpayers to explain their tax responsibilities.

Systems Review and Coordination

The objective of this activity is the development of an integrated system of tax administration which uses automatic data processing equipment effectively and over the greatest possible area yet with fundamental awareness of the limitations of the equipment and its proper role as a

supplement to other efforts to achieve the best possible administration of tax laws. This activity branches into three main areas of investigation.

First is a continuing analysis of automatic data processing, centering largely on the master-file concept of tax administration, to enhance systems efficiency and effectiveness. Among the important activities in this regard are: The development of a taxpayer identifying number system; a restudy of the optimum equipment configurations to carry out the master-file operation; a study of the best methods of acquiring the equipment, whether lease, purchase, or lease with option to purchase; and the further development of techniques and methods for the use of information returns in tax enforcement.

Second is a continuing investigation of technical improvements in the automatic data processing system. Among these are: Optical character recognition to replace manual punching, microfilming of output in lieu of paper-listing, the transmission of data between centers by electronic means rather than by manual exchanges of tape, the receipt of data in tape form rather than in the form of reports on paper, and principles of auditing the electronic data systems of taxpayers. These investigations are in their very early stages.

Third is a continuing consideration of whether, how, where, and when to use automatic data processing equipment in activities not yet planned for inclusion in the automatic data processing system. Among the possibilities are: The use of criteria recognizable by machines as a first step in the selection of returns for audit examination; the use of automatic data processing equipment for such non-master file activities as statistics, management reports, operations research, inventory records of liquor in bond, and electronic information retrieval; and the impact of proposed legislation, such as the withholding of income tax on dividends and interest.

This year saw considerable effort in the first of the above three areas and somewhat less in the latter two. It is expected as time goes on there will be a shift of emphasis in this activity from a re-examination of the developed plan toward the technical improvement and the expansion of the coverage of automatic data processing in tax administration.

Current Research Program

The trend toward greater research activity reported in the past two years has continued with emphasis on the needs of the legislative program. This program generated new studies and extended those already under way, particularly statistical inquiries and surveys.

One of the major statistical surveys initiated will provide a comprehensive tracing of transfers, as shown on estate and gift tax returns, to determine the extent of generation skipping through the use of both

testamentary and *inter vivos* trusts. The patterns of charitable deductions and interspousal transfers will also be analyzed. Another basic survey concerns the patterns of percentage depletion and related deductions, and the extent of variations resulting from different rates and different treatment accorded various mineral products under the law.

The earlier surveys relative to interest and dividend reporting were continued for the purposes of updating and expanding the scope of the information obtained. Other projects focused on the collection of information on specific income and deduction items, both personal and business, reported on individual returns. Studies of the administrative feasibility of proposed legislation were also conducted.

Several studies were made of the operations of the existing law to identify sources of administrative problems and develop the basis for improvements. The most important concerned underreporting by various classes of taxpayers. Considerable attention was also given to the characteristics and current operations of pension and profit-sharing plans. On the basis of a comprehensive study of existing Service requirements and practices of other agencies, recommendations were made for substantial simplification in the use of powers of attorney by taxpayer representatives.

Inspection Activities

Inspection's mission is to provide for an independent review and appraisal of the effectiveness and efficiency of Service operations (Internal Audit) as well as an internal investigative force geared to assure maintenance of the highest standards of employee integrity (Internal Security). Both Internal Audit and Internal Security are an outgrowth of Government-wide internal control requirements that have been established by law and executive direction.

Inspection is a fact-finding organization. It has no direct responsibility for or authority over employees in the operating activities of the Service. Inspection reports facts developed by Internal Audit and Internal Security activities to appropriate management officials, who are charged with responsibility for taking action. Since Inspection is responsible for reviewing and appraising all Service activities, actions or lack of appropriate actions on Inspection's findings are reviewed and reported to higher management levels when necessary. Major issues or areas of disagreement which are not resolved at the proper levels of authority are referred to national officials for decision.

This program has played an increasingly important role in fostering a "Blue Ribbon" concept of the Service in the eyes of Congress, the public, and Service employees.

INTERNAL AUDIT.—The internal audit program provides for an annual independent review and appraisal of Service operations as a protective and constructive service to the Commissioner and all other levels of management. This broad program covers all field organizations and activities of the Revenue Service and includes a determination as to whether the policies, practices, procedures, and controls adequately protect the revenue and are being efficiently and effectively carried out. Additional audit responsibilities have recently resulted from the adoption of automatic data processing. At present this involves the Service's computer center and 4 service centers, which utilize high-speed electronic computers and related peripheral equipment. Emphasis in Internal Audit is placed on the examination of the Service functions which are most closely connected with the collection of the revenues and enforcement of the tax laws, and in coordination with Internal Security in carrying out the integrity programs of the Service.

During the year 303 internal audit reports were issued compared with 253 in 1961.

In addition, Internal Audit carried out a number of special assignments including participation in the Treasury Department's annual inspection program and the annual audits of the Exchange Stabilization Fund, as well as a comprehensive survey of the Tax Division of the Virgin Islands Department of Finance, which resulted in a reorganization to improve the effectiveness of the enforcement and administration functions.

INTERNAL SECURITY.—Under the "New Direction" the year 1962 marked one of the most intensive programs in the history of the Service, to insure the integrity of its employees. The Service investigated allegations of corruption or attempted corruption of its employees by non-Service persons and also investigated charges of unethical or corrupt practices on the part of enrolled practitioners.

In the administration of the voluntary self-assessment system of taxation, the Service is largely dependent on integrity of taxpayers and their representatives. These persons in turn have the right to demand the utmost integrity and impartiality among officials and employees of the Service. During the year top officials made vigorous efforts to promote understanding among employees, taxpayers, and practitioners as to the importance of integrity and the need to expose corruption wherever discovered. These efforts included a series of meetings with tax practitioner groups. These meetings indicated a resurgence of interest by the tax profession in the matter of ethical standards of practice and are expected to result in revitalization and tightening of codes of ethics among professional groups. During this fiscal year Inspection assumed

primary responsibility for the investigation of attempts to bribe Service employees. Instructions were issued to strengthen procedures to be followed by employees when a bribe offer or overture is made.

During the year 50 cases of actual or suspected bribe attempts by taxpayers or their representatives were reported by Service employees. Nineteen of these cases were closed and resulted in initiation of prosecution of 10 taxpayers or their representatives. Additional prosecutions are contemplated in a number of cases pending investigation. Among the prosecution cases was one in which the bribe offered was only \$20 and another in which a \$10,000 bribe was offered. In the latter case a Service official, a taxpayer, and two practitioners received sentences of imprisonment and fines aggregating 9 years and \$15,000.

A total of 8,956 investigations were completed, which was 23 percent more than in the preceding fiscal year, and the highest on record. In addition, police checks were made on 3,955 employees given short-term temporary appointments.

A tabulation of the various types of investigations and disciplinary actions follows:

Personnel investigations, other investigations, and disciplinary actions

Type of investigation and action	1962	1961
Total investigations closed.....	8,956	7,289
Personnel investigations		
Number of cases closed, total.....	7,701	6,032
Character and security investigations.....	5,017	3,892
Conduct investigations.....	665	569
Special inquiries.....	2,019	1,571
Actions taken as a result of personnel investigations		
Disciplinary actions, total.....	639	660
Separations, total ¹	215	228
Bribery, extortion, or collusion.....	5	7
Embezzlement or theft of Government funds or property.....	15	21
Failure of employee to pay proper tax.....	15	14
Falsification or distortion of Government reports, records, etc.....	69	103
Unauthorized outside activity.....	8	12
Failure to discharge duties properly.....	7	7
Refusal to cooperate.....	14	1
Divulgence of confidential information.....	2	4
Acceptance of fees or gratuities.....	4	6
Personal and other misconduct.....	83	53
Suspensions from duty and pay.....	34	45
Reprimands, warnings, reassignments, transfers, or demotion.....	390	387
Nondisciplinary actions.....	7,062	5,372
Other investigations		
Number of cases closed, total.....	1,255	1,256
Applications for admission to practice before the Internal Revenue Service.....	647	1,080
Charges against enrollees.....	98	21
Federal tort claims.....	153	139
Attempted bribery.....	19	5
Discrimination.....	3	11
Investigations for other Treasury bureaus ²	335	

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 as separate item in previous reports.

Enrollment of Practitioners and Disciplinary Actions

GENERAL.—During the year the Office of Director of Practice commenced a period of revitalization of its enrollment and disciplinary functions. Increased productivity, generated by more adequate staffing and better utilization of personnel, is reflected in the statistics set forth below. More disciplinary actions were concluded, either by resignations, suspensions, or reprimands, than during the two prior fiscal years combined. There was increased surveillance of activities of enrolled persons, applicants for enrollment, and preparers of tax returns exercising the privilege of limited practice. Emphasis was placed on the high standards of ethical behavior expected of practitioners.

Enrollment and disciplinary cases

Type of cases	1962	1961
General enrollment—attorneys and certified public accountants: ¹		
Applications approved.....	4,992	4,196
Applications withdrawn or abandoned.....	2	3
Applications denied.....	2	4
Special enrollment:		
Former Internal Revenue Service employees: ²		
Applications approved.....	141	120
Applications withdrawn or abandoned.....	2	2
Applications denied.....	1	4
Successful examination candidates:		
Applications approved.....	470	842
Applications withdrawn or abandoned.....	1	12
Applications denied.....	1	9
Renewal of enrollment cards.....	22,838	2,522
Disciplinary actions:		
Resignations accepted.....	16	11
Suspensions.....	5	—
Reprimands.....	7	2
Cases under investigation:		
Applicants.....	57	(?)
Enrollees.....	114	(?)
Cases under review:		
Applicants.....	27	(?)
Enrollees.....	55	(?)

¹ Special enrollment examination not required.

² No records maintained prior to 1962.

TASK FORCE ACTIVITIES.—Two task forces concerned themselves with activities within the Office of Director of Practice. The first confined itself to recommendations pertaining to forms improvement, control statistics, and general procedures. In addition, long-range recommendations will relate to—(1) the staggering of expiration dates of enrollment cards; (2) conversion of the enrollment records to magnetic tape with the concomitant use of taxpayer numbers; and (3) a system of notification of impending expiration dates of enrollment cards. The second task force reviewed the form and substance of power of attorney requirements, and has under consideration the jurisdictional aspects and control relating to the filing of powers of attorney.

NEW SYSTEMS AND PROCEDURES.—Prominent among the new systems and procedures were those which control the flow, and expedite the processing, including analysis in depth and investigative procedures of original applications from receipt to final issuance or denial of enrollment cards, and of applications for renewal of existing enrollment cards. The establishment of a work-in-process inventory is a contributing factor to the success of these procedures. Such controls were needed to alleviate some of the inherent hardships occasioned by the unavoidable timelag, between the date of filing an application and its final disposition. In the coming year, further effort will be expended toward simplification of procedures and more expeditious processing of cases with extraordinary characteristics. To this end, a section has recently been established which specializes in the analysis and processing of all derogatory information concerning enrollees, applicants, and preparers of tax returns who exercise the privilege of limited practice without enrollment.

RENEWAL OF ENROLLMENT CARDS.—The year marked the second quinquennial peak in the renewal cycle for enrollment cards of persons entitled to practice before the Internal Revenue Service. The issuance of enrollment cards good for a period of five years was inaugurated in 1952, prior to which time all enrollment cards were of unlimited duration. In 1952 each enrollee was required to apply for a renewal card and, as a result, 55,632 such cards were issued. These cards expired in 1957 and renewal applications again were required from the enrollees whose eligibility to practice had lapsed, with a resultant renewal of 29,673 cards. In the cycle which climaxed for the second time in the 1962 fiscal year, 22,838 enrollment cards were renewed—exceeding by 20,316 those renewed in the nonpeak year, 1961.

At the end of the year the roster of persons enrolled to practice before the Internal Revenue Service contained approximately 70,000 names.

SPECIAL ENROLLMENT PROGRAM.—Since the revision of the special enrollment examination program in 1960, there has been an annual decrease in participation. In 1962 only 470 persons were enrolled as a result of the examination, as compared with 842 in 1961, and 1,288 in 1960. If the trend continues, some consideration will be given to a further revision of the program. However, since the special enrollment examination presents a unique opportunity for enrollment of persons who are neither attorneys, certified public accountants, nor qualified former Internal Revenue Service employees, an examination similar to those offered in prior years will be held in fiscal 1963. In keeping with the "New Direction," additional emphasis in the forthcoming examination will be placed upon questions which test candidates in their awareness and knowledge of the ethical responsibilities of enrolled agents.

Advisory Group

The Advisory Group appointed in June 1961 (whose names and affiliations are listed in the 1961 Annual Report) continued with no change in membership. The Group met four times during the year: September 14-16, December 14-16, March 15-17, and June 14-16. The June meeting was the last meeting of the 1962 Group, appointments of the members having expired in that month.

Buenos Aires Tax Conference

The Commissioner and Deputy Commissioner traveled to Buenos Aires in October 1961 to attend a conference of North and South American tax officials held to further the tax administration improvement goals of the Alliance for Progress. Present were 60 representatives from 17 countries, and representatives from the Organization of American States, the United Nations, the Economic Commission for Latin America, the International Development Bank, and the United States Treasury Department.

At this conference Commissioner Caplin stated that the Service would be willing, upon request, to send men to Latin America to give technical advice, and to provide training in the United States for visiting Latin American tax officials.

Since October 1 the Service has given technical training in the United States to tax officials from Brazil, Chile, Colombia, Guatemala, and Peru, and also sent tax administration experts to Chile, Colombia, Ecuador, and Peru.

Foreign Tax Assistance Staff

The International Tax Relations Division, which has been responsible for providing technical assistance to visiting officials of foreign governments since 1952, was abolished effective May 1, 1962. A Foreign Tax Assistance Staff was established in the Office of the Commissioner to assume the growing responsibilities of the Service for fulfillment of United States commitments to assist Latin American and other governments in strengthening their tax administration.

Technical Assistance to Foreign Government Officials

During the year 156 officials of foreign governments representing 41 countries visited the Service to observe and study its management and operating techniques.

While most visitors are sponsored by the Agency for International Development under the Department of State, they come through numerous

other sources among which are the following: The United Nations, Harvard Law School International Program in Taxation, American Council on Education, Governmental Affairs Institute, Brookings Institute, Bureau of Education and Cultural Exchange, Ford Foundation, Fulbright Scholarships, Institute of International Education, and United States Government agencies. The countries represented by such officials visiting the National and field offices during the year and the number of representatives from each country are as follows:

Argentina.....	4	Guatemala.....	10	Pakistan.....	1
Brazil.....	6	India.....	4	Peru.....	2
Burma.....	5	Indonesia.....	8	Philippines.....	4
Cameroun.....	1	Iran.....	2	Saudi Arabia.....	1
Canada.....	4	Israel.....	2	Somalia.....	2
Ceylon.....	1	Italy.....	1	South Africa.....	1
Chile.....	21	Jamaica.....	2	Spain.....	3
China.....	5	Japan.....	5	Surinam.....	3
Colombia.....	3	Jordan.....	1	Tanganyika.....	1
Congo.....	12	Kenya.....	1	Thailand.....	3
Ethiopia.....	1	Korea.....	2	Turkey.....	13
France.....	1	Liberia.....	3	Viet-Nam.....	4
Ghana.....	1	Malaya.....	1	Yugoslavia.....	1
Great Britain.....	3	Mexico.....	7		

Among the high-ranking officials observing and studying Service operations were the following:

Assistant Secretary, Post Office Department, Great Britain
 French Technical Advisor, Republic of Cameroun
 Member, Finance and Treasury Committee of the Chamber of Deputies, Italy
 Councilor in charge of the Planning Chamber, Ministry of Finance, Japan
 Legal Advisor, Ministry of Finance, Colombia
 Director and Sub-Director of Internal Revenue, Mexico
 Chief of Fiscal Police, Ministry of Finance and Commerce, Peru
 Chief Counsel, Internal Revenue Service, Philippines
 Assistant Commissioner of Income Tax, Pakistan

The Alliance for Progress program under which the President places improvement in tax administration high on its list of objectives has not only resulted in an increased flow of visitors from Latin American countries, but seems to have stimulated a greater interest in these studies on the part of many other countries.

Intensive training in intelligence procedures involving fraud investigations was given to a team of 10 Chilean tax experts which resulted in the establishment of an Intelligence Division in Chile corresponding to that in the Service. This was the third of 3 such tax teams from Chile receiving training in investigative techniques.

Tax Conventions

Discussions took place both at Washington and abroad with 3 countries with a view to the conclusion of an original convention, a supplementary convention, and a supplementary protocol to a convention. The texts of such agreements were in various stages of development at the close of the year.

A new estate tax convention with Canada became effective on January 1, 1959, upon the exchange of instruments of ratification on April 9, 1962.

Proposed income tax conventions with India, Israel, and the United Arab Republic as well as a proposed supplemental protocol modifying the amended income tax convention of April 16, 1954, with Japan, were pending ratification in the United States Senate on June 30.

Statistical Reporting

New statistics are providing more sophisticated data for use in connection with the administration of our tax system and the analysis of tax or economic effects of specific provisions of the Revenue Code. The information published during the year in the four Statistics of Income reports listed on page 129 reflects the expanded demand for data to use in fiscal policy determination. Based on data reported on their returns, taxpayers are in turn supplied with an expanded amount of data to use in their business, professional, and community activities.

Statistical information like that provided in the table which follows indicates how the administrative workload has increased in recent years. The workload is growing not only because the total number of returns filed has continued to grow but also because returns tend to be more complex. For example, taxpayers itemized deductions on 39 percent of the total number of returns filed by individuals for income year 1960; the comparable figure was 31 percent for income year 1956.

During the second half of the year, there was established the Treasury-Internal Revenue Service Committee on Statistics to render advice on how to resolve problems in the preparation of statistics, involving subject matter, standard of quality, and timeliness of publication. The Committee, comprised of recognized scholars and principal users, submitted a number of suggestions on the Statistics of Income program. Names of the members and the organizations with which they are associated are as follows: Harvey E. Brazer, Office of Tax Analysis, Treasury Department (alternate—Douglas H. Eldridge); Warren N. Cordell, Federal Statistics Users' Conference (alternate—Royce L. Lowry); Raymond W. Goldsmith, Yale University; Daniel M. Holland, Massachusetts Institute of Technology; Hendrik S. Houthakker, Harvard University; George Jaszi, Office of Business Economics, Department of Commerce; James W. Knowles, Joint Economic Committee; Raymond Nassimbené,

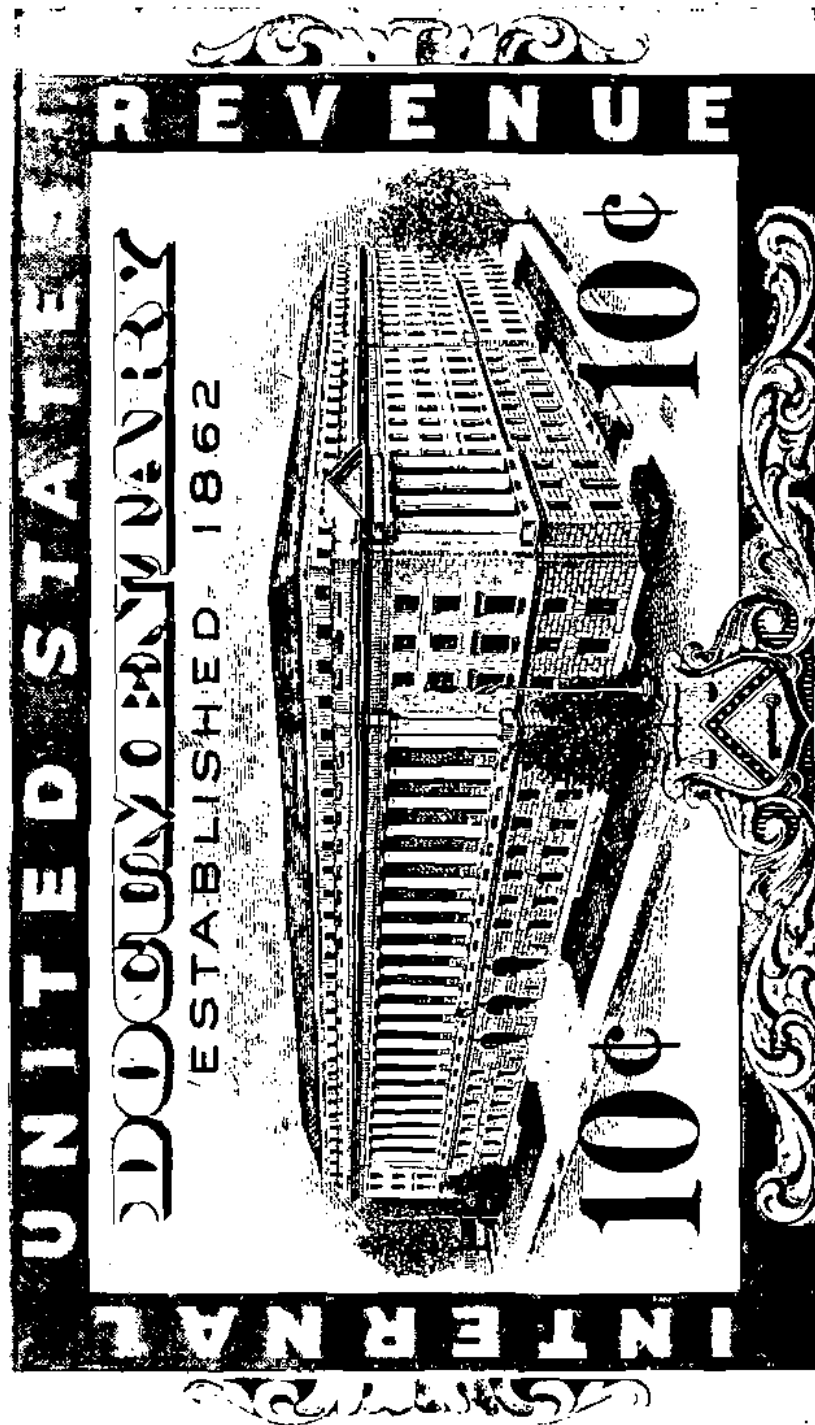
Office of Statistical Standards, Bureau of the Budget; Guy H. Orcutt, University of Wisconsin; Almarin Phillips, University of Virginia; Chester B. Pond, New York State Department of Taxation and Finance (alternate—Leonard F. Requa, Jr.); James H. Symons, Joint Committee on Internal Revenue Taxation; and Norman B. Ture, National Bureau of Economic Research.

In connection with the sampling of returns to provide the data published in Statistics of Income, the Service set up a Tax Model File that represents the first contribution to the process of developing a new technique designed to improve the accuracy of revenue estimates and reveal with greater precision the impact on the economy of proposed changes in the tax law. The Tax Model record is available on computer tape and arranged in units of representative returns that can be manipulated to provide measures of the impact of assumed changes in tax law. Tax Model statistics can allow for the differences in tax circumstances from individual to individual, as these circumstances show on returns filed.

Individual income tax returns: Number of returns and sources of income 1956-60

Item	Income year				
	1960	1959	1958	1957	1956
(Thousands)					
A. Number of returns					
All individual returns, total.....	61,028	60,271	59,085	59,825	59,197
Taxable.....	48,061	47,497	45,652	46,865	46,259
Nontaxable.....	12,967	12,774	13,433	12,960	12,938
Returns with itemized deductions, total.....	24,083	22,510	20,811	20,155	18,459
Taxable.....	22,185	20,761	19,054	18,569	16,973
Nontaxable.....	1,898	1,749	1,758	1,586	1,486
Returns with standard deduction, total.....	36,945	37,761	38,274	39,670	40,738
Taxable.....	25,876	26,736	26,598	28,286	29,286
Nontaxable.....	11,069	11,026	11,676	11,374	11,453
(Million dollars)					
B. Sources of income					
All individual returns:					
Adjusted gross income, total.....	315,466	305,095	281,154	280,321	267,724
Salaries and wages.....	257,918	247,370	227,551	228,077	215,618
Business or profession.....	21,072	21,431	20,674	20,339	21,283
Dividends received.....	9,530	9,356	8,741	9,124	8,606
Interest received.....	5,057	4,395	3,659	3,319	2,872
Rents and royalties.....	3,312	3,235	3,227	3,259	3,344
Other income.....	18,578	19,307	17,304	16,202	16,000
Taxable returns:					
Adjusted gross income, total.....	297,152	287,775	262,188	262,169	249,551
Salaries and wages.....	244,063	233,804	213,043	214,187	201,837
Business or profession.....	19,753	20,222	18,300	18,596	19,176
Dividends received.....	8,876	8,789	8,257	8,627	8,201
Interest received.....	4,265	3,754	3,116	2,841	2,468
Rents and royalties.....	2,539	2,601	2,608	2,582	2,731
Other income.....	17,496	18,605	16,265	15,336	15,139

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



First U.S. Commemorative Documentary Stamp marking Internal Revenue Centennial

100 Years of Service— 1862–1962

The Internal Revenue Service in 1962 completed a century of operation as a continuing agency of Government.

Born of the fiscal needs of the Civil War emergency, the Revenue Act of July 1, 1862, was the foundation of our present Internal Revenue System.

During the past 100 years there have been, of course, many and dramatic changes reflecting the growth of the nation, its varying revenue needs, and the economic and political philosophies of the times.

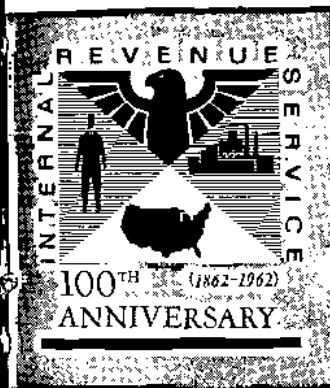
Yet the purposes and organization of the Federal tax assessment and collection system are basically the same today as when President Lincoln signed into law the most sweeping revenue producing measure in

the Nation's history to that time.

That act created the office of Commissioner of Internal Revenue, and, under direction of the Treasury Secretary, the Commissioner was charged with preparing all instructions and regulations needed to carry out the law.

The new law provided for progressive taxation, for levies on incomes, and for tax withholding, which are all vital features of modern revenue statutes.

In addition to incomes, the new law taxed estates, public utilities, occupations, liquors, beer, tobacco, banks, insurance companies, advertisements, slaughtered cattle, railroads, ferryboats, and other specified commodities. It provided stamp taxes on certain



commercial papers, perfume, cosmetics, medicines, and playing cards.

The first Commissioner of Internal Revenue, George S. Boutwell, was a Republican lawyer from Massachusetts. At 44, he had taught school, served in the Massachusetts legislature, and been Governor of his State. Later he was to serve in both the House of Representatives and the Senate and as Secretary of the Treasury.

The bulk of the operations of the new agency, then as now, was in the field, from handling appeals to detecting frauds. A key official of the system was the assessor. He kept his office open at all hours, heard appeals, issued summons to those who failed to make returns after being issued notices, examined taxable property, and inspected accounts.

As the war dragged on, other internal revenue measures were passed to cover more items and increase the yield from income and inheritance taxes. A post of Deputy Commissioner of Internal Revenue was created in 1863, and the Secretary of Treasury was empowered to hire revenue agents to help detect and prevent fraud.

Receipts from internal revenue for fiscal 1866 reached \$311 million.

War Taxation Repealed

The Union at the end of the war faced huge financial responsibilities—rehabilitating the South, and paying off a national debt of \$3 billion.

