

Subtitle D—Miscellaneous Excise Taxes

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CHAPTER 31—RETAILERS EXCISE TAXES

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Subchapter A—Jewelry and Related Items

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SEC. 4001. IMPOSITION OF TAX.

There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 percent of the price for which so sold:

- All articles commonly or commercially known as jewelry, whether real or imitation.
- Pearls, precious and semi-precious stones, and imitations thereof.
- Articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof.
- Watches.
- Clocks.
- Cases and movements for watches and clocks.
- Gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware.
- Opera glasses.
- Lorgnettes.
- Marine glasses.
- Field glasses.
- Binoculars.

SEC. 4002. DEFINITION OF SALE INCLUDES AUCTIONS.

For the purposes of section 4001, the term "articles sold at retail" includes an article sold at retail by an auctioneer or other agent in the course of his business on behalf of (1) a person who is not engaged in the business of selling like articles, or (2) the legal representative of

the estate of a decedent who was not engaged in the business of selling like articles. In the case of articles so sold, the auctioneer or other agent shall be considered the "person who sells at retail."

SEC. 4003. EXEMPTIONS.

(a) **SPECIFIC ARTICLES.**—The tax imposed by section 4001 shall not apply to any article used for religious purposes, to surgical instruments, to watches designed especially for use by the blind, to frames or mountings for spectacles or eye-glasses, to a fountain pen, mechanical pencil, or smokers' pipe if the only parts of the pen, the pencil, or the pipe which consist of precious metals are essential parts not used for ornamental purposes, or to buttons, insignia, cap devices, chin straps, and other devices prescribed for use in connection with the uniforms of the armed forces of the United States.

(b) **CERTAIN AUCTION SALES.**—

(1) In the case of an auction sale held at the home of a person whose articles are being sold, any taxable article (as defined in paragraph (2)) of such person sold by the auctioneer shall be exempt from the tax imposed by section 4001 except to the extent that the price for which such article is sold, when added to the sum of the sale prices of all other taxable articles of such person previously sold at the same auction, exceeds \$100.

(2) For the purposes of this subsection—

(A) the term "taxable article" means an article which, by reason of section 4002 and without regard to the exemption provided in paragraph (1), is taxable under section 4001 when sold at auction; and

(B) in the case of articles of a decedent sold on behalf of the legal representative of his estate, an auction sale held at the home of such decedent shall be considered as "held at the home of a person whose articles are being sold".

Subchapter B—Furs

Sec. 4011. Imposition of tax.

Sec. 4012. Definitions.

Sec. 4013. Exemption of certain auction sales.

SEC. 4011. IMPOSITION OF TAX.

There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 percent of the price for which so sold: Articles made of fur on the hide or pelt, and articles of which such fur is the component material of chief value, but only if such value is more than three times the value of the next most valuable component material.

SEC. 4012. DEFINITIONS.

(a) **MANUFACTURE FROM CUSTOMERS MATERIAL.**—Where a person, who is engaged in the business of dressing or dyeing fur skins or of manufacturing, selling, or repairing fur articles, produces an article of the kind described in section 4011 from fur on the hide or pelt furnished, directly or indirectly, by a customer and the article is for the use of, and not for resale by, such customer, the transaction shall be deemed to be a sale at retail and the person producing the article shall be deemed to be the person selling such article at retail for the purposes of such section. The tax on such a transaction shall be computed and paid by such person upon the fair retail market value, as determined by the Secretary or his delegate, of the finished article.

(b) **SALE INCLUDES AUCTIONS.**—For the purposes of section 4011, the term “articles sold at retail” includes an article sold at retail by an auctioneer or other agent in the course of his business on behalf of—

- (1) a person who is not engaged in the business of selling like articles, or
- (2) the legal representative of the estate of a decedent who was not engaged in the business of selling like articles. In the case of articles so sold, the auctioneer or other agent shall be considered the “person who sells at retail.”

SEC. 4013. EXEMPTION OF CERTAIN AUCTION SALES.

(a) In the case of an auction sale held at the home of a person whose articles are being sold, any taxable article (as defined in subsection (b)) of such person sold by the auctioneer shall be exempt from the tax imposed by section 4011 except to the extent that the price for which such article is sold, when added to the sum of the sale prices of all other taxable articles of such person previously sold at the same auction, exceeds \$100.

(b) For the purposes of this section—

- (1) the term “taxable article” means an article which, by reason of section 4012 (b) and without regard to the exemption provided in subsection (a), is taxable under section 4011 when sold at auction; and
- (2) in the case of articles of a decedent sold on behalf of the legal representative of his estate, an auction sale held at the home of such decedent shall be considered as “held at the home of a person whose articles are being sold”.

Subchapter B—Taxes

Subchapter C—Toilet Preparations

Sec. 4021. Imposition of tax.

Sec. 4022. Exemptions.

SEC. 4021. IMPOSITION OF TAX.

There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 percent of the price for which so sold—

Perfume.	Pomades.
Essences.	Hair dressings.
Extracts.	Hair restoratives.
Toilet waters.	Hair dyes.
Cosmetics.	Aromatic cachous.
Petroleum jellies.	Toilet powders.
Hair oils.	

Any other similar substance, article, or preparation, by whatsoever name known or distinguished; any of the above which are used or applied or intended to be used or applied for toilet purposes.

SEC. 4022. EXEMPTIONS.

(a) **ITEMS FOR BABIES.**—The tax imposed by section 4021 shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the care of babies.

(b) **BARBER SHOPS AND BEAUTY PARLORS.**—For the purposes of section 4021, the sale of any article described in such section to any person operating a barber shop, beauty parlor, or similar establishment for use in the operation thereof, or for resale, shall not be considered as a sale at retail. The resale of such article at retail by such person shall be subject to the provisions of section 4021.

(c) **MINIATURE SAMPLES.**—For the purposes of section 4021, the sale of miniature samples of any article described in such section for demonstration use only to a house-to-house salesman by the manufacturer or distributor, shall not be considered as a sale at retail. The resale of such sample at retail by such house-to-house salesman shall be subject to the provisions of section 4021.

Subchapter D—Luggage, Handbags, Etc.

Sec. 4031. Imposition of tax.

SEC. 4031. IMPOSITION OF TAX.

There is hereby imposed upon the following articles sold at retail (including in each case fittings or accessories therefor sold on or in connection with the sale thereof) a tax equivalent to 10 percent of the price for which so sold—

Trunks.

Valises.

Traveling bags.

Suitcases.

Satchels.

Overnight bags.

Hat boxes for use by travelers.

Beach bags.

Bathing suit bags.

Brief cases made of leather or imitation leather.

Other cases, bags, and kits (without regard to size, shape, construction, or material from which made) for use in carrying toilet articles or articles of wearing apparel.

Salesmen's sample and display cases.

Purses.

Handbags.

Pocketbooks.

Wallets.

Billfolds.

Card, pass, and key cases.

Toilet cases.

Subchapter E—Special Fuels

Sec. 4041. Imposition of tax.

Sec. 4042. Cross reference.

SEC. 4041. IMPOSITION OF TAX.

(a) **DIESEL FUEL.**—There is hereby imposed a tax of 2 cents a gallon upon any liquid (other than any product taxable under section 4081)—

(1) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as a fuel in such vehicle; or

(2) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under paragraph (1).

(b) **SPECIAL MOTOR FUELS.**—There is hereby imposed a tax of 2 cents a gallon upon benzol, benzene, naphtha, liquefied petroleum gas, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4081 or subsection (a) of this section)—

(1) sold by any person to an owner, lessee, or other operator of a motor vehicle, motorboat, or airplane for use as a fuel for the propulsion of such motor vehicle, motorboat, or airplane; or

(2) used by any person as a fuel for the propulsion of a motor vehicle, motorboat, or airplane unless there was a taxable sale of such liquid under paragraph (1).

(c) **RATE REDUCTION.**—On and after April 1, 1955, the taxes imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon.

SEC. 4042. CROSS REFERENCE.

For exemption from tax where special motor fuels are sold for use for certain vessels, see section 4222.

Subchapter F—Special Provisions Applicable to Retailers Tax

- Sec. 4051. Definition of price.
 Sec. 4052. Lease considered sale.
 Sec. 4053. Computation of tax on installment sales, etc.
 Sec. 4054. Application of taxes to sales by United States, etc.
 Sec. 4055. State and local government exemption.
 Sec. 4056. Exemption for exports.
 Sec. 4057. Cross reference.

