

## CORPORATION INCOME TAX FORMS READY

Collector Thurman Explains  
Provisions of Law in  
Statement.

Income tax forms 1120 for reporting net income for corporations for the year 1921 are now available for distribution, according to M. Bert Thurman, collector of internal revenue. In explaining the tax to the public, Mr. Thurman said:

"The Federal tax on net income is divided into two parts, income tax and excess profits tax. The income tax on corporations for 1921 is at the rate of 10 per cent of the net income subject to tax. For 1922 and subsequent years, as provided by the revenue act of 1921, the income tax is 12½ per cent."

"In ascertaining net income subject to the income (normal) tax, the corporation is allowed certain tax credits, which include (1) the amount of war and excess profits tax imposed by the United States for the same taxable year, and (2) interest received upon obligations of the United States and bonds of the war finance corporation which has been included in gross income. A specific credit of \$2,000 is also allowed corporations whose net income for 1921 was \$25,000 or less. Under the revenue act of 1921, this exemption will allow all corporations to deduct the amount of net income. The act provides that if the net income is more than \$25,000, the normal tax shall not exceed the tax which would be payable if the \$2,000 credit was allowed, plus the amount of net income in excess of \$25,000."

"The excess profits tax is computed on the basis of the relation of net income to the invested capital of the corporation, as defined by Section 250 of the revenue act of 1921. This tax is in addition to the normal tax of 10 per cent. It is based on the net income above a specific exemption of \$3,000 and 8 per cent of the invested capital for the taxable year, these amounts being known as excess profits credits. The rates are the same as for 1920, 20 per cent of the net income in excess of the excess profits credits, or 20 per cent of 20 per cent of the invested capital of the taxable year (known as first bracket) and 40 per cent of the net income in excess of 20 per cent of the invested capital (second bracket). Invested capital for the taxable year is the capital actually paid in for stock outstanding, including the paid-in surplus and earned surplus or paid-in capital to the taxable year, which have not been distributed. The term 'invested capital' does not include borrowed capital."

"Invested capital embraces two classes of assets: those known as 'admissible' assets and those known as 'inadmissible' assets. Admissible assets are those which produce income subject to tax. Inadmissible assets are the other assets which produce income that is exempt from income tax. For example, cash, real estate, bills receivable and other tangible assets, which produce income subject to the income tax are admissible assets. Assets such as stocks and bonds or municipal bonds which produce income that is exempt from income tax are inadmissible assets."

"The revenue act of 1921 requires all corporations having inadmissible assets must deduct from invested capital a percentage thereof equal to the percentage which the amount of inadmissible assets is of the total amount of admissible and inadmissible assets held during the taxable year." For example, the total assets of a corporation for 1921 were \$100,000, of which \$15,000 was in inadmissible assets and \$85,000 in admissible assets. The average invested capital was \$80,000. Applying the above rule, the invested capital must be reduced by 75 per cent (the percentage of the inadmissible assets, \$15,000, to the total assets, \$20,000). The reduced invested capital, therefore, will be \$60,000 (the amount of capital less 60 per cent of the invested capital) or \$20,000. Where a corporation's income is reported on a cash receipts and disbursements basis, accrued items can not be taken into consideration in computing its invested capital."

"The payment of a stock dividend has no effect upon the amount of invested capital. The capitalization of stock earnings does not increase the invested capital. Appreciation in good will and tangible property determined by an appraisal against which a stock dividend was issued cannot be allowed as invested capital. The value of tangible property paid in for stock or shares in an amount as limited by Section 326 of the revenue act of 1921 may be included in invested capital."

"The revenue act of 1921 provides every corporation, joint stock company, association and insurance company not specifically exempt shall file a return. There shall be included in the return a statement to determine the portion of the earnings of the corporation which are payable accumulated during the year for which the return is made, which have been distributed or ordered to be distributed to its stockholders during such year."

"A new and important provision of the revenue act of 1921 is that where a corporation is formed or availed of to prevent the imposition of a surtax upon its stockholders, the corporation is to be compelled instead of being distributed as dividends, it may be subject to a tax of 25 per cent in addition to the normal tax of 10 per cent imposed on corporations. The stockholders, however, agree with the commissioner the profits of the corporation shall be charged to them in the same manner as if they were the partners of the corporation and pay the tax as partners. When the corporation is a mere holding company or its profits accumulate beyond the normal needs of its business, this shall be prima facie evidence of a purpose to escape the surtax. A reasonable accumulation of surplus, however, is permitted."

"Returns must be filed with the collector of internal revenue for the district in which the corporation's principal place of business is located. Corporations must file their returns on the basis of their existing accounting period as established as the twelve-month period ending Dec. 31, or upon the last day of some month other than December. A corporation cannot change its accounting period without the permission of the commissioner."

### Employees Asked to Supply P. O. Slogans

Postoffice employees are asked to suggest slogans to be placed on letters sent out by the local postoffices in a bulletin issued by Robert H. Bryson, postmaster, today.