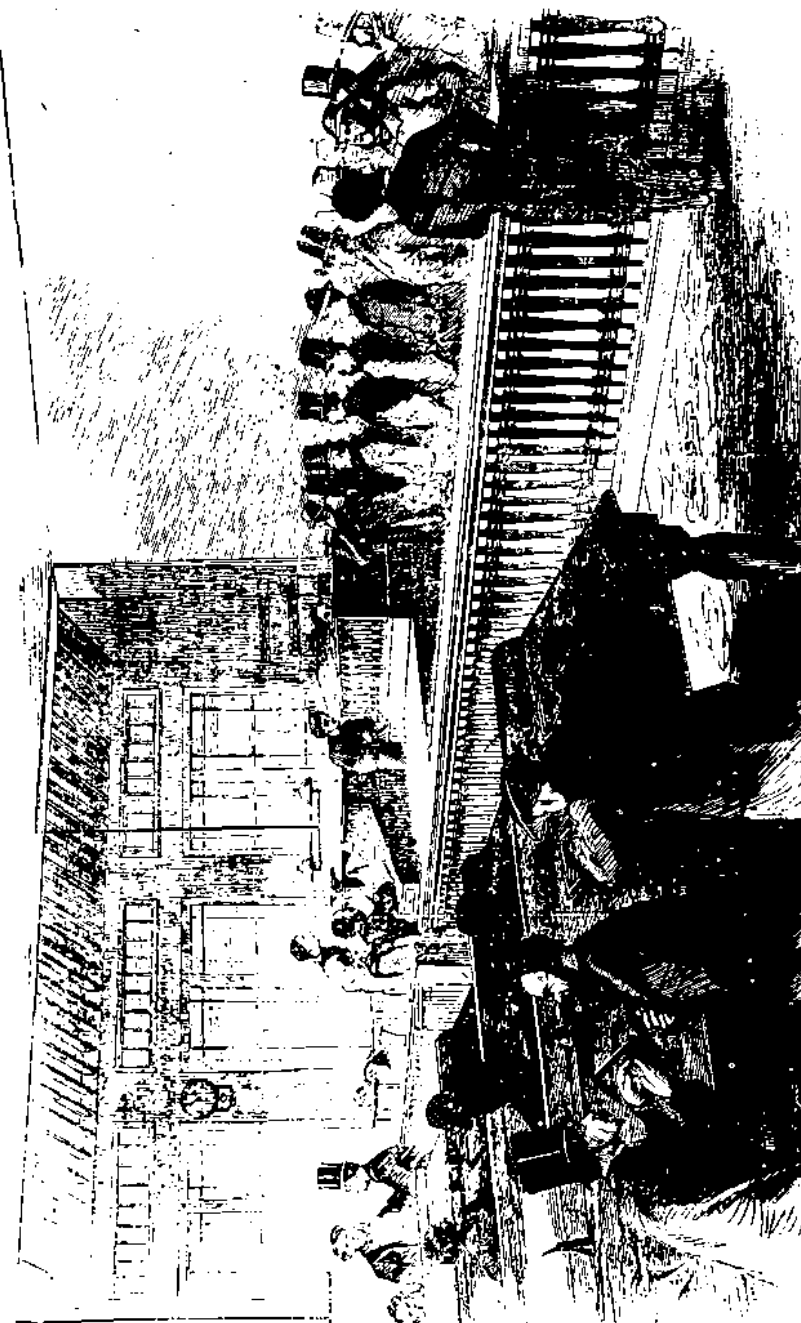
At the same time an intensive drive was on to repeal the Civil War taxation. Abraham Lincoln in 1864 had apologized for the “inequities in the practical application of taxes.” Others were less restrained in their criticism.

As the years went by, the elaborate wartime revenue system was dismantled. The system of rate progression in the income tax was abandoned in 1867. The income tax was reduced and the inheritance tax was repealed in 1870. Finally, the income tax itself died in 1872. Most of the other levies were gone by 1877. From then until 1913, tariffs were the main supply of U.S. revenue.

But restoration of the income tax was, from time to time, pressed by various groups and an abortive effort in that direction was made before the turn of the century.

The Wilson Tariff Act in 1894 revived the tax on income. An Income Tax Division was organized in the Office of Internal Revenue. But the division was disbanded in only a few months, for in 1895 the Supreme Court held that the income levy was a direct tax and had not been apportioned equally according to population, as the Constitution prescribed.

Nevertheless agitation for such a levy continued to mount in the early years of the twentieth century.



First income tax in U.S. in 1862 is shown by this drawing of taxpayers lining up at a collector's office during the Civil War

In August 1909, a corporation excise tax became law. Although based on income, it was termed an excise on the privilege of doing business. It imposed a tax of 1 percent on net corporation incomes above \$5,000. A Corporation Tax Division was organized in Internal Revenue to administer the new law.

President William Howard Taft's proposal to amend the Constitution, so as to permit a tax on individual incomes, moved quickly through Congress by overwhelming votes. By February 1913, enough States had ratified the amendment to make it part of the Constitution.

Income Tax Revived

Congress followed through. On October 3, 1913, a tariff bill, with income tax sections drafted by then-Representative Cordell Hull became law. The tax was 1 percent on net personal incomes of over \$3,000, with a surtax, or extra tax, of up to 6 percent on incomes over \$500,000. The same act repealed the corporation tax of 1909 and imposed a new tax on net income of corporations.

As soon as the law was passed, the Personal Income Tax Division was established. One of the most significant portions of the new income tax statute provided for collection at the source. This withholding method was applied to dividends and interest payments by corporations, and to rents, salaries, and wages paid by corporations or individuals. The collection-at-the-source provision was repealed in 1916 but it was to become a vital fixture of internal revenue administration a generation later.

The revenue system had not remained static in the interim between abolition of the income tax in 1872 and its reinstitution in 1913. The period saw the birth of regulatory taxes, first on oleomargarine in 1886, later on narcotics.

The concept of using taxes to regulate, rather than solely to raise money, was tested and affirmed by the U.S. Supreme Court. The device subsequently was employed in a number of ways.

Record collections and greatly expanded functions characterized the World War I period for the Internal Revenue Service. The cost of World War I has been estimated at \$35 billion. About one-third of it was paid in taxes.

As early as 1914 Congress passed a revenue measure with many of the same excises on liquor and tobacco and other levies that helped pay the bills for the brief Spanish-American War near the turn of the century.

An omnibus Revenue Act of 1916 boosted income tax rates. The act included a new estate tax, a tax on stock dividends, and a tax on munitions manufacturers' profits.

World War I Taxation

From 1917 to 1919, new tax laws were both revenue-producing and regulatory. The War Revenue Act of 1917 was a sweeping measure. It dealt with income, excess profits, beverages, tobacco and tobacco manufacturers, public utilities and insurance, excises, admissions and dues, stamp taxes, and estate taxes.

The Revenue Act of 1918 codified all the existing tax laws. It provided amortization allowances to permit manufacturers who invested in special war equipment to write off the cost. The income tax provisions imposed a normal and surtax rate structure that went up to 77 percent. The law also included new excess profits and estate taxes. But it had a number of relief provisions. For example, it was the first U.S. tax to minimize double taxation of individuals and domestic corporations having foreign income. Liberalized deductions were also allowed for depletion of natural resources.

The act also included a tax on anyone who employed child labor, but that section of the law was declared unconstitutional in 1922.

A far more important division in terms of revenue law enforcement was created in this period—the Intelligence Division. It was established to root out and prevent tax fraud and was to become one of the most powerful and respected of our Federal law enforcement units.

The combined effects of the revenue legislation of World War I reached a high point in 1920. Total internal revenue collections aggregated about \$5.5 billion that year.

Taxation of Alcoholic Beverages

Few revenue acts during the history of internal revenue have not provided for levies on liquor. From 1868 to 1913, nearly 90 percent of internal revenue came from taxes on distilled spirits, tobacco, and fermented liquor. With the taxes came collection and enforcement machinery.

A whole new concept of enforcement had to be developed after the 18th amendment to the Constitution was ratified in 1919. The prohibition amendment made unlawful "the manufacture, sale or transportation of intoxicating liquors * * * for beverage purposes."

On October 28, 1919, Congress passed, over President Wilson's veto, the National Prohibition Enforcement Act. The Volstead Act, as it was known, gave the Commissioner of Internal Revenue primary responsibility for administration, investigation, and enforcement.

The Prohibition Unit was set up in Internal Revenue, with one branch to enforce the criminal provisions and another branch to supervise

features of the law that covered nonbeverage liquors. The Prohibition Unit lasted until 1930, when the Justice Department took over primary enforcement duties.

In one of the busiest years for the Prohibition Unit, 1925, more than 3,700 internal revenue employees were at work on prohibition and narcotics enforcement functions. More than 77,000 arrests were made that year. Distilling and distribution of bootleg liquor had fallen under criminal control on a national scale.

With repeal of prohibition in December 1933, enforcement of the Federal liquor laws was returned to Internal Revenue, along with regulatory and tax collecting duties.

The Alcohol Tax Unit was established to administer the revenue laws relating to production, warehousing, and tax payment on distilled spirits. Later this unit also took on administration of the National and Federal Firearms Acts, which require control and registration of certain kinds of firearms.

In 1952, the tobacco tax was added to its responsibilities and it was renamed the Alcohol and Tobacco Tax Division.

Government Assumes Larger Role

In the decade of the 1920's, taxes were cut five times and receipts still were high. However, the situation changed when the stock market plunged in 1929 and the depression began.

When President Herbert Hoover's forecasts of budget surpluses for 1931 and 1932 began to fade into deficits, more taxes were recommended.

In 1932, revenue collections totaled \$1.5 billion, lower than at any time since 1917. Congress raised income taxes and reduced the exemption level, and more than doubled the rates for estate taxes. Gift taxes were re-enacted.

The theory that the Federal Government should play an active role in the economy gained acceptance after Franklin D. Roosevelt took office. This meant new responsibilities for Internal Revenue. New divisions were formed to administer the tax aspects of the massive legislative program enacted during the New Deal's first decade, most notably the Social Security Act of 1935.

The Social Security Tax Division was set up in the Internal Revenue in 1937. Extension of coverage and boosts in rates have made employment taxes one of the major responsibilities of Internal Revenue.

Taxes in World War II

World War II—with its shift of emphasis from a narrow base income tax affecting 8 million taxpayers to a broad base ultimately affecting 60

million—brought the individual income tax to tens of millions of taxpayers for the first time. The immense size of the operations required to administer this mass income tax placed an unprecedented burden on Internal Revenue. New methods of mass collection and enforcement had to be devised, for the prewar administrative structure had been developed to collect and enforce an income tax levied on a relatively small group of higher income taxpayers.

Two comparisons will bring home the radical changes wrought by World War II:

1. Taxpayers with income under \$5,000 accounted for only 10 percent of revenue collected in 1939. By 1948, these taxpayers accounted for 50 percent of revenue collected.
2. In 1939, 700,000 returns accounted for 90 percent of the total tax liability. By 1948, this number had climbed to 25 million returns.

A tax system that affected so many taxpayers and their families could present serious collection and enforcement difficulties, even in wartime, if it were too complex or irritating. Millions of taxpayers were totally inexperienced in filling out returns.

Altogether about \$153 billion in taxes was collected during the Second World War.

Fiscal as well as other policies were changed drastically by the war. During most of the 1930's, fiscal policy was directed at fighting deflation, creating employment, and reviving sluggish industry. During most of the war and immediately thereafter a major goal was to fight inflation. During the war, goods, not buyers, were lacking.

Building and supplying a military structure for ourselves and our allies took all reins off spending. But as inflation increased, heavy taxes to support the war effort served a secondary purpose in helping to reduce purchasing power which tended to drive up prices.

Wartime taxation had still another purpose in addition to paying defense bills and curbing inflation. The excess profits tax on corporations was enacted with the widespread belief that business should not profit unduly from the war effort.

Three significant changes greatly simplified internal revenue auditing procedures. One was the adoption of the short form return in 1941. Another was withholding of taxes at the source. The third was adoption of the standard deduction in 1944.

The Treasury Department had recommended that a portion from wage, salary, dividend, and interest income be withheld for tax purposes, thereby putting taxes on a pay-as-you-go basis.

Withholding at Source Established

The Current Tax Payment Act of 1943 put wages and salaries on a withholding basis for tax collections beginning July 1, 1943. Partial forgiveness of taxes for 1942 was a feature of the act.

Withholding did not change existing tax rates. The Revenue Act of 1942 had involved a variety of levies. Income tax rates were increased then and individual exemptions lowered. A further tax on personal incomes was the Victory Tax. A corporation income and excess profits tax, as well as a capital stock and declared-value excess profits levy, were imposed so that corporations had to pay as much as 80 percent of their net income in taxes.

The estate tax was made more restrictive, and excise taxes were increased on tobacco, liquor, travel, and telephone service.

Congress passed the Revenue Act of 1943, which, among other things, provided for still higher excess profits and excise taxes, over the veto of President Roosevelt, who rejected it as inadequate.

In his January 1944 budget message to Congress, Mr. Roosevelt recommended tax simplification. The Individual Income Tax Act of 1944 was the result. It made personal exemptions uniform at \$500 and replaced the Victory Tax with a new 3 percent normal tax on net income. The former normal tax was absorbed with a new surtax schedule with rates from 20 to 91 percent. The new law allowed small taxpayers to file their withholding receipts as tax returns, if they so chose; it relieved millions of having to file declarations of estimated tax.

This act also provided for the standard deduction of 10 percent, which eliminated the need for auditing deductions for 80 percent of all individual returns.

By the fall of 1945, Roosevelt was dead. Harry Truman was President and atomic bombs had fallen on Japan. Treasury Secretary Fred M. Vinson recommended the first tax cut since Andrew Mellon was Treasury Secretary.

Congress passed another tax cut in the spring of 1948, this time of \$4.8 billion and over the veto of President Truman. This law brought the individual exemption to the present \$600. It also gave married couples the option of filing joint returns.

Service Is Reorganized

A series of internal and congressional investigations in the postwar years sparked the most complete administrative overhaul in the history of the internal revenue system.

While only a tiny percentage of Internal Revenue Service people was found to be involved in improper activities, the revelations dramatized an apparent need for drastic changes in the tax collecting apparatus.

Actually, the seeds of reorganization were sown in the hotbed of the immense increase in workload and expansion of the work force during the World War II years. Out of this grew a realization that the Revenue Service organization and its business methods (basically unchanged since enactment of the income tax laws in 1913) were not geared for the workload of the 1950's and the accelerating tempo forecast for the 1960's.

The roots of the reorganization of Internal Revenue took hold in October 1946, when the new Treasury Secretary, John W. Snyder, called a meeting of key revenue officials to plan for streamlining and modernizing the tax collecting agency and to start a management improvement program to help smooth the transition to peacetime operations.

Several steps were taken toward modernization. Tax forms and instructions were simplified to get better compliance. An audit control program was started in 1949 to improve enforcement. Recordkeeping was improved by microfilming. And some returns began to be processed by electronic machines, as the agency took its first steps on the road to large-scale application of automatic data processing.

By 1951, Internal Revenue had partly caught up with its backlog despite new Korean War taxes enacted in 1950. It was able to mail out refunds to taxpayers who had overpaid or had too much withheld one month after the tax-filing deadline.

When the Congressional probes focused attention on the agency, demands for more drastic change became widespread. The bulk of tax returns (nearly 83 million in 1951) were processed in the offices of 64 collectors around the country. The collectors were key officials of the system. In the headquarters in Washington seven divisions functioned on the basis of the type of tax collected. Some 200 main field offices reported to the Commissioner through these seven divisions in Washington.

Political Appointments Abolished

Deputy collectors had been under the civil service merit system since 1942. But collectors were political officials and their posts were often the most highly sought in a State.

On January 14, 1952, President Truman sent Congress his Reorganization Plan No. 1, to reorganize the Office of Internal Revenue. The stated purpose was: "to provide better machinery for assuring honest and impartial administration of the internal revenue laws * * *"

In brief the objectives of the Reorganization Plan were to replace political appointments with a career service, improve Washington coordination, decentralize service to taxpayers, and restore integrity and public confidence where it was lacking.

The Plan abolished all political offices under the rank of Commissioner and supplied a framework for overhauling the Washington headquarters. It provided for appointment of assistant commissioners under the classified civil service.

All field operations, such as returns receipts and processing, examination of returns, billing and refunding, and service to taxpayers were pulled together under newly created district directors. Regional Commissioners were established to help Washington manage the vast nationwide field organization. Considerable authority was delegated to the newly created field offices.

The agency was organized on the basis of function rather than the type of tax collected, with the exception of the Alcohol and Tobacco Tax Division, which had unique characteristics involving industry regulation and enforcement activity.

Responsibility for internal security and internal audit was centralized into an Inspection Service. The new organization was raised to Assistant Commissioner level, independent of the operating activities of the agency, to maintain high standards of efficiency and conduct among revenue employees.

The advantages and benefits of reorganization cited by most officials are these:

A corps of career people selected on the basis of competence and promoted on the basis of merit promised more integrity and more continuity in actions and policies. Key officials could be transferred within the system. This allowed more flexibility than did the old system when collectors had to be residents of the areas they served.

Service to Taxpayers Emphasized

Better service to the taxpayer was provided. With one man administratively in charge of all revenue operations in the area, coordination and efficiency would be improved. Regional commissioners would take over responsibility for day-to-day field management problems, largely freeing Washington to work on overall improvement and uniformity in administering the tax laws.

After the Eisenhower Administration took office, it found the reorganization basically sound. On July 9, 1953, the unofficial but traditional name, "Bureau of Internal Revenue" was officially changed to

the "Internal Revenue Service," to emphasize the important "service-to-taxpayers" side of revenue administration.

The number of regional offices was cut from 17 to 9 and, approximately 500 one- or two-man posts of duty among the 1,400 local offices scattered throughout the 64 districts were eliminated.

Before this period, the enactment by Congress of the Social Security Act of 1950 extended coverage greatly, bringing in most of the self-employed. It also raised the tax and broadened the tax base. Enactment by Congress of the wagering tax law, upheld by the Supreme Court in 1953, also meant added collection and enforcement responsibilities.

In 1954, the new Internal Revenue Code was enacted by Congress. It provided complete rearrangement of the tax laws, modernization of many provisions, clarifications and additions as well as reductions. It was the most comprehensive revision of the tax laws since enactment of the income tax more than 40 years before.

In 1956, the Service launched its "Blue Ribbon" program—a major effort to increase the effectiveness of the Service by increasing the caliber and productivity of its work force. Since then the Service has been conducting vigorous college recruitment campaigns to attract top-quality applicants to enter revenue employment, and, at the same time, has provided training to enhance employees' ability to perform at the full working level.

These recruitment and training systems have been geared into well-developed career programs designed to encourage top-caliber people to stay in the Service and assure their orderly progression to more responsible positions. Through its "Blue Ribbon" program, the Service has advanced to the forefront as one of the most progressive agencies in the Federal service.

Automatic Data Processing Instituted

Early in 1961, the Service embarked on one of the most far-reaching programs in its 100-year history. This was the beginning of operation of one of the most elaborate systems of high-speed electronic data processing equipment ever conceived. It will enable the Service, in its role as the world's largest accounting and forms processing organization, to handle the accelerating number of returns which totaled nearly 100 million in 1962 compared with a mere 6 million in 1930. Automatic data processing is expected to spur greater compliance by detecting errors, omissions, and delinquencies.

As the Internal Revenue Service marks its 100th anniversary, its employees number about 57,000.

Under the Commissioner of Internal Revenue, the main officials at the National Office in Washington, where policies and programs are developed and guided, are:

Deputy Commissioner and six Assistant Commissioners—for Administration, Compliance, Data Processing, Inspection, Planning and Research, and Technical—a Chief Counsel and Director of Practice.

Sixty-two district offices and some 900 local offices are located over the Nation. Nine Regional Commissioners in the field are responsible to the Washington office. Three area and two regional service centers and the National Computer Center complete the 1962 organizational framework.

Most of the employees are in collection and auditing work. Other major functions include intelligence, appellate, administrative, and alcohol and tobacco tax work.

Today's shrinking world has brought the Service new international functions. Five permanent posts abroad assist taxpayers and enforce tax laws. The Service also is aiding Latin American nations with their tax administration problems through the Alliance for Progress program.

As America's needs and goals develop in the future, they will be reflected in the functions and policies of the Internal Revenue Service just as they have in the past.

There is one principle of the American system of taxation, present since the beginning, that must be preserved—self-assessment, whereby the taxpayer files his own return, setting forth his income and the amount of tax he owes. Today, approximately 97 percent of all Federal taxes are thus paid, on the initiative of the citizen himself.

A primary mission of the Service as it begins a second 100 years is to encourage and strengthen this voluntary system, by fair and reasonable administration, with concern for the rights and conveniences of taxpayers, while maintaining a vigorous enforcement program to curb abuses which serve to undermine public confidence.

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	Oct. 31, 1870
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. Haunegan	Missouri	Oct. 9, 1943	Jan. 22, 1944
Joseph D. Numan, 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, and from May 1 to June 4, 1907; 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. 16, to Aug. 19, 1930; Pressly R. Baldridge, of Iowa, from May 16 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 Delk, of Virginia, from Nov. 1 to Dec. 4, 1955, and from Oct. 1 to Nov. 4, 1956; Charles I. Fox, of Utah, from Jan. 21 to Feb. 6, 1961.

Appendix

Taxpayer Publications

**Tax Forms—
New and Revised
Regulations**

**Revenue Rulings
and Procedures**

**Announcements of
General Interest**

**Technical Information
Releases**

Supreme Court Decisions

Actions of Lower Courts

**Statistics of
Income Releases**

Taxpayer Publications

Your Federal Income Tax, IRS Publication No. 17, is written for individual taxpayers. The 1962 edition was reorganized and much of its contents completely rewritten to afford taxpayers more concise and understandable information. In addition to covering in detail the run-of-the-mill problems of the average taxpayer, this edition also furnished simplified explanations of the more complex problems. A filled-in sample of the new individual return, developed for 1961, appears in the front of the book. All parts of the return are keyed to page numbers in the booklet where detailed explanations and examples can be found. The 1962 edition contains 144 pages and sold for 40 cents a copy by the Government Printing Office and local Internal Revenue offices. This book ranks among the best sellers of Government publications. Approximately 700,000 copies were sold this year representing an increase of about 160,000 copies over last year. In addition, 85,000 copies were used in the Teaching Taxes Program, the Taxpayer's Assistance program, and in various training programs.

Tax Guide for Small Business, IRS Publication No. 334, is written especially for sole proprietorships, partnerships, and corporations. This booklet is an important segment of the program for more effective taxpayers' assistance and education. Income taxes, excise taxes, and employment taxes are explained in plain language and numerous examples are used to illustrate the application of the laws. A check list, of particular interest to new businessmen, shows the taxes for which different kinds of business organizations and business activities may be liable and what the businessman should do about them. A tax calendar for 1962 is also provided to assist businessmen in keeping track of when various things should be done during the year with respect to all their Federal taxes. The booklet contains 144 pages and is sold to the public for 40 cents a copy through the same outlets as *Your Federal Income Tax*. This year about 230,000 copies were sold and 35,000 were printed for use by the Service.

Farmer's Tax Guide, IRS Publication No. 225, explains the tax problems of farmers. A 1962 tax calendar was added to help the farmer keep track of his tax obligations throughout the year. The booklet discusses income, employment, and self-employment taxes and contains numerous examples illustrating the rules. It contains 64 pages, and 1,000,000 copies were distributed through Internal Revenue offices and agricultural extension agents of the Department of Agriculture.

CASUALTIES—*How the Federal Income Tax Applies to Storms, Floods, Hurricanes, Other Disasters and Thefts*, IRS Document No.

5174, was completely revised and made available to the public in the fall of 1961. As the result of hurricanes which struck various parts of the United States at that time, and the extensive fires in Texas and California, 180,000 copies were distributed to taxpayers before March 1962, when the President signed into law a new "throw-back" rule for disaster area victims. The document was then revised to include an explanation of the new disaster area rule, and 125,000 additional copies were in the hands of our field offices for immediate distribution.

Tax Guide for U.S. Citizens Abroad, IRS Publication No. 54, is written especially for United States citizens who reside or work abroad. In 30 pages it tells them that wherever they reside they are subject to U.S. tax laws and that under certain conditions the income they earn abroad is exempt from income taxation. It explains the requirements for filing Federal income tax returns, and how to determine whether earned income is partially or wholly exempt from tax. U.S. consulates, embassies, and the Office of International Operations distributed 315,000 copies.

U.S. Tax Guide for Aliens, IRS Publication No. 433, a 28-page pamphlet, revised in December 1961, explains the U.S. tax status of aliens, both resident and nonresident, 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. About 10,000 copies of this pamphlet have been sent to district offices and U.S. embassies and consulates overseas for free distribution.

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. 5—Social Security Coverage for Clergymen and Religious Workers Abroad

No. 6—Preparation of Form 1040B

No. 7—Tax Advice for Foreign Scholars and Visitors on Official Educational and Cultural Exchange Programs

No. 9—U.S. Tax Guide for Aliens (described above)

Condemnations of Private Property for Public Use, IRS Document No. 5383, was issued in cooperation with the Bureau of Public Roads for the first time this year to explain the tax consequences of condem-

nations for new highways and other public use. It explains how to defer tax on any gain realized due to a condemnation; how to replace condemned property; how a condemnation gain or loss is compared with other gains and losses; and other tax facets of condemnation actions.

Motor Fuel Tax Pamphlets explain the latest rules in regard to the various Federal motor fuel taxes. There are three such pamphlets:

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

Farmer's Gasoline Tax Refund, IRS Publication No. 308

Teaching Taxes, IRS Publications Nos. 19, 21, 22, and 27, is a program to indoctrinate high school students, college students, and others in the basic principles underlying the Federal self-assessment system of taxation. Approximately 2,250,000 students participated in the course last year.

MISCELLANEOUS TAXPAYER ASSISTANCE DOCUMENTS

Document No.	Document No.
Personal Exemptions and Dependents.....	5013
Employee Expenses.....	5014
Sick Pay.....	5016
Selling Your Home.....	5017
Retirement Income and Credit.....	5018
Medical and Dental Expenses.....	5020
What Is Income.....	5045
Tax Calendar and Check List for 1962.....	5046
Self-Employment Tax.....	5047
Sales and Exchanges of Assets.....	5048
Entertainment for Business.....	5049
Depreciation, Depletion, Amortization.....	5050
Business Expenses.....	5051
Child Care.....	5052
Contributions.....	5053
Retailers' Excise Tax.....	5054
Manufacturers' Excise Tax.....	5055
Excise Tax on Communications.....	5056
Occupational Stamp Taxes.....	5057
Tax on Admissions and Dues.....	5059
Investment Income.....	5060
Losses From Operating a Business.....	5062
Interest Deductions.....	5074
Taxes.....	5075
Filing Your Tax Return.....	5107
Installment and Deferred-Payment Sales.....	5108
Alimony.....	5109
Miscellaneous Deductible Expenses.....	5110
Tax Withholding and Estimated Tax.....	5111
Accounting Periods and Methods.....	5175
Bad Debts.....	5176
Withholding From Wages by Employer.....	5177
Repairs and Improvements.....	5178
Partnerships.....	5179
Corporations.....	5180
Sale of a Business.....	5181
Community Property.....	5191
If Your Return is Examined.....	5202
Documentary Stamp Taxes.....	5286

New and Revised Tax Forms Issued

Forms for which special automatic data processing versions were prepared:

Form Number	Period Covered by the Form
940.—Employer's Annual Federal Unemployment Tax Return.....	Calendar year 1961
941.—Quarterly Report of Wages Taxable Under The Federal Insurance Contribution Act.....	1st quarter 1962
720.—Quarterly Federal Excise Tax Return.....	1st quarter 1962
CT-1.—Employer's Quarterly Railroad Retirement Tax Return.....	1st quarter 1962
2290.—Federal Use Tax Return on Highway Motor Vehicles.....	Fiscal year 1963

Other:

Form 3227.—Application for Account Number, was created to aid the taxpayer to secure an account number in those cases where no number was shown on the return.

Form 2952.—Information Return by a Domestic Corporation With Respect To Controlled Foreign Corporations, was created as the result of legislative amendments.

Form 1040.—U.S. Individual Income Tax Return. The format for the individual return was a major change. While some taxpayers were obviously disappointed with the end result, we were most pleased with the many complimentary letters received. Eight major improvements made in the 1961 form and instructions are as follows:

1. The two-page form objective was realized.
2. Form 1040W was eliminated and the number of individual forms from which a taxpayer must choose to report his income was reduced from three to two.
3. The arrangement of the package was revised to permit the removal of individual forms. In prior years the taxpayer removed forms and schedules in bulk from the middle of the tie package.
4. Instructions were placed immediately after each form or schedule.
5. There were many technical improvements. First and of most importance, the tax computation was placed on page 1 rather than divided between pages 1 and 2. All exemption entries were placed in one schedule rather than divided between pages 1 and 2. As a result of these and other changes, there is less need for the preparer to move back and forth between pages of the form and schedules.

6. The form was revised so that the net capital gain or loss from the sale or exchange of property is now transferred from separate Schedule D direct to page 1 of the Form 1040 rather than to page 3 and then to page 1 as part of the total of other income as was formerly the case.

7. The size of type and space between type characters was enlarged for better reading.

8. Material having minor application was eliminated from the instructions.

Form 1065.—U.S. Partnership Return of Income. The Depreciation Schedule (Schedule I) was revised to reflect the step-by-step treatment of the additional first-year depreciation.

Form 1116.—Statement in Support of Credit Claimed by an Individual or Fiduciary for Taxes Paid or Accrued to Foreign Countries or Possessions of the United States. The revision of this form was required by legislative amendment. The revised format is in a columnar style which we believe simplifies the computation of the credit where taxes have been paid to more than one country.

Form 1118.—Statement in Support of Credit Claimed by Domestic Corporation for Taxes Paid or Accrued to Foreign Countries or Possessions of the United States. The revised form and format follows Form 1116.

Selected Regulations Published

Income Tax Regulations

Treasury Decision 6575 contains the regulations, issued under Public Law 87-312, which inform mine owners or operators mining brick and tile clay, fire clay, or shale used by them in the manufacture of building or paving bricks, drainage and roofing tile, sewer pipes, flower pots, and kindred products, how, when, and where to make the election to use the more liberalized depletion allowance, and how to compute the gross income from the property for taxable years beginning prior to January 1, 1961, for which the election is effective. Published October 12, 1961.

Treasury Decision 6579 contains the amendment to the regulations, issued under section 179 of the Code, which provides that the election for the additional first-year depreciation may be made on the taxpayer's income tax return, rather than by filing a separate statement. Published November 7, 1961.