SEC. 4051. DEFINITION OF PRICE.

In determining, for the purposes of this chapter, the price for which an article is sold, there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this chapter, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the price only if the amount thereof is established to the satisfaction of the Secretary or his delegate, in accordance with the regulations. There shall also be excluded, if stated as a separate charge, the amount of any retail sales tax imposed by any State or Territory or political subdivision of the foregoing, or the District of Columbia, whether the liability for such tax is imposed on the vendor or the vendee.

SEC. 4052. LEASE CONSIDERED SALE.

For the purposes of this chapter, the lease of an article shall be considered the sale of such article.

SEC. 4053. COMPUTATION OF TAX ON INSTALLMENT SALES, ETC.

In the case of—

- (1) a lease,
- (2) a contract for the sale of an article wherein it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments,
- (3) a conditional sale, or
- (4) a chattel mortgage arrangement wherein it is provided that the sales price shall be paid in installments,

there shall be paid upon each payment with respect to the article that portion of the total tax which is proportionate to the portion of the total amount to be paid represented by such payment.

SEC. 4054. APPLICATION OF TAXES TO SALES BY UNITED STATES, ETC.

The taxes imposed by this chapter shall apply with respect to articles sold at retail by the United States, or by any agency or instrumentality of the United States, unless sales by such agency or instrumentality are by statute specifically exempted from such taxes.

SEC. 4055. STATE AND LOCAL GOVERNMENT EXEMPTION.

Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under this chapter with respect to the sale of any article for the exclusive use of any State, Territory of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, or, in the case of the tax imposed by section 4041, with respect to the use by any of the foregoing of any liquid as a fuel.

SEC. 4056. EXEMPTION FOR EXPORTS.

Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under this chapter upon the sale of any article for export, or for shipment to a possession of the United States, and in due course so exported or shipped.

SEC. 4057. CROSS REFERENCE.

(1) For exemption on sales to the United States in certain cases see section 4293.

(2) For administrative provisions of general application to the taxes imposed under this chapter, see subtitle F.

CHAPTER 32—MANUFACTURERS EXCISE TAXES

- SUBCHAPTER A. Automotive and related items.
 SUBCHAPTER B. Household type equipment, etc.
 SUBCHAPTER C. Entertainment equipment.
 SUBCHAPTER D. Recreational equipment.
 SUBCHAPTER E. Other items.
 SUBCHAPTER F. Special provisions applicable to manufacturers tax.

Subchapter A—Automotive and Related Items

- Part I. Motor vehicles.
 Part II. Tires and tubes.
 Part III. Petroleum products.

PART I—MOTOR VEHICLES

- Sec. 4061. Imposition of tax.
 Sec. 4062. Definitions.
 Sec. 4063. Exemptions.

SEC. 4061. IMPOSITION OF TAX.

(a) **AUTOMOBILES.**—There is hereby imposed upon the following articles (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof) sold by the manufacturer, producer, or importer a tax equivalent to the specified percent of the price for which so sold:

- (1) Articles taxable at 8 percent, except that on and after April 1, 1955, the rate shall be 5 percent—

Automobile truck chassis.

Automobile truck bodies.

Automobile bus chassis.

Automobile bus bodies.

Truck and bus trailer and semitrailer chassis.

Truck and bus trailer and semitrailer bodies.

Tractors of the kind chiefly used for highway transportation in combination with a trailer or semitrailer.

A sale of an automobile truck, bus, truck or bus trailer or semitrailer shall, for the purposes of this paragraph, be considered to be a sale of the chassis and of the body.

- (2) Articles taxable at 10 percent except that on and after April 1, 1955, the rate shall be 7 percent—

Automobile chassis and bodies other than those taxable under paragraph (1).

Chassis and bodies for trailers and semitrailers (other than house trailers) suitable for use in connection with passenger automobiles.

Motorcycles.

A sale of an automobile, trailer, or semitrailer shall, for the purposes of this paragraph, be considered to be a sale of the chassis and of the body.

(b) **PARTS AND ACCESSORIES.**—There is hereby imposed upon parts or accessories (other than tires and inner tubes and other than automobile radio and television receiving sets) for any of the articles enumerated in subsection (a) sold by the manufacturer, producer, or importer a tax equivalent to 8 percent of the price for which so sold, except that on and after April 1, 1955, the rate shall be 5 percent.

SEC. 4062. DEFINITIONS.

(a) **CERTAIN ARTICLES CONSIDERED AS PARTS.**—For the purposes of section 4061, spark plugs, storage batteries, leaf springs, coils, timers, and tire chains, which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in section 4061 (a), shall be considered parts or accessories for such articles, whether or not primarily adapted for such use.

(b) **SALE PRICE OF REBUILT PARTS.**—In determining the sale price of a rebuilt automobile part or accessory there shall be excluded from the price, in accordance with regulations prescribed by the Secretary or his delegate, the value of a like part or accessory accepted in exchange.

SEC. 4063. EXEMPTIONS.

(a) **SPECIFIC ARTICLES EXEMPT FROM TAX ON AUTOMOBILES.**—The tax imposed under section 4061 (a) (2) shall not apply in the case of house trailers or tractors.

(b) **SALES TO MANUFACTURERS.**—Under regulations prescribed by the Secretary or his delegate, the tax under section 4061 shall not apply in the case of sales of bodies or parts or accessories by the manufacturer, producer, or importer to a manufacturer or producer of automobile trucks or other automobiles to be sold by such vendee. For the purposes of section 4061, such vendee shall be considered the manufacturer or producer of such bodies, or parts or accessories.

PART II—TIRES AND TUBES

Sec. 4071. Imposition of tax.

Sec. 4072. Definition of rubber.

Sec. 4073. Exemptions.

SEC. 4071. IMPOSITION OF TAX.

There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer a tax at the following rates:

(1) Tires wholly or in part of rubber, 5 cents a pound on total weight (exclusive of metal rims or rim bases);

(2) Inner tubes (for tires) wholly or in part of rubber, 9 cents a pound on total weight.

The total weight of the foregoing articles is to be determined under regulations prescribed by the Secretary or his delegate.

SEC. 4072. DEFINITION OF RUBBER.

For the purposes of this chapter, the term "rubber" includes synthetic and substitute rubber.

SEC. 4073. EXEMPTIONS.

(a) **TIRES OF CERTAIN SIZES.**—The tax imposed by section 4071 shall not apply to tires which are not more than 20 inches in diameter and not more than 1¼ inches in cross-section, if such tires are of all-

rubber construction (whether hollow center or solid) without fabric or metal reinforcement.

(b) **TIRES WITH INTERNAL WIRE FASTENING.**—The tax imposed by section 4071 shall not apply to tires of extruded tiring with an internal wire fastening agent.

PART III—PETROLEUM PRODUCTS

Subpart A. Gasoline.

Subpart B. Lubricating oil.

Subpart C. Special provisions applicable to petroleum products.

Subpart A—Gasoline

Sec. 4081. Imposition of tax.

Sec. 4082. Definitions.

Sec. 4083. Exemption of sales to producer.

SEC. 4081. IMPOSITION OF TAX.

There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 2 cents a gallon. On and after April 1, 1955, the tax imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon.

SEC. 4082. DEFINITIONS.

(a) **PRODUCER.**—As used in this subpart, the term “producer” includes a refiner, compounder, or blender, and a dealer selling gasoline exclusively to producers of gasoline, as well as a producer. Any person to whom gasoline is sold tax-free under this subpart shall be considered the producer of such gasoline.

(b) **GASOLINE.**—As used in this subpart, the term “gasoline” means all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline).

(c) **CERTAIN USES DEFINED AS SALES.**—If a producer or importer uses (otherwise than in the production of gasoline or of special motor fuels referred to in section 4041 (b)) gasoline sold to him free of tax, or produced or imported by him, such use shall for the purposes of this chapter be considered a sale.

SEC. 4083. EXEMPTION OF SALES TO PRODUCER.

Under regulations prescribed by the Secretary or his delegate the tax imposed by section 4081 shall not apply in the case of sales of gasoline to a producer of gasoline.

Subpart B—Lubricating Oil

Sec. 4091. Imposition of tax.

Sec. 4092. Definition of certain vendees as a manufacturer.

Sec. 4093. Exemption of sales to producer.

SEC. 4091. IMPOSITION OF TAX.