"It is our intention to give the post office and the postal service as much publicity as we can," Postmaster Bryson said, "and I believe that employees of the office, who are in close touch with the details of the postal business, can give us some valuable slogan suggestions."

The bulletin is as follows:

"For the use of advertising and selling the postal service to the public, it is the intention to place a slogan, either printed or written, at the bottom of each letter sent out by this office."

"These slogans may pertain to any branch of the postal service—mail early, parcel post, C. O. D. service, Treasury money order, registered mail, money order, registrations, etc."

"Postoffice employees are requested to submit slogans or suggestions that occur to them as suitable for this purpose. The sentence comprising the slogan must consist of only one line of not more than sixteen words. Make it snappy."

## Wall Street Plot to Get Movie Control Suspected

Observers Believe Film World Scandals Part of Insidious Propaganda.

(B. THOMPSON BUCHANAN,  
Playwright, Author of "A Woman's Way,"  
"Civilian Clothes" and Others.)

(Copyright, 1922, by United Press.)

LOS ANGELES, Feb. 21.—"Is Wall street trying to steal the film industry?"

"Is the mysterious murder of William Desmond Taylor, motion picture director, shot to death in Los Angeles, the incident that is to bring to the open the battle of big business for control of the world's greatest industry?"

These questions are being asked on all sides, especially in view of the apparently spontaneous, concerted attack on the industry, the skillfully managed flood of malicious vituperation which has been sweeping the country, said to end.

People have said this belief point to the fact that Henry Ford and the movie are not controlled by Wall Street and that the money interests have been after both.

It wasn't until the last two years that Wall Street began seriously to take a vital interest in the motion picture industry.

The making of pictures involves an enormous outlay of money and, naturally, as in all other big enterprises, whose credit enters largely into financing, Wall Street is said to be prompt to seize

upon the necessities of the producers.

Only a few months ago in every department of one of the big companies rep-

resentatives of "big business" were, it is said, "set to learn the business."

It was then that they boasted openly about to take over the whole industry.

There came a terrible fight and men whose courage and strength were tested.

The business won the victory and regained control of it. All the Wall Street men planted in various depart-

ments packed their little bags and went on their way.

Every other company has not been so fortunate.

Several of the largest producers have

grown down in a battle which is said to have been precipitated by money in-

terests. The greatest producer of them

all, whose name can be guessed easily, apparently says: "What's the use? I'm working for bankers now."

One of his friends is authority for the statement: "In matter how much wealth his genius may create, he himself never

will be benefited in proportion to his

efforts.

It is being pointed out it was in the

beginning of a campaign for "control" cen-

sorship agitation began. This agita-

tion, it is said, was a plan to ruin

and then to steal in the wreck.

There was no real demand for censorship, but the report says it was simple for "big business" to hire a few professional reformers who made noise out of all ratio to their numbers and then to make

real and strong demand.

When the chief of these reformers was

placed on the stand and was asked the

source of the money that financed the

censorship campaign—that is to say, the

effort to ruin the motion picture indus-

try, he refused to answer.

There are many reasons for

Wall Street's desire to control the motion

picture industry was it recognized in the

industry the most potent force, next to

the newspapers, and Wall Street desired

to control popular opinion, to make sure

nothing antagonistic to its interest was

uttered.

The next step seemed to be so to

blacken the names of the people engaged

in motion picture production, so as to

create demand on the part of the public

that these people be changed. What refer-

ences, insiders and well-voiced outsiders

now are asking, has this attack on the

character of persons prominent in the

picture business been a success?

The next step was to get the

representatives of "big business" who

has just been driven out in confusion?

DEFEND CHARACTER

OF FILM PLAYERS.

People of Los Angeles, bankers, busi-

ness men, newspaper owners, those en-

gaged in mercantile and industrial pur-

suits, who are intimately connected with

the personnel and habits of those en-

gaged in motion picture production and

distribution. They have been invited

to join the miners in a tie-up of coal

mining and transportation April 1 in

event the mine workers are unsuccessful

in effecting a new contract with the

operators.

The path to peace in the coal industry

they admit is a difficult process

with which to begin.

With powerful groups of

unscrupulous coal operators already lined

up for the enforcement of pay slates,

indications are they may have the

support of the Indiana operators, who heretofore

had been counted upon to meet the miners

in a deadlocked situation.

Robert C. Scott, president of the

Indiana Operators' Club, who

is to speak at the meeting, said:

"The miners are the ones who

are first to defend the habits of their

neighbors and to denounce as an

outrage this campaign of slander.

Los Angeles and Hollywood Chambers

of Commerce officially have condemned

various persons who always are announc-

ing attacks and have upheld the integ-

rity and good name of the picture folk.

The very clergymen who once demanded

censorship now are first to defend the

attitude of the motion picture business.

It is asserted.

There have been dope parties and de-

buchanings in Hollywood, but they were

staged by certain persons who are known

and who will be prosecuted.

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