Treasury Decision 6583 contains the regulations, issued under Public Law 87-321, which inform taxpayers as to how, when, and where to make the election to treat as allowable mining processes the crushing,

grinding, and separation of the clay or quartzite from waste, and how to compute the gross income from the property for the taxable years beginning prior to January 1, 1961, for which the election is effective. Published December 16, 1961.

Treasury Decision 6591 contains the regulations, issued under section 455, which prescribe how, when, and where a taxpayer may elect with respect to a trade or business, in connection with which prepaid subscription income is received, to include such income in gross income for the taxable years during which the taxpayer's liability exists to furnish or deliver a newspaper, magazine, or other periodical, and the manner of computing the amount of prepaid subscription income that is to be included in gross income for a taxable year. Published February 27, 1962.

Treasury Decision 6593 contains the amendment to the regulations, issued under section 163, which provides that Maryland ground rent paid or accrued on or after January 1, 1962, is deductible as interest only if such ground rent must be redeemed by a fixed date; otherwise it is treated as rent and is deductible only to the extent such rent constitutes a proper business expense. Published March 1, 1962.

Treasury Decision 6595 contains the regulations, issued under sections 269 and 482, which provide the manner for disallowing a deduction, credit, or other allowance if the principal purpose of acquisition is the evasion or avoidance of Federal income tax by securing the benefit of a deduction, credit, or other allowance which such person or corporation would not otherwise enjoy; and for allocating income and deductions among related taxpayers where such allocation is necessary to prevent evasion of taxes or clearly to reflect income. Published April 14, 1962.

Treasury Decision 6598 contains the regulations, issued under sections 856, 857, 858, and various other sections, which prescribe what is a real estate investment trust, how it must operate, and the method of computing the tax on the trust income. Published April 28, 1962.

Temporary Regulations

Treasury Decision 6596 contains the temporary regulations, issued under section 456, which inform certain membership organizations as to how and when to make the election to defer the reporting of prepaid dues income, which relates to a liability to render services or make available membership privileges over a period beyond the close of the taxable year of receipt, and not exceeding 36 months; the scope of such election; and how the special transitional rules contained in section 456 will operate. Published April 17, 1962.

Alcohol and Tobacco Regulations

Treasury Decision 6566 amended the Wine Regulations to permit the removal with activated carbon of excess color from white wine and to enable proprietors to conduct other operations on their bonded wine cellar premises.

Treasury Decision 6588 amended the Regulations relating to Exportation of Liquors primarily to conform them to amended provisions of the Tariff Act of 1930 as to supplies on certain vessels and aircraft, and to eliminate the special labeling of bottled wine exported with benefit of drawback.

Treasury Decision 6571 improved the procedures in connection with the release of imported tobacco materials from customs custody, without payment of tax for delivery to dealers in tobacco materials.

Pursuant to a public hearing held during the fiscal year, the distilled spirits labeling regulations (27 CFR Part 5) were amended by *Treasury Decision 6597* to raise the barreling proof of whisky from 110 to 125 degrees. This amendment will materially reduce cooperage and warehouse costs for the industry.

Treasury Decision 6601 amended the standards of fill provisions of the Distilled Spirits Labeling and Advertising Regulations (27 CFR Part 5) to authorize the use of $\frac{4}{5}$ pint bottles for the packaging of all classes and types of distilled spirits. The regulations prior to this amendment limited the use of $\frac{4}{5}$ pint containers to the packaging of Scotch whisky, Irish whisky, brandy, and rum. (Standards of fill are not applicable to cordials, liqueurs, highballs, bitters, and other specialties.) This disposes of the hearings held in 1960 on the question of authorizing additional bottle sizes.

Documentary Stamp Tax Regulations

Treasury Decision 6589 contains the Documentary Stamp Tax Regulations issued as Part 47, Title 26, Code of Federal Regulations, which were prescribed under chapter 34 of the Code as amended by the Excise Tax Technical Changes Act of 1958 and subsequent amendments, and are generally applicable to transactions occurring on or after January 1, 1959. These regulations supersede the Documentary Stamp Tax Regulations issued in Part 43, Title 26, Code of Federal Regulations. Published February 7, 1962.

Significant Revenue Rulings and Procedures

Whether or not an election to use the alternate valuation method for Federal estate tax purposes has been made must be determined from all the facts on the return; the mere failure to designate the election on the

return will not necessarily preclude the use of that method (Rev. Rul. 61-128, I.R.B. 1961-28, 7).

An up-to-date compilation of guides applicable to the qualification of stock bonus, pension, profit-sharing, and annuity plans under section 401(a) of the Code has been prepared (Rev. Rul. 61-157, I.R.B. 1961-35, 5).

Oil water heaters of the pressure gun type are presumed to be subject to the manufacturers tax if they have either (1) a storage capacity of 50 gallons or less or (2) a recovery rate of 150 gallons per hour or less based on a 100-degree Fahrenheit rise (Rev. Rul. 61-202, I.R.B. 1961-46, 9).

For purposes of various excise tax exemptions, an organization which presents formal instruction to mentally handicapped children under prescribed conditions comes within the scope of the term "nonprofit educational organization"; however, an organization operated primarily as a residential facility for handicapped children does not come within the scope of that term (Rev. Rul. 62-6, I.R.B. 1962-3, 12).

The filing of an information return (Form 990, 990-A, or 990-P) under section 6033 of the Code by an exempt organization does not start the running of the statute of limitations on assessment of the unrelated business income tax imposed by section 511 and required to be reported on Form 990-T (Rev. Rul. 1962-10, I.R.B. 1962-4, 14).

The communications tax on wire and equipment service does not apply to amounts paid for musical program service transmitted by radio circuits; however, on and after January 1, 1959, such amounts are subject to the tax on wire mileage service (Rev. Rul. 62-11, I.R.B. 1962-5 22).

An amended return filed after June 22, 1959, correcting the taxpayer's method of reporting dealer reserve income for "his most recent taxable year," did not have the effect of invalidating his election under section 4 of the Dealer Reserve Income Adjustment Act of 1960 for the years 1956 and 1957 (Rev. Rul. 62-30, I.R.B. 1962-11, 14).

A clinic operated for charity and not for profit may furnish medicines made with tax-free alcohol to its patients for use off the premises of such clinic, even though the patients may pay a registration fee which entitles them to all the services of the clinic (Rev. Rul. 62-36, I.R.B. 1962-11, 18).

A small business investment company is not entitled to the benefits of sections 1242 and 1243 of the Code while its license to operate under the Small Business Investment Act of 1958 is under suspension by the Small Business Administration (Rev. Rul. 62-58, I.R.B. 1962-17, 7).

The Revenue Service has described the effect of a statutory merger or consolidation on the employment tax liabilities of the absorbed and resulting corporations, particularly as it affects the definition of "employer" for credit purposes (Rev. Rul. 62-60, I.R.B. 1962-19, 19).

The Revenue Service has reviewed its alcohol tax Revenue Rulings and lists those which have been determined to be now obsolete (Rev. Rul. 62-75, I.R.B. 1962-22, 13).

An organization exempt under section 501(c)(3) of the Code may make gifts to State or municipal instrumentalities without jeopardizing its exempt status, provided such gifts promote its tax-exempt purpose (Rev. Rul. 62-78, I.R.B. 1962-22, 9).

The Revenue Service has outlined the tax treatment of payments received by timberland owners from two long-term contracts granting timber rights to a paper company (Rev. Ruls. 62-81 and 62-82, I.R.B. 1962-23, 5 and 8).

The retailers tax applies to the fair market value of taxable articles transferred by a retailer to customers in exchange for coupons which had been distributed by the retailer with his sale of nontaxable products (Rev. Rul. 62-90, I.R.B. 1962-25, 19).

The deduction for depreciation of an asset in the year of disposition is limited to the amount by which its adjusted basis at the beginning of the year exceeds the amount realized from sale or exchange (Rev. Rul. 62-92, I.R.B. 1962-26, 9).

A schedule of revised average useful lives has been prepared for use as a guide in computing depreciation for selected major items of textile machinery and equipment; the effect of the issuance of the schedule on the remaining useful lives of such items now in use is explained (Rev. Proc. 62-1, I.R.B. 1962-1, 11).

Procedures have been prescribed for district directors to permit the inspection and to furnish copies of tax returns and related documents filed under the 1954 Code (Rev. Proc. 62-9, I.R.B. 1962-10, 18).

The Revenue Service has outlined requirements to be met in order for a manufacturer to obtain authorization to manufacture and lease meter machines to vend documentary tax stamps; also established are standards and instructions governing their use by lessees (Rev. Procs. 62-15 and 62-16, I.R.B. 1962-25, 31, 36).

Significant Announcements of General Interest

Income tax forms to be used by citizens, residents, and corporations in pursuing claims for refund, reduced tax rates, exemptions, etc., from many of the countries having tax conventions with the United States, are available from the Office of International Operations in Washington, D.C. (Announcement 61-83, I.R.B. 1961-39, 19).

A pamphlet explaining how self-employment tax applies to farm rental income received by farm landlords and how such income affects their social security payments is available from local offices of district directors (Announcement 62-15, I.R.B. 1962-6, 48).

The index to administrative and procedural matters, other than those prescribed by regulations, which have been published in the Internal Revenue Bulletin since 1952 has been brought up-to-date (Announcement 62-17, I.R.B. 1962-7, 5).

Taxpayers should include their social security numbers on their income tax returns and Declarations of Estimated Tax due by April 16, 1962; application forms will automatically be mailed to those who do not report social security numbers (Announcement 62-18, I.R.B. 1962-8, 20).

The Revenue Service has listed all taxpayer information pamphlets on specific subjects which are available from district directors upon request (Announcement 62-21, I.R.B. 1962-8, 22).

A brief summary of the various records required to be retained for Federal tax and other purposes has been published in the Federal Register as the current Guide to Record Retention Requirements (Announcement 62-42, I.R.B. 1962-17, 14).

Significant Technical Information Releases

Offers in compromise of liquor law violations submitted and accepted on or after August 1, 1961, are available for public inspection (T.I.R. 330, 8-1-61).

Organizations seeking exemption under section 501(c)(3) of the Code are urged to conform their enabling instruments to the requirements of the organizational test provided by statute and thus avoid considerable delay in processing their applications for exemption (T.I.R. 359, 1-18-62).

Where an independent contractor receives stock or other property as compensation for services rendered, he must include in his gross income the difference between the market value thereof and the amount he paid for it (T.I.R. 369, 3-15-62).

The Revenue Service explains the responsibilities of taxpayers and payers of dividends, interest, and other income subject to reporting on information returns, with respect to identifying numbers to be used on Federal tax and information returns (T.I.R. 374, 3-30-62).

Casualty losses sustained in certain disaster areas after December 31, 1961, and prior to the due date for filing 1961 tax returns may be deducted for the 1961 tax year (T.I.R. 376, 4-5-62).

Taxpayers wishing to exercise the special election concerning the computation of "gross income from the property" for percentage depletion

purposes, with respect to certain clays and shale used in the manufacture of certain products for taxable years beginning before 1961, must do so by December 11, 1961 (T.I.R. 342, 10-16-61).

In determining whether an employee is deemed to have been required to account to his employer for travel expenses in accordance with Revenue Ruling 58-435, the increased Government travel allowances authorized by Public Law 87-139 are effective as to allowances for travel performed on or after August 14, 1961 (T.I.R. 340, 10-9-61).

An election to aggregate mineral interests will not be invalidated by the mere failure to submit therewith an amended return, or claim for refund or credit, or the details and computation of depletion allowable for the taxable period subsequent to the first taxable year for which the election is applicable (T.I.R. 337, 9-13-61).

Supreme Court Decisions

Civil Cases

On December 18, 1961, the Supreme Court issued two opinions in tax cases. In *Grover D. and Ruth H. Turnbow v. Commissioner of Internal Revenue*, 368 U.S. 337, the Court affirmed the Court of Appeals for the Ninth Circuit and held that, in an exchange of all the stock of one corporation for voting stock of another plus cash, section 112(c)(1) of the Internal Revenue Code of 1939 does not allow postponement of gain attributable to the stock received in the exchange. Section 112(e)(1) does not apply unless there has been an actual "reorganization" as defined in section 112(g)(1)(B).

On the same date the Court decided the case of *United States v. Union Central Life Insurance Co.*, 368 U.S. 291, reversing the Michigan Supreme Court and remanding the case to that court. The Michigan Circuit and Supreme Courts had held that the federal tax lien was subordinate to the mortgage of the life insurance company, even though such lien arose subsequent to the tax lien, because no notice of the federal tax lien had been filed in the office of the register of deeds as required by Michigan law. The Government had argued that, since the office of the register of deeds refused to accept notices of tax lien for filing because they did not contain a legal description of any land, such notices were filed in the office of the clerk of the United States district court for the judicial district in which the property subject to the lien was situated, pursuant to the provisions of the Internal Revenue Code relating to such filings where a state or territory has not "authorized" the filing of such notices in an office within the state or territory. Inasmuch as the filing of the notice of tax lien in the office of the clerk of the appropriate United States district court had occurred prior to the execution of the mortgage the Government main-

tained that its tax lien should be accorded priority over the mortgage. The Supreme Court stated that the Michigan law authorizing filing of a notice of tax lien only if a description of the property was given "* * * placed obstacles to the enforcement of federal tax liens that Congress had not permitted, and consequently no state office was 'authorized' for filing within the meaning of the federal statute."

On March 5, 1962, the Court decided the cases reported *sub nom. Simonson v. Granguist*, 369 U.S. 38, reversing the decisions of the Court of Appeals for the Ninth Circuit (287 F. 2d 489, 491) which had held that federal tax penalties which were secured by liens were allowable in bankruptcy proceedings despite the general prohibition against the allowance of federal or state statutory penalties contained in section 57j of the Bankruptcy Act. The circuit court had allowed the tax penalties in a liquidating bankruptcy proceeding and in a corporate reorganization under Chapter X of the Bankruptcy Act. The majority opinion (Justices Frankfurter and Harlan dissenting) stated that the language of section 57j "* * *" is itself a more dependable guide to its meaning than this argument [the Government's section-by-section analysis of the Bankruptcy Act tending to show that 'claims' as used in section 57 meant only unsecured claims] from the general structure of the Bankruptcy Act. Unquestionably that language is broad enough to bar all penalties, whether secured by lien or not, and we think the section was designed to do precisely that."

In *Commissioner of Internal Revenue v. Sally L. Bilder*, 369 U.S. 499, decided on April 30, 1962, the Court reversed the decision of the Court of Appeals for the Third Circuit, which had held that amounts paid by the taxpayer in 1954 and 1955 as rent for an apartment in Florida were deductible as "medical expenses" under section 213(e)(1) of the 1954 Code. Although the Commissioner acknowledged that the taxpayer's trips to Florida were for the purpose of alleviating a heart ailment and were not in any sense for vacation, the Supreme Court held that this rental expense was nondeductible. The Court further held that Congress intended to change the 1939 Code, which allowed such deduction, when it enacted this section of the 1954 Code.

In *Hanover Bank, Executor, et al., v. Commissioner of Internal Revenue*, 369 U.S. 672, decided on May 21, 1962, the Court reversed the Court of Appeals for the Second Circuit and held that a taxpayer may utilize the special call price of a bond in computing his deduction for amortization of premium under section 125 of the Internal Revenue Code of 1939 and is not limited to the higher general call price.

On May 28, 1962, the Court decided the case of *Enochs v. Williams Packing & Navigation Co., Inc.*, 370 U.S. 1, reversing the Court of Appeals for the Fifth Circuit and remanding the case to the district court

with directions to dismiss the complaint. The district court had granted the corporation's plea for a permanent injunction restraining the District Director from the collection of past due social security and unemployment taxes on the ground that they were not, in fact, payable and because collection would allegedly destroy the corporation's business. In doing so it had relied on the case of *Miller v. Standard Nut Margarine Co.* (1932), 284 U.S. 498, where the Supreme Court had held that an injunction would issue despite the statutory prohibition against suits for the purpose of restraining the assessment or collection of any tax. The circuit court affirmed the district court. The Supreme Court, in reversing the circuit court, stated in addition to a showing that the taxpayer had an inadequate legal remedy and would suffer irreparable injury if collection of the alleged tax were effected, there must also be a showing that " * * * it is clear that under no circumstances could the Government ultimately prevail * * *." The Supreme Court held that a suit for an injunction may be maintained only " * * * if it is * * * apparent [from the information available at the time of the suit] that, under the most liberal view of the law and the facts, the United States cannot establish its claim * * *." In this case the respondent corporation had maintained it was not an employer and therefore not liable for the taxes. The evidence was conflicting on this issue so that it could not be said that it was "apparent" that "under no circumstances" could the Government establish its claim.

In *United States v. T. C. Davis*, 370 U.S. 65, decided June 4, 1962, the Court reversed the Court of Claims and held that the transfer of appreciated property to a former spouse incident to a divorce property settlement is an appropriate taxable event and that gain to the transferor can properly be measured by the excess of the property's fair market value over basis. The decision thus adopts a rule long believed settled, *Commissioner v. Mesta*, (C.A. 3d 1941) 123 F. 2d 986, and *Commissioner v. Halliwell*, (C.A. 2d 1942) 131 F. 2d 642, but recently made uncertain by the decision in *Commissioner v. Marshman*, (C.A. 6th 1960) 279 F. 2d 27, and the decision below in this case. The Court found support for its holding that a taxable event occurred, as did the Service in pressing for review, in the long-standing administrative practice and the corollary likelihood that numerous taxpayers have entered into property arrangements in reliance on such a practice. The Court also recognized that a contrary holding would leave unsettled the question of the transferee spouse's basis in the property. The basis question, exemplified by *Commissioner v. Patino*, (C.A. 4th 1950) 186 F. 2d 962, and *Aleda N. Hall v. Commissioner*, (1947) 9 T.C. 53, a reviewed decision, was a key administrative factor impelling the Service to recommend a request for Supreme Court review.

By the same opinion the Court upheld the Service's disallowance of attorney's fees paid by the plaintiff to his wife's attorney for tax advice relating to the divorce and property settlement. The Court held that section 212(3) of the Code, providing a deduction for amounts expended in connection "with the determination, collection, or refund of any tax," applies only to amounts paid by the taxpayer for advice to himself. The Court, however, expressly intimated no opinion as to the deductibility in the situation here of amounts paid by the plaintiff for tax advice to himself.

Criminal Cases

In the case of *Gilbert v. United States*, 370 U.S. 650, decided June 26, 1962, an accountant handling income tax matters for others had endorsed refund checks payable to clients with the clients' names followed by his own name as "Trustee." The Court held that forgery in an agency endorsement is not a crime under the Federal statute, but granted a new trial to afford the Government an opportunity to prove that the defendant did not sign his clients' names in a representative capacity.

In *Shotwell Manufacturing Company v. United States*, December 18, 1961, 368 U.S. 946, the Court granted certiorari to review the findings of lower courts that the original conviction of the defendants for failure to report black market receipts was not vitiated by their alleged voluntary disclosure. An allegation by the Government of newly discovered evidence had previously led the Supreme Court to remand the case for determination of this issue (355 U.S. 233).

Other Actions of the Supreme Court

On October 16, 1961, the Court, in the case of *Goodman v. United States, et al.*, 368 U.S. 14, in a *per curiam* decision, vacated the judgment of the Court of Appeals for the Fourth Circuit and remanded the case to the district court to permit the Government to withdraw its application for an order directing the petitioner to testify. The district court had ordered the petitioner to testify in a Tax Court proceeding involving his former employer despite his claim of constitutional privilege against self-incrimination; the Court held that, if a continuing conspiracy had existed, it had ended in 1950 when the petitioner had terminated his employment and that prosecution for that crime, and possible other related crimes, was now barred by the appropriate statutes of limitations. The circuit court, with one dissent affirmed, in part, (289 F. 2d 256), but ordered the case remanded to the district court to permit the Government to prove that no prosecution had been begun during the statutory period, an essential element of proof in overcoming the self-incrimination plea. After the filing of the writ of certiorari by the petitioner, a re-examination

of the case disclosed information that there may have been contacts between the petitioner and his former employer subsequent to 1950, although the petitioner himself had denied such renewed contacts, so that it could not be said that there was no possibility of incrimination. In the light of these representations by the Solicitor General and upon consideration of the entire record, the Supreme Court vacated the judgment of the circuit court and remanded the case to the district court.

On December 18, 1961, in a *per curiam* decision, the Court, in the case of *Crest Finance Co. v. United States*, 368 U.S. 347, vacated the judgment of the Court of Appeals for the Seventh Circuit in favor of the Government, and remanded the case to that Court. The circuit court, in affirming the district court, had held (291 F. 2d 1) that the liens of the finance company on the accounts receivable which had been assigned to it by the taxpayer to secure certain loans from the finance company to the taxpayer, were not "choate" and perfected as those terms had been defined by the Supreme Court and that consequently the federal tax liens, although arising subsequent to the dates of the assignments, were entitled to priority. The arguments of both the Government and the finance company had related to the matter of whether the assignments were valid pledges, a question which the circuit court found unnecessary to answer. After the finance company had petitioned for a writ of certiorari the case was re-examined and the Government conceded that the finance company's liens were choate at the time of the assessment of the federal taxes. The Supreme Court agreed and vacated the judgment of the circuit court and remanded the case.

On June 18, 1962, in the case of *Rudolph v. United States*, 370 U.S. 269, the Court dismissed the writ of certiorari as improvidently granted. The lower courts had held that the value of the all-expense trip to a company-sponsored insurance convention constituted gross income to the taxpayer-insurance agent and that such amount was not deductible by taxpayer as an ordinary and necessary business expense. The Court stated that the case was governed by the "clearly erroneous" rule. The separate opinion of Mr. Justice Harlan suggested that the case should be decided on its merits and stated that the conclusions of the lower courts were unassailable. The dissenting opinion, filed by Mr. Justice Douglas and joined in by Mr. Justice Black, stated that the value of the trip was not income within the meaning of the Code and that, if income, the expenses were plainly deductible.

Actions of Lower Courts

The Court of Appeals for the Second Circuit affirmed the convictions of both a father and son for making false statements, *United States v.*

McCue 301 F. 2d 452. It was held that the convictions did not constitute double jeopardy as to either defendant and that the Government was not estopped to initiate the prosecutions where the father, who had been indicted with his son for attempted income tax evasion, had been allowed to enter a nolo contendere plea to the lesser offense of willful failure to supply information. The Circuit Court pointed out that the false statements made by the defendants in 1954 were not referred to at any time during the earlier proceedings in which the plea of nolo contendere was made. Certiorari was denied by the Supreme Court.

The Court of Appeals for the Ninth Circuit, 297 F. 2d 760, affirmed the conviction of Meyer (Mickey) Cohen on charges of willful filing of fraudulent income tax returns, willfully attempting to evade and defeat the payment of income taxes, concealment of property on which a levy is authorized, and making a false statement. It was held that the newspaper publicity given the case did not require a mistrial in view of repeated admonitions to the jury to avoid newspapers carrying publicity of the trial. Cohen was not placed in double jeopardy by prosecution for evading payment of income taxes, although he had been previously convicted of *defeating and evading* the same taxes. Certiorari was denied by the Supreme Court.

The Court of Appeals for the Ninth Circuit, 298 F. 2d 622, also affirmed the conviction of Dave Beck on two counts of willfully aiding and assisting in the preparation of false Form 990 information returns for a tax exempt labor union organization. However, the Court reversed and remanded for a new trial the four counts on which Beck was convicted of evading his personal income taxes. In the latter connection it was held that the charge to the jury on the question of embezzled funds was not adequate in view of the Supreme Court decision in *James v. United States* (366 U.S. 213). The Court also found that the widespread publicity given to Beck's affairs did not prevent a fair consideration of the case by the grand jury or trial jury. The Supreme Court denied certiorari as to the counts on which the conviction was affirmed.

Michael "Trigger Mike" Coppola, of New York and Miami Beach, Fla., after a mistrial due to prejudicial news publicity read or listened to by members of the jury, pleaded guilty to evading income taxes aggregating approximately \$385,000 due for the years 1956 to 1959, inclusive. Coppola has been described publicly as "one of the nation's more notorious hoodlums." He was sentenced to serve 1 year and 1 day on each of 4 counts, to run consecutively. Sentence was suspended on 3 of the counts, and he was placed on probation for 4 years commencing upon release from incarceration. He was also fined a total of \$40,000.

In *U.S. v. Haith* (C.A. 4, 1961) 297 F. 2d 65, cert. den. 369 U.S. 804, the seizure and subsequent search of a vehicle without a search war-

rant, independently of the arrest of the violator, was upheld on the grounds that the agents had probable cause for the search. The defendant, while conceding that the seizure was valid, contended that the officers should have obtained a warrant for the subsequent search of the vehicle. The Court dismissed this contention, holding that once the vehicle was lawfully seized and forfeited to the United States because of its use in violation of the revenue laws, the former possessor had no remaining rights for which the Fourth Amendment provides protection.

In *Monnette v. U.S.* (C.A. 5, 1962) 299 F. 2d 847, it was held that the action of an agent in going on the grounds surrounding a building used as a still site, in order to confirm another agent's detection of the odor of fermenting mash, did not violate the defendant's constitutional rights and did not invalidate a search warrant issued on the basis of the officer's affidavit.

In *Carnes v. U.S.* (C.A. 5, 1961) 295 F. 2d 598, cert. den. 369 U.S. 861, the Court held that tape recordings made by an undercover Federal investigator of his telephone conversations with a violator were admissible in evidence against the violator. The Court rested its decision on *Rathbun v. U.S.*, 355 U.S. 107, and distinguished this case from the "spike mike" case (*Silverman v. U.S.*, 365 U.S. 505).

The ancient but considerably tarnished *Coffey* case (*Coffey v. U.S.* (1886) 116 U.S. 436) has again been raised by a defendant who urged his acquittal in related criminal proceedings in an attempt to block the Government in a subsequent proceeding to forfeit property used or intended to be used in illicit whisky production. Once again, the courts have found a basis for holding that *Coffey* was not applicable. In *U.S. v. Burch* (C.A. 5, 1961) 294 F. 2d 1, the Court held that the defendant's acquittal in a conspiracy prosecution, because of lack of evidence to connect him with the conspiracy, did not constitute an adjudication of the issue as to whether he possessed the libeled sugar with the intent that it be used in the manufacture of nontaxpaid whisky and, therefore, did not require dismissal of the forfeiture action.

The Court of Appeals for the First Circuit decided, in *Interbartolo v. U.S.*, May 22, 1962, 303 F. 2d 34, a question relating to forfeitures in the wagering tax field raised as a result of the holding of the Supreme Court in *U.S. v. Calamoro* (1957) 354 U.S. 351, that a so-called "pick-up man" is not subject to the wagering tax. The Circuit Court held that a vehicle used by a "pick-up man" to transport wagering paraphernalia with the knowledge and consent of the owner is subject to forfeiture, notwithstanding the fact that the "pick-up man" himself is not required to pay the tax.

The Government was not successful, however, in attempting to forfeit equipment and materials held by a dealer for sale to individuals for use

in the production of "home brew." In *U.S. v. One Five-Gallon Crock, etc.* (USDC, SD Ohio, Civil Docket 2647), the District Court dismissed a libel filed against such equipment. Clarifying amendments to the Code have been proposed, which, if enacted, will clearly prohibit such manufacture and thus remove any question as to the Service's consistent position that the manufacture of "home brew" is illegal.

In the past year, taxation of imported distilled spirits was again challenged as discriminatory and again successfully defended. The Customs Court reaffirmed its prior holding in *Bercut-Vandevoort and Co., Inc. v. U.S.*, 46 C.C.P.A. (Customs) 28 that the taxation of imported distilled spirits, withdrawn below proof, on a wine gallon basis, did not constitute a discrimination in favor of domestic products such as is prohibited by Article II of the General Agreement on Tariffs and Trade (GATT), and applied the same reasoning in disposing of the claim that the General Agreement had the effect of freezing internal revenue taxes on imports at the rates applicable when the Agreement became effective. *Hulse Import Co., et al. v. U.S.*, U.S. Customs Court, Third Division, May 7, 1962, C.D. 2338.

In another important Customs case, *Don W. Snyder Co. v. U.S.*, U.S. Customs Court, First Division, May 17, 1962, C.D. 2343, the Court refused to follow the decision of another division of the Court in a previous case (*Hulse Import Co. v. U.S.*, U.S. Customs Court, Third Division, May 31, 1960, C.D. 2182), which allowed drawback, under the Tariff Act, of the internal revenue tax on imported beer which had been subsequently exported. In the *Snyder* case, the court pointed out that section 313(c) of the Tariff Act of 1930 authorized drawback of duties paid on such merchandise but held that, in view of section 528 of the Act, the Internal Revenue tax was not a duty and therefore was not subject to refund or drawback under these circumstances.

Statistics of Income Releases

Individual Income Tax Returns, 1959, Preliminary (18 pp., 20 cents)

Individual Income Tax Returns, 1959 (157 pp., \$1.)