There is hereby imposed upon lubricating oils sold in the United States by the manufacturer or producer a tax at the rate of 6 cents a gallon (except that, in the case of cutting oils, the tax shall not exceed 10 percent of the price for which so sold), to be paid by the manufacturer or producer. For purposes of this section, the term “cutting oils” means oils used primarily in cutting and machining operations

(including forging, drawing, rolling, shearing, punching, and stamping) on metals and known commercially as cutting oils.

SEC. 4092. DEFINITION OF CERTAIN VENDEES AS A MANUFACTURER.

For the purposes of this subpart a vendee who has purchased lubricating oils free of tax under section 4093 shall be considered the manufacturer or producer of such lubricating oils.

SEC. 4093. EXEMPTION OF SALES TO PRODUCERS.

Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under this subpart upon lubricating oils sold to a manufacturer or producer of lubricating oils for resale by him.

Subpart C—Special Provisions Applicable to Petroleum Products

Sec. 4101. Registration and bond.

Sec. 4102. Inspection of records, returns, etc., by local officers.

SEC. 4101. REGISTRATION AND BOND.

Every person subject to tax under section 4081 or section 4091 shall, before incurring any liability for tax under such sections, register with the Secretary or his delegate and shall give a bond, to be approved by the Secretary or his delegate, conditioned that he shall not engage in any attempt, by himself or by collusion with others, to defraud the United States of any tax under such sections; that he shall render truly and completely all returns, statements, and inventories required by law or regulations in pursuance thereof and shall pay all taxes due under such sections; and that he shall comply with all requirements of law and regulations in pursuance thereof with respect to tax under such sections. Such bond shall be in such sum as the Secretary or his delegate may require in accordance with regulations prescribed by him, but not less than \$2,000. The Secretary or his delegate may from time to time require a new or additional bond in accordance with this section.

SEC. 4102. INSPECTION OF RECORDS, RETURNS, ETC., BY LOCAL OFFICERS.

Under regulations prescribed by the Secretary or his delegate, records required to be kept with respect to taxes under this part, and returns, reports, and statements with respect to such taxes filed with the Secretary or his delegate, shall be open to inspection by such officers of any State or Territory or political subdivision thereof or the District of Columbia as shall be charged with the enforcement or collection of any tax on gasoline or lubricating oils. The Secretary or his delegate shall furnish to any of such officers, upon written request, certified copies of any such statements, reports, or returns filed in his office, upon the payment of a fee of \$1 for each 100 words or fraction thereof in the copy or copies requested.

Subchapter B—Household Type Equipment, Etc.

- Part I. Refrigeration equipment.
 Part II. Electric, gas, and oil appliances.
 Part III. Electric light bulbs.

PART I—REFRIGERATION EQUIPMENT

- Sec. 4111. Imposition of tax.
 Sec. 4112. Definitions.
 Sec. 4113. Exemptions for manufacturers.

SEC. 4111. IMPOSITION OF TAX.

There is hereby imposed upon the sale of the following articles (including in each case parts or accessories therefor sold on or in connection with the sale thereof) by the manufacturer, producer, or importer a tax equivalent to the specified percent of the price for which so sold:

ARTICLES TAXABLE AT 5 PERCENT—

Household type refrigerators (for single or multiple cabinet installations) having, or being primarily designed for use with, a mechanical refrigerating unit operated by electricity, gas, kerosene, or gasoline.

Household type units for the quick freezing or frozen storage of foods operated by electricity, gas, kerosene, or gasoline.

Combinations of household type refrigerators and quick-freeze units described above.

Refrigerator components.

ARTICLES TAXABLE AT 10 PERCENT—

Self-contained air-conditioning units.

SEC. 4112. DEFINITIONS.

(a) **REFRIGERATOR COMPONENTS.**—As used in section 4111, the term "component" means cabinets, compressors, condensers, condensing units, evaporators, expansion units, absorbers, and controls for, or suitable for use as parts of or with, household-type refrigerators or quick-freeze units of the kind described in section 4111 except when sold as component parts of complete refrigerators, refrigerating or cooling apparatus, or quick-freeze units (hereinafter referred to as "refrigerating equipment").

(b) **CERTAIN VENDEES CONSIDERED PRODUCERS.**—If any of the refrigerator components defined in section 4112 (a) are resold by the manufacturer or producer to whom sold or resold tax free as provided in section 4113 otherwise than on or in connection with, or with the sale of, complete refrigerating equipment manufactured or produced by him, then for the purposes of this part such manufacturer or producer shall be considered the manufacturer or producer of the refrigerator components so resold by him.

SEC. 4113. EXEMPTIONS FOR MANUFACTURERS.

Under regulations prescribed by the Secretary or his delegate, the tax under section 4111 shall not apply in the case of sales of any such refrigerator components by the manufacturer, producer, or importer to

- (1) a manufacturer or producer of refrigerating equipment, or
- (2) a vendee for resale to a manufacturer or producer of refrigerating equipment if such components are in due course so resold.

PART II—ELECTRIC, GAS, AND OIL APPLIANCES

Sec. 4121. Imposition of tax.

SEC. 4121. IMPOSITION OF TAX.

(a) **HOUSEHOLD-TYPE ARTICLES.**—There is hereby imposed upon the sale by the manufacturer, producer, or importer of the following articles of the household type (including in each case parts or accessories therefor sold on or in connection with the sale thereof), a tax equivalent to 5 percent of the price for which so sold:

- Electric, gas, or oil water heaters.
- Electric flatirons.
- Electric air heaters (not including furnaces).
- Electric immersion heaters.
- Electric blankets, sheets, and spreads.
- Electric, gas, or oil appliances of the type used for cooking, warming, or keeping warm food or beverages for consumption on the premises.
- Electric mixers, whippers, and juicers.
- Electric belt-driven fans.
- Electric exhaust blowers.
- Electric or gas clothes driers.
- Electric door chimes.
- Electric dehumidifiers.
- Electric dishwashers.
- Electric floor polishers and waxers.
- Electric food choppers and grinders.
- Electric hedge trimmers.
- Electric ice cream freezers.
- Electric mangles.
- Electric pants pressers.
- Electric garbage disposal units.
- Power lawn mowers.

(b) **NONINDUSTRIAL TYPE ARTICLES.**—There is hereby imposed upon the sale by the manufacturer, producer, or importer of electric direct motor driven fans and air circulators not of the industrial type (including in each case parts or accessories therefor sold on or in connection with the sale thereof), a tax equivalent to 5 percent of the price for which so sold.

PART III—ELECTRIC LIGHT BULBS

Sec. 4131. Imposition of tax.

SEC. 4131. IMPOSITION OF TAX.

There is hereby imposed upon the sale by the manufacturer, producer, or importer of electric light bulbs and tubes, not including articles taxable under any other provision of this chapter, a tax equivalent to 10 percent of the price for which so sold.

Subchapter C—Entertainment Equipment

Part I. Radio and television sets, phonographs and records.

Part II. Musical instruments.

PART I—RADIO AND TELEVISION SETS, PHONOGRAPHS AND RECORDS

Sec. 4141. Imposition of tax.

Sec. 4142. Definition of radio and television component.

Sec. 4143. Exemptions for sales to United States.

SEC. 4141. IMPOSITION OF TAX.

There is hereby imposed upon the sale by the manufacturer, producer, or importer of the following articles (including in each case parts or accessories therefor sold on or in connection with the sale thereof), a tax equivalent to 10 percent of the price for which so sold:

Radio receiving sets.

Automobile radio receiving sets.

Television receiving sets.

Automobile television receiving sets.

Phonographs.

Combinations of any of the foregoing.

Radio and television components.

Phonograph records.

SEC. 4142. DEFINITION OF RADIO AND TELEVISION COMPONENT.

As used in section 4141 the term "radio and television components" means chassis, cabinets, tubes, speakers, amplifiers, power supply units, antennae of the "built-in" type, and phonograph mechanisms, which are suitable for use on or in connection with, or as component parts of any of the articles enumerated in section 4141, whether or not primarily adapted for such use.

SEC. 4143. EXEMPTIONS FOR SALES TO UNITED STATES.

(a) COMMUNICATION, DETECTION AND NAVIGATION RECEIVERS.—No tax shall be imposed under section 4141 with respect to the sale to the United States for its exclusive use of a communication, detection, or navigation receiver of the type used in commercial, military, or marine installations.

(b) COMPONENTS OF COMMUNICATION RECEIVERS, ETC.—Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under section 4141 with respect to the sale of any article for use by the vendee as material in the manufacture or production of, or as a component part of, communication, detection, or navigation receivers of the type used in commercial, military, or marine installations if such receivers are to be sold by the vendee to the United States for its exclusive use. If any article sold tax-free to such vendee is not so used by him, or being so used the receiver is not so sold, the vendee shall be considered as the manufacturer or producer of such article.

