

Exhibit 30

INCOME TAX.

Post, p. 1068.

Foreign governments, on amounts from American securities.

Personal injury payments.

By States, etc., from public utilities.

Under prior contract for operation, etc.

No personal exemption.

Persons in war service.

Limit.

Nonresident aliens. Only from United States sources.

Deductions allowed

Objects specified.

Business expenses.

Interest on debts.

Exception.

Corporation, the interest shall be exempt only if and to the extent provided in the respective Acts authorizing the issue thereof as amended and supplemented, and shall be excluded from gross income only if and to the extent it is wholly exempt from taxation to the taxpayer both under this title and under Title III.

(5) The income of foreign governments received from investments in the United States in stocks, bonds, or other domestic securities, owned by such foreign governments, or from interest on deposits in banks in the United States of moneys belonging to such foreign governments, or from any other source within the United States;

(6) Amounts received, through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received whether by suit or agreement on account of such injuries or sickness;

(7) Income derived from any public utility or the exercise of any essential governmental function and accruing to any State, Territory, or the District of Columbia, or any political subdivision of a State or Territory, or income accruing to the government of any possession of the United States, or any political subdivision thereof.

Whenever any State, Territory, or the District of Columbia, or any political subdivision of a State or Territory, prior to September 8, 1916, entered in good faith into a contract with any person, the object and purpose of which is to acquire, construct, operate, or maintain a public utility, no tax shall be levied under the provisions of this title upon the income derived from the operation of such public utility, so far as the payment thereof will impose a loss or burden upon such State, Territory, District of Columbia, or political subdivision; but this provision is not intended to confer upon such person any financial gain or exemption or to relieve such person from the payment of a tax as provided for in this title upon the part or portion of such income to which such person is entitled under such contract;

(8) So much of the amount received during the present war by a person in the military or naval forces of the United States as salary or compensation in any form from the United States for active services in such forces, as does not exceed \$3,500.

(c) In the case of nonresident alien individuals, gross income includes only the gross income from sources within the United States, including interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, dividends from resident corporations, and including all amounts received (although paid under a contract for the sale of goods or otherwise) representing profits on the manufacture and disposition of goods within the United States.

DEDUCTIONS ALLOWED.

SEC. 214. (a) That in computing net income there shall be allowed as deductions:

(1) All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered, and including rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity;

(2) All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917), the interest upon which is

wholly exempt from taxation under this title as income to the taxpayer, or, in the case of a nonresident alien individual, the proportion of such interest which the amount of his gross income from sources within the United States bears to the amount of his gross income from all sources within and without the United States;

(3) Taxes paid or accrued within the taxable year imposed (a) by the authority of the United States, except income, war-profits and excess-profits taxes; or (b) by the authority of any of its possessions, except the amount of income, war-profits and excess-profits taxes allowed as a credit under section 222; or (c) by the authority of any State or Territory, or any county, school district, municipality, or other taxing subdivision of any State or Territory, not including those assessed against local benefits of a kind tending to increase the value of the property assessed; or (d) in the case of a citizen or resident of the United States, by the authority of any foreign country, except the amount of income, war-profits and excess-profits taxes allowed as a credit under section 222; or (e) in the case of a nonresident alien individual, by the authority of any foreign country (except income, war-profits and excess-profits taxes, and taxes assessed against local benefits of a kind tending to increase the value of the property assessed), upon property or business;

(4) Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in trade or business;

(5) Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit, though not connected with the trade or business; but in the case of a nonresident alien individual only as to such transactions within the United States;

(6) Losses sustained during the taxable year of property not connected with the trade or business (but in the case of a nonresident alien individual only property within the United States) if arising from fires, storms, shipwreck, or other casualty, or from theft, and if not compensated for by insurance or otherwise;

(7) Debts ascertained to be worthless and charged off within the taxable year;

(8) A reasonable allowance for the exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence;