Corporation Income Tax Returns with accounting periods ended July 1959-June 1960, Preliminary (32 pp., 30 cents)

U.S. Business Tax Returns with accounting periods ended July 1959-June 1960, Sole Proprietorships, Partnerships, and Corporations, Preliminary (39 pp., 30 cents)

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

*Statistical
Tables*

Statistical Tables

NOTES: All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1962" pertain to the fiscal year ended June 30, 1962, and "July 1" inventory items under this heading reflect inventories as of July 1, 1961.

In many tables and charts, figures have been rounded and 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 XVIII.

COLLECTIONS, REFUNDS, AND RETURNS FILED

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

(In thousands of dollars. See table 3, p. 152, 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 collec- tions	Corporation income tax ²	Individual income and employment taxes				
			Total	Income tax not withheld ^{3,4}	Income tax withheld and old-age and disability insurance ^{5,6,8}	Railroad retirement ^{4,7}	Unemployment insurance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United States, total	99,446,839	21,295,711	61,857,765	15,117,377	47,019,448	564,311	457,629
Atlanta region							
Atlanta (Georgia)	2,341,210	1,307,939	4,329,687	1,285,165	2,987,766	18,797	17,749
Birmingham (Alabama)	1,142,211	237,061	771,868	190,011	571,334	3,720	6,803
Columbia (South Carolina)	649,214	137,767	482,879	127,724	346,592	4,025	4,138
Greensboro (North Carolina)	412,409	81,906	306,507	77,590	225,649	75	3,193
Jackson (Mississippi)	2,521,001	421,500	802,109	215,659	577,825	351	8,274
Jacksonville (Florida)	270,793	31,972	219,360	72,168	144,802	325	1,966
Nashville (Tennessee)	1,482,073	238,658	1,102,106	411,473	673,630	9,178	7,824
Boston region	863,508	199,075	644,867	190,759	447,433	1,122	5,553
Augusta (Maine)	5,934,214	1,065,387	3,934,722	971,903	2,936,981	15,695	10,196
Boston (Massachusetts)	246,845	43,554	187,667	52,264	131,385	2,427	1,591
Burlington (Vermont)	2,868,404	583,357	2,039,683	453,676	1,560,755	4,311	15,941
Hartford (Connecticut)	102,464	14,240	79,139	22,513	55,124	932	569
Providence (Rhode Island)	1,715,444	325,943	1,171,788	330,563	825,028	7,912	8,285
Chicago region	212,114	30,964	167,490	42,748	123,349	41	1,351
Chicago (Illinois)	367,944	67,330	292,956	67,145	223,340	12	2,458
Detroit (Michigan)	16,272,279	3,895,629	9,304,852	1,443,918	7,778,616	89,999	72,817
Springfield (Wisconsin)	6,575,813	1,494,574	4,330,561	910,051	3,303,533	82,977	33,701
St. Paul (Minnesota)	6,812,451	1,817,317	3,197,017	569,541	2,595,833	6,032	25,611
Cincinnati region	1,704,138	370,933	1,136,900	277,962	849,822	313	8,803
Cincinnati (Ohio)	1,179,877	210,796	640,273	206,364	423,030	677	4,202
Cleveland (Ohio)	11,634,613	2,210,115	6,823,782	1,442,161	5,225,585	69,203	46,433
Indianapolis (Indiana)	2,095,555	526,245	1,325,804	301,990	1,013,071	907	9,836
Louisville (Kentucky)	3,867,806	888,439	2,462,727	447,989	1,962,067	36,393	16,278
Parkersburg (West Virginia)	2,177,810	353,295	1,453,105	298,927	1,145,086	791	8,320
Richmond (Virginia)	1,589,052	164,980	482,506	152,126	314,587	12,326	3,467
Dallas region	336,937	47,102	266,320	72,115	191,819	68	2,317
Albuquerque (New Mexico)	1,487,453	230,054	833,239	209,013	599,294	18,717	6,215
Austin (Texas)	5,816,382	1,032,041	3,863,280	1,279,782	2,527,789	27,261	28,338
Dallas (Texas)	216,260	20,093	185,058	54,832	129,111	3	1,112
Little Rock (Arkansas)	1,985,369	374,075	1,206,015	374,945	808,589	13,305	9,177
New Orleans (Louisiana)	1,609,918	300,960	1,155,598	414,426	720,281	12,658	8,234
Oklahoma City (Oklahoma)	280,519	35,310	221,538	84,425	135,092	177	1,844
New York City region	783,913	132,198	544,867	181,868	358,095	750	4,155
Albany (New York)	940,403	169,404	550,203	169,205	376,622	369	4,007
Brooklyn (New York)	18,953,732	5,925,497	10,989,236	2,333,960	8,511,531	57,359	90,899
Buffalo (New York)	1,072,388	291,119	747,247	101,014	638,188	2,487	5,559
Syracuse (New York)	2,036,228	281,765	1,594,711	517,682	1,061,187	4,507	11,336
Omaha region							
Aberdeen (South Dakota)	1,197,264	310,748	779,143	192,483	580,779	48	5,832
Cheyenne (Wyoming)	13,972,214	4,928,640	7,409,093	1,422,512	5,876,306	50,292	59,982
Denver (Colorado)	670,638	113,226	459,042	100,268	355,072	24	3,678
Des Moines (Iowa)	7,540,977	1,414,463	5,167,002	1,440,376	3,776,454	116,687	71,495
Fargo (North Dakota)	139,358	17,525	113,600	48,338	64,620	2	640
Sioux Falls (South Dakota)	95,234	8,722	73,990	30,581	42,979	7	423
Wichita (Kansas)	1,221,770	136,141	970,657	170,373	791,913	4,660	1,710
Omaha (Nebraska)	787,208	147,796	584,725	219,592	360,897	493	3,743
St. Louis (Missouri)	107,693	10,936	91,369	36,724	54,108	19	518
Kansas City (Missouri)	778,788	182,613	509,359	132,530	368,839	3,969	4,019
Omaha (Nebraska)	613,709	97,860	449,063	144,481	278,890	22,987	2,703
St. Paul (Minnesota)	1,534,651	324,424	986,376	219,675	729,820	29,347	7,534
Wichita (Kansas)	1,566,884	352,521	1,074,466	250,241	786,668	30,063	7,494
Philadelphia region	695,681	135,876	513,398	187,836	297,719	25,141	2,702
Baltimore (Maryland and D.C.)	12,734,812	2,536,475	4,524,206	1,890,502	6,575,537	112,090	62,077
Camden (New Jersey)	2,351,669	303,340	1,742,031	363,429	1,330,810	39,220	8,572
Newark (New Jersey)	584,183	105,330	441,408	130,624	307,585	8	3,190
Philadelphia (Pennsylvania)	2,530,611	514,908	1,667,886	443,583	1,207,134	3,775	13,393
Pittsburgh (Pennsylvania)	3,351,994	573,843	2,264,446	511,405	1,680,275	56,168	16,598
Scranton (Pennsylvania)	2,406,165	390,022	1,614,149	265,846	1,327,447	7,060	13,797
Wilmington (Delaware)	675,161	193,021	440,504	75,717	354,809	5,856	4,122
San Francisco region	835,030	456,012	353,783	99,899	251,477	2	2,405
Anchorage (Alaska)	12,419,941	1,868,720	3,207,703	2,533,141	6,575,333	31,671	58,968
Boise (Idaho)	69,398	4,982	61,815	11,834	49,611	—	370
Helena (Montana)	177,090	24,787	145,445	40,785	103,302	240	1,117
Honolulu (Hawaii)	162,892	24,128	130,504	47,236	82,184	326	758
Los Angeles (California)	272,265	53,909	203,329	52,823	148,970	251	1,286
Phoenix (Arizona)	5,102,518	792,225	3,814,004	1,043,187	2,744,717	869	25,232
Portland (Oregon)	372,882	48,125	305,321	105,972	197,260	96	1,993
Reno (Nevada)	613,469	78,168	503,554	135,463	362,141	2,525	3,426
Salt Lake City (Utah)	177,326	32,346	126,220	41,780	83,600	(*)	839
San Francisco (California)	280,728	47,649	213,885	48,222	163,285	1,073	1,305
Seattle (Washington)	3,988,834	597,969	2,792,122	779,315	1,962,684	33,667	16,457
Office of International Operations	1,202,140	184,431	911,502	226,524	678,169	624	6,185
Puerto Rico	284,558	21,454	718,595	154,323	82,133	650	1,409
Other	77,085	5	41,094	3,546	35,978	—	1,469
Undistributed:	207,473	21,449	177,501	130,577	46,155	650	19
Depository receipts	825,231	—	726,879	—	709,919	16,960	—
Transferred to Government of Guam	—3,698	—	—3,698	—	—3,698	—	—
Withheld taxes of Federal employees	67,588	—	67,588	—	67,588	—	—
Totals for States not shown above							
(a) California	9,091,751	1,390,195	6,606,127	1,822,502	4,707,402	34,535	41,688
(b) Illinois	7,755,691	1,705,370	4,970,934	1,116,414	3,732,963	83,654	37,901
(c) Missouri	2,313,439	507,036	1,495,735	352,208	1,098,659	33,315	11,553
(d) New Jersey	3,114,794	620,238	2,109,293	574,207	1,514,720	3,784	16,593
(e) New York	18,953,732	5,925,497	10,989,236	2,333,960	8,511,531	57,359	90,899
(f) Ohio	5,963,361	1,414,684	3,768,531	749,579	2,975,139	37,300	26,113
(g) Pennsylvania	6,433,319	1,156,836	4,319,095	852,968	3,362,531	69,084	34,517
(h) Texas	3,595,287	675,035	2,361,614	789,371	1,528,869	25,962	17,411

Footnotes on p. 156.

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. 152, for tax rates and further breakdown of national totals by sources)

Internal revenue regions, districts, States, and other areas ¹	Estate tax	Gift tax	Excise taxes, total (sum of columns 11, 26, 31, 35, 43, 48, and 49)	Alcohol taxes						
				Total	Distilled spirits taxes					
					Total	Imported (collected by Customs)	Domestic ²	Rectification ³	Occupational taxes ⁴	Other ¹⁰
(States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
United States, total.....	1,796,127	239,960	12,752,176	3,341,262	2,423,330	431,047	1,954,355	23,010	13,622	1,096
Atlanta region.....	125,904	15,669	1,562,401	54,427	31,720	17,677	13,862	49	544	596
Atlanta..... (Georgia).....	19,171	1,899	112,212	7,883	3,696	1,142	2,356	16	91	90
Birmingham..... (Alabama).....	10,302	892	17,374	932	827	733	14		42	38
Columbia..... (South Carolina).....	6,780	2,202	15,014	974	607	518	(*)		47	42
Greensboro..... (North Carolina).....	15,424	1,860	1,280,109	1,290	1,058	692	47		31	287
Jackson..... (Mississippi).....	5,279	310	13,871	191	116		18		55	44
Jacksonville..... (Florida).....	52,972	6,776	81,561	32,345	14,730	13,945	478	32	227	46
Nashville..... (Tennessee).....	15,575	1,729	42,261	10,812	10,693	646	9,948		51	48
Boston region.....	159,798	18,464	350,841	167,075	141,819	25,514	114,306	1,092	919	8
Augusta..... (Maine).....	9,067	911	5,646	1,511	1,218		1,106		22	
Boston..... (Massachusetts).....	52,848	5,717	186,800	90,536	77,322	15,644	60,373	832	468	6
Burlington..... (Vermont).....	3,444	189	5,452	3,841	3,778	3,750			29	
Hartford..... (Connecticut).....	77,310	10,979	129,424	59,451	57,673	4,759	52,406	240	266	2
Portsmouth..... (New Hampshire).....	10,164	285	3,211	205	167		133	4	29	
Providence..... (Rhode Island).....	6,966	382	20,311	12,430	1,681	1,284	288		105	
Chicago region.....	213,932	24,353	2,835,522	559,457	378,581	104,281	267,956	3,618	2,679	48
Chicago..... (See (b) below).....	114,441	10,516	625,621	65,414	39,495	26,179	12,415	68	825	7
Detroit..... (Michigan).....	58,571	8,413	1,731,132	127,810	90,966	76,311	13,490	232	894	38
Milwaukee..... (Wisconsin).....	21,927	4,581	169,797	100,437	2,500	1,791	(*)	3	705	(*)
Springfield..... (See (b) below).....	18,992	843	306,973	265,796	245,621		242,051	3,314	254	3
Cincinnati region.....	166,419	13,816	2,440,561	313,360	316,351	16,334	389,761	8,616	1,543	97
Cincinnati..... (See (f) below).....	48,193	2,800	192,512	137,821	123,978		122,177	1,481	316	3
Cleveland..... (See (f) below).....	46,455	4,559	465,626	32,423	8,353	4,939	2,639	24	741	10
Indianapolis..... (Indiana).....	21,867	2,859	346,684	261,174	240,957	3,309	231,931	5,412	296	10
Louisville..... (Kentucky).....	20,671	1,049	1,019,845	551,275	535,742	6,803	527,085	1,699	128	26
Parkersburg..... (West Virginia).....	6,270	1,244	16,000	2,151	1,641		1,590		37	13
Richmond..... (Virginia).....	22,961	1,305	399,894	8,516	5,680	1,284	4,338		24	34
Dallas region.....	144,116	16,255	760,690	71,039	22,490	14,252	7,487	1	657	93
Albuquerque..... (New Mexico).....	2,443	722	7,944	89	86	(*)			86	(*)
Austin..... (See (h) below).....	41,332	8,061	355,884	37,455	9,424	9,293	24		103	4
Dallas..... (See (h) below).....	59,931	5,034	88,396	616	498		399		96	3
Little Rock..... (Arkansas).....	6,498	325	16,847	309	83		9		50	23
New Orleans..... (Louisiana).....	18,946	768	87,133	31,721	12,286	4,959	7,053	1	269	4
Oklahoma City..... (Oklahoma).....	14,965	1,345	204,486	768	112		2		51	59
New York City region.....	325,292	43,531	1,670,177	352,086	235,626	159,225	77,893	926	1,598	44
Albany..... (See (e) below).....	54,720	3,683	101,349	56,159	3,810		3,518	20	270	2
Brooklyn..... (See (e) below).....	25,091	955	81,327	32,217	3,618		3,192	64	314	26
Manhattan..... (See (e) below).....	211,213	35,493	1,392,726	224,099	197,794	129,351	67,121	842	471	10
Syracuse..... (See (e) below).....	22,477	2,876	73,017	28,438	22,592	22,381	(*)		208	3
Omaha region.....	128,444	13,518	637,549	162,161	27,610	9,353	17,014	154	1,073	16
Aberdeen..... (South Dakota).....	2,330	60	5,839	87	51				50	
Cheyenne..... (Wyoming).....	2,164	54	9,849	41	34				34	(*)
Denver..... (Colorado).....	12,039	1,203	101,730	26,207	1,519	1,351			188	
Des Moines..... (Iowa).....	17,413	1,013	36,261	1,017	483		386		96	
Fargo..... (North Dakota).....	1,880	64	3,444	199	58	1			57	(*)
Kansas City..... (See (c) below).....	16,539	1,535	68,742	11,331	3,493		3,356	3	132	
Omaha..... (Nebraska).....	11,990	2,536	54,260	8,682	92				91	
St. Louis..... (See (c) below).....	24,543	2,675	196,634	73,634	14,925	5,226	9,375	109	211	
St. Paul..... (Minnesota).....	22,753	4,743	112,302	40,477	6,561	2,775	3,577	42	158	
Wichita..... (Kansas).....	16,792	1,177	28,488	488	394		318		75	
Philadelphia region.....	248,899	66,042	1,359,825	585,488	424,380	25,765	389,555	6,587	2,263	163
Baltimore..... (Maryland and D.C.).....	45,338	3,573	257,387	178,837	155,811	11,492	140,433	3,554	326	7
Camden..... (See (d) below).....	14,875	54	21,724	8,006	4,183		3,841	107	204	30
Newark..... (See (d) below).....	54,670	6,945	286,201	167,485	94,875		94,049	225	523	79
Philadelphia..... (See (g) below).....	67,066	4,843	441,795	145,455	111,225	10,821	98,355	1,548	494	6
Pittsburgh..... (See (g) below).....	39,975	41,965	320,114	81,049	57,942	3,452	52,877	1,152	426	34
Scranton..... (See (g) below).....	11,430	1,158	29,046	5,059	250		1		244	5
Wilmington..... (Delaware).....	15,604	6,709	2,922	52	49				47	2
San Francisco region.....	276,596	27,097	1,019,825	353,608	215,579	58,645	153,132	1,224	2,546	31
Anchorage..... (Alaska).....	238	(*)	2,364	135	133	91			42	
Boise..... (Idaho).....	2,315	134	4,410	82	37		(*)		37	(*)
Helena..... (Montana).....	3,048	235	4,977	2,056	98				96	
Honolulu..... (Hawaii).....	4,543	1,474	9,010	1,742	1,204	1,100	47	1	56	(*)
Los Angeles..... (See (a) below).....	122,824	9,265	364,599	96,698	56,215	24,325	30,878	145	860	6
Phoenix..... (Arizona).....	8,170	3,250	7,916	1,562	156	4			151	(*)
Portland..... (Oregon).....	9,403	3,534	18,810	5,773	3,468	1,671	1,694	(*)	102	(*)
Reno..... (Nevada).....	6,616	479	11,655	74	68				58	(*)
Salt Lake City..... (Utah).....	3,490	600	15,104	2,629	16				15	
San Francisco..... (See (a) below).....	93,948	6,745	498,049	213,460	141,265	18,928	120,441	1,078	803	16
Seattle..... (Washington).....	22,003	1,281	82,922	41,398	12,919	12,524	77		315	9
Office of International Operations.....	7,228	216	37,066	29,223	29,193	(*)	28,449	743	(*)	(*)
Puerto Rico.....	2		35,984	29,222	29,192		28,449		743	(*)
Other.....	7,225	215	1,082	1	(*)				(*)	(*)
Undistributed depositary receipts.....			98,351							
Totals for States not shown above										
(a) California.....	216,772	16,010	862,648	310,159	197,480	43,253	151,319	1,223	1,663	22
(b) Illinois.....	133,433	11,360	934,593	331,210	285,116	26,179	254,466	3,382	1,079	10
(c) Missouri.....	41,083	4,209	265,376	84,965	18,417	5,226	12,733	112	343	4
(d) New Jersey.....	69,546	7,792	307,925	175,491	99,058		97,890	333	727	108
(e) New York.....	325,292	43,531	1,670,177	352,086	235,626	159,225	77,893	926	1,598	44
(f) Ohio.....	94,649	7,359	658,138	170,244	132,337	4,939	124,816	1,505	1,058	13
(g) Pennsylvania.....	118,411	47,967	790,955	231,563	169,416	14,274	151,233	2,701	1,164	46
(h) Texas.....	101,263	13,095	444,280	38,071	9,922	9,293	423		200	6

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. 152, 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	Imported (collected by Customs)	Domestic	Occupational taxes ²	Total	Imported (collected by Customs)	Domestic ³	Occupational taxes ⁴
		(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
United States, total		39,922	7,668	90,965	1,829	818,030	4,056	809,426	4,549
Atlanta region		1,057	337	1,079	841	20,643	177	19,828	638
Atlanta	(Georgia)	578	18	315	246	3,608	12	3,546	50
Birmingham	(Alabama)	10	9		1	95	15		80
Columbia	(South Carolina)	260	9	180	71	107	8		99
Greensboro	(North Carolina)	111	4	1	105	121	12		109
Jackson	(Mississippi)	5			5	70			70
Jacksonville	(Florida)	1,088	292	583	213	16,527	130	16,282	116
Nashville	(Tennessee)	4				115	1		114
Boston region		2,349	459	1,827	63	23,787	117	23,486	184
Augusta	(Maine)	222	(*)	221		72	6		65
Boston	(Massachusetts)	1,036	324	706	6	12,179	77	12,089	13
Burlington	(Vermont)	56	(*)		56	7	3		4
Hartford	(Connecticut)	872	93	778	1	906	15	831	59
Portsmouth	(New Hampshire)					40			40
Providence	(Rhode Island)	164	42	121	1	10,584	16	10,566	2
Chicago region		7,084	1,054	5,857	174	173,792	640	172,743	409
Chicago	(See (b) below)	5,305	731	4,572	2	20,615	240	20,174	201
Detroit	(Michigan)	1,594	196	1,229	170	35,250	348	34,880	22
Milwaukee	(Wisconsin)	183	127	54	2	97,755	52	97,542	161
Springfield	(See (b) below)	2		2	(*)	20,172		20,148	25
Cincinnati region		4,064	244	3,369	452	73,945	77	72,497	370
Cincinnati	(See (f) below)	454		888	66	13,389		13,368	21
Cleveland	(See (f) below)	808	169	586	53	23,262	58	23,169	35
Indianapolis	(Indiana)	135	12		123	20,081		20,047	35
Louisville	(Kentucky)	1,098	37	1,060	(*)	14,436		14,360	76
Parkersburg	(West Virginia)	20			20	490		389	101
Richmond	(Virginia)	1,548	25	1,334	189	1,287	20	1,164	104
Dallas region		1,727	254	1,282	191	46,822	120	46,035	667
Albuquerque	(New Mexico)	2	(*)	2	(*)	1	(*)		1
Austin	(See (h) below)	1,330	168	1,027	136	25,701	84	26,288	329
Dallas	(See (h) below)	38			38	80			80
Little Rock	(Arkansas)	259		242	17	48			48
New Orleans	(Louisiana)	97	86	11		19,337	36	19,203	99
Oklahoma City	(Oklahoma)	(*)			(*)	655		545	111
New York City region		16,194	3,464	12,697	13	100,066	2,083	97,297	686
Albany	(See (e) below)	258		257	1	7,104		7,007	98
Brooklyn	(See (e) below)	2,259		2,255	4	60,283		50,082	200
Buffalo	(See (e) below)	7,773	83	7,689	2	16,633	551	15,959	123
Manhattan	(See (e) below)	6,104	3,601	2,496	6	20,201	1,346	18,678	177
Syracuse	(See (e) below)	(*)	(*)	(*)	(*)	5,845	186	5,571	89
Omaha region		1,117	167	2,919	31	131,416	15	130,616	804
Aberdeen	(South Dakota)					36			36
Cheyenne	(Wyoming)				7				7
Denver	(Colorado)	1,313	27	1,284	2	23,376	8	23,332	35
Des Moines	(Iowa)	153		139	14	381		259	123
Fargo	(North Dakota)	(*)	(*)	(*)	(*)	140	1		140
Kansas City	(See (c) below)	497		497	(*)	7,341		7,296	46
Omaha	(Nebraska)				(*)	8,590		8,553	37
St. Louis	(See (c) below)	884	77	792	14	57,825	2	57,741	82
St. Paul	(Minnesota)	271	63	208	(*)	33,646	4	33,435	206
Wichita	(Kansas)					93			93
Philadelphia region		10,261	549	9,681	31	151,347	207	150,794	344
Baltimore	(Maryland and D.C.)	1,219	301	850	28	21,807	113	21,627	68
Camden	(See (d) below)	792		791	1	3,031		3,017	14
Newark	(See (d) below)	5,083		5,083		67,526		67,506	21
Philadelphia	(See (g) below)	3,160	248	2,912		31,070	93	30,862	115
Pittsburgh	(See (g) below)	1	(*)		1	23,106	1	23,020	85
Scranton	(See (g) below)	4		4	(*)	4,805		4,765	40
Wilmington	(Delaware)	1			1	1			1
San Francisco region		52,668	920	51,655	293	97,163	619	96,097	447
Anchorage	(Alaska)	(*)	(*)			2	(*)		2
Boise	(Idaho)					45			45
Helena	(Montana)	(*)		(*)	(*)	1,958		1,934	24
Honolulu	(Hawaii)	20	17		2	518	78	439	2
Los Angeles	(See (a) below)	6,123	495	5,628	1	34,361	333	33,886	141
Phoenix	(Arizona)	15	(*)		15	1,391	1	1,379	11
Portland	(Oregon)	132	20	24	88	2,174	11	2,115	48
Reno	(Nevada)					6			6
Salt Lake City	(Utah)	(*)			(*)	2,613		2,579	33
San Francisco	(See (a) below)	45,738	353	45,199	186	26,457	149	26,208	100
Seattle	(Washington)	839	35	804		27,640	47	27,557	36
Office of International Operations		(*)	(*)	(*)	(*)	30	(*)	30	(*)
Puerto Rico		(*)				30		30	(*)
Other		(*)				(*)		(*)	(*)
Totals for States not shown above									
(a) California		51,052	848	50,827	187	60,817	482	60,094	241
(b) Illinois		5,307	731	4,574	2	40,787	240	40,321	128
(c) Missouri		1,381	77	1,289	15	65,167	2	65,337	35
(d) New Jersey		5,875		5,874	1	70,557		70,523	35
(e) New York		16,394	3,684	12,697	13	100,066	2,083	97,297	686
(f) Ohio		1,263	169	974	120	36,650	58	36,537	55
(g) Pennsylvania		3,165	248	2,916	1	58,981	95	58,646	241
(h) Texas		1,368	168	1,027	174	26,781	84	26,288	409

Footnotes on p. 156.

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.152, 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 ²	Cigars ³	Manu- factured tobacco ⁴	Other ¹⁴	Total	Issues and transfers of bonds or indebtedness or capital stock, foreign insurance policies, and deeds of conveyance	Playing cards, silver bullion transfers	
	(26)	(27)	(28)	(29)	(30)	(31)	Sales by post- masters (32)	Sales by directors (33)	(34)
United States, total.....	2,025,716	1,956,527	49,726	16,696	2,787	159,319	42,127	106,313	9,689
Atlanta region.....	1,259,949	1,216,977	12,498	6,490	1,625	7,775	6,342	1,431	2
Atlanta..... (Georgia).....	654		654			1,336	1,027	309	(*)
Birmingham..... (Alabama).....	1,382		1,382		(*)	728	606	122	(*)
Columbia..... (South Carolina).....	1,911	1	1,911		(*)	407	321	86	(*)
Greensboro..... (North Carolina).....	1,244,422	1,238,976	(*)	4,817	628	991	923	68	(*)
Jackson..... (Mississippi).....						354	255	99	(*)
Jacksonville..... (Florida).....	9,390	1	8,452		937	2,894	2,397	496	1
Nashville..... (Tennessee).....	1,830		98	1,673	59	1,065	812	252	(*)
Boston region.....	250	1	235	11	3	6,206	2,396	3,785	25
Augusta..... (Maine).....	(*)	(*)	(*)			194	185	9	(*)
Boston..... (Massachusetts).....	31	1	20	10	3	3,841	1,047	2,770	24
Burlington..... (Vermont).....	(*)				(*)	57	72	26	(*)
Hartford..... (Connecticut).....	213		212	1		1,558	790	767	(*)
Portsmouth..... (New Hampshire).....	(*)		(*)		(*)	177	125	52	(*)
Providence..... (Rhode Island).....	3		3	(*)	(*)	339	178	160	1
Chicago region.....	2,317	(*)	649	1,854	14	17,734	3,262	12,249	2,223
Chicago..... (See (b) below).....	1,153	(*)	18	1,130	5	12,527	1,345	9,943	1,239
Detroit..... (Michigan).....	1,292	(*)	582	707	3	2,795	1,079	1,715	2
Milwaukee..... (Wisconsin).....	71		49	17	7	2,287	838	466	983
Springfield..... (See (b) below).....	1		1	(*)		126		126	
Cincinnati region.....	729,454	717,496	5,693	6,252	7	13,137	4,047	3,824	5,466
Cincinnati..... (See (f) below).....	138		119	19	(*)	6,432	1,521	1,446	5,466
Cleveland..... (See (f) below).....	2,447		1,785	658	5	1,332		1,391	(*)
Indianapolis..... (Indiana).....	759		759	(*)		1,094	767	328	(*)
Louisville..... (Kentucky).....	367,020	363,089	1,163	2,768	(*)	747	344	403	(*)
Parkersburg..... (West Virginia).....	1,079	(*)	218	861		263	233	30	(*)
Richmond..... (Virginia).....	358,011	354,407	1,656	1,945	2	1,408	1,182	227	(*)
Dallas region.....	1,200	(*)	1,198	(*)	2	8,381	3,664	4,516	1
Albuquerque..... (New Mexico).....				(*)		332	162	170	(*)
Austin..... (See (h) below).....	114		113	(*)	1	1,729		1,728	(*)
Dallas..... (See (h) below).....				(*)		3,545	1,329	1,615	(*)
Little Rock..... (Arkansas).....						387	275	111	(*)
New Orleans..... (Louisiana).....	1,085	(*)	1,085	(*)	(*)	1,424	832	592	(*)
Oklahoma City..... (Oklahoma).....						965	666	299	(*)

New York City region.....	680	48	292	81	267	62,163	1,725	60,266	236
Albany..... (See (e) below).....	46		45	2	(*)	177		92	86
Brooklyn..... (See (e) below).....	49	(*)	48	2	(*)	482		446	36
Buffalo..... (See (e) below).....	2		2	(*)	(*)	669		669	(*)
Manhattan..... (See (e) below).....	547	46	194	53	255	60,543	1,725	58,704	114
Syracuse..... (See (e) below).....	35		3	27	6	296		296	
Omaha region.....	1,011		14	996	(*)	8,801	4,608	8,569	684
Aberdeen..... (South Dakota).....						164	148	16	(*)
Cheyenne..... (Wyoming).....	(*)				(*)	121	98	23	(*)
Denver..... (Colorado).....	(*)				(*)	1,285	730	556	(*)
Des Moines..... (Iowa).....	(*)				(*)	789	765	24	(*)
Fargo..... (North Dakota).....	(*)				(*)	127	110	17	(*)
Kansas City..... (See (c) below).....	(*)				(*)	685		579	105
Omaha..... (Nebraska).....					(*)	702	377	325	(*)
St. Louis..... (See (c) below).....	1,010		14	996	(*)	1,741	1,299	442	(*)
St. Paul..... (Minnesota).....	1		(*)		(*)	2,532	581	1,373	578
Wichita..... (Kansas).....					(*)	654	499	155	(*)
Philadelphia region.....	26,771	5	24,967	979	819	11,398	4,095	7,360	613
Baltimore..... (Maryland and D.C.).....	58	(*)	43	2	13	2,008	960	1,048	(*)
Camden..... (See (d) below).....	1,163		1,163			205		204	(*)
Newark..... (See (d) below).....	925		121	759	46	2,568	1,896	670	2
Philadelphia..... (See (g) below).....	9,858	(*)	8,884	215	760	3,819		3,818	1
Pittsburgh..... (See (g) below).....	17		16	1	(*)	1,964	1,213	750	1
Scranton..... (See (g) below).....	14,749	5	14,741	3		172		172	
Wilmington..... (Delaware).....						663	26	637	
San Francisco region.....	133	2	42	33	57	23,453	11,921	11,482	40
Anchorage..... (Alaska).....						66	66		
Boise..... (Idaho).....						220	191	25	4
Helena..... (Montana).....						199	186	13	
Honolulu..... (Hawaii).....	14		3		12	321	15	300	6
Los Angeles..... (See (a) below).....	42	1	23	5	13	5,879		5,854	25
Phoenix..... (Arizona).....	(*)			(*)		826	247	576	3
Portland..... (Oregon).....	(*)				(*)	954	709	245	(*)
Reno..... (Nevada).....						299	198	101	
Salt Lake City..... (Utah).....						356	100	255	
San Francisco..... (See (a) below).....	73	1	16	26	29	12,285	9,684	2,599	2
Seattle..... (Washington).....	4		(*)	1	3	2,048	525	1,523	(*)
Office of International Operations.....	4,133	(*)	4,131	(*)	(*)	67	67	(*)	(*)
Puerto Rico.....	4,131	(*)	4,131	(*)		67	67	(*)	(*)
Other.....									