PART II—MUSICAL INSTRUMENTS

Sec. 4151. Imposition of tax.

Sec. 4152. Exemption for religious or educational use.

SEC. 4151. IMPOSITION OF TAX.

There is hereby imposed upon the sale of musical instruments by the manufacturer, producer, or importer a tax equivalent to 10 percent of the price for which so sold.

SEC. 4152. EXEMPTION FOR RELIGIOUS OR EDUCATIONAL USE.

The tax imposed by section 4151 shall not apply to musical instruments sold for the use of any religious or nonprofit educational institution for exclusively religious or educational purposes. The right to exemption under this section shall be evidenced in such manner as the Secretary or his delegate may prescribe by regulations.

Subchapter D—Recreational Equipment

- Part I. Sporting goods.
 Part II. Photographic equipment.
 Part III. Firearms.

PART I—SPORTING GOODS

Sec. 4161. Imposition of tax.

SEC. 4161. IMPOSITION OF TAX.

There is hereby imposed upon the sale by the manufacturer, producer, or importer of the following articles (including in each case parts or accessories of such articles sold on or in connection therewith, or with the sale thereof) a tax equivalent to 10 percent of the price for which so sold:

Badminton nets, rackets and racket frames (measuring 22 inches overall or more in length), racket string, shuttlecocks, and standards.

Billiard and pool tables (measuring 45 inches overall or more in length) and balls and cues for such tables.

Bowling balls and pins.

Clay pigeons and traps for throwing clay pigeons.

Cricket balls and bats.

Croquet balls and mallets.

Curling stones.

Deck tennis rings, nets and posts.

Fishing rods, creels, reels and artificial lures, baits and flies.

Golf bags (measuring 26 inches or more in length), balls and clubs (measuring 30 inches or more in length).

Lacrosse balls and sticks.

Polo balls and mallets.

Skis, ski poles, snowshoes, and snow toboggans and sleds (measuring more than 60 inches overall in length).

Squash balls, rackets and racket frames (measuring 22 inches overall or more in length), and racket string.

Table tennis tables, balls, nets and paddles.

Tennis balls, nets, rackets and racket frames (measuring 22 inches overall or more in length) and racket string.

PART II—PHOTOGRAPHIC EQUIPMENT

Sec. 4171. Imposition of tax.

Sec. 4172. Definition of certain vendees as manufacturers.

Sec. 4173. Exemptions.

SEC. 4171. IMPOSITION OF TAX.

There is hereby imposed upon the sale by the manufacturer, producer, or importer of the following articles (including in each case parts or accessories of such articles sold on or in connection there-

with, or with the sale thereof) a tax equivalent to the specified percent of the price for which so sold:

ARTICLES TAXABLE AT 10 PERCENT—

Cameras.

Camera lenses.

Unexposed photographic film in rolls (including motion picture film).

ARTICLES TAXABLE AT 5 PERCENT—

Electric motion or still picture projectors of the household type.

SEC. 4172. DEFINITION OF CERTAIN VENDEES AS MANUFACTURERS.

Any person who acquires unexposed photographic film not subject to tax under this part and sells such unexposed film in form and dimensions subject to tax hereunder (or in connection with a sale cuts such film to form and dimensions subject to tax hereunder) shall for the purposes of section 4171 be considered the manufacturer of the film so sold by him.

SEC. 4173. EXEMPTIONS.

The tax imposed under this part shall not apply to—

(1) **CAMERAS.**—X-ray cameras or cameras weighing more than four pounds exclusive of lens and accessories;

(2) **LENSES.**—Still camera lenses having a focal length of more than one hundred and twenty millimeters, or motion picture camera lenses having a focal length of more than thirty millimeters;

(3) **FILM.**—X-ray film, unperforated microfilm, film more than one hundred and fifty feet in length, or film more than twenty-five feet in length and more than thirty millimeters in width.

PART III—FIREARMS

Sec. 4181. Imposition of tax.

Sec. 4182. Exemptions.

SEC. 4181. IMPOSITION OF TAX.

There is hereby imposed upon the sale by the manufacturer, producer, or importer of the following articles a tax equivalent to the specified percent of the price for which so sold:

ARTICLES TAXABLE AT 10 PERCENT—

Pistols.

Revolvers.

ARTICLES TAXABLE AT 11 PERCENT—

Firearms (other than pistols and revolvers).

Shells, and cartridges.

SEC. 4182. EXEMPTIONS.

(a) **MACHINE GUNS AND SHORT BARRELLED FIREARMS.**—The tax imposed by section 4181 shall not apply to any firearm on which the tax provided by section 5811 has been paid.

(b) **SALES TO DEFENSE DEPARTMENT.**—No firearms, pistols, revolvers, shells, and cartridges purchased with funds appropriated for the military department shall be subject to any tax imposed on the sale or transfer of such articles.

Subchapter E—Other Items

- Part I. Business machines.
 Part II. Pens and mechanical pencils and lighters.
 Part III. Matches.

PART I—BUSINESS MACHINES

- Sec. 4191. Imposition of tax.
 Sec. 4192. Exemption for retail sales cash register.

SEC. 4191. IMPOSITION OF TAX.

There is hereby imposed upon the sale by the manufacturer, producer, or importer of the following articles (including in each case parts or accessories of such articles sold on or in connection therewith, or with the sale thereof), a tax equivalent to 10 percent of the price for which so sold:

- | | |
|---|--|
| Adding machines. | Fare registers and boxes. |
| Addressing machines. | Listing machines. |
| Autographic registers. | Line-a-time and similar machines. |
| Bank proof machines. | Mailing machines. |
| Billing machines. | Multigraph machines, type-setting machines and type justifying machines. |
| Bookkeeping machines. | Numbering machines. |
| Calculating machines. | Portable paper fastening machines. |
| Card punch machines. | Payroll machines. |
| Cash registers. | Pencil sharpeners. |
| Change making machines. | Postal permit mailing machines. |
| Check writing, signing, canceling, perforating, cutting, and dating machines and other check protector machine devices. | Punch card machines. |
| Computing machines. | Sorting machines. |
| Coin counters. | Stencil cutting machines. |
| Dictographs. | Shorthand writing machines. |
| Dictating machines. | Sealing machines. |
| Dictating machine record shaving machines. | Tabulating machines. |
| Duplicating machines. | Ticket counting machines. |
| Embossing machines. | Ticket issuing machines. |
| Envelope opening machines. | Typewriters. |
| Erasing machines. | Transcribing machines. |
| Folding machines. | Time recording devices. |
| Fanfold machines. | Combinations of any of the foregoing. |

SEC. 4192. EXEMPTION FOR RETAIL SALES CASH REGISTER.

No tax shall be imposed under section 4191 on the sale of cash registers of the type used in registering over-the-counter retail sales.

PART II—PENS AND MECHANICAL PENCILS AND LIGHTERS

Sec. 4201. Imposition of tax.

SEC. 4201. IMPOSITION OF TAX.

There is hereby imposed upon the sale by the manufacturer, producer, or importer of the following articles, a tax equal to 10 percent of the price for which so sold:

Mechanical lighters for cigarettes, cigars and pipes.

Mechanical pencils, fountain pens and ball point pens.

PART III—MATCHES

Sec. 4211. Imposition of tax.

SEC. 4211. IMPOSITION OF TAX.

There is hereby imposed upon the sale by the manufacturer, producer, or importer of matches, a tax of 2 cents per 1,000 matches but not more than 10 percent of the price for which so sold, except that in the case of fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, the tax shall be 5½ cents per 1,000 matches.

Subchapter F—Special Provisions Applicable to Manufacturers Tax

- Sec. 4216. Definition of price.
 Sec. 4217. Lease considered sale.
 Sec. 4218. Use by manufacturer or importer considered sale.
 Sec. 4219. Application of tax in case of sales by other than manufacturer or importer.
 Sec. 4220. Exemptions for sales or resales to manufacturers.
 Sec. 4221. Exemption for articles taxable as jewelry.
 Sec. 4222. Exemption from tax of certain supplies for vessels and airplanes.
 Sec. 4223. Exemption of articles manufactured or produced by Indians.
 Sec. 4224. State and local governmental exemption.
 Sec. 4225. Exemption for export.
 Sec. 4226. Cross references.