(9) In the case of buildings, machinery, equipment, or other facilities, constructed, erected, installed, or acquired, on or after April 6, 1917, for the production of articles contributing to the prosecution of the present war, and in the case of vessels constructed or acquired on or after such date for the transportation of articles or men contributing to the prosecution of the present war, there shall be allowed a reasonable deduction for the amortization of such part of the cost of such facilities or vessels as has been borne by the taxpayer, but not again including any amount otherwise allowed under this title or previous Acts of Congress as a deduction in computing net income. At any time within three years after the termination of the present war, the Commissioner may, and at the request of the taxpayer shall, reexamine the return, and if he then finds as a result of an appraisal or from other evidence that the deduction originally allowed was incorrect, the taxes imposed by this title and by Title III for the year or years affected shall be redetermined; and the amount of tax due upon such redetermination, if any, shall be paid upon notice and demand by the collector, or the amount of tax overpaid, if any, shall be credited or refunded to the taxpayer in accordance with the provisions of section 252;

(10) In the case of mines, oil and gas wells, other natural deposits, and timber, a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case,

INCOME TAX.

Domestic taxes.
Exceptions.Foreign taxes.
By citizens or residents.By nonresident
aliens.

Business losses.

Losses not connected
with business.Casualty losses not
connected with business.

Worthless debts.

Exhaustion of business
property.Amortization of cost
of plants, vessels, etc.,
for war uses.

Limit.

Redetermination,
etc., of tax within three
years.Credit, etc., of over-
payments.

Post, p. 1065.

Mines, oil wells, timber,
etc.
Allowance for depletion,
depreciation, etc.

INCOME TAX.

Proviso.
If acquired prior to
March 1, 1913.

If discovered by tax-
payer after March 1,
1913.

Leases.

Gifts to religious,
etc., organizations.

Condition.

Vocational rehabili-
tation fund.
Ante, p. 619.

Limit.

Nonresident aliens.

Losses from inven-
tory reduction or re-
bates on contracts.
Claims for, to be filed
in 1918.

Bond required.

Payment of part dis-
allowed.

Allowances to be de-
ducted.

Deduction for loss if
no claim filed.

Credit, etc., therefor.

based upon cost including cost of development not otherwise de-
ducted: *Provided*, That in the case of such properties acquired prior
to March 1, 1913, the fair market value of the property (or the tax-
payer's interest therein) on that date shall be taken in lieu of cost
up to that date: *Provided further*, That in the case of mines, oil and
gas wells, discovered by the taxpayer, on or after March 1, 1913, and
not acquired as the result of purchase of a proven tract or lease,
where the fair market value of the property is materially disproportion-
ate to the cost, the depletion allowance shall be based upon the
fair market value of the property at the date of the discovery, or
within thirty days thereafter; such reasonable allowance in all the
above cases to be made under rules and regulations to be prescribed
by the Commissioner with the approval of the Secretary. In the
case of leases the deductions allowed by this paragraph shall be
equitably apportioned between the lessor and lessee;

(11) Contributions or gifts made within the taxable year to cor-
porations organized and operated exclusively for religious, charita-
ble, scientific, or educational purposes, or for the prevention of
cruelty to children or animals, no part of the net earnings of which
inures to the benefit of any private stockholder or individual, or to
the special fund for vocational rehabilitation authorized by section
7 of the Vocational Rehabilitation Act, to an amount not in excess
of 15 per centum of the taxpayer's net income as computed without
the benefit of this paragraph. Such contributions or gifts shall be
allowable as deductions only if verified under rules and regulations
prescribed by the Commissioner, with the approval of the Secretary.
In the case of a nonresident alien individual this deduction shall be
allowed only as to contributions or gifts made to domestic corpora-
tions, or to such vocational rehabilitation fund;