Totals for States not shown above

(a) California.....	115	2	39	31	42	18,165	9,684	8,454	27
(b) Illinois.....	1,154	(*)	19	1,130	5	12,652	1,345	10,068	1,219
(c) Missouri.....	1,010		14	996	(*)	2,426	1,299	1,021	106
(d) New Jersey.....	2,088		1,284	759	46	2,772	1,896	875	2
(e) New York.....	680	46	292	81	261	62,167	1,725	60,206	236
(f) Ohio.....	2,585		1,903	677	5	9,824	1,521	2,837	5,466
(g) Pennsylvania.....	24,625	5	23,841	218	760	5,954	1,213	4,740	1
(h) Texas.....	114		113	(*)	1	5,273	1,929	3,344	(*)

Footnotes on p. 156.

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. 152, 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 ²
	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
United States, total.....	5,120,340	2,406,001	72,931	340,338	1,753,046	171,717	120,210	235,297
Atlanta region.....	56,412	12,574	262	7,571	7,103	4,527	4,210	2,264
Atlanta..... (Georgia).....	7,646	4,691	43	789	1,436	8	39	639
Birmingham..... (Alabama).....	5,087	2,243	(*)	909	1,642	5	159	128
Columbia..... (South Carolina).....	5,256	4,690	68	63	75	5	202	154
Greensboro..... (North Carolina).....	12,775	10,607	23	202	1,331	5	368	238
Jackson..... (Mississippi).....	7,951	1,752	—	5,212	281	(*)	648	57
Jacksonville..... (Florida).....	5,247	3,440	58	196	1,122	107	80	244
Nashville..... (Tennessee).....	14,450	5,150	70	198	1,217	4,397	2,614	804
Boston region.....	72,381	23,964	112	7,340	7,828	3,305	5,176	24,735
Augusta..... (Maine).....	1,623	1,383	—	87	37	(*)	4	112
Boston..... (Massachusetts).....	25,824	13,609	101	195	2,430	2,812	305	6,371
Burlington..... (Vermont).....	397	333	—	16	11	—	—	38
Hartford..... (Connecticut).....	39,286	6,410	11	6,660	3,574	465	4,860	17,307
Portsmouth..... (New Hampshire).....	1,247	570	—	78	17	28	2	551
Providence..... (Rhode Island).....	4,003	1,679	—	204	1,759	(*)	5	356
Chicago region.....	2,012,148	120,343	7,531	3,388	1,619,272	72,095	61,618	57,761
Chicago..... (See (b) below).....	402,601	249,937	7,012	1,615	48,937	57,531	14,449	23,120
Detroit..... (Michigan).....	1,538,054	30,861	300	1,412	1,457,942	10,371	29,651	7,517
Milwaukee..... (Wisconsin).....	40,096	21,093	155	165	11,187	33	5,349	2,112
Springfield..... (See (b) below).....	31,396	18,651	64	115	1,206	4,159	2,189	5,012
Cincinnati region.....	532,487	155,419	4,699	229,194	80,821	5,687	24,734	31,633
Cincinnati..... (See (f) below).....	23,065	3,356	78	294	6,203	252	4,547	8,336
Cleveland..... (See (f) below).....	365,330	62,523	1,932	228,308	46,270	274	5,664	20,357
Indianapolis..... (Indiana).....	50,004	16,093	271	152	26,509	2,721	1,826	2,432
Louisville..... (Kentucky).....	84,623	66,009	2,237	203	950	2,436	12,465	324
Parkersburg..... (West Virginia).....	2,481	2,097	124	76	167	1	15	1
Richmond..... (Virginia).....	6,984	5,341	58	161	823	2	216	383
Dallas region.....	572,516	318,423	17,332	3,680	8,288	2,546	1,035	212
Albuquerque..... (New Mexico).....	3,340	3,269	—	35	30	(*)	(*)	6
Austin..... (See (h) below).....	289,246	274,593	10,351	1,277	1,113	49	638	225
Dallas..... (See (h) below).....	46,760	36,120	200	1,949	5,220	2,728	234	308
Little Rock..... (Arkansas).....	10,582	10,150	24	58	261	4	38	45
New Orleans..... (Louisiana).....	31,456	29,632	1,087	84	420	2	15	197
Oklahoma City..... (Oklahoma).....	192,132	184,657	5,670	276	1,344	44	109	31
New York City region.....	852,757	871,506	19,017	64,934	28,543	55,914	9,477	103,346
Albany..... (See (e) below).....	3,303	1,537	—	42	849	623	147	106
Brooklyn..... (See (e) below).....	24,328	3,351	142	1,816	4,997	4,846	4,999	4,378
Buffalo..... (See (e) below).....	35,648	6,511	51	6,568	2,375	1,089	603	18,451
Manhattan..... (See (e) below).....	755,182	555,171	18,822	56,457	19,495	32,941	2,074	70,222
Syracuse..... (See (e) below).....	34,296	4,937	1	70	828	16,615	1,655	10,189
Omaha region.....	170,680	113,268	2,387	19,531	18,021	2,616	8,165	4,692
Aberdeen..... (South Dakota).....	3,153	3,007	3	43	99	(*)	(*)	(*)
Cheyenne..... (Wyoming).....	7,542	7,509	2	24	6	(*)	(*)	(*)
Denver..... (Colorado).....	16,849	5,183	1	9,146	2,375	7	(*)	138
Des Moines..... (Iowa).....	23,998	9,612	45	8,321	1,429	910	2,538	1,143
Fargo..... (North Dakota).....	1,421	1,144	117	51	27	(*)	(*)	82
Kansas City..... (See (c) below).....	23,169	19,457	365	280	1,649	103	1,197	118
Omaha..... (Nebraska).....	5,627	4,369	224	90	713	23	200	7
St. Louis..... (See (c) below).....	28,763	20,878	580	1,110	4,263	88	838	1,005
St. Paul..... (Minnesota).....	44,902	30,501	777	346	6,772	1,477	2,885	2,143
Wichita..... (Kansas).....	15,257	13,608	272	120	687	9	506	54
Philadelphia region.....	524,000	376,759	11,231	23,273	63,794	19,989	12,555	16,580
Baltimore..... (Maryland and D.C.).....	29,456	12,788	154	13,383	474	2,012	98	547
Camden..... (See (d) below).....	5,467	4,341	52	54	445	28	57	491
Newark..... (See (d) below).....	64,469	5,385	337	727	46,821	4,612	866	5,720
Philadelphia..... (See (g) below).....	203,636	170,098	4,949	5,334	9,585	7,813	4,388	1,469
Pittsburgh..... (See (g) below).....	217,250	181,084	7,739	1,698	6,163	5,513	7,145	7,909
Scranton..... (See (g) below).....	3,321	2,778	(*)	61	281	11	1	189
Wilmington..... (Delaware).....	399	284	(*)	16	26	(*)	(*)	73
San Francisco region.....	324,950	273,525	8,362	3,586	10,974	4,322	3,170	13,452
Anchorage..... (Alaska).....	20	(*)	—	1	16	1	(*)	2
Boise..... (Idaho).....	1,334	1,097	3	38	110	1	(*)	8
Helena..... (Montana).....	191	103	—	28	42	(*)	(*)	8
Honolulu..... (Hawaii).....	297	6	—	57	153	33	5	43
Los Angeles..... (See (a) below).....	186,534	156,248	4,257	1,905	9,170	4,066	3,097	7,792
Phoenix..... (Arizona).....	262	16	4	44	98	14	6	79
Portland..... (Oregon).....	3,572	1	—	77	3,242	26	69	157
Reno..... (Nevada).....	232	205	(*)	18	7	—	—	1
Salt Lake City..... (Utah).....	2,253	847	(*)	34	293	3	(*)	1,075
San Francisco..... (See (a) below).....	121,545	108,948	4,080	1,279	2,839	533	45	3,822
Seattle..... (Washington).....	8,710	4,055	18	97	4,005	52	97	386
Office of International Operations.....	19	—	—	—	(*)	7	(*)	2
Puerto Rico.....	1	—	—	—	—	—	—	1
Other.....	8	—	—	—	(*)	7	(*)	1
Totals for States not shown above								
(a) California.....	308,079	265,196	8,117	3,184	12,009	4,599	3,142	11,613
(b) Illinois.....	433,957	268,568	7,076	1,730	50,143	61,691	16,638	28,132
(c) Missouri.....	51,332	40,335	945	1,390	5,912	191	2,036	1,123
(d) New Jersey.....	69,937	9,727	389	781	47,766	4,640	923	6,211
(e) New York.....	852,757	571,506	19,017	64,934	28,543	55,914	9,477	103,346
(f) Ohio.....	388,395	65,879	2,009	228,602	52,473	527	10,211	28,693
(g) Pennsylvania.....	424,207	353,960	12,688	7,094	16,028	13,336	11,534	9,567
(h) Texas.....	335,007	310,714	10,550	3,226	6,333	2,778	873	533

Footnotes on p. 156.

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. 152, 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 prepara- tions	Total	Admissions		Club dues and initiation fees
							Theaters, concerts, athletic contests, etc. ¹⁰	Roof gardens, cabarets, etc.	
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
United States, total	415,920	68,599	173,608	10,921	142,792	1,552,250	18,342	35,037	68,100
Atlanta region	27,357	4,430	12,855	1,370	8,771	116,938	1,266	1,879	4,589
Atlanta (Georgia)	5,344	944	2,545	230	1,625	74,391	153	209	697
Birmingham (Alabama)	2,981	477	1,499	248	757	4,052	76	70	384
Columbia (South Carolina)	1,749	249	776	67	657	2,697	65	39	284
Greensboro (North Carolina)	4,633	638	2,273	208	1,514	10,584	179	83	773
Jackson (Mississippi)	1,395	228	629	61	477	1,726	8	44	217
Jacksonville (Florida)	7,180	1,154	3,361	232	2,433	17,860	552	1,347	1,455
Nashville (Tennessee)	4,076	740	1,803	224	1,309	5,529	122	86	779
Boston region	25,241	3,761	10,707	1,683	5,169	79,718	2,120	1,595	4,503
Augusta (Maine)	1,989	139	529	49	277	1,327	66	106	151
Boston (Massachusetts)	14,215	2,463	6,447	981	4,324	52,309	1,314	949	2,043
Burlington (Vermont)	1,351	65	195	15	75	765	4	23	91
Hartford (Connecticut)	7,024	687	2,185	411	3,740	21,887	284	320	1,728
Portsmouth (New Hampshire)	1,655	94	348	29	195	922	188	21	122
Providence (Rhode Island)	2,007	313	1,002	119	572	1,528	264	178	367
Chicago region	53,780	8,383	21,997	5,459	16,380	189,718	4,073	4,762	9,344
Chicago (See (b) below)	30,535	6,317	12,258	3,492	8,468	113,316	2,324	2,308	4,360
Detroit (Michigan)	14,387	2,263	5,649	1,167	5,307	46,739	1,198	1,343	3,246
Milwaukee (Wisconsin)	6,027	1,044	2,691	626	1,666	20,867	439	623	1,071
Springfield (See (b) below)	2,831	360	1,399	133	939	8,815	112	508	667
Cincinnati region	15,535	5,042	16,774	2,050	11,625	116,351	2,316	2,617	7,204
Cincinnati (See (f) below)	9,106	1,565	3,858	525	3,158	13,534	559	598	1,291
Cleveland (See (f) below)	9,459	1,250	4,355	660	3,193	54,604	851	948	2,235
Indianapolis (Indiana)	7,012	842	3,781	371	2,017	26,597	387	612	1,124
Louisville (Kentucky)	2,927	424	1,481	872	872	13,255	141	288	786
Parkersburg (West Virginia)	1,904	269	909	105	621	8,124	217	104	402
Richmond (Virginia)	5,128	682	2,389	280	1,768	19,637	160	75	1,365
Dallas region	32,245	4,256	16,696	1,591	9,701	74,944	1,073	1,574	6,506
Albuquerque (New Mexico)	1,076	111	489	32	444	3,103	124	229	202
Austin (See (h) below)	9,320	1,274	4,652	399	2,995	18,954	229	368	2,027
Dallas (See (h) below)	11,850	1,366	7,188	666	2,629	25,575	349	329	2,153
Little Rock (Arkansas)	1,857	267	849	50	691	3,603	104	146	331
New Orleans (Louisiana)	4,629	740	1,977	259	1,654	16,582	168	487	930
Oklahoma City (Oklahoma)	3,514	499	1,540	187	1,287	7,091	99	17	863
New York City region	101,170	19,268	39,872	5,540	33,430	100,950	12,800	4,845	9,915
Albany (See (e) below)	1,943	254	901	166	612	5,050	355	383	541
Brooklyn (See (e) below)	8,147	1,557	3,197	711	2,682	12,195	2,813	640	2,178
Buffalo (See (e) below)	4,832	784	2,009	393	1,646	7,958	406	497	1,197
Manhattan (See (e) below)	80,644	16,223	23,393	7,063	33,965	271,420	9,956	2,991	5,388
Syracuse (See (e) below)	5,603	440	4,373	207	584	4,348	167	334	512
Omaha region	19,481	7,067	14,924	2,595	10,894	219,342	1,838	2,903	5,763
Aberdeen (South Dakota)	761	79	393	32	256	1,672	41	58	78
Cheyenne (Wyoming)	444	49	220	10	165	1,699	6	74	47
Denver (Colorado)	3,077	357	1,491	269	960	54,291	288	764	770
Des Moines (Iowa)	3,359	453	1,606	186	1,113	7,085	98	165	643
Fargo (North Dakota)	627	75	306	31	216	1,071	11	66	51
Kansas City (See (c) below)	4,675	633	1,876	283	1,884	28,875	207	338	598
Omaha (Nebraska)	2,340	326	1,007	162	845	36,905	140	204	338
St. Louis (See (c) below)	9,741	3,653	3,016	873	2,199	81,730	399	255	1,083
St. Paul (Minnesota)	7,753	1,119	3,843	593	2,197	16,633	599	849	1,315
Wichita (Kansas)	2,704	323	1,165	156	1,060	9,382	50	128	840
Philadelphia region	19,986	6,169	17,587	3,690	12,870	171,083	4,959	1,071	8,715
Baltimore (Maryland and D.C.)	9,966	1,457	4,493	755	3,261	37,061	1,502	1,123	1,971
Camden (See (d) below)	2,318	307	1,168	199	644	4,570	1,263	975	610
Newark (See (d) below)	7,846	1,232	3,184	942	2,487	42,888	270	641	1,707
Philadelphia (See (g) below)	10,854	1,755	4,662	1,225	3,212	88,171	748	621	2,134
Pittsburgh (See (g) below)	6,443	1,022	2,851	402	2,167	13,403	445	332	1,568
Scranton (See (g) below)	1,992	325	917	131	619	3,752	362	137	405
Wilmington (Delaware)	567	70	281	34	181	1,237	368	43	270
San Francisco region	65,123	8,623	28,184	4,121	24,186	240,500	6,938	10,062	11,765
Anchorage (Alaska)	361	27	163	35	136	1,779	19	93	3
Boise (Idaho)	955	99	434	21	400	1,818	14	122	65
Helena (Montana)	770	89	358	41	284	1,762	15	156	113
Honolulu (Hawaii)	1,592	283	867	10	432	5,041	94	577	177
Los Angeles (See (a) below)	28,569	3,927	11,979	2,304	10,359	46,855	4,374	3,222	6,122
Phoenix (Arizona)	2,207	251	1,075	65	817	3,059	178	390	420
Portland (Oregon)	3,047	396	1,361	98	1,191	5,464	169	539	506
Reno (Nevada)	925	99	490	49	299	10,135	43	2,947	71
Salt Lake City (Utah)	1,778	204	723	80	771	8,091	93	75	337
San Francisco (See (a) below)	18,849	2,525	8,333	1,205	6,787	131,800	1,605	2,387	3,404
Seattle (Washington)	6,071	732	2,414	215	2,711	24,695	333	454	901
Office of International Operations	2	(*)	(*)		2	1,633	(*)	(*)	5
Puerto Rico						2,629			
Other	2	(*)	(*)		2	1,004	(*)	(*)	5
Totals for States not shown above									
(a) California	47,418	6,452	20,311	3,508	17,146	178,654	5,979	5,609	9,162
(b) Illinois	33,366	6,677	13,657	3,626	9,407	122,131	2,436	2,816	5,027
(c) Missouri	14,416	4,286	4,892	1,156	4,082	110,605	605	593	1,681
(d) New Jersey	10,164	1,539	4,352	1,142	3,131	47,459	1,533	1,615	2,317
(e) New York	101,170	19,268	33,872	5,540	33,490	300,980	13,800	4,845	9,916
(f) Ohio	18,535	2,815	8,213	1,185	6,351	68,538	1,411	1,547	3,527
(g) Pennsylvania	19,289	3,102	8,430	1,758	5,958	85,327	1,556	1,090	4,107
(h) Texas	21,170	2,640	11,841	1,065	5,625	44,570	578	696	4,180

Footnotes on p. 156.

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. 152, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Miscellaneous excise taxes—Continued							
	Toll telephone service, tele- graph, 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	119,404	25,360	489,155	260,052	6,546	5	95,168	101,556
Atlanta region	29,428	922	40,212	10,760	310	(*)	1,251	5,102
Atlanta (Georgia)	24,375	666	33,240	9,233	43	(*)	3,189	751
Birmingham (Alabama)	436	68	347	352	34			609
Columbia (South Carolina)	227	33	277	149	16			675
Greensboro (North Carolina)	1,813	45	3,006	1,558	35	(*)		908
Jackson (Mississippi)	51	4	73	7	19			521
Jacksonville (Florida)	2,036	68	2,623	5,263	139		62	944
Nashville (Tennessee)	490	37	647	198	44			895
Boston region	20,423	1,401	31,411	6,977	454	(*)	1,752	2,534
Augusta (Maine)	131	8	128	49	28			206
Boston (Massachusetts)	14,556	338	23,586	3,524	243	(*)	2,752	888
Burlington (Vermont)	71	9	60	164	11			163
Hartford (Connecticut)	5,614	1,004	7,590	3,028	116			978
Portsmouth (New Hampshire)	51	13	44	38	20			165
Providence (Rhode Island)	(*)	30	2	173	37			154
Chicago region	32,725	2,631	66,390	42,573	917	1	1,490	9,992
Chicago (See (h) below)	17,608	1,260	32,881	41,468	419	1	(*)	5,606
Detroit (Michigan)	9,197	978	21,771	712	248		1,226	2,270
Milwaukee (Wisconsin)	4,907	349	9,483	231	141	(*)	264	1,135
Springfield (See (h) below)	2,013	44	2,855	122	110		(*)	780
Cincinnati region	20,594	1,473	49,144	17,536	641	(*)	116	11,777
Cincinnati (See (f) below)	2,902	166	5,248	261	111			774
Cleveland (See (f) below)	12,275	378	20,661	8,693	200	(*)	115	4,451
Indianapolis (Indiana)	6,460	231	9,365	962	144			2,531
Louisville (Kentucky)	1,013	54	1,569	5,542	57		(*)	1,933
Parkersburg (West Virginia)	1,670	186	3,569	46	41			581
Richmond (Virginia)	4,275	506	8,110	2,095	87			1,501
Dallas region	4,123	414	4,682	12,896	498		13,779	18,246
Albuquerque (New Mexico)	119	13	102	131	21			1,848
Austin (See (h) below)	488	130	398	1,552	136		3,111	7,721
Dallas (See (h) below)	3,464	131	3,324	9,134	182			3,466
Little Rock (Arkansas)	265	24	398	352	36		(*)	724
New Orleans (Louisiana)	185	29	162	1,047	57		10,668	1,135
Oklahoma City (Oklahoma)	303	87	297	379	71			3,354
New York City region	57,912	12,202	74,154	72,196	1,024	1	33,803	13,442
Albany (See (e) below)	630	38	649	558	58		(*)	895
Brooklyn (See (e) below)	20	7	6	4,288	213	(*)		260
Buffalo (See (e) below)	1,278	80	2,473	148	105			403
Manhattan (See (e) below)	55,605	12,074	70,566	66,261	593	(*)	23,803	11,501
Syracuse (See (e) below)	378	3	440	1,141	55	(*)	14,914	10,382
Omaha region	58,066	3,098	91,991	48,380	710	3	14,433	10,450
Aberdeen (South Dakota)	130	14	251	92	24			1,106
Chayenne (Wyoming)	38	3	25	15	11			1,363
Denver (Colorado)	11,643	957	16,594	6,016	64			1,499
Des Moines (Iowa)	1,271	64	1,597	72	125	(*)		765
Fargo (North Dakota)	123	4	260	16	18			817
Kansas City (See (c) below)	264	19	371	24,987	79		1	1,162
Omaha (See (d) below)	12,564	321	18,315	2,746	66	2		1,351
St. Louis (See (c) below)	30,114	1,630	42,257	2,591	108		380	1,102
St. Paul (Minnesota)	805	31	1,189	8,560	125	1		1,241
Wichita (Kansas)	1,715	53	1,131	3,285	91			1,217
Philadelphia region	37,236	1,895	61,012	19,916	911	(*)	4,307	1,458
Baltimore (Maryland and D.C.)	6,401	345	12,124	8,625	121	(*)		309
Camden (See (d) below)	25	1	416	83	83			1,592
Newark (See (d) below)	15,110	237	18,897	1,613	215			2,984
Philadelphia (See (g) below)	14,129	1,156	29,308	8,745	244	(*)	4,306	4,687
Pittsburgh (See (g) below)	1,165	152	2,208	169	173			790
Scranton (See (g) below)	406	4	496	325	54		1	88
Wilmington (Delaware)	1	(*)	24	21	21			12
San Francisco region	49,197	1,126	77,557	21,956	1,059	(*)	18,218	19,867
Anchorage (Alaska)	441	21	347	578	5			826
Boise (Idaho)	79	8	73	41	24		(*)	585
Helena (Montana)	143	21	110	96	30			64
Honolulu (Hawaii)	605	30	1,785	1,305	19		19	5,268
Los Angeles (See (a) below)	6,956	282	8,823	7,906	277			1,146
Phoenix (Arizona)	118	37	41	102	38	(*)		1,146
Portland (Oregon)	406	9	561	293	60			634
Reno (Nevada)	67	7	586	414	13			984
Salt Lake City (Utah)	108	5	63	50	21		5,552	8,225
San Francisco (See (a) below)	33,346	709	64,415	10,071	458		12,646	777
Seattle (Washington)	6,928	198	10,748	1,099	97	(*)		
Office of International Operations				939			2,829	
Puerto Rico							2,829	
Other								
Totals for States not shown above								
(a) California	40,302	951	61,238	17,977	735		12,646	13,493
(b) Illinois	19,621	1,304	35,736	41,590	529	1	(*)	6,586
(c) Missouri	30,378	1,649	42,628	27,578	187		381	2,168
(d) New Jersey	15,134	239	18,897	2,029	295	(*)		2,301
(e) New York	57,912	12,202	74,154	72,196	1,024	1	33,803	13,442
(f) Ohio	15,177	494	25,929	8,953	311	(*)	115	5,225
(g) Pennsylvania	15,700	1,312	32,012	9,239	471	(*)	4,307	8,370
(h) Texas	3,952	261	3,723	10,686	319		3,111	11,187

Footnotes on p. 155.

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. 152, 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, in- cluding occu- pational taxes	Coin-operated amusement and gaming devices	Bowling alleys, pool tables, etc.	Wagering taxes		Use tax on cer- tain vehicles	Other ³		
				Occupational	Wagers				
	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	
United States, total	1,063	19,617	4,184	580	5,349	79,761	716	137,323	
Atlanta region	60	2,262	440	51	542	9,570	71	27,993	
Atlanta (Georgia)	9	532	104	3	89	1,100	(*)	14,957	
Birmingham (Alabama)	8	44	55	3	70	1,473	22	2,214	
Columbia (South Carolina)	6	406	31	1	12	472	2	2,020	
Greensboro (North Carolina)	10	114	82	2	19	2,047	10	5,315	
Jackson (Mississippi)	4	290	27	4	44	418	2	2,254	
Jacksonville (Florida)	15	131	80	32	165	2,802	36	6,645	
Nashville (Tennessee)	10	744	66	7	144	1,259	(*)	4,500	
Boston region	37	281	224	45	67	3,444	48	52	
Augusta (Maine)	2	23	18	(*)	5	402	4	(*)	
Boston (Massachusetts)	19	127	104	34	26	1,779	27	43	
Burlington (Vermont)	1	9	5	1		151	2	(*)	
Hartford (Connecticut)	9	68	62	5	28	1,040	12	5	
Portsmouth (New Hampshire)	2	30	29	4	7	196	2	3	
Providence (Rhode Island)	3	24	16	1	1	277	1	1	
Chicago region	79	1,526	611	25	490	10,463	65	149	
Chicago (See (b) below)	37	688	171	12	325	8,610	38	75	
Detroit (Michigan)	25	215	256	4	52	3,989	8	55	
Milwaukee (Wisconsin)	11	234	112	(*)	7	1,862	4	12	
Springfield (See (b) below)	6	389	22	9	111	1,003	15	7	
Cincinnati region	109	2,464	545	110	1,521	9,934	90	38	
Cincinnati (See (f) below)	13	230	79	4	95	1,583	19	15	
Cleveland (See (f) below)	19	342	210	39	191	3,018	7	-29	
Indianapolis (Indiana)	45	475	106	35	791	2,717	6	44	
Louisville (Kentucky)	7	688	68	16	220	821	52	-1	
Parkersburg (West Virginia)	4	622	37	14	159	468	(*)	-1	
Richmond (Virginia)	21	106	84	2	65	1,377	5	9	
Dallas region	34	1,394	319	17	474	8,359	75	861	
Albuquerque (New Mexico)	3	38	19	2	13	242	(*)	3	
Austin (See (h) below)	16	113	99	4	54	2,527	20	25	
Dallas (See (h) below)	12	66	70	5	70	2,842	38	50	
Little Rock (Arkansas)	4	359	52	6	92	707	2	30	
New Orleans (Louisiana)	10	727	28	14	247	689	3	236	
Oklahoma City (Oklahoma)	7	100	51	6	47	1,392	17	17	
New York City region	298	444	360	11	123	6,222	46	337	
Albany (See (e) below)	23	81	36	1	15	643	4	6	
Brooklyn (See (e) below)	110	96	96	(*)	32	1,319	15	-12	
Buffalo (See (e) below)	31	84	102	4	56	1,087	4	1	
Manhattan (See (e) below)	78	109	76	5	15	2,378	19	341	
Syracuse (See (e) below)	6	75	49	2	5	795	5	(*)	
Omaha region	98	1,223	551	34	141	9,286	91	71	
Aberdeen (South Dakota)	2	140	75	1	10	358	(*)	2	
Cheyenne (Wyoming)	2	69	12	5	8	279	1	2	
Denver (Colorado)	9	124	60	1	1	1,197	4	21	
Des Moines (Iowa)	7	130	101	6	6	1,280	11	12	
Fargo (North Dakota)	2	19	20	(*)	8	205	(*)	(*)	
Kansas City (See (c) below)	6	95	50	(*)	2	1,039	3	7	
Omaha (Nebraska)	13	83	52	4	34	853	7	4	
St. Louis (See (c) below)	42	198	69	4	18	1,222	9	15	
St. Paul (Minnesota)	9	92	91	9	38	1,768	51	5	
Wichita (Kansas)	7	263	68	3	16	1,065	5	4	
Philadelphia region	225	1,117	579	64	409	9,545	63	10	
Baltimore (Maryland and D.C.)	15	1,807	93	4	52	1,411	10	-5	
Camden (See (d) below)	6	147	56	2	6	669	3	20	
Newark (See (d) below)	111	106	129	8	9	1,637	6	-12	
Philadelphia (See (g) below)	69	435	135	31	160	2,939	27	2	
Pittsburgh (See (g) below)	18	496	113	16	139	1,717	5	-1	
Scranton (See (g) below)	5	131	42	1	11	658	4	1	
Wilmington (Delaware)	1	17	11	2	32	303	7	5	
San Francisco region	129	6,889	516	201	1,540	12,989	160	56	
Anchorage (Alaska)	(*)	153	7	4	27	70	2	1	
Boise (Idaho)	2	28	20	(*)	2	510	2	2	
Helena (Montana)	2	118	21	35	44	260	13	1	
Honolulu (Hawaii)	2	105	20	(*)	(*)	240	(*)	(*)	
Los Angeles (See (a) below)	63	180	171	5	23	3,114	68	21	
Phoenix (Arizona)	10	124	23	2	14	414	2	1	
Portland (Oregon)	6	341	46	2	23	1,336	2	(*)	
Reno (Nevada)	4	497	16	5	715	116	13	-3	
Salt Lake City (Utah)	3	192	21	32	80	456	58	37	
San Francisco (See (a) below)	27	186	96	3	31	4,497	2	-4	
Seattle (Washington)	9	965	75	113	620	1,375	1	98,351	
Office of International Operations					(*)	58			
Puerto Rico					(*)				
Other					(*)				
Undistributed depository receipts									
Totals for States not shown above									
(a) California	90	365	257	8	54	7,611	126	56	
(b) Illinois	43	1,077	243	21	436	4,613	53	82	
(c) Missouri	48	292	119	5	20	2,260	12	22	
(d) New Jersey	117	252	185	10	15	2,506	9	14	
(e) New York	298	444	360	13	123	6,222	46	337	
(f) Ohio	32	572	290	43	286	4,601	26	-14	
(g) Pennsylvania	92	1,061	290	48	310	5,325	37	-9	
(h) Texas	30	169	169	9	75	5,369	58	75	

Footnotes on p. 156.