SEC. 4216. DEFINITION OF PRICE.

(a) CONTAINERS, PACKING AND TRANSPORTATION CHARGES.—In determining, for the purposes of this chapter, the price for which an article is sold, there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this chapter, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the price only if the amount thereof is established to the satisfaction of the Secretary or his delegate in accordance with the regulations.

(b) CONSTRUCTIVE SALE PRICE.—If an article is—

- (1) sold at retail,
- (2) sold on consignment, or
- (3) sold (otherwise than through an arm's length transaction) at less than the fair market price,

the tax under this chapter shall (if based on the price for which the article is sold) be computed on the price for which such articles are sold, in the ordinary course of trade, by manufacturers or producers thereof, as determined by the Secretary or his delegate.

(c) PARTIAL PAYMENTS.—In the case of—

- (1) a lease,
- (2) a contract for the sale of an article wherein it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments,
- (3) a conditional sale, or
- (4) a chattel mortgage arrangement wherein it is provided that the sales price shall be paid in installments,

there shall be paid upon each payment with respect to the article that portion of the total tax which is proportionate to the portion of the total amount to be paid represented by such payment.

SEC. 4217. LEASE CONSIDERED AS SALE.

For the purposes of this chapter, the lease of an article (including any renewal or any extension of a lease or any subsequent lease of such article) by the manufacturer, producer, or importer shall be considered a taxable sale of such article.

SEC. 4218. USE BY MANUFACTURER OR IMPORTER CONSIDERED SALE.**(a) GENERAL RULE.—If—**

(1) any person manufactures, produces, or imports an article (other than a tire, inner tube, or automobile radio or television receiving set taxable under section 4141 and uses it (otherwise than as material in the manufacture or production of, or as a component part of, another article to be manufactured or produced by him which will be taxable under this chapter or sold free of tax by virtue of section 4220 or 4224, relating to tax-free sales), or

(2) any person manufactures, produces, or imports a tire, inner tube, or automobile radio or television receiving set taxable under section 4141 and sells it on or in connection with, or with the sale of, an article taxable under section 4061, relating to the tax on automobiles, or uses it,

he shall be liable for tax under this chapter in the same manner as if such article was sold by him, and the tax (if based on the price for which the article is sold) shall be computed on the price at which such or similar articles are sold, in the ordinary course of trade, by manufacturers, producers, or importers thereof, as determined by the Secretary or his delegate.

(b) EXCEPTION.—This section shall not apply with respect to the use by the manufacturer, producer, or importer of articles described in section 4141 if such articles are used by him as material in the manufacture or production of, or as a component part of, communication, detection, or navigation receivers of the type used in commercial, military, or marine installations if such receivers are to be sold to the United States for its exclusive use.

SEC. 4219. APPLICATION OF TAX IN CASE OF SALES BY OTHER THAN MANUFACTURER OR IMPORTER.

In case any person acquires from the manufacturer, producer, or importer of an article, by operation of law or as a result of any transaction not taxable under this chapter, the right to sell such article, the sale of such article by such person shall be taxable under this chapter as if made by the manufacturer, producer, or importer, and such person shall be liable for the tax.

SEC. 4220. EXEMPTION FOR SALES OR REALES TO MANUFACTURERS.

Under regulations prescribed by the Secretary or his delegate, no tax under this chapter shall be imposed with respect to the sale of any article—

(1) for use by the vendee as material in the manufacture or production of, or as a component part of, an article enumerated in this chapter;

(2) for resale by the vendee for such use by his vendee, if such article is in due course so resold.

For the purposes of this chapter, the manufacturer or producer to whom an article is sold under paragraph (1) or resold under paragraph (2) shall be considered the manufacturer or producer of such

article. The provisions of paragraphs (1) and (2) shall not apply with respect to tires, inner tubes, or automobile radio or television receiving sets taxable under section 4141.

SEC. 4221. EXEMPTION FOR ARTICLES TAXABLE AS JEWELRY.

No tax shall be imposed under this chapter on any article taxable under section 4001 (relating to jewelry tax).

SEC. 4222. EXEMPTION FROM TAX OF CERTAIN SUPPLIES FOR VESSELS AND AIRPLANES.

Under regulations prescribed by the Secretary or his delegate, no tax under this chapter or under section 4041 (b) (relating to retailers excise tax on special motor fuels) shall be imposed upon any article sold for use as fuel supplies, ships' stores, sea stores, or legitimate equipment on vessels of war of the United States or of any foreign nation, vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions. Articles manufactured or produced with the use of articles upon the importation of which tax has been paid under subchapter A, B, C, or D of chapter 38, if laden for use as supplies on such vessels, shall be held to be exported for the purposes of section 4601. The term "vessels" as used in this section includes civil aircraft employed in foreign trade or trade between the United States and any of its possessions, and the term "vessels of war of the United States or of any foreign nation" includes aircraft owned by the United States or by any foreign nation and constituting a part of the armed forces thereof. The privileges granted under this section in respect to civil aircraft employed in foreign trade or trade between the United States and any of its possessions, in respect of aircraft registered in a foreign country, shall be allowed only if the Secretary of the Treasury has been advised by the Secretary of Commerce that he has found that such foreign country allows, or will allow, substantially reciprocal privileges in respect of aircraft registered in the United States. If the Secretary of the Treasury is advised by the Secretary of Commerce that he has found that a foreign country has discontinued or will discontinue the allowance of such privileges, the privileges granted under this section shall not apply thereafter in respect of civil aircraft registered in that foreign country and employed in foreign trade or trade between the United States and any of its possessions.

SEC. 4223. EXEMPTION OF ARTICLES MANUFACTURED OR PRODUCED BY INDIANS.

No tax shall be imposed under this chapter on any article of native Indian handicraft manufactured or produced by Indians on Indian reservations, or in Indian schools, or by Indians under the jurisdiction of the United States Government in Alaska.

SEC. 4224. STATE AND LOCAL GOVERNMENTAL EXEMPTION.

Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under this chapter upon the sale of any article for the exclusive use of any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia.

SEC. 4225. EXEMPTION FOR EXPORTS.

Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under this chapter upon the sale of any article for export or for shipment to a possession of the United States, and in due course so exported or shipped.

SEC. 4226. CROSS REFERENCES.

- (1) For exemption from tax in case of certain sales to the United States, see section 4293.
- (2) For credit for taxes on tires and inner tubes, and automobile radio and television receiving sets, see section 6416 (c).
- (3) For administrative provisions of general application to the taxes imposed under this chapter, see subtitle F.

SEC. 4222. EXEMPTION OF ARTICLES MANUFACTURED OR PRODUCED BY INDIANS.

No tax shall be imposed under this chapter on any article of native Indian manufacture manufactured or produced by Indians on Indian reservations, or in Indian schools, or by Indians under the jurisdiction of the United States Government in Alaska.

SEC. 4224. STATE AND LOCAL GOVERNMENTAL EXEMPTION.

Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under this chapter upon the sale of any article for the exclusive use of any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Colum-

CHAPTER 33—FACILITIES AND SERVICES

- SUBCHAPTER A. Admissions and dues.
- SUBCHAPTER B. Communications.
- SUBCHAPTER C. Transportation.
- SUBCHAPTER D. Safe deposit boxes.
- SUBCHAPTER E. Special provisions applicable to services and facilities taxes.

Subchapter A—Admissions and Dues

- Part I. Admissions.
- Part II. Club dues.

PART I—ADMISSIONS

- Sec. 4231. Imposition of tax.
- Sec. 4232. Definitions.
- Sec. 4233. Exemptions.
- Sec. 4234. Printing of price on ticket.

SEC. 4231. IMPOSITION OF TAX.

There is hereby imposed:

(1) **GENERAL.**—A tax of 1 cent for each 10 cents or major fraction thereof of the amount paid for admission to any place, including admission by season ticket or subscription. No tax shall be imposed under this paragraph on the amount paid for admission—

(A) if the amount paid for admission is 50 cents or less, or

(B) in the case of a season ticket or subscription, if the amount which would be charged to the holder or subscriber for a single admission is 50 cents or less.

The tax imposed under this paragraph shall be paid by the person paying for such admission.

(2) **CERTAIN RACE TRACKS.**—In lieu of the tax imposed under paragraph (1), a tax of 1 cent for each 5 cents or major fraction thereof of the amount paid for admission to any place (including admission by season ticket or subscription) if the principal amusement or recreation offered with respect to such admission is horse or dog racing at a race track. The tax imposed under this paragraph shall be paid by the person paying for such admission.