(12) (a) At the time of filing return for the taxable year 1918 a
taxpayer may file a claim in abatement based on the fact that he has
sustained a substantial loss (whether or not actually realized by sale
or other disposition) resulting from any material reduction (not due
to temporary fluctuation) of the value of the inventory for such
taxable year, or from the actual payment after the close of such
taxable year of rebates in pursuance of contracts entered into during
such year upon sales made during such year. In such case payment
of the amount of the tax covered by such claim shall not be required
until the claim is decided, but the taxpayer shall accompany his
claim with a bond in double the amount of the tax covered by the
claim, with sureties satisfactory to the Commissioner, conditioned
for the payment of any part of such tax found to be due, with interest.
If any part of such claim is disallowed then the remainder of the tax
due shall on notice and demand by the collector be paid by the tax-
payer with interest at the rate of 1 per centum per month from the
time the tax would have been due had no such claim been filed. If
it is shown to the satisfaction of the Commissioner that such sub-
stantial loss has been sustained, then in computing the tax imposed
by this title the amount of such loss shall be deducted from the net
income. (b) If no such claim is filed, but it is shown to the satis-
faction of the Commissioner that during the taxable year 1919 the
taxpayer has sustained a substantial loss of the character above
described then the amount of such loss shall be deducted from the
net income for the taxable year 1918 and the tax imposed by this
title for such year shall be redetermined accordingly. Any amount
found to be due to the taxpayer upon the basis of such redetermina-
tion shall be credited or refunded to the taxpayer in accordance
with the provisions of section 252.

(b) In the case of a nonresident alien individual the deductions allowed in paragraphs (1), (4), (7), (8), (9), (10), and (12), and clause (e) of paragraph (3); of subdivision (a) shall be allowed only if and to the extent that they are connected with income arising from a source within the United States; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the United States shall be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary.

INCOME TAX.
Nonresident aliens.
Deductions only on
business in United
States.

Apportionment.

ITEMS NOT DEDUCTIBLE.

Items not deductible.

SEC. 215. That in computing net income no deduction shall in any case be allowed in respect of—

Objects specified.

(a) Personal, living, or family expenses;

Personal, etc., ex-
penses.
Property improve-
ments.

(b) Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate;

(c) Any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made; or

Restoring exhausted
property.

(d) Premiums paid on any life insurance policy covering the life of any officer or employee, or of any person financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy.

Life insurance for
employees if taxpayer
benefited.

CREDITS ALLOWED.

Credits allowed.

SEC. 216. That for the purpose of the normal tax only there shall be allowed the following credits:

Objects specified.

(a) The amount received as dividends from a corporation which is taxable under this title upon its net income, and amounts received as dividends from a personal service corporation out of earnings or profits upon which income tax has been imposed by Act of Congress;

Taxpaid corporation
dividends.

(b) The amount received as interest upon obligations of the United States and bonds issued by the War Finance Corporation, which is included in gross income under section 213;

Interest on Federal
securities, etc.

(c) In the case of a single person, a personal exemption of \$1,000, or in the case of the head of a family or a married person living with husband or wife, a personal exemption of \$2,000. A husband and wife living together shall receive but one personal exemption of \$2,000 against their aggregate net income; and in case they make separate returns, the personal exemption of \$2,000 may be taken by either or divided between them;

Personal exemptions.

(d) \$200 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer, if such dependent person is under eighteen years of age or is incapable of self-support because mentally or physically defective.

Limit for husband
and wife.

(e) In the case of a nonresident alien individual who is a citizen or subject of a country which imposes an income tax, the credits allowed in subdivisions (c) and (d) shall be allowed only if such country allows a similar credit to citizens of the United States not residing in such country.

Allowance for de-
pendents.

Nonresident aliens.
Personal exemptions
restricted.

NONRESIDENT ALIENS—ALLOWANCE OF DEDUCTIONS AND CREDITS.

Nonresident aliens.

SEC. 217. That a nonresident alien individual shall receive the benefit of the deductions and credits allowed in this title only by filing or causing to be filed with the collector a true and accurate return of his total income received from all sources corporate or otherwise in the United States, in the manner prescribed by this title, including therein all the information which the Commissioner

Returns required
from, to receive deduc-
tions.