Table 2.—Internal revenue collections by sources and by quarters
(In thousands of dollars)

Source of revenue	Quarter ended—			
	Sept. 30, 1961 (1)	Dec. 31, 1961 (2)	Mar. 31, 1962 (3)	June 30, 1962 (4)
Grand total, all sources.....	21,746,502	19,645,167	27,168,999	30,880,172
Corporation income tax ¹	4,152,393	4,107,006	6,744,875	6,291,439
Individual income and employment taxes, total.....	13,985,121	11,880,020	16,828,382	20,664,241
Income tax not withheld ²	2,422,874	768,203	4,129,636	7,996,664
Income tax withheld and old-age and disability insurance ²	11,406,315	10,985,709	12,111,678	12,514,745
Railroad retirement ³	153,721	123,915	141,448	145,227
Unemployment insurance.....	2,211	2,193	445,620	7,605
Estate tax.....	446,310	415,804	459,874	474,239
Gift tax.....	6,417	4,377	20,510	207,656
Excise taxes, total.....	3,156,261	3,237,959	3,115,358	3,242,598
Alcohol taxes, total.....	813,520	940,843	725,273	861,645
Distilled spirits ⁴	555,923	724,636	526,484	612,287
Wines, cordials, etc.....	20,859	29,354	26,595	23,114
Beer ⁵	237,737	186,853	172,194	226,246
Tobacco taxes, total.....	502,634	532,210	471,420	519,472
Cigarettes ⁶	484,795	513,839	456,562	501,331
Cigars ⁶	13,377	12,985	10,249	13,115
Other ⁶	4,462	5,386	4,609	5,026
Stamp taxes on documents, other instruments, and playing cards, total.....	37,185	41,487	41,258	39,390
Issues and transfers of bonds of indebted- ness or capital stock, foreign insurance policies, and deeds of conveyance: Sales by postmasters.....	9,673	10,208	12,388	10,659
Sales by directors.....	25,660	29,117	26,396	27,140
Playing cards, silver bullion transfers.....	1,851	2,182	2,476	2,190
Manufacturers' excise taxes, total.....	1,285,805	1,188,461	1,368,637	1,277,438
Gasoline.....	620,445	642,752	599,517	543,287
Lubricating oil, etc.....	19,058	18,899	17,356	17,618
Tires (wholly or in part of rubber), inner tubes, and tread rubber.....	80,612	98,372	90,035	91,320
Motor vehicles, chassis, bodies, parts, and accessories.....	439,331	295,867	519,291	499,357
Radio and television sets, phonographs, components, etc.....	30,726	45,944	52,384	42,664
Refrigerators, freezers, air-conditioners, etc.; electric, gas, and oil appliances.....	35,902	27,269	26,662	30,377
Other ¹⁰	59,731	59,359	63,392	52,816
Retailers' excise taxes, total.....	92,996	88,723	155,152	79,049
Luggage, etc.....	16,412	14,449	26,342	11,396
Jewelry, etc.....	39,036	35,444	67,906	31,222
Furs.....	4,269	5,594	14,323	6,734
Toilet preparations.....	33,279	33,236	46,581	29,697

Footnotes on p. 156.

Table 2.—Internal revenue collections by sources and by quarters—Continued
(In thousands of dollars)

Source of revenue	Quarter ended—			
	Sept. 30, 1961 (1)	Dec. 31, 1961 (2)	Mar. 31, 1962 (3)	June 30, 1962 (4)
Miscellaneous excise taxes, total.....	426,068	380,222	396,758	349,203
Admissions: Theaters, concerts, athletic contests, etc. ¹¹	10,133	11,741	8,572	7,936
Root gardens, cabarets, etc.....	8,759	8,902	9,107	8,270
Club dues and initiation fees.....	19,036	16,377	14,251	18,636
Long-distance telephone, telegraph, cable, radio, etc.; wire mileage service, wire and equipment service.....	87,135	83,100	94,208	80,320
Local telephone service.....	122,603	117,252	134,036	115,264
Transportation of persons.....	69,058	73,688	69,319	47,986
Use of safe deposit boxes.....	1,642	1,557	1,460	1,891
Coconut and other vegetable oils processed ¹²	1	3	1	1
Sugar.....	24,821	27,560	23,420	19,357
Diesel and special motor fuels.....	25,311	25,608	26,189	26,448
Narcotics and marihuana, including occupa- tional taxes.....	260	281	98	449
Coin-operated amusement and gaming de- vices.....	11,752	1,419	688	5,559
Bowling alleys, pool tables, etc.....	2,409	423	243	1,110
Wagering taxes: Occupational.....	250	117	82	131
Wagers.....	1,607	1,307	1,186	1,249
Use tax on certain vehicles.....	41,080	10,709	13,523	14,450
Other ¹³	211	184	177	144
Unclassified excise taxes: Unapplied collections.....	2,187	—180	38	36,932
Undistributed depository receipts ¹⁴	—4,132	65,194	—43,177	79,467

Footnotes on p. 156.

Table 3.—Internal revenue collections by sources, fiscal years 1962 and 1961
(In thousands of dollars)

Source of revenue	Fiscal year	
	1962	1961
Grand total, all sources.....	99,440,839	94,401,086
Corporation income taxes, total.....	21,295,711	21,764,940
Regular ¹	21,297,717	21,761,747
Exempt organization business income tax ¹	1,994	3,193
Individual income and employment taxes, total.....	63,357,765	58,655,452
Income tax not withheld ²	15,317,377	13,997,444
Income tax withheld and old-age and disability insurance, total ²	47,018,448	43,741,840
Received with returns ³	46,291,582	44,009,141
Undistributed depositary receipts ³	709,919	—267,301
Railroad retirement, total.....	564,311	570,812
Railroad employment compensation tax; employers' tax 6½ percent, employees' tax 6½ percent; both imposed on taxable portion of wages:		
Received with returns.....	547,330	581,348
Undistributed depositary receipts ³	16,960	—10,565
Railroad employees' representative tax, (3½ percent of taxable portion of wages).....	21	29
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.....	457,629	345,356
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.....	1,796,227	1,745,480
Gift tax, graduated rates from 2½ percent on first \$5,000 of net gifts in excess of \$30,000 exemption to 57½ percent on portion over \$10,000,000, \$3,000 annual exclusion for each donee.....	238,960	170,912
Excise taxes, total.....	12,752,176	12,064,302
Alcohol taxes, total.....	3,341,282	3,212,801
Distilled spirits taxes, total.....	2,423,330	2,314,746
Imported (collected by Customs), \$10.50 per gallon.....	431,047	395,800
Domestic, \$10.50 per gallon ⁴	1,954,355	1,879,653
Rectification, 30 cents per proof gallon ⁴	23,010	22,494
Occupational taxes:		
Nonbeverage manufacturers of spirits, \$25, \$50, \$100 per year.....	87	95
Rectifiers:		
Less than 20,000 gallons, \$110 per year.....	5	3
20,000 gallons or more, \$220 per year.....	20	20
Retail dealers in liquor or medicinal spirits, \$54 per year.....	12,990	14,757
Wholesale liquor dealers, \$255 per year.....	715	822
Manufacturers of stills, \$55 per year.....	5	5
Seizures, penalties, etc.....	1,085	1,091
Stills or worms manufactured, \$22 each.....	12	7
Wines, cordials, etc., taxes, total.....	99,922	97,803
Imported (collected by Customs, rates same as domestic):		
Domestic:		
(Still wines 17 cents, 67 cents, \$2.25 per gallon; sparkling wines, \$3.40; artificially carbonated wines, \$2.40; liqueurs, cordials, \$1.92.)	7,668	6,504
Occupational taxes:		
Retail dealers in wines or in wines and beer, \$54 per year.....	1,558	1,567
Wholesale dealers in wines or in wines and beer, \$255 per year.....	331	162
Beer taxes, total.....	818,030	800,252
Imported (collected by Customs), \$9 per barrel of 31 gallons.....	4,058	3,746
Domestic, \$9 per barrel of 31 gallons ⁵	809,426	791,682
Occupational taxes:		
Brewers:		
Less than 500 barrels, \$55 per year.....	40	(*)
500 barrels or more, \$110 per year.....	108	23
Retail dealers in beer, \$24 per year.....	3,510	3,788
Wholesale dealers in beer, \$123 per year.....	890	1,013

Footnotes on p. 156.

Table 3.—Internal revenue collections by sources, fiscal years 1962 and 1961—Continued
(In thousands of dollars)

Source of revenue	Fiscal year	
	1962	1961
Excise taxes—Continued		
Tobacco taxes, total.....	2,025,736	1,991,117
Cigarettes, total.....	1,956,527	1,923,540
Class A (small), \$4 per thousand.....	1,956,527	1,923,532
Class B (large), \$8.40 per thousand ⁶	1	3
Prepayments.....	(*)	4
Cigars, total.....	49,726	49,604
Large cigars, classified by intended retail prices, total ⁷	49,584	49,377
Class A (Retailing at not over 2¼ cents each), \$2.50 per thousand.....	86	56
Class B (Over 2¼ cents, not over 4 cents each), \$3 per thousand.....	1,052	951
Class C (Over 4 cents, not over 6 cents each), \$4 per thousand.....	10,606	10,662
Class D (Over 6 cents, not over 8 cents each), \$7 per thousand.....	7,076	7,652
Class E (Over 8 cents, not over 15 cents each), \$10 per thousand.....	24,508	22,850
Class F (Over 15 cents, not over 20 cents each), \$15 per thousand.....	3,742	3,793
Class G (Over 20 cents each), \$20 per thousand.....	2,515	3,412
Small cigars, 75 cents per thousand.....	124	118
Prepayments.....	17	108
Tobacco materials, tobacco products, and cigarette papers and tubes (Customs):		
Manufactured tobacco, 10 cents per pound ⁸	2,052	17,280
Cigarette papers and tubes, papers ¼ cent per 50; tubes 1 cent per 50.....	16,686	693
Tobacco materials—violations of sec. 5721, Internal Revenue Code of 1954.....	735	1
Stamp taxes on documents, other instruments, and playing cards, total.....	159,319	149,350
Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance: ⁹		
Sales by postmasters.....	42,327	37,544
Sales by directors.....	108,313	103,746
Playing cards, 13 cents per pack.....	8,625	8,046
Silver bullion transfers, 50 percent of profit.....	55	14
Manufacturers' excise taxes, total.....	5,120,340	4,896,802
Gasoline, 4 cents per gallon.....	2,406,001	2,370,303
Lubricating oil, etc., 6 cents per gallon; cutting oil, 3 cents.....	72,931	74,296
Tires (wholly or in part of rubber), inner tubes, and tread rubber:		
Tires, highway type, 8 cents per pound to July 1, 1961; 10 cents per pound thereafter; other, 5 cents per pound, except laminated tires (other than type used on highway vehicles): 1 cent per pound.....	321,639	250,959
Inner tubes, 9 cents per pound to July 1, 1961; 10 cents per pound thereafter.....	16,988	14,560
Tread rubber, 3 cents per pound to July 1, 1961; 5 cents per pound thereafter.....	21,711	14,053
Motor vehicles, chassis, bodies, parts, and accessories:		
Passenger automobiles, chassis, bodies, etc., 10 percent.....	1,300,344	1,228,629
Trucks and buses, chassis, bodies, etc., 10 percent.....	256,275	236,659
Parts and accessories for automobiles, trucks, etc., 8 percent.....	197,227	188,819
Radio and television sets, phonographs, components, etc., 10 percent.....	171,717	148,989
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.....	54,636	55,920
Electric, gas, and oil appliances, 5 percent.....	65,574	64,483
Pistols and revolvers, 10 percent.....	1,762	1,549
Phonograph records, 10 percent.....	24,299	22,823
Musical instruments, 10 percent.....	19,036	18,113
Sporting goods (other than fishing rods, creels, etc.), 10 percent.....	15,458	14,710
Fishing rods, creels, etc., 10 percent.....	6,032	6,252
Business and store machines, 10 percent.....	81,710	98,305
Cameras, lenses, film, and projectors, 10 percent except projectors which are taxed at 5 percent.....	25,306	25,268
Electric light bulbs and tubes 10 percent.....	33,990	32,924
Firearms (other than pistols and revolvers), shells, and cartridges, 11 percent.....	14,912	14,985
Mechanical pencils, pens, 10 percent; lighters 10 percent each lighter but not more than 10 percent of the price for which sold.....	8,138	9,035
Matches, 2 cents per thousand; fancy wooden or colored stems, 5¼ cents.....	4,653	5,165

Footnotes on p. 156.

Table 3.—Internal revenue collections by sources, fiscal years 1962 and 1961—Continued

(In thousands of dollars)

Source of revenue	Fiscal year	
	1962	1961
Excise taxes—Continued		
Retailers' excise taxes, total.....	415,920	397,649
Luggage, etc., 10 percent.....	68,599	68,182
Jewelry, etc., 10 percent.....	173,608	168,498
Furs, 10 percent.....	30,921	29,226
Toilet preparations, 10 percent.....	142,792	131,743
Miscellaneous excise taxes, total.....	1,552,250	1,497,526
Admissions taxes, total.....	73,419	70,282
Theaters, concerts, athletic contests, etc.: Admissions, 1 cent for each 10 cents or major fraction thereof of the amount paid in excess of \$1. ²⁴	37,362	35,646
Ticket brokers' sales, 10 percent of amounts in excess of box office price. ²⁴	557	522
Leases of boxes or seats, 10 percent of the amount for which similar accommodations are sold. ²⁴	298	407
Admissions sold by proprietors in excess of established price, 50 percent of such excess.....	165	104
Roof gardens, cabarets, etc., 20 percent of total paid for admissions, services, etc., to May 1, 1950; 10 percent thereafter.....	35,037	33,603
Club dues and initiation fees, 20 percent.....	68,300	64,357
Toll telephone service, telegraph, cable, radio, etc., 10 percent.....	319,404	318,475
Wire mileage service, 10 percent; wire and equipment service, 8 percent.....	25,360	25,419
Local telephone service, 10 percent.....	489,155	483,408
Transportation of— Oil by pipeline, 4½ percent; repealed, effective Aug. 1, 1958.....	49	387
Persons, 10 percent.....	260,052	264,262
Property, 3 percent of amount paid, except coal which is 4 cents per ton; repealed, effective Aug. 1, 1958.....	568	1,306
Use of safe deposit boxes, 10 percent.....	6,546	6,581
Coconut and other vegetable oils processed. ¹⁷	5	89
Sugar, approximately ¼ cent per pound.....	95,158	91,818
Diesel and special motor fuels, 4 cents per gallon.....	103,556	88,856
Narcotics and marihuana, total. ²⁴	1,089	1,107
Narcotics.....	1,040	1,059
Marihuana.....	49	48
Coin-operated amusement and gaming devices, \$10 and \$250 per device.....	19,617	23,909
Bowling alleys, pool tables, etc., \$20 per alley or table.....	4,184	4,317
Wagering taxes: Occupational tax, \$50 per year.....	580	641
Wagers, 10 percent of amount wagered.....	5,349	6,682
Use tax on highway motor vehicles weighing over 26,000 pounds, \$1.50 per 1,000 pounds to July 1, 1961; \$3.00 per 1,000 pounds thereafter (installment privileges permitted). Adulterated and process or renovated butter, filled cheese, and imported oleomargarine. ²⁴	79,761	45,575
Firearms transfer and occupational taxes. ²⁷	32	2
Unclassified excise taxes: Unapplied collections.....	39,977	696
Undistributed depositary receipts. ⁴	98,351	-81,639

Footnotes on p. 156.

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1962

(In thousands of dollars)

Fiscal year ended June 30—	Income, profits, and employment taxes					Alcohol taxes ^a	Tobacco taxes ^a	Manufacturers' excise taxes	All other taxes
	Total internal revenue collections	Income, profits, and employment taxes							
		Total	Corporation income and profits taxes ^a	Individual income and employment taxes ^a	Casino and gift taxes				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1962.....	99,440,839	84,653,476	21,295,711	63,357,765	2,035,187	3,341,282	2,025,736	5,120,340	2,264,817
1961.....	94,401,096	80,420,392	21,764,940	58,655,452	1,915,392	3,212,601	1,991,117	4,686,602	1,963,582
1960.....	91,774,603	78,263,714	22,179,414	56,104,300	1,646,348	3,193,714	1,931,564	4,735,129	2,004,394
1959.....	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
1958.....	79,018,436	67,146,260	20,533,316	46,612,944	1,410,925	2,946,461	1,734,021	3,974,135	2,166,675
1957.....	89,171,971	68,140,946	21,530,653	46,610,293	1,377,999	2,973,195	1,674,050	3,761,925	2,243,856
1956.....	75,112,649	61,931,948	21,298,622	40,633,326	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380
1955.....	66,286,632	56,134,490	18,264,770	37,869,720	930,267	2,742,840	1,571,213	2,865,016	2,018,866
1954.....	69,919,991	59,467,637	21,546,322	37,921,314	915,121	2,783,012	1,580,229	2,689,133	2,454,459
1953.....	69,686,635	58,849,134	21,594,515	37,254,619	891,284	2,780,935	1,654,911	2,662,788	2,647,492
1952.....	63,009,586	55,205,709	21,466,910	33,738,799	833,147	2,549,120	1,565,135	2,346,943	2,507,919
1951.....	50,445,686	41,012,357	14,387,569	26,624,788	729,130	2,546,808	1,380,366	2,381,677	2,392,717
1950.....	38,957,132	30,652,234	10,854,351	19,797,883	706,227	2,219,702	1,328,464	1,636,053	2,214,951
1949.....	40,463,125	32,081,604	11,553,669	20,527,935	796,638	2,210,907	1,321,825	1,771,533	2,280,969
1948.....	41,868,542	33,543,531	10,174,410	23,369,121	869,345	2,255,327	1,300,268	1,649,234	2,206,823
1947.....	39,068,769	31,044,121	9,676,459	21,367,662	779,291	2,474,762	1,237,768	1,435,260	2,147,184
1946.....	40,672,097	32,553,602	12,553,602	20,000,000	676,812	2,526,165	1,165,519	922,611	2,421,944
1945.....	43,800,368	36,840,704	16,027,213	20,813,491	642,055	2,309,886	937,145	782,511	2,292,168
1944.....	40,121,662	34,766,174	14,786,796	19,979,378	511,210	1,618,215	598,483	502,462	1,213,655
1943.....	22,377,264	17,797,591	9,648,986	8,148,605	447,496	1,421,646	623,867	504,704	1,274,048
1942.....	19,197,566	15,197,245	4,744,683	4,446,562	437,540	1,048,517	780,892	371,902	811,682
1941.....	13,370,108	9,396,960	2,041,469	7,346,492	407,058	1,820,056	693,077	617,673	450,564
1940.....	9,340,452	7,963,130	1,147,592	1,815,538	360,077	624,253	603,518	447,068	337,352

Footnotes on p. 156.

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 Receipts in the various States do not indicate the Federal tax burden of each, since in many instances, taxes are collected in one State from residents of another State. For example, withholding taxes reported by employers located near State lines may 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. 16 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 \$3,697,876 for 1962.

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

⁸ Amounts of taxes collected on Puerto Rican products 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.

¹⁵ Includes taxes on pistols and revolvers; phonograph records; musical instruments; sporting goods; fishing rods, creels, etc.; business and store machines;

Footnotes for tables 1-4—Continued

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 taxable income: 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' and employees' tax each 3 percent to Dec. 31, 1961, 3½ percent beginning Jan. 1, 1962, both imposed on taxable portion of wages.

²² Collected by Customs beginning October 1, 1961, as authorized by Part 275.62 of Title 26, Code of Federal Regulations. Prior to October 1, 1961, Customs collections were divided into (1) those paid direct to the U.S. Treasury Department and (2) those cleared through the various Internal Revenue Service district offices. Collections in the first instance, which were relatively small, were included in domestic class E cigars. In the second instance they were reported in the applicable classes of tobacco tax as part of the districts' collection data.

²³ 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.

²⁴ 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.

²⁵ Narcotics, 1 cent per ounce; narcotics order blanks, \$1 per hundred. Marijuana, \$1 per ounce; marijuana order blanks, 2 cents each. Amounts shown also include occupational taxes levied on manufacturers, dealers, and practitioners. For classes and rates of occupational taxes see table 14.

²⁶ Adulterated butter, 10 cents per pound; process or renovated butter, 1½ 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.

²⁷ Transfers of machineguns, short-barreled firearms, silencers, etc., \$200 each; certain guns with combination shotgun and rifle barrels, and 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.

²⁸ 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 (2)	Individual income and employment taxes		Estate (5)	Gift (6)	Excise ¹ (7)
			Excessive prepayments (3)	Other (4)			
United States, total²	6,302,993	820,431	6,070,118	172,326	19,608	1,544	219,164
Atlanta region	573,619	42,489	498,360	15,167	1,450	84	16,880
Atlanta (Georgia)	91,409	5,582	77,810	3,209	89	-1	4,719
Birmingham (Alabama)	72,035	8,133	61,047	1,730	269	1	855
Columbia (South Carolina)	45,225	3,031	40,117	924	33	(*)	1,121
Greensboro (North Carolina)	93,038	5,218	81,700	1,631	167	8	4,313
Jackson (Mississippi)	34,406	1,448	30,446	1,000	52	-	1,459
Jacksonville (Florida)	161,135	15,840	138,502	4,848	707	25	1,212
Nashville (Tennessee)	76,372	3,237	68,758	1,823	135	18	2,400
Boston region	189,200	46,196	319,844	8,519	1,161	26	7,393
Augusta (Maine)	25,698	1,643	22,900	653	114	1	387
Boston (Massachusetts)	203,920	26,671	169,645	3,712	394	14	3,484
Burlington (Vermont)	9,176	462	8,174	219	20	6	244
Hartford (Connecticut)	93,824	11,101	77,433	2,118	113	4	3,057
Portsmouth (New Hampshire)	17,971	1,470	15,712	586	97	(*)	105
Providence (Rhode Island)	32,661	4,849	26,021	1,232	443	3	1,176
Chicago region	818,626	115,988	649,210	18,353	2,484	694	32,277
Chicago (See (b) below)	312,701	58,729	234,550	7,413	1,543	25	10,440
Detroit (Michigan)	299,857	36,911	248,161	6,072	438	853	7,412
Milwaukee (Wisconsin)	122,358	14,788	98,176	3,557	190	6	5,642
Springfield (See (b) below)	75,710	5,480	59,321	1,811	313	1	8,783
Cincinnati region	695,817	77,892	577,055	14,671	1,322	112	24,645
Cincinnati (See (f) below)	126,215	16,084	102,794	1,898	266	7	5,166
Cleveland (See (f) below)	225,513	30,730	186,178	4,960	280	53	3,313
Indianapolis (Indiana)	133,011	14,322	106,870	3,372	241	5	8,202
Louisville (Kentucky)	63,784	4,116	53,703	1,340	245	1	4,380
Parkersburg (West Virginia)	39,397	3,484	34,751	758	61	64	279
Richmond (Virginia)	107,896	9,156	92,760	2,343	289	3	3,345
Dallas region	469,618	52,418	382,406	21,252	1,632	185	12,405
Albuquerque (New Mexico)	28,688	2,982	24,186	1,047	101	2	368
Austin (See (h) below)	145,985	19,626	115,558	6,843	239	15	3,706
Dallas (See (h) below)	123,091	17,235	93,926	7,488	497	55	3,890
Little Rock (Arkansas)	32,519	1,759	28,346	1,219	12	6	1,176
New Orleans (Louisiana)	73,785	4,991	65,378	2,189	81	24	1,122
Oklahoma City (Oklahoma)	65,549	5,824	55,012	2,465	103	4	2,141
New York City region	845,270	219,187	560,997	18,122	4,090	75	21,679
Albany (See (e) below)	52,504	3,243	47,194	873	185	1	1,008
Brooklyn (See (e) below)	258,667	14,595	233,676	3,046	1,262	1	6,087
Buffalo (See (e) below)	100,544	14,211	82,812	1,093	218	1	2,210
Manhattan (See (e) below)	374,206	181,015	167,650	13,442	2,256	73	9,771
Syracuse (See (e) below)	59,348	6,043	49,665	868	170	(*)	2,602
Omaha region	655,428	62,116	417,644	16,876	1,309	115	67,269
Aberdeen (South Dakota)	15,507	538	9,837	924	17	(*)	4,191
Cheyenne (Wyoming)	10,055	625	8,310	450	63	(*)	606
Denver (Colorado)	64,339	5,452	53,472	2,750	233	81	2,350
Des Moines (Iowa)	75,569	6,337	56,090	2,118	158	7	10,860
Fargo (North Dakota)	16,029	498	10,443	616	12	-	4,460
Kansas City (See (c) below)	65,646	17,004	42,060	1,798	70	1	4,722
Omaha (Nebraska)	37,183	4,361	26,993	1,386	211	9	4,224
St. Louis (See (c) below)	89,348	14,152	63,951	2,156	195	2	8,893
St. Paul (Minnesota)	121,420	9,920	98,076	2,723	209	3	10,488
Wichita (Kansas)	60,333	3,228	48,420	2,055	141	13	8,475
Philadelphia region	825,594	104,286	673,162	17,888	2,714	66	27,459
Baltimore (Maryland and D.C.)	148,821	11,889	123,734	4,194	680	12	8,311
Camden (See (d) below)	63,930	3,657	57,640	1,632	240	12	758
Newark (See (d) below)	194,380	23,313	156,633	3,377	774	5	10,278
Philadelphia (See (g) below)	212,105	27,244	174,558	4,453	575	9	5,266
Pittsburgh (See (g) below)	140,440	22,447	113,354	2,911	378	30	1,320
Scranton (See (g) below)	40,393	2,261	36,080	768	30	8	1,246
Wilmington (Delaware)	25,524	13,474	11,180	552	37	-	279
San Francisco region	1,112,616	97,410	957,291	15,809	3,064	78	18,861
Anchorage (Alaska)	8,263	496	7,378	293	3	-	93
Boise (Idaho)	19,937	1,614	16,036	670	30	(*)	1,587
Helena (Montana)	18,264	1,445	14,460	989	8	(*)	1,361
Honolulu (Hawaii)	24,824	2,098	21,589	765	66	(*)	305
Los Angeles (See (a) below)	502,706	45,608	437,146	14,977	978	20	3,976
Phoenix (Arizona)	46,808	2,703	41,416	1,993	80	1	615
Portland (Oregon)	59,522	6,254	48,740	2,699	655	32	1,141
Reno (Nevada)	13,549	630	12,173	584	6	-	156
Salt Lake City (Utah)	32,313	1,644	29,700	598	9	1	360
San Francisco (See (a) below)	283,708	25,390	241,376	8,511	913	15	7,503
Seattle (Washington)	102,624	9,528	87,280	3,731	315	7	1,763
Office of International Operations	10,266	3,010	25,064	3,069	302	-	17
Puerto Rico	3,720	(*)	3,503	216	-	-	2
Other	26,546	3,010	19,565	3,653	302	-	16
Bureau of Customs	1,019	-	-	-	-	-	1,839
Totals for States not shown above							
(a) California	786,414	70,998	678,522	23,488	1,891	35	11,479
(b) Illinois	389,411	64,209	293,873	9,224	1,656	26	19,223
(c) Missouri	154,994	31,156	108,002	3,954	265	2	13,615
(d) New Jersey	258,311	26,971	214,273	5,010	1,013	7	11,037
(e) New York	845,270	219,187	580,997	19,322	4,090	75	21,679
(f) Ohio	351,728	46,814	288,971	6,858	545	60	8,479
(g) Pennsylvania	392,938	51,952	323,992	8,133	983	47	7,832
(h) Texas	269,075	36,861	209,481	14,332	736	69	7,596

¹ Less than \$500.