(3) **PERMANENT USE OR LEASE OF BOXES OR SEATS.**—In the case of persons having the permanent use of boxes or seats in an opera house or any place of amusement or a lease for the use of such box or seat in such opera house or place of amusement (in lieu of the tax imposed under paragraph (1) or (2)), a tax equivalent to 10 percent (20 percent if paragraph (2) would otherwise apply) of the amount for which a similar box or seat is sold for each performance or exhibition at which the box or seat is used or reserved by or for the lessee or holder. The tax imposed under this paragraph shall be paid by the lessee or holder.

(4) **SALES OUTSIDE OF BOX OFFICE IN EXCESS OF ESTABLISHED PRICE.**—Upon tickets or cards of admission to theaters, operas,

and other places of amusement, sold at news stands, hotels, and places other than the ticket offices of such theaters, operas, or other places of amusement, at a price in excess of the sum of the established price therefor at such ticket offices plus the amount of any tax imposed under paragraph (1) or (2), a tax equivalent to 10 percent (20 percent if paragraph (2) applies) of the amount of such excess. The tax imposed under this paragraph shall be returned and paid by the person selling such tickets.

(5) SALES BY PROPRIETORS IN EXCESS OF REGULAR PRICE.—A tax equivalent to 50 percent of the amount for which the proprietors, managers, or employees of any opera house, theater, or other place of amusement sell or dispose of tickets or cards of admission in excess of the regular or established price or charge therefor. The tax imposed under this paragraph shall be returned and paid by the persons selling such tickets.

(6) CABARETS.—A tax equivalent to 20 percent of all amounts paid for admission, refreshment, service, or merchandise, at any roof garden, cabaret, or other similar place furnishing a public performance for profit, by or for any patron or guest who is entitled to be present during any portion of such performance. The tax imposed under this paragraph shall be returned and paid by the person receiving such payments. No tax shall be applicable under paragraph (1) or (2) on account of an amount paid with respect to which tax is imposed under this paragraph.

SEC. 4232. DEFINITIONS.

(a) ADMISSION.—The term "admission" as used in this chapter includes seats and tables, reserved or otherwise, and other similar accommodations, and the charges made therefor.

(b) ROOF GARDEN, CABARET OR OTHER SIMILAR PLACE.—The term "roof garden, cabaret, or other similar place," as used in this chapter, shall include any room in any hotel, restaurant, hall, or other public place where music and dancing privileges or any other entertainment, except instrumental or mechanical music alone, are afforded the patrons in connection with the serving or selling of food, refreshment, or merchandise. In no case shall such term include any ballroom, dance hall, or other similar place where the serving or selling of food, refreshment, or merchandise is merely incidental, unless such place would be considered, without the application of the preceding sentence, as a "roof garden, cabaret, or other similar place."

(c) PERFORMANCE FOR PROFIT.—A performance shall be regarded as being furnished for profit for purposes of section 4231 (6) even though the charge made for admission, refreshment, service, or merchandise is not increased by reason of the furnishing of such performance.

SEC. 4233. EXEMPTIONS.

(a) ALLOWANCE.—No tax shall be imposed under section 4231 in respect of:

(1) CERTAIN RELIGIOUS, EDUCATIONAL, OR CHARITABLE ENTERTAINMENTS, ETC.—

(A) IN GENERAL.—Except as provided in subparagraph (C), any admissions all the proceeds of which inure exclusively to the benefit of—

(i) a church or a convention or association of churches;

(ii) an educational institution described in section 501 (c) (3) which is exempt from tax under section 501 (a) or which is an educational institution of a government or political subdivision thereof, if such organization normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on;

(iii) a corporation or any community chest, fund, or foundation organized and operated exclusively for charitable purposes, described in section 501 (c) (3) which is exempt from tax under section 501 (a), if such corporation or organization is supported, in whole or in part, by funds contributed by the United States or any State or political subdivision thereof, or is primarily supported by contributions from the general public;

(iv) a society or organization conducted for the sole purpose of maintaining symphony orchestras or operas and receiving substantial support from voluntary contributions;

(v) an organization (organized prior to October 1, 1951) described in section 501 (c) (3) which is exempt from tax under section 501 (a) and which is operated for the purpose of conducting an annual chautauqua program of educational, cultural, and religious activities at a permanent location;

(vi) National Guard organizations, Reserve officers' associations or organizations, posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units, or societies are organized in the United States or any of its possessions—

if no part of the net earnings thereof inures to the benefit of any private stockholder or individual.

(B) POLICEMEN'S AND FIREMEN'S DISABILITY FUNDS.—Except as provided in subparagraph (C), any admissions all the proceeds of which inure exclusively to the benefit of a police or fire department of any city, town, village, or any municipality or exclusively to a retirement, pension, or disability fund for the sole benefit of members of such a police or fire department or to a fund for the heirs of such members.

(C) NONEXEMPT ADMISSIONS.—The exemption provided under subparagraph (A) or (B) shall not apply in the case of admissions to—

(i) any athletic game or exhibition unless the proceeds inure exclusively to the benefit of an elementary or secondary school or unless in the case of an athletic game between teams composed of students from elementary or secondary schools, or colleges, the entire gross proceeds from such game inure to the benefit of a hospital for crippled children,

(ii) wrestling matches, prize fights, or boxing, sparring, or other pugilistic matches or exhibitions,

(iii) carnivals, rodeos (except as provided in paragraph (9)), or circuses in which any professional performer or operator participates for compensation, or

(iv) any motion picture exhibition.

Clauses (i) and (ii) shall not apply in the case of any athletic event between educational institutions held during the regular

(b) athletic season for such event, if the proceeds therefrom inure exclusively to the benefit of such institutions.

(2) **AGRICULTURAL FAIRS.**—Any admissions to agricultural fairs if no part of the net earnings thereof inures to the benefit of any stockholders or members of the association conducting the same—if the proceeds therefrom are used exclusively for the improvement, maintenance, and operation of such agricultural fairs.

(3) **CERTAIN CONCERTS.**—Any admissions to concerts conducted by a civic or community membership association if no part of the net earnings thereof inures to the benefit of any stockholders or members of such association.

(4) **MUNICIPAL SWIMMING POOLS, ETC.**—Any admissions to swimming pools, bathing beaches, skating rinks, or other places providing facilities for physical exercise, operated by any State or political subdivision thereof or by the United States or any agency or instrumentality thereof—if the proceeds therefrom inure exclusively to the benefit of the State, political subdivision, United States, agency, or instrumentality.

(5) **HOME AND GARDEN TOURS.**—Any admission to a home or garden which is temporarily opened to the general public as part of a program conducted by a society or organization to permit the inspection of historical homes and gardens—if no part of the net earnings thereof inures to the benefit of any private stockholder or individual.

(6) **HISTORIC SITES, MUSEUMS, AND PLANETARIUMS.**—Any admission to an historic site, house, or shrine, to a museum of history, art, or science, to a planetarium, or to any exhibition in connection with any of the foregoing, operated—

(A) by any State or political subdivision thereof or by the United States or any agency or instrumentality thereof—if the proceeds therefrom inure exclusively to the benefit of the State, political subdivision, United States, agency, or instrumentality, or

(B) by any society or organization not organized for profit—if no part of the net earnings thereof inures to the benefit of any private stockholder or individual.

(7) **CERTAIN AMATEUR THEATER PERFORMANCES.**—Any admission to an amateur performance presented and performed by a civic or community theater group or organization—if no part of the net earnings thereof inures to the benefit of any private stockholder or individual.

(8) **CERTAIN AMATEUR AND SEMIPROFESSIONAL BASEBALL GAMES.**—Any admission to a baseball game, if all the players who participate therein have an amateur or semiprofessional standing, and if (A) such game is not primarily conducted for profit, (B) neither team participating in such game is regularly engaged in playing baseball for its own profit, and (C) no part of the net earnings thereof inures to the benefit of any private stockholder or individual.

(9) **CERTAIN RODEOS AND PAGEANTS.**—Any admission to a rodeo or an historical pageant, if the proceeds therefrom are used exclusively for the improvement, maintenance, and operation of such rodeo or pageant, and if no part of the net earnings thereof inures to the benefit of any private stockholder or individual.

(b) **STATE DEFINED.**—For purposes of subsection (a), the term "State" includes Alaska, Hawaii, and the District of Columbia.

SEC. 4234. PRINTING OF PRICE ON TICKET.

(a) **GENERAL.**—The price (exclusive of the tax to be paid by the person paying for admission) at which every admission ticket or card is sold shall be conspicuously and indelibly printed, stamped, or written on the face or back of that part of the ticket which is to be taken up by the management of the theater, opera, or other place of amusement, together with the name of the vendor if sold other than at the ticket office of the theater, opera, or other place of amusement.

(b) **PENALTY.**—Whoever sells an admission ticket or card on which the name of the vendor and the price are not printed, stamped, or written, as provided in subsection (a), or at a price in excess of the price so printed, stamped, or written thereon, is guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$100.

PART II—CLUB DUES

Sec. 4241. Imposition of tax.

Sec. 4242. Definitions.

Sec. 4243. Exemption—Fraternal organizations.

SEC. 4241. IMPOSITION OF TAX.

(a) **RATE.**—There is hereby imposed—

(1) **DUES OR MEMBERSHIP FEES.**—A tax equivalent to 20 percent of any amount paid as dues or membership fees to any social, athletic, or sporting club or organization, if the dues or fees of an active resident annual member are in excess of \$10 per year.

(2) **INITIATION FEES.**—A tax equivalent to 20 percent of any amount paid as initiation fees to such a club or organization, if such fees amount to more than \$10, or if the dues or membership fees, not including initiation fees, of an active resident annual member are in excess of \$10 per year.

(3) **LIFE MEMBERSHIPS.**—In the case of life memberships, a tax equivalent to the tax upon the amount paid by active resident annual members for dues or membership fees other than assessments, but no tax shall be paid upon the amount paid for life membership. In such a case, the tax shall be paid annually at the time for the payment of dues by active resident annual members.

(b) **BY WHOM PAID.**—The taxes imposed by this section shall be paid by the person paying such dues or fees, or holding such life membership.

SEC. 4242. DEFINITIONS.

(a) **DUES.**—As used in this part the term "dues" includes any assessment, irrespective of the purpose for which made, and any charges for social privileges or facilities, or for golf, tennis, polo, swimming, or other athletic or sporting privileges or facilities, for any period of more than six days; and

(b) **INITIATION FEES.**—As used in this part the term "initiation fees" includes any payment, contribution, or loan, required as a condition precedent to membership, whether or not any such payment, contribution, or loan is evidenced by a certificate of interest or

indebtedness or share of stock, and irrespective of the person or organization to whom paid, contributed, or loaned.

SEC. 4243. EXEMPTION—FRATERNAL ORGANIZATIONS.

There shall be exempted from the provisions of section 4241 all amounts paid as dues or fees to a fraternal society, order, or association, operating under the lodge system, or to any local fraternal organization among the students of a college or university.

PART II—CLUB DUES

Sec. 4241. Imposition of tax.

Sec. 4242. Definitions.

Sec. 4243. Exemption—Fraternal organizations.

SEC. 4241. IMPOSITION OF TAX.

(a) **RATE.**—There is hereby imposed—

(1) **DUES OR MEMBERSHIP FEES.**—A tax equivalent to 30 percent of any amount paid as dues or membership fees to any social, athletic, or sporting club or organization, if the dues or fees of an active resident annual member are in excess of \$10 per year.

(2) **INITIATION FEES.**—A tax equivalent to 30 percent of any amount paid as initiation fees to such a club or organization if such fees amount to more than \$10, or if the dues or membership fees, not including initiation fees, of an active resident annual member are in excess of \$10 per year.

(3) **TAX MEMBERSHIP.**—In the case of life memberships, a tax equivalent to the tax upon the amount paid by active resident annual members for dues or membership fees other than assessments, but no tax shall be paid upon the amount paid for the membership. In such a case, the tax shall be paid annually at the time for the payment of dues by active resident annual members.

(b) **BY WHOM PAID.**—The taxes imposed by this section shall be paid by the person paying such dues or fees, or holding such life membership.

SEC. 4242. DEFINITIONS.

(a) **DUES.**—As used in this part the term "dues" includes any assessment, irrespective of the purpose for which made, and any charge for social privileges or facilities or for golf, tennis, polo, swimming or other athletic or sporting privileges or facilities, for any period of more than six days; and

(b) **INITIATION FEES.**—As used in this part the term "initiation fees" includes any payment, contribution, or loan, required as a condition precedent to membership, whether or not any such payment, contribution, or loan is evidenced by a certificate of interest or

Subchapter B—Communications

- Sec. 4251. Imposition of tax.
 Sec. 4252. Definitions.
 Sec. 4253. Exemptions.
 Sec. 4254. Computation of tax.

SEC. 4251. IMPOSITION OF TAX.

There is hereby imposed on amounts paid for the communication services or facilities enumerated in the following table a tax equal to the percent of the amount so paid as is specified in such table:

Taxable service	Rate of tax
	<i>Percent</i>
Local telephone service.....	10
Long distance telephone service.....	10
Telegraph service.....	10
Leased wire, teletypewriter or talking circuit special service.....	10
Wire and equipment service.....	8

The taxes imposed by this section shall be paid by the person paying for the services or facilities.

SEC. 4252. DEFINITIONS.

(a) **LOCAL TELEPHONE SERVICE.**—As used in section 4251 the term, “local telephone service” means any telephone service not taxable as long distance telephone service; leased wire, teletypewriter or talking circuit special service; or wire and equipment service. Amounts paid for the installation of instruments, wires, poles, switchboards, apparatus, and equipment shall not be considered amounts paid for service. This subsection shall not be construed as defining as local telephone service, amounts paid for services and facilities which are exempted from other communication taxes by section 4253 (b).

(b) **LONG DISTANCE TELEPHONE SERVICE.**—As used in section 4251 the term “long distance telephone service” means a telephone or radio telephone message or conversation for which the toll charge is more than 24 cents and for which the charge is paid within the United States.

(c) **TELEGRAPH SERVICE.**—As used in section 4251 the term “telegraph service” means a telegraph, cable, or radio dispatch or message for which the charge is paid within the United States.

(d) **LEASED WIRE, TELETYPEWRITER OR TALKING CIRCUIT SPECIAL SERVICE.**—As used in section 4251 the term “leased wire, teletypewriter or talking circuit special service” does not include any service used exclusively in rendering a service taxable as wire and equipment service. The tax imposed by section 4251 with respect to a leased wire, teletypewriter or talking circuit special service shall apply whether or not the wires or services are within a local exchange area.

(e) **WIRE AND EQUIPMENT SERVICE.**—As used in section 4251 the term “wire and equipment service” shall include stock quotation and information services, burglar alarm or fire alarm service, and all other similar services, but not including service described in subsection (d) of this section. The tax imposed by section 4251 with respect to wire and equipment service shall apply whether or not the wires or services are within a local exchange area.

SEC. 4253. EXEMPTIONS.

(a) **CERTAIN COIN-OPERATED SERVICE.**—Services paid for by inserting coins in coin-operated telephones available to the public shall not be subject to the tax imposed by section 4251 with respect to local telephone service, except that where such coin-operated telephone service is furnished for a guaranteed amount, the amounts paid under such guarantee plus any fixed monthly or other periodic charge shall be subject to the tax.

(b) **NEWS SERVICES.**—No tax shall be imposed under section 4251, except with respect to local telephone service, upon any payment received from any person for services or facilities utilized in the collection of news for the public press, or a news ticker service furnishing a general news service similar to that of the public press, or radio broadcasting, or in the dissemination of news through the public press, or a news ticker service furnishing a general news service similar to that of the public press, or by means of radio broadcasting, if the charge for such services or facilities is billed in writing to such person.

(c) **CERTAIN ORGANIZATIONS.**—No tax shall be imposed under section 4251 upon any payment received for services or facilities furnished to an international organization, or any organization created by act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864.

(d) **SERVICEMEN IN COMBAT ZONE.**—No tax shall be imposed under section 4251 with respect to long distance telephone service upon any payment received for any telephone or radio telephone message which originates within a combat zone, as defined in section 112, from a member of the Armed Forces of the United States performing service in such combat zone, as determined under such section, provided a certificate, setting forth such facts as the Secretary or his delegate may by regulations prescribe, is furnished to the person receiving such payment.

(e) **FOR ITEMS OTHERWISE TAXED.**—Only one payment of tax under section 4251 shall be required with respect to the tax on long distance telephone service or telegraph service notwithstanding the lines or stations of one or more persons are used in the transmission of such dispatch, message or conversation.