² Includes drawbacks and stamp redemptions.

³ Figures have not been reduced to reflect reimbursements from the Federal Old-age and Survivors and Federal Disability Insurance Trust Funds amounting to \$141,668,000 in 1962, and \$95,740,000 in 1961, from the Highway Trust Fund amounting to \$131,303,000 in 1962 and \$125,703,000 in 1961, and from the Unemployment Trust Fund amounting to \$5,049,000 in 1962 and \$2,245,000 in 1961.

⁴ Net of 63,658 undeliverable checks totaling \$3,347,000.

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	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)	(10)
United States, total	96,434,671	61,566,282	1,230,616	991,363	7,534,828	20,911,578	72,617	98,874	4,009,315
Atlanta region	11,158,403	7,018,478	132,423	101,698	604,674	2,778,129	6,472	10,448	503,887
Atlanta (Georgia)	1,715,965	1,100,321	19,817	14,612	72,480	441,527	766	1,698	64,744
Birmingham (Alabama)	1,283,175	829,521	17,358	11,942	59,299	312,565	604	1,128	56,758
Columbia (South Carolina)	968,021	618,535	9,552	7,550	43,476	245,284	427	606	42,591
Greensboro (North Carolina)	2,138,588	1,359,520	21,702	18,852	109,878	529,620	1,008	1,985	96,023
Jackson (Mississippi)	724,695	440,744	6,394	8,494	36,378	191,907	346	470	40,012
Jacksonville (Florida)	2,671,638	1,612,365	49,730	23,636	202,472	663,057	2,613	3,527	114,238
Nashville (Tennessee)	1,656,327	1,057,469	13,870	18,612	80,691	394,369	708	1,081	89,521
Boston region	6,229,839	4,029,737	99,159	39,332	564,454	1,255,562	4,522	7,412	228,652
Augusta (Maine)	532,622	335,711	6,486	3,547	39,400	121,448	409	461	25,160
Boston (Massachusetts)	3,062,958	2,012,183	51,093	15,835	290,981	584,481	2,077	3,361	102,947
Burlington (Vermont)	223,886	134,631	2,586	2,111	15,317	57,268	172	270	11,441
Hartford (Connecticut)	1,548,306	983,698	23,599	12,711	153,617	313,847	1,253	2,591	56,990
Portsmouth (New Hampshire)	370,488	236,341	5,405	2,260	28,666	81,312	297	262	15,945
Providence (Rhode Island)	490,560	327,173	9,890	2,868	36,473	97,206	314	467	16,169
Chicago region	11,750,894	7,679,780	127,157	121,311	970,648	2,395,615	9,243	11,303	477,617
Chicago (See (b) below)	4,158,732	2,745,724	53,305	47,687	378,516	799,152	3,667	4,054	126,627
Detroit (Michigan)	3,850,039	2,571,502	35,686	37,409	278,096	765,747	1,889	3,348	160,262
Milwaukee (Wisconsin)	2,222,446	1,380,507	27,427	21,270	201,313	461,573	2,011	2,574	117,771
Springfield (See (b) below)	1,519,697	973,947	10,939	18,945	112,723	333,143	1,676	1,327	66,977
Cincinnati region	11,464,133	7,470,431	125,229	105,185	481,024	2,161,366	7,510	10,168	483,198
Cincinnati (See (f) below)	1,996,668	1,311,422	21,335	16,616	156,180	394,179	1,496	2,003	73,437
Cleveland (See (f) below)	3,024,355	2,007,246	38,682	25,244	227,326	582,754	1,989	2,850	138,264
Indianapolis (Indiana)	2,357,889	1,568,011	25,340	21,887	170,894	473,760	1,706	2,199	94,092
Louisville (Kentucky)	1,339,928	859,142	11,181	17,451	86,373	304,442	845	976	59,518
Parkersburg (West Virginia)	805,778	528,818	9,305	9,100	46,064	172,711	349	533	42,898
Richmond (Virginia)	1,935,515	1,275,812	19,386	14,887	114,187	433,522	1,125	1,607	74,989
Dallas region	4,461,986	2,749,122	84,864	101,592	523,337	2,065,842	4,569	4,120	428,120
Albuquerque (New Mexico)	424,938	279,484	7,919	5,416	23,193	91,811	141	335	20,617
Austin (See (h) below)	2,516,356	1,562,126	25,467	27,800	182,583	604,527	1,303	2,699	129,851
Dallas (See (h) below)	2,253,762	1,373,028	22,726	33,952	132,529	585,307	1,366	2,449	102,405
Little Rock (Arkansas)	778,979	468,889	6,574	9,360	39,619	207,184	354	792	46,197
New Orleans (Louisiana)	1,339,594	834,409	15,240	12,425	91,361	311,957	571	831	72,800
Oklahoma City (Oklahoma)	1,148,357	727,196	10,938	12,639	74,052	265,134	824	1,324	56,250
New York City region	10,729,427	6,560,815	233,031	108,940	1,830,969	2,197,713	9,134	12,548	570,180
Albany (See (a) below)	941,667	617,708	11,684	8,597	65,986	191,396	957	849	42,490
Brooklyn (See (a) below)	3,572,096	2,373,383	69,797	34,892	300,463	692,544	3,635	3,513	99,469
Buffalo (See (a) below)	1,378,756	929,166	17,516	12,585	108,338	251,052	1,703	1,344	57,557
Manhattan (See (a) below)	3,866,578	1,986,328	130,257	43,708	492,905	1,073,958	3,203	6,423	130,296
Syracuse (See (a) below)	965,330	654,250	9,577	9,658	63,302	186,763	793	619	40,368
Omaha region	9,489,941	6,030,998	102,185	127,872	754,467	2,158,855	8,080	10,515	444,869
Aberdeen (South Dakota)	371,805	228,995	3,557	5,689	17,681	30,200	302	323	22,058
Cheney (Wyoming)	198,140	117,176	2,585	3,323	13,636	47,490	137	312	13,481
Denver (Colorado)	1,019,211	632,457	13,070	14,215	95,751	215,913	792	1,306	45,707
Des Moines (Iowa)	1,561,218	955,389	12,832	27,286	134,310	353,304	2,273	1,577	74,247
Fargo (North Dakota)	332,867	208,304	2,993	4,807	16,013	61,390	246	296	18,818
Kansas City (See (c) below)	1,011,704	646,625	10,411	12,776	73,885	224,020	509	897	42,480
Omaha (Nebraska)	838,882	513,824	7,989	12,278	59,562	196,614	1,024	1,459	46,133
St. Louis (See (c) below)	1,321,267	820,959	19,021	17,846	114,546	295,849	983	1,550	55,513
St. Paul (Minnesota)	1,799,798	1,159,234	20,693	21,950	128,113	380,990	1,428	1,757	85,633
Wichita (Kansas)	1,205,049	748,034	9,715	12,702	101,370	270,085	1,286	1,058	60,799
Philadelphia region	12,723,929	8,165,010	157,467	104,181	981,765	2,514,678	9,019	11,112	450,537
Baltimore (Maryland and D.C.)	2,378,135	1,554,827	29,653	15,876	186,029	503,165	1,638	2,225	84,722
Camden (See (d) below)	1,029,300	668,975	14,382	8,732	73,927	223,756	714	748	38,066
Newark (See (d) below)	2,589,715	1,676,057	54,446	23,994	217,773	535,261	2,246	2,681	77,257
Philadelphia (See (g) below)	3,241,442	2,145,918	31,375	26,151	263,574	846,806	2,484	2,741	122,292
Pittsburgh (See (g) below)	2,024,399	1,359,332	15,439	20,346	156,656	388,708	1,297	1,721	80,900
Scranton (See (g) below)	804,337	539,671	6,388	7,453	57,600	154,481	429	601	37,714
Wilmington (Delaware)	266,611	160,230	5,783	1,599	26,706	62,601	211	395	9,586
San Francisco region	14,224,102	9,122,455	141,461	161,344	1,196,596	2,929,425	11,421	12,686	627,314
Anchorage (Alaska)	94,250	64,112	1,165	1,376	3,258	16,731	17	17	5,585
Boise (Idaho)	354,945	219,738	3,582	4,966	20,692	85,642	203	282	19,840
Helena (Montana)	381,635	227,106	4,640	5,855	25,437	90,692	340	534	27,031
Honolulu (Hawaii)	354,731	240,275	4,295	3,331	27,924	62,890	103	431	15,482
Los Angeles (See (a) below)	5,436,249	3,524,734	70,193	67,059	491,925	1,084,969	4,791	5,318	187,260
Phoenix (Arizona)	665,145	426,622	8,305	7,362	49,071	143,857	382	632	28,914
Portland (Oregon)	986,725	618,624	9,959	14,607	75,026	270,272	638	848	46,751
Reno (Nevada)	190,710	121,425	2,666	2,651	13,552	38,997	111	198	11,110
Salt Lake City (Utah)	444,422	297,208	5,856	5,357	25,303	85,329	165	454	24,750
San Francisco (See (a) below)	3,756,905	2,394,288	33,354	51,365	345,678	771,999	3,717	3,976	152,528
Seattle (Washington)	1,558,377	988,327	17,846	17,415	118,730	326,047	954	1,001	88,062
Office of International Operations	423,016	203,489	340	138	106,474	109,889	1,590	235	921
Puerto Rico	173,568	24,200	60	2	44,672	103,682	1	12	739
Other	249,448	179,289	300	136	61,802	6,007	1,589	223	182
Totals for States not shown above									
(a) California	9,193,154	5,919,022	103,547	118,424	837,603	1,856,968	8,508	9,294	339,788
(b) Illinois	5,678,409	3,719,671	84,244	66,632	491,239	1,132,295	5,343	5,381	193,604
(c) Missouri	2,332,971	1,467,585	29,422	29,622	188,431	599,869	1,592	2,447	97,993
(d) New Jersey	3,619,015	2,345,032	68,828	32,726	291,700	759,017	2,960	3,429	115,322
(e) New York	10,729,427	6,560,835	235,031	108,940	1,830,989	2,197,713	9,191	12,548	570,180
(f) Ohio	5,021,023	3,338,668	60,017	41,660	383,506	976,333	3,485	4,853	211,701
(g) Pennsylvania	6,070,178	4,044,921	53,283	53,950	477,830	1,190,095	4,210	5,063	240,906
(h) Texas	4,770,118	2,935,154	48,193	61,752	295,112	1,189,834	2,669	5,149	232,256

Federal Unemployment Tax Act extended to Puerto Rico under provisions of PL 86-778 dated September 13, 1960.

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	1962	1961
Total	33,328	26,348
Distilled spirits	28,424	23,572
Distilled spirits, rectification tax	743	602
Wine	(*)	
Beer	30	46
Cigars, large:		
Class A	1	2
Class B		
Class C	435	350
Class D	7	2
Class E	2,076	1,568
Class F	1,503	202
Class G	110	1
Cigars, small		
Cigarettes, large	(*)	
Cigarettes, small		
Manufactured tobacco (chewing, smoking, and snuff)	(*)	3

Note.—Amounts of taxes collected in Puerto Rico on tobacco and liquor manufacturers 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—	
	1962	1961
Distilled spirits plants:		
Plants (net number)	352	360
Facilities:		
Production	192	196
Warehousing	239	247
Bottling in bond	56	55
Denaturing	45	42
Taxpaid bottling	139	140
Rectifying	121	123
Denatured and tax-free products (dealers, users, etc.):		
Dealers in specially denatured alcohol	43	44
Users of specially denatured alcohol and denatured rum	3,725	3,736
Reprocessors, rebottlers, etc., of specially denatured alcohol articles	1,128	1,082
Users of tax-free alcohol	7,467	7,430
Beer: Breweries	213	220
Wines:		
Bonded wine cellars	458	474
Taxpaid wine bottling houses	106	113
Vinegar: Vinegar factories using vaporizing process	4	6
Beverage dealers:		
Importers	1,723	1,644
Wholesale dealers in liquors	3,783	3,823
Wholesale dealers in beer	7,293	7,378
Retail dealers in liquors	276,650	280,746
Retail dealers in beer	145,742	147,166
Other:		
Manufacturers of nonbeverage products (drawback)	942	966
Fruit-flavor concentrate plants	42	39
Bottle manufacturers	111	105

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—	
	1962	1961
Manufacturers of tobacco products ¹	553	
Manufacturers of tobacco		154
Manufacturers of cigars and cigarettes		476
Manufacturers of cigarette papers and tubes	4	4
Dealers in tobacco materials	2,169	2,215
Tobacco export warehouses	118	105

¹ Beginning October 1, 1961, permits as "Manufacturer of Tobacco Products" were issued to replace permits as "Manufacturer of Cigars and Cigarettes" and as "Manufacturer of Tobacco." Certain instances involved consolidation of permits. This was consistent with regulations embodying the "Tobacco Products Factory" concept in which any and all tobacco products may be produced in one facility.

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			
			Dealers in specially denatured alcohol	Users of—		Tax-free alcohol
				Specially denatured alcohol	Specially denatured rum	
	(1)	(2)	(3)	(4)	(5)	(6)
In effect July 1, 1961	11,401	191	44	3,704	32	7,430
Issued	624	26	3	310	2	283
Terminated, total	586	14	4	316	6	246
Revoked						
Otherwise terminated	586	14	4	316	6	246
In effect June 30, 1962	11,439	203	43	3,698	28	7,467
Amended	570	9	2	202	1	356

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

Status	Grand total	Distilled spirits plants ¹				Wine producers and blenders	Wine blenders	Importers	Wholesalers
		Total ²	Distillers	Warehousing and bottling	Rectifiers				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
In effect July 1, 1961.....	13,837	527	210	217	150	407	58	1,644	11,201
Issued.....	1,618	42	19	23	19	34	8	270	1,264
Terminated, total.....	1,700	58	20	28	23	54	6	191	1,391
Revoked.....	13					1		2	10
Otherwise terminated.....	1,687	58	20	28	23	53	6	189	1,381
In effect June 30, 1962.....	13,755	511	209	212	146	387	60	1,723	11,074
Amended.....	1,537	293				68	8	238	930

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 rectifier permits for Customs manufacturing bonded warehouses in effect on June 30, 1962).

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	Manufacturers of—			Export warehouse proprietors
		Cigars and cigarettes	Tobacco	Tobacco products ¹	
	(1)	(2)	(3)	(4)	(5)
In effect July 1, 1961.....	735	476	154		105
Issued.....	634	8	2	598	26
Terminated, total.....	698	484	156	45	13
Revoked.....	5	1		4	
Terminated ²	584	443	141		
Otherwise terminated.....	109	40	15	41	13
In effect June 30, 1962.....	671			553	118
Amended.....	192	116	22	34	20

¹ Beginning October 1, 1961, permits as "Manufacturer of Tobacco Products" were issued to replace permits as "Manufacturer of Cigars and Cigarettes" and as "Manufacturer of Tobacco." Certain instances involved consolidation of permits. This was consistent with regulations embodying the "Tobacco Products Factory" concept in which any and all tobacco products may be produced in one factory.

² By reason of issuance of substitute permits and permits combining operations.

Table 13.—Label activity under Federal Alcohol Administration Act

Type of label	Applications acted upon			
	Total	Certificates issued		Disapproved
		Approvals	Exemptions	
	(1)	(2)	(3)	(4)
Grand total.....	44,861	43,604	534	723
Distilled spirits, total.....	20,151	19,779	35	337
Domestic.....	18,178	17,899	35	244
Imported.....	1,973	1,880		93
Wines, total.....	23,426	22,575	499	352
Domestic.....	6,432	5,816	499	117
Imported.....	16,994	16,759		235
Malt beverages, total.....	1,284	1,250		34
Domestic.....	925	918		7
Imported.....	359	332		27

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1962, 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									
		Manu- facturers 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 ex- ceeding 25 gal- lons, \$25 (9)	Not ex- ceeding 50 gal- lons, \$50 (10)	More than 50 gal- lons, \$100 (11)
United States, total	1,160,179	80	33	90	3,170	254,471	418	1,457	83	69	840
Atlanta region	114,966	1		3	248	9,254		12	11	2	52
Atlanta (Georgia)	14,920			1	37	1,378			4		10
Birmingham (Alabama)	10,429				3	633		4		2	7
Columbia (South Carolina)	13,699				17	967					2
Greensboro (North Carolina)	16,790				49	286		7			6
Jackson (Mississippi)	11,109				26	1,085			1		3
Jacksonville (Florida)	28,745			2	78	4,161					2
Nashville (Tennessee)	19,274	1			38	744		1	2		22
Boston region	65,488	5	5	10	188	16,252	2	728	5	9	65
Augusta (Maine)	6,241		1	1	1	421				1	2
Boston (Massachusetts)	28,250	5	1	6	122	7,749		686	3	6	45
Burlington (Vermont)	3,046				1	538					
Hartford (Connecticut)	18,351		2	2	43	5,223	1				
Portsmouth (New Hampshire)	4,300			1	1	521			1		8
Providence (Rhode Island)	5,300		1		20	1,800	1	42	1	1	6
Chicago region	161,348	9	5	6	627	50,782	18	383	14	8	125
Chicago (See (b) below)	47,020	4	1	1	159	15,705		6	8	6	75
Detroit (Michigan)	51,565	3	3	3	305	16,370	16	11	3		30
Milwaukee (Wisconsin)	43,474		1		87	13,557	1	360	1		10
Springfield (See (b) below)	19,289	2		2	76	5,150	1	6	2	1	10
Cincinnati region	134,861	16	6	17	451	28,977	38	7	9	6	81
Cincinnati (See (f) below)	22,757	6		2	131	6,493	11		4		29
Cleveland (See (f) below)	38,267	4	1	1	206	14,015	9	4	4	3	20
Indianapolis (Indiana)	24,768		1	2	21	5,403			1		18
Louisville (Kentucky)	15,865	2	4	12	84	2,018	18	1		2	4
Parkersburg (West Virginia)	14,231	2			1	669					1
Richmond (Virginia)	18,973	2			8	379		2		1	9
Dallas region	106,443	6	1		183	12,104	6	2	9	1	38
Albuquerque (New Mexico)	4,458				34	1,349					
Austin (See (h) below)	38,304	2			34	2,207			1		12
Dallas (See (h) below)	16,483	4			34	1,712	6	1	3	1	14
Little Rock (Arkansas)	9,220				8	751		1	1		1
New Orleans (Louisiana)	24,939		1		56	5,154			2		11
Oklahoma City (Oklahoma)	13,039				17	931			2		1
New York City region	130,106	7	1	4	157	29,513	18	1	11	16	138
Albany (See (e) below)	16,943			1	9	5,077	8				8
Brooklyn (See (e) below)	39,165	1	1	2	34	7,468	10	1	3	4	55
Buffalo (See (e) below)	20,558	3			18	5,404			3	1	14
Manhattan (See (e) below)	37,492	2		1	84	7,528			2	9	53
Syracuse (See (e) below)	15,948	1			12	4,036			3	2	8
Omaha region	118,133	5	1	3	229	19,105	213	263	4	10	71
Aberdeen (South Dakota)	5,668				18	929					1
Cheyenne (Wyoming)	2,903				9	693					
Denver (Colorado)	11,439				17	2,715	44	215		1	7
Des Moines (Iowa)	17,535				3	1,823	1			1	5
Fargo (North Dakota)	3,828				10	1,030					
Kansas City (See (c) below)	11,404		1		53	2,285	71	1			8
Omaha (Nebraska)	9,750				16	1,745	63	9		1	2
St. Louis (See (c) below)	18,496	3		2	27	3,832	33	3		6	30
St. Paul (Minnesota)	23,479	2		1	43	2,826	1	34	4		14
Wichita (Kansas)	13,631				33	1,227		1		1	4
Philadelphia region	153,518	23	3	22	182	42,151	121	6	5	8	164
Baltimore (Maryland and D.C.)	29,879		1	5	55	5,681	81	1	1		15
Camden (See (d) below)	11,823	3		4	14	3,877					5
Newark (See (d) below)	29,098	11		6	51	9,994	22		1	5	70
Philadelphia (See (g) below)	37,307	4	2	6	51	8,809	2	2	1	3	60
Pittsburgh (See (g) below)	29,721	4		1	1	8,574	4	3	2		8
Scranton (See (g) below)	13,324	1			1	4,393					6
Wilmington (Delaware)	2,366				9	823	12				
San Francisco region	175,316	8	11	25	905	46,333	2	55	15	9	106
Anchorage (Alaska)	2,113				12	702					1
Boise (Idaho)	5,408				1	771					
Helena (Montana)	6,899				1	1,838					
Honolulu (Hawaii)	3,722				30	1,033					
Los Angeles (See (a) below)	53,263		2	11	241	15,921			8	4	47
Phoenix (Arizona)	8,278				53	2,466					
Portland (Oregon)	13,634				85	1,592					4
Reno (Nevada)	4,731				25	1,241		55			
Salt Lake City (Utah)	5,720				1	201			1		1
San Francisco (See (a) below)	47,847	5	6	14	305	14,641	2		4	3	47
Seattle (Washington)	23,701	3	1		151	5,927			2	2	5
Totals for States not shown above											
(a) California	101,110	5	8	25	546	30,562	2		12	7	94
(b) Illinois	66,309	6	1	3	235	20,855	1	12	10	7	85
(c) Missouri	29,900	3	1	2	80	6,117	104	4		6	38
(d) New Jersey	40,921	14		10	65	13,871	22		1	5	75
(e) New York	130,106	7	1	4	157	29,513	18	1	11	16	138
(f) Ohio	61,024	10	1	3	337	20,508	20	4	8	3	49
(g) Pennsylvania	80,352	9	2	7	53	21,776	6	5	3	3	74
(h) Texas	54,787	6			68	3,919	6	1	4	1	26

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1962, 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
	Wines, \$255	Wines, and beer, \$255	Wines, \$54	Wines and beer, \$54	Less than 500 barrels, \$55	500 barrels or more, \$110				
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
United States, total	115	549	160	28,216	1	223	8,046	145,865	183	9,050
Atlanta region	17	146	80	8,087		8	510	24,396		63
Atlanta (Georgia)	1	17	22	810		1	58	1,716		
Birmingham (Alabama)	4						64	2,746		
Columbia (South Carolina)	2	26		1,331			38	3,971		32
Greensboro (North Carolina)	8	26	56	1,707			73	4,081		
Jackson (Mississippi)	2		2	117			64	3,012		7
Jacksonville (Florida)		77		4,122		7	116	4,190		
Nashville (Tennessee)							97	4,680		24
Boston region	1	29	1	1,005		11	197	6,904		507
Augusta (Maine)							64	2,504		
Boston (Massachusetts)		5		67		9	47	141		224
Burlington (Vermont)		22	1	924			2	200		5
Hartford (Connecticut)	1			6		1	42	2,415		278
Portsmouth (New Hampshire)							28	1,610		
Providence (Rhode Island)		2		8		1	14	34		
Chicago region	7	181	5	2,619		53	961	5,351		1,989
Chicago (See (b) below)	1	6	1	1		11	257	321		655
Detroit (Michigan)	6	169	3	2,602		9	162	181		332
Milwaukee (Wisconsin)		5	1	7		29	395	4,541		643
Springfield (See (b) below)		1		9		4	147	308		359
Cincinnati region	11	77	14	7,919		24	719	11,574	2	782
Cincinnati (See (f) below)	5	14	4	1,251		4	67	655		299
Cleveland (See (f) below)		3		771		8	108	504	1	353
Indianapolis (Indiana)	1	12	8	2,224		4	219	390		63
Louisville (Kentucky)						5	119	2,420	1	63
Parkersburg (West Virginia)	1			380		1	117	3,628		
Richmond (Virginia)	3	48	2	3,293		2	89	3,977		4
Dallas region	1	30	5	3,812		13	817	27,289	10	1,566
Albuquerque (New Mexico)		2	1	2			4	13		
Austin (See (h) below)		6	3	3,064		7	412	14,482		42
Dallas (See (h) below)				516			144	2,981	10	37
Little Rock (Arkansas)	1	22	1	221			36	1,612		1
New Orleans (Louisiana)						5	118	3,576		1,479
Oklahoma City (Oklahoma)				9		1	103	4,625		7
New York City region	48	1	21	147	1	18	673	25,696	50	930
Albany (See (e) below)				8		3	91	3,234	6	134
Brooklyn (See (e) below)	6		7	51			254	8,856	44	22
Buffalo (See (e) below)	5		1			6	129	3,910		338
Manhattan (See (e) below)	35	1	13	83		3	102	6,803		94
Syracuse (See (e) below)	2			5	1	2	97	2,893		342
Omaha region	4	2	7	234		27	1,078	24,990	20	860
Aberdeen (South Dakota)				1			53	1,380		15
Cheyenne (Wyoming)							61	92		43
Denver (Colorado)		1		28		3	67	1,203		10
Des Moines (Iowa)				202		1	184	4,555		12
Fargo (North Dakota)						1	51	342		12
Kansas City (See (c) below)	1		2			2	71	1,622	5	13
Omaha (Nebraska)						4	85	1,213		6
St. Louis (See (c) below)	2	1	2			4	74	3,021	11	452
St. Paul (Minnesota)	1		3	3		12	331	7,821	4	258
Wichita (Kansas)							101	3,741		39
Philadelphia region	5	6	4	506		38	2,257	4,112	100	1,485
Baltimore (Maryland and D.C.)		2		503		7	109	2,160	10	648
Camden (See (d) below)	2	1	1			3	72	54		306
Newark (See (d) below)	1			1		3	121	228	2	462
Philadelphia (See (g) below)						14	821	877		5
Pittsburgh (See (g) below)	1		2	2		7	853	490		1
Scranton (See (g) below)	1		1			4	270	290		4
Wilmington (Delaware)		3					11	13	1	59
San Francisco region	21	77	23	3,887		31	834	15,553	1	868
Anchorage (Alaska)							12	17		
Boise (Idaho)				1			69	1,542		8
Helena (Montana)						3	71	550		23
Honolulu (Hawaii)		2	1	32		4	35	11		1
Los Angeles (See (a) below)						6	283	4,925		109
Phoenix (Arizona)		1		275		1	57	398		2
Portland (Oregon)		13		1,658		1	57	1,792		108
Reno (Nevada)							18	137		10
Salt Lake City (Utah)		1				2	37	1,234	1	11
San Francisco (See (a) below)	21	60	22	1,921		7	200	3,580		567
Seattle (Washington)						7	64	1,343		29
Totals for States not shown above										
(a) California	21	60	22	1,921		13	483	8,505		676
(b) Illinois	1	7	1	10		15	404	629		1,014
(c) Missouri	3	1	4			6	145	4,643	16	465
(d) New Jersey	3	1	1			6	193	282	89	768
(e) New York	48	1	21	147	1	18	673	25,696	50	930
(f) Ohio	5	17	4	2,022		12	175	1,159	1	652
(g) Pennsylvania	2		3	2		25	1,944	1,657		10
(h) Texas		6	3	3,580		7	556	17,463	10	79

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1962, 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		146	1,126	56,297	292,347	1,876	356	5	10	2	80	17
Atlanta region		7	146	7,023	28,694	196	30		1	1	1	1
Atlanta (Georgia)			36	1,176	4,376	13	6					
Birmingham (Alabama)		1	12	904	3,140	12	4		1		1	
Columbia (South Carolina)		2	11	632	2,300	3	1					
Greensboro (North Carolina)			17	1,055	4,752	127	6					
Jackson (Mississippi)			8	582	2,077	12						
Jacksonville (Florida)			31	1,612	7,455	6	6			1		1
Nashville (Tennessee)		4	31	1,062	4,594	23	7					
Boston region		6	69	3,885	21,192	231	34				11	3
Augusta (Maine)			5	264	1,432	1	1					
Boston (Massachusetts)		4	37	2,088	11,153	14	17				5	3
Burlington (Vermont)			2	120	653	73	2					
Hartford (Connecticut)			16	915	5,497	102	11				6	
Portsmouth (New Hampshire)		1	3	161	934	2	1					
Providence (Rhode Island)		1	6	337	1,523	39	2					
Chicago region		26	140	6,658	33,351	141	35	1	1		3	1
Chicago (See (b) below)		5	38	2,466	12,357	42	16				1	1
Detroit (Michigan)		15	62	2,306	11,966	58	12		1			
Milwaukee (Wisconsin)		3	18	1,168	5,832	11	2	1				
Springfield (See (b) below)			22	718	3,196	30	5				2	
Cincinnati region		23	136	6,076	30,755	343	35		2		9	3
Cincinnati (See (f) below)		5	27	1,094	5,678	26	6		1		3	
Cleveland (See (f) below)		6	36	1,638	8,795	29	15		1		2	
Indianapolis (Indiana)		6	37	1,335	5,906	32	7				2	
Louisville (Kentucky)			16	766	3,358	49	1				1	2
Parkersburg (West Virginia)		1	9	371	2,104							1
Richmond (Virginia)		5	11	872	4,914	207	6				1	
Dallas region		4	106	5,832	23,956	102	14					1
Albuquerque (New Mexico)			3	286	1,057	11	1					
Austin (See (h) below)			27	1,532	7,054	33	3					
Dallas (See (h) below)		4	36	1,430	6,261	21	3					
Little Rock (Arkansas)			6	604	1,966	8	1					
New Orleans (Louisiana)			19	1,115	4,268	11	5					
Oklahoma City (Oklahoma)			15	865	3,350	18	1					1
New York City region		19	93	6,415	41,111	526	55	1	2		10	1
Albany (See (e) below)		1	8	601	2,985	59	5					
Brooklyn (See (e) below)		6	25	2,605	14,044	117	9					
Buffalo (See (e) below)		1	9	780	4,909	140	5				4	
Manhattan (See (e) below)		9	42	1,918	16,019	125	31	1	2		6	1
Syracuse (See (e) below)		2	9	511	3,154	85	5					
Omaha region		13	140	5,816	26,238	114	22	1	3	1	24	1
Aberdeen (South Dakota)			3	250	738	3	1					
Cheyenne (Wyoming)			3	125	435							
Denver (Colorado)			23	685	3,422	5	2					
Des Moines (Iowa)			29	790	3,813	34	5				5	
Fargo (North Dakota)			3	194	704							
Kansas City (See (c) below)		1	20	629	2,908	23	2					
Omaha (Nebraska)		1	8	610	2,118	6	3	1	2	1	19	1
St. Louis (See (c) below)		9	16	782	3,904	25	6					
St. Paul (Minnesota)		1	23	994	5,333	6	3		1			
Wichita (Kansas)		1	12	757	2,863	12						
Philadelphia region		35	132	7,015	38,049	132	78	2			12	3
Baltimore (Maryland and D.C.)		5	30	1,109	7,106	10	8				3	
Camden (See (d) below)			4	556	2,924	3	3				2	
Newark (See (d) below)		7	25	1,389	7,861	34	32					
Philadelphia (See (g) below)		22	50	2,077	11,589	68	26	2			1	3
Pittsburgh (See (g) below)		1	12	1,272	5,846	9	8					
Scranton (See (g) below)			9	480	2,096	4					6	
Wilmington (Delaware)			2	132	627	4	1					
San Francisco region		13	164	7,577	49,001	91	53		1		10	3
Anchorage (Alaska)			1	45	181							
Boise (Idaho)			2	236	910	1						
Helena (Montana)			4	270	948	1	1					
Honolulu (Hawaii)			8	84	893	21	2					
Los Angeles (See (a) below)		8	63	2,549	20,280	39	35				8	2
Phoenix (Arizona)			9	444	1,924	3	2				2	
Portland (Oregon)		2	8	590	3,322	4	2					
Reno (Nevada)			5	127	424	1						
Salt Lake City (Utah)			12	274	1,417	1						
San Francisco (See (a) below)		2	37	1,929	13,805	16	7		1			1
Seattle (Washington)		1	15	1,029	4,897	4	4					
Totals for States not shown above												
(a) California		10	100	4,478	34,085	55	42		1		8	3
(b) Illinois		8	60	3,184	15,553	72	21				3	1
(c) Missouri		10	36	1,411	6,812	48	8					
(d) New Jersey		7	29	1,945	10,785	37	35				2	
(e) New York		19	93	6,415	41,111	526	55	1	2		10	1
(f) Ohio		11	63	2,732	14,473	55	21		2		5	
(g) Pennsylvania		23	71	3,829	19,531	81	34	2			7	3
(h) Texas		4	63	2,962	13,315	54	6					

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1962, 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, \$10	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 (33)	Class 2, \$25 (34)								
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
United States, total	14	5	1	58	142	38,532	277,091	30,511	214	8,230
Atlanta region				1	35	3,702	26,189	5,636	8	405
Atlanta (Georgia)					3	534	3,667	976		76
Birmingham (Alabama)						380	2,467	1	1	44
Columbia (South Carolina)						397	2,537	1,393		37
Greensboro (North Carolina)					9	900	3,502	84		35
Jackson (Mississippi)					2	289	2,928	786		106
Jacksonville (Florida)				1	13	588	6,196	49	7	24
Nashville (Tennessee)					8	614	4,892	2,347		83
Boston region	5	1			4	1,890	11,882	214		137
Augusta (Maine)	1				2	204	1,329	4		3
Boston (Massachusetts)	1				1	943	4,572	192		104
Burlington (Vermont)						92	408			3
Hartford (Connecticut)	3				1	376	3,391	2		8
Portsmouth (New Hampshire)		1				165	838	16		12
Providence (Rhode Island)						110	1,344			7
Chicago region		2		12	6	7,891	48,000	1,459	3	475
Chicago (See (b) below)				3	1	1,423	12,505	748	1	195
Detroit (Michigan)		2		4	3	3,434	13,407	24		63
Milwaukee (Wisconsin)				2		2,007	14,781			10
Springfield (See (b) below)				3	2	1,027	7,307	687	2	207
Cincinnati region	3			5	32	4,707	35,066	5,357	135	1,444
Cincinnati (See (f) below)				1	2	695	5,785	416	2	41
Cleveland (See (f) below)	2			1	16	1,261	9,884	264	124	178
Indianapolis (Indiana)				1	8	907	6,419	1,187	1	553
Louisville (Kentucky)						624	4,055	1,875	7	357
Parkersburg (West Virginia)					2	491	4,656	1,509	1	286
Richmond (Virginia)	1			2	4	729	4,267	106		29
Dallas region			1	4	24	3,010	23,357	3,286	60	793
Albuquerque (New Mexico)					1	135	1,523	19		17
Austin (See (h) below)				1		1,193	7,999	51	56	82
Dallas (See (h) below)			1			441	2,783		1	40
Little Rock (Arkansas)						377	2,724	741	2	136
New Orleans (Louisiana)				3	15	430	5,918	2,372		381
Oklahoma City (Oklahoma)					8	434	2,410	103	1	137
New York City region	3			3	2	1,941	22,419	24		30
Albany (See (e) below)	1				1	304	4,397			2
Brooklyn (See (e) below)	1					411	5,123			1
Buffalo (See (e) below)						496	4,358	1		23
Manhattan (See (e) below)	1			3	1	308	4,210			2
Syracuse (See (e) below)						422	4,331	23		2
Omaha region				3	14	5,889	30,521	1,852	3	352
Aberdeen (South Dakota)						328	1,539	384		25
Cheyenne (Wyoming)						216	1,917	196		113
Denver (Colorado)						413	2,458	117		3
Des Moines (Iowa)					3	1,213	4,693	97		66
Fargo (North Dakota)						344	1,121	3		13
Kansas City (See (c) below)				1	1	511	3,088	78		9
Omaha (Nebraska)				1	3	759	2,905	118		52
St. Louis (See (c) below)				1		569	5,272	397	2	7
St. Paul (Minnesota)				1	1	782	4,924	26		26
Wichita (Kansas)				6		754	3,604	436	1	38
Philadelphia region		1		9	10	5,801	44,289	6,254		498
Baltimore (Maryland and D.C.)				3	2	848	7,494	3,971		11
Camden (See (d) below)						538	3,296	67		1
Newark (See (d) below)				4		1,546	7,214	5		3
Philadelphia (See (g) below)				1	3	1,120	10,904	699		85
Pittsburgh (See (g) below)				1	5	1,183	9,674	1,446		310
Scranton (See (g) below)						511	5,152	56		39
Wilmington (Delaware)						55	555	10		49
San Francisco region	3	1		21	15	3,701	35,368	6,429	5	4,096
Anchorage (Alaska)						74	585	315		168
Boise (Idaho)					1	231	1,626	4	1	4
Helena (Montana)						213	2,027	320		629
Honolulu (Hawaii)						189	1,141	231		1
Los Angeles (See (a) below)	3	1		21	1	854	7,816	16	2	8
Phoenix (Arizona)					4	190	2,274	201	1	16
Portland (Oregon)					3	393	3,062	907	1	30
Reno (Nevada)					2	73	1,130	1,345		138
Salt Lake City (Utah)					3	173	1,198	486		666
San Francisco (See (a) below)					1	794	9,828	17		4
Seattle (Washington)						517	4,681	2,587		2,432
Total for States not shown above										
(a) California	3	1		21	2	1,648	17,644	33	2	12
(b) Illinois				6	3	2,450	19,812	1,435	3	402
(c) Missouri				1	3	1,080	8,360	475	2	16
(d) New Jersey				4		2,084	10,510	72		4
(e) New York	3			3	2	1,941	22,419	24		30
(f) Ohio	2			2	18	1,956	15,669	680	126	219
(g) Pennsylvania		1		2	8	2,814	25,730	2,201		434
(h) Texas			1	1		1,634	10,782	51	57	122

Table 15.—Appellate Division receipts and dispositions 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.....	9,711	602,541	31,883	121,023
Received.....	15,513	550,684	26,668	119,503
Disposed of, total.....	14,492	423,533	20,758	132,279
By agreement with taxpayers.....	10,368	276,599	12,497	125,982
Unagreed overassessments and claim rejections.....	629	1,297	8	1,954
By issuance of statutory notices—transferred to 90-day status.....	3,495	145,636	8,253	4,343
Pending in pre-90-day status June 30.....	10,732	729,693	37,793	108,248

B. Results obtained in dispositions

Method	Number of cases (1)	Appellate determination (thousand dollars)		
		Deficiency in tax (2)	Penalty (3)	Overassessment (4)
Disposed of, total.....	14,492	249,359	12,006	166,326
By agreement with taxpayers.....	10,368	113,419	4,454	164,367
Unagreed overassessments and claim rejections.....	629	278	6	1,021
By issuance of statutory notices—transferred to 90-day status.....	3,495	135,662	7,546	938

Table 16.—Appellate Division receipts and dispositions 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.....	1,211	83,628	5,025	6,099
Received, total.....	3,786	171,429	8,410	960
Statutory notices issued by Appellate Division ¹	3,336	136,179	7,593	929
Statutory notices issued by district directors and received during 90-day period.....	450	35,250	817	31
Disposed of, total.....	3,924	184,507	9,055	6,932
By agreement with taxpayers.....	746	15,372	177	103
By taxpayer default.....	944	14,358	749	275
By petition to the Tax Court—transferred to docketed status.....	2,234	154,777	8,129	6,554
Pending in 90-day status June 30.....	1,073	70,550	4,380	128

¹ 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 dispositions

Method	Number of cases (1)	Appellate determination (thousand dollars)		
		Deficiency in tax (2)	Penalty (3)	Overassessment (4)
Disposed of, total.....	3,924	181,417	9,025	6,922
By agreement with taxpayers.....	746	12,282	147	93
By taxpayer default.....	944	14,358	749	275
By petition to the Tax Court—transferred to docketed status.....	2,234	154,777	8,129	6,554

Table 17.—Appellate Division receipts and dispositions of income, profits, estate, and gift tax cases petitioned to the Tax Court (docketed cases)

A. Progress of work

Status	Number of cases (1)	Amount petitioned (thousand dollars)		
		Deficiency in tax (2)	Penalty (3)	Overassessment (4)
Pending in docketed status July 1.....	9,957	808,646	95,050	4,757
Received, total.....	4,752	289,772	20,623	7,159
Petitions filed in response to— District directors' statutory notices.....	2,657	135,698	12,964	628
Appellate division's statutory notices ¹	2,095	154,074	7,659	6,532
Disposed of, total.....	5,744	284,603	32,243	1,798
By stipulated agreement with taxpayers.....	4,682	207,627	24,899	1,637
By dismissal by the Tax Court or taxpayer default.....	231	3,708	579	(*)
Tried before the Tax Court on the merits.....	831	73,268	6,765	161
Pending in docketed status June 30.....	8,965	813,815	83,429	10,119

* Less than \$500.

¹ 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 dispositions

Method	Number of cases (1)	Appellate determination (thousand dollars)		
		Deficiency in tax (2)	Penalty (3)	Overassessment (4)
Disposed of, total.....	5,744	139,399	12,995	3,099
By stipulated agreement with taxpayers.....	4,682	62,443	5,655	2,931
By dismissal by the Tax Court or taxpayer default.....	231	3,688	576	7
Tried before the Tax Court on the merits ¹	831	73,268	6,765	161

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 (1)	Amount in dispute (thousand dollars)		
		Deficiency		Overpayment (4)
		Tax (2)	Penalty (3)	
Pending July 1.....	11,549	668,831	97,445	195,080
Filed or reopened.....	4,749	285,281	20,555	57,338
Disposed of ¹	6,000	234,360	27,215	56,857
Pending June 30.....	10,298	719,752	90,785	195,581

¹ Revised.² 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 (1)	Amount in dispute		Amount approved		Percent saved or recovered	
		Deficiency and penalty (2)	Overpayment (3)	Deficiency and penalty (4)	Overpayment (5)	Deficiency and penalty (6)	Overpayment (7)
Total.....	6,000	261,575	56,837	94,321	3,321	36.1	94.2
Dismissed.....	228	4,106	22	3,995	—	97.3	100.0
Decision on merits.....	582	51,604	46,342	27,253	1,785	52.8	97.2
Agreed settlement.....	4,890	205,864	10,473	63,074	2,036	30.6	80.6

Table 20.—Office of Chief Counsel—Receipt and disposal of Tax Court cases in courts of appeals and in Supreme Court

Status	In courts of appeals						In Supreme Court			
	Number of cases (1)	Amount in dispute (thousand dollars)		Amount approved (thousand dollars)		Number of cases (6)	Amount in dispute (thousand dollars)		Amount approved (thousand dollars)	
		Deficiency and penalty (2)	Overpayment (3)	Deficiency and penalty (4)	Overpayment (5)		Deficiency and penalty (7)	Overpayment (8)	Deficiency and penalty (9)	Overpayment (10)
Pending July 1, total.....	308	26,268	5,177	—	—	8	1,783	—	—	—
Appealed by Commissioner.....	46	4,197	4,252	—	—	13	1,941	—	—	—
Appealed by taxpayers.....	321	16,571	4,859	—	—	15	1,943	—	—	—
Appealed by both.....	21	5,500	26	—	—	—	—	—	—	—
Appealed, total.....	403	21,371	14,102	—	—	3	30	—	—	—
By Commissioner.....	147	381	37	—	—	1	1	—	—	—
By taxpayers.....	246	15,766	14,021	—	—	2	29	—	—	—
By both.....	10	4,624	44	—	—	—	—	—	—	—
Disposed of, total.....	304	15,003	834	11,049	169	5	1,170	—	1,149	—
Favorable to Commissioner.....	183	10,616	774	10,569	56	4	1,149	—	1,149	—
Favorable to taxpayers.....	50	1,452	42	—	41	1	21	—	—	—
Modified.....	23	1,795	72	457	71	—	—	—	—	—
Settled.....	2	25	—	—	2	—	—	—	—	—
Dismissed.....	46	2,115	—	—	—	—	—	—	—	—
Pending June 30, total.....	487	32,636	18,384	—	—	6	143	—	—	—
Appealed by Commissioner.....	149	2,971	4,283	—	—	1	1	—	—	—
Appealed by taxpayers.....	323	21,668	14,095	—	—	5	142	—	—	—
Appealed by both.....	15	7,997	5	—	—	—	—	—	—	—

¹ Three cases pending at close of fiscal year 1961 as Commissioner appeals were pending in fiscal year 1962 as taxpayer appeals, thus necessitating a revision of Commissioner and taxpayer appeals pending at the beginning of fiscal year 1962.

Table 21.—Office of Chief Counsel—Receipt and disposal of suits filed by taxpayers in Federal courts and actions by the United States for recovery of erroneous refunds

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:					
Cases.....number.....	3,042	486	2,476	35	44
Amount in dispute.....thousand dollars.....	448,041	243,237	204,133	27	644
Received:					
Cases.....number.....	1,377	135	1,229	6	7
Amount in dispute.....thousand dollars.....	86,054	38,532	46,381	93	1,048
Disposed of:					
Cases.....number.....	1,177	127	1,012	31	7
Amount in dispute.....thousand dollars.....	93,315	47,671	45,442	108	94
Refunded:					
Amount.....do.....	25,300	10,577	14,723		
Percent of amount disposed of.....	27.11	22.19	32.40		
Pending June 30:					
Cases.....number.....	3,242	494	2,693	17	44
Amount in dispute.....thousand dollars.....	440,780	234,098	205,072	12	1,538

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 56, of which 27 were for the Government, 23 against the Government, and 6 partly for and partly against the Government. In the district courts 449 decisions were rendered, of which 192 were for the Government, 213 against the Government, and 44 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—Decisions of courts of appeals and Supreme Court in civil tax cases

Court	Total	For the Government	Against the Government	Partly for and partly against the Government
	(1)	(2)	(3)	(4)
Total.....	421	273	115	33
By courts of appeals, total.....	414	268	113	33
Originally tried in—				
Tax Court.....	259	179	62	18
District courts.....	155	89	51	15
By Supreme Court, total.....	7	5	2	
Originally tried in—				
Tax Court.....	3	2	1	
District courts.....	3	2	1	
Court of Claims.....	1	1		

Note.—Except for Supreme Court cases, the cases covered by tables 24 and 25 are not included.

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

Status	Number of cases
Pending July 1.....	1,292
Received.....	1,547
Total.....	2,839
Disposed of.....	1,450
Pending June 30.....	1,389

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 (table 24), appeal cases (table 26), or cases which are included in table 25.

¹ The comparable figure reported for fiscal year 1961 was 1,263. Added to this category are certain cases which heretofore would have been included in table 25.

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

Status	Total	Reorganization proceedings ¹	Bankruptcy and receivership proceedings ¹	Miscellaneous insolvency proceedings ¹
	(1)	(2)	(3)	(4)
Pending July 1.....	1,216	911	404	1491
Received.....	2,790	1,245	980	565
Total.....	4,906	2,156	1,384	966
Disposed of.....	2,768	1,259	958	550
Pending June 30.....	1,738	897	434	407

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

¹ Proceedings instituted under the following section of chapters of the Bankruptcy Act: Sec. 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 administrators of estates of decedents, which involve tax claims of the United States, and also require action by lawyers.

⁴ The comparable figure reported for fiscal year 1961 was 1,891 in column (1) and 906 in column (4). The cases withdrawn from this category are now included in table 25.

Table 25.—Office of Chief Counsel—Receipt and disposal of miscellaneous court cases, lien cases not in court, and noncourt collection litigation cases

Status	Total	Miscellaneous court cases ¹	Lien cases not in court ²	Noncourt collection litigation cases ¹
	(1)	(2)	(3)	(4)
Pending July 1.....	1,294	490	138	1,676
Received.....	5,781	768	2,133	2,880
Total.....	7,075	1,258	2,271	3,556
Disposed of.....	5,896	870	2,145	2,881
Pending June 30.....	1,683	293	126	864

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

¹ Includes miscellaneous court cases heretofore included as miscellaneous insolvency proceedings (see footnote 1 table 24), 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.

⁴ The comparable figure reported for the fiscal year 1961 was 684. The cases withdrawn from this category are now included in table 23.

Table 26.—Office of Chief Counsel—Receipt and disposal of appeal cases

Status	Number of cases
Pending July 1.....	89
Received.....	256
Total.....	345
Disposed of.....	176
Pending June 30.....	169

Note.—Includes cases in Federal and State appellate courts relating to insolvency and debtor proceedings, lien cases in court, and collection, summons, and injunction cases.

Table 27.—Office of Chief Counsel—Caseload report

Activity	Pending July 1 (1)	Receipts (2)	Disposals (3)	Pending June 30 (4)
Total.....	22,463	24,600	25,156	21,907
Alcohol and Tobacco Tax.....	347	4,335	4,283	399
National Office.....	108	1,167	1,180	95
Field.....	239	3,168	3,103	304
Collection Litigation.....	4,391	10,374	10,380	4,385
National Office.....	400	786	887	499
Field.....	3,991	9,588	9,493	3,886
Enforcement.....	2,485	2,000	1,672	2,813
Interpretative Division.....	144	880	809	195
Joint Committee Division.....	108	499	525	82
Refund Litigation Division.....	3,042	1,377	1,177	3,242
Tax Court.....	11,946	5,155	6,310	10,791
National Office.....	396	406	309	493
Field.....	11,550	4,749	5,901	10,298

* Revised.

† Nondocketed cases not included.

Table 28.—Obligations incurred by the Internal Revenue Service

(In thousands of dollars)

Internal revenue office, district, or region	Total (1)	Personnel compensation and benefits (2)	Travel (3)	Equipment (4)	Other (5)
A. National Office and regional totals (including district directors' offices and service centers)					
Total Internal Revenue Service ¹	450,080	396,853	15,076	4,977	33,174
National Office.....	48,197	27,116	2,011	1,617	17,453
Atlanta region.....	40,696	36,138	1,908	594	2,055
Boston region.....	28,219	25,514	699	236	1,771
Chicago region.....	44,423	41,762	1,039	299	1,322
Cincinnati region.....	49,127	44,376	1,703	440	2,608
Dallas region.....	31,502	28,611	1,594	358	941
Dallas region.....	50,853	48,732	650	228	1,243
New York City region.....	34,205	31,535	1,523	236	911
Omaha region.....	49,859	47,193	1,127	339	1,199
Philadelphia region.....	57,515	52,090	1,773	417	3,236
San Francisco region.....	6,966	6,489	154	60	264
Regional counsel.....	5,263	4,391	725	23	124
Regional inspection.....	3,255	2,906	170	131	48
Office of International Operations.....					
B. Regional commissioners' offices (excluding district directors' offices and service centers)					
Atlanta region.....	7,624	6,231	429	81	882
Boston region.....	3,451	2,941	236	69	205
Chicago region.....	5,426	4,930	103	93	301
Cincinnati region.....	8,710	7,590	533	63	524
Dallas region.....	4,002	3,519	169	65	249
New York City region.....	5,776	5,355	91	18	312
Omaha region.....	4,405	3,569	424	87	225
Philadelphia region.....	7,510	6,832	262	52	365
San Francisco region.....	6,493	5,780	265	87	363
C. Districts directors' offices and service centers					
Atlanta.....	5,057	4,665	217	43	132
Birmingham.....	3,698	3,370	162	126	90

Table 28.—Obligations incurred by the Internal Revenue Service—Continued

(In thousands of dollars)

Internal revenue office, district, or region	Total (1)	Personnel compensation and benefits (2)	Travel (3)	Equipment (4)	Other (5)
Atlanta—Continued					
Columbia.....	2,517	2,280	115	52	69
Greensboro.....	5,428	4,983	271	29	139
Jackson.....	2,118	1,913	117	14	67
Jacksonville.....	2,069	7,350	385	67	266
Nashville.....	4,503	4,172	184	24	123
Atlanta Service Center.....	1,681	1,212	24	158	287
Boston.....					
Augusta.....	1,607	1,492	63 ⁹	15	37
Boston.....	9,297	8,901	177	34	184
Burlington.....	815	753	37	3	22
Hartford.....	5,277	5,049	109	25	94
Portsmouth.....	1,137	1,060	41	9	27
Providence.....	1,851	1,762	21	12	36
Northeast Service Center.....	4,805	3,554	16	69	1,166
Chicago.....					
Chicago.....	15,532	14,820	182	70	461
Detroit.....	12,884	12,190	352	61	282
Milwaukee.....	5,778	5,423	181	27	147
Springfield.....	4,802	4,399	222	49	132
Cincinnati.....					
Cincinnati.....	6,370	5,988	218	31	132
Cleveland.....	9,991	9,421	269	64	237
Indianapolis.....	6,627	6,264	211	39	113
Louisville.....	4,088	3,827	143	25	93
Parkersburg.....	2,607	2,376	116	34	80
Richmond.....	5,109	4,624	194	150	140
Midwest Service Center.....	5,625	4,286	19	33	1,287
Dallas.....					
Albuquerque.....	1,594	1,418	108	19	50
Austin.....	7,793	7,081	390	125	196
Dallas.....	7,660	7,049	395	49	167
Little Rock.....	2,356	2,067	196	31	63
New Orleans.....	4,422	4,103	179	33	107
Oklahoma City.....	3,665	3,369	155	35	107
Dallas Service Center.....	8	6	2		
New York City.....					
Albany.....	3,125	2,910	109	21	85
Brooklyn.....	12,722	12,254	126	79	264
Buffalo.....	4,287	4,070	101	20	97
Manhattan.....	21,576	20,965	113	78	420
Syracuse.....	3,254	3,071	109	14	61
Puerto Rico.....	112	107	2		3
Omaha.....					
Aberdeen.....	1,162	1,053	77	12	20
Cheyenne.....	833	749	48	10	26
Denver.....	3,446	3,218	94	21	113
Des Moines.....	4,051	3,775	172	19	85
Fargo.....	1,036	942	65	7	22
Kansas City.....	3,560	3,304	151	20	95
Omaha.....	2,491	2,315	87	11	78
St. Louis.....	4,344	4,148	108	15	73
St. Paul.....	5,269	5,012	137	18	101
Wichita.....	3,607	3,350	160	14	82
Philadelphia.....					
Baltimore.....	8,411	8,086	145	44	136
Camden.....	3,799	3,600	103	20	76
Newark.....	9,276	8,910	175	38	213
Philadelphia.....	10,004	9,513	236	58	198
Pittsburgh.....	6,947	6,601	159	54	134
Scranton.....	2,498	2,369	64	15	49
Wilmington.....	1,254	1,196	31	9	19
Philadelphia Service Center.....	159	87	13	50	10
San Francisco.....					
Anchorage.....	672	562	58	9	42
Boise.....	1,307	1,183	68	9	47
Helena.....	1,395	1,250	99	7	38
Honolulu.....	1,375	1,293	38	8	36
Los Angeles.....	15,691	15,656	370	83	581
Phoenix.....	2,104	1,936	91	6	71
Portland.....	3,443	3,207	123	25	88
Reno.....	1,235	1,080	109	14	52
Salt Lake City.....	1,481	1,377	45	14	44
San Francisco.....	11,388	10,628	289	77	394
Seattle.....	5,227	4,858	185	21	162
Western Service Center.....	4,708	3,297	33	56	1,320

¹ Includes \$526,695 financed from reimbursements.

Table 29.—Quantity and cost statistics for printing

Class of work	1962			1961		
	Quantity (thousands)		Cost (thousand dollars)	Quantity (thousands)		Cost (thousand dollars)
	Items or sets	Packages		Items or sets	Packages	
(1)	(2)	(3)	(4)	(5)	(6)	
Total			8,209			5,500
Packages of tax returns and instructions for major returns to taxpayers, total	394,664	68,888	1,122	334,462	69,616	1,021
Package 1 (Form 1040 and instructions—16 pages)	36,765	12,255	163	33,000	13,300	165
Package 2 (Form 1040, Schedules B, D, 1040ES and instructions—24 pages)	119,640	14,955	348	75,000	12,500	274
Package 3 (Form 1040, Schedules B, D, 1040ES and instructions—30 pages)	77,685	7,055	250	54,700	5,045	237
Package 4 (Form 1040, Schedules B, D, F, 1040ES and instructions—30 pages)	34,540	3,140	112	35,535	3,955	136
Package 5 (Form 1040, Schedule G and instruction—16 pages)	5,225	1,045	15	5,250	1,050	15
Package 6 (Form 1120, Schedule B and instruction—24 pages)	5,405	1,061	26	5,045	1,015	22
Package 7 (Form 1040A, instructions and return envelope)	50,694	25,362	120	53,762	26,881	143
Employment tax package—Pub. 303 (Forms 7010, 7010 W-2, W-4, and Pub. 213—20 pages)	64,820	4,655	80	65,120	4,070	87
Other tax returns, instructions, public-use forms and pamphlets	915,756		3,720	835,425		2,760
Administrative forms and pamphlets	473,500		2,154	450,210		1,565
Field printing	98,901		363	78,140		270
Excise tax stamps	1,918,832		829	1,771,261		876

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