(f) **SPECIAL WIRE SERVICE IN COMPANY BUSINESS.**—No tax shall be imposed under section 4251 on the amount paid for so much of the service described in sections 4252 (d) and (e) as is utilized in the conduct, by a common carrier or a telephone or telegraph company or radio broadcasting station or network, of its business as such.

SEC. 4254. COMPUTATION OF TAX.

(a) **IN GENERAL.**—If a bill is rendered the taxpayer for telephone services or telegraph services with respect to which a tax is imposed by section 4251, the amount upon which the tax shall be based shall

be the sum of all such charges included in the bill, and the tax shall not be based upon the charge for each item, separately, included in the bill.

(b) WHERE PAYMENT IS MADE FOR LONG DISTANCE TELEPHONE SERVICE OR TELEGRAPH SERVICE IN COIN-OPERATED TELEPHONES.—If the tax imposed by section 4251 with respect to long distance telephone service or telegraph service is paid by inserting coins in coin-operated telephones, tax shall be computed to the nearest multiple of 5 cents, except that where the tax is midway between multiples of 5 cents, the next higher multiple shall apply.

PART I—PERSONS

Sec. 4251. Imposition of tax.
Sec. 4252. Exemptions.

SEC. 4251. IMPOSITION OF TAX.

(a) AMOUNTS PAID WITHIN THE UNITED STATES.—There is hereby imposed upon the amount paid within the United States for the transportation of persons by rail, motor vehicle, water, or air within or without the United States a tax equal to 10 percent of the amount so paid.

(b) AMOUNTS PAID WITHOUT THE UNITED STATES.—There is hereby imposed upon the amount paid without the United States for the transportation of persons by rail, motor vehicle, water, or air which begins and ends in the United States a tax equal to 10 percent of the amount so paid.

(c) SEATS, BERTHS, ETC.—There is hereby imposed upon the amount paid for seating or sleeping accommodations in connection with transportation with respect to which a tax is imposed by section (a) or (b) a tax equivalent to 10 percent of the amount so paid.

(d) BY WHOM PAID.—The taxes imposed by this section shall be paid by the person making the payment subject to the tax.

SEC. 4252. EXEMPTIONS.

(a) CERTAIN FOREIGN TRAVEL.—The tax imposed by section 4251 shall not apply with respect to transportation any part of which is outside the northern portion of the Western Hemisphere, except with respect to any part of such transportation which is from any port or station within the United States, Canada, or Mexico to any other port or station within the United States, Canada, or Mexico. In the case of transportation by water on a vessel which makes one or more intermediate stops at ports within the United States, Canada, or Mexico on a voyage which begins or ends in the United States and ends or begins outside the northern portion of the Western Hemisphere, no part of such transportation shall be considered for the purposes of the preceding sentence to be from any port within the United States, Canada, or Mexico to any other such port if the vessel in stopping at any such intermediate port is not authorized both to discharge and to take on passengers. A port or station within New Zealand shall not for the purposes of the preceding two sentences be considered as a port or station within Canada. For the purposes of this section, the words "northern portion of the Western Hemisphere" mean the area lying west of the 30th meridian west of Greenwich.

Subchapter C—Transportation

- Part I. Persons.
 Part II. Property.
 Part III. Oil by pipeline.

PART I—PERSONS

- Sec. 4261. Imposition of tax.
 Sec. 4262. Exemptions.

SEC. 4261. IMPOSITION OF TAX.

(a) AMOUNTS PAID WITHIN THE UNITED STATES.—There is hereby imposed upon the amount paid within the United States for the transportation of persons by rail, motor vehicle, water, or air within or without the United States a tax equal to 10 percent of the amount so paid.

(b) AMOUNTS PAID WITHOUT THE UNITED STATES.—There is hereby imposed upon the amount paid without the United States for the transportation of persons by rail, motor vehicle, water, or air which begins and ends in the United States a tax equal to 10 percent of the amount so paid.

(c) SEATS, BERTHS, ETC.—There is hereby imposed upon the amount paid for seating or sleeping accommodations in connection with transportation with respect to which a tax is imposed by subsection (a) or (b) a tax equivalent to 10 percent of the amount so paid.

(d) BY WHOM PAID.—The taxes imposed by this section shall be paid by the person making the payment subject to the tax.

SEC. 4262. EXEMPTIONS.

(a) CERTAIN FOREIGN TRAVEL.—The tax imposed by section 4261 shall not apply with respect to transportation any part of which is outside the northern portion of the Western Hemisphere, except with respect to any part of such transportation which is from any port or station within the United States, Canada, or Mexico to any other port or station within the United States, Canada, or Mexico. In the case of transportation by water on a vessel which makes one or more intermediate stops at ports within the United States, Canada, or Mexico on a voyage which begins or ends in the United States and ends or begins outside the northern portion of the Western Hemisphere, no part of such transportation shall be considered for the purposes of the preceding sentence to be from any port within the United States, Canada, or Mexico to any other such port if the vessel in stopping at any such intermediate port is not authorized both to discharge and to take on passengers. A port or station within Newfoundland shall not, for the purposes of the preceding two sentences, be considered as a port or station within Canada. For the purposes of this section, the words "northern portion of the Western Hemisphere" mean the area lying west of the 30th meridian west of Green-

wich, east of the International Date Line, and north of the equator, but not including any country of South America.

(b) **COMMUTATION TRAVEL, ETC.**—The tax imposed by section 4261 shall not apply to amounts paid for transportation which do not exceed 35 cents, to amounts paid for commutation or season tickets for single trips of less than 30 miles, or to amounts paid for commutation tickets for one month or less.

(c) **SMALL VEHICLES ON NONESTABLISHED LINES.**—The tax imposed by section 4261 shall not apply to transportation by motor vehicles having a passenger seating capacity of less than ten adult passengers, including the driver, except when such vehicle is operated on an established line.

(d) **FISHING TRIPS.**—The tax imposed by section 4261 shall not apply to amounts paid for transportation by boat for the purpose of fishing from such boat.

(e) **CERTAIN ORGANIZATIONS.**—The tax imposed by section 4261 shall not apply to the payment for transportation or facilities furnished to an international organization, or any corporation created by act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864.

(f) **MEMBERS OF THE ARMED FORCES.**—The tax imposed by section 4261 shall not apply to the payment for transportation or facilities furnished under special tariffs providing for fares of not more than 2.025 cents per mile applicable to round-trip tickets sold to personnel of the United States Army, Air Force, Navy, Marine Corps, and Coast Guard traveling in uniform of the United States at their own expense when on official leave, furlough, or pass, including authorized cadets and midshipmen, issued on presentation of properly executed certificate.

PART II—PROPERTY

Sec. 4271. Imposition of tax.

Sec. 4272. Exemptions.

Sec. 4273. Registration.

SEC. 4271. IMPOSITION OF TAX.

(a) **PROPERTY OTHER THAN COAL.**—There is hereby imposed upon the amount paid within or without the United States for the transportation of property, except coal, by rail, motor vehicle, water, or air from one point in the United States to another, a tax equal to 3 percent of the amount so paid.

(b) **COAL.**—There is hereby imposed upon the amount paid within or without the United States for the transportation of coal by rail, motor vehicle, water, or air from one point in the United States to another, a tax equal to 4 cents per short ton for the coal so transported.

(c) **APPLICATION OF TAX TO TRANSPORTATION PARTIALLY WITHIN THE UNITED STATES.**—In the case of property transported from a point without the United States to a point within the United States, the tax shall apply to the amount paid within the United States for that part of the transportation which takes place within the United States.

(d) **BY WHOM PAID.**—The taxes imposed by this section shall be paid by the person making the payment subject to the tax.

SEC. 4272. EXEMPTIONS.

(a) **NOT IN BUSINESS FOR HIRE.**—The tax imposed under section 4271 shall apply only to amounts paid to a person engaged in the business of transporting property for hire, including amounts paid to a freight forwarder, express company, or similar person, but not including amounts paid by a freight forwarder, express company, or similar person for transportation with respect to which a tax has previously been paid under such section.

(b) **CONSTRUCTION PROJECTS.**—The tax imposed by section 4271 shall not apply to the transportation of earth, rock, or other material excavated within the boundaries of, and in the course of, a construction project and transported to any place within, or adjacent to, the boundaries of such project.

(c) **COAL PREVIOUSLY TAXED.**—The tax imposed by section 4271 (b) on the transportation of coal shall not apply to the transportation of coal with respect to which there has been a previous taxable transportation.

(d) **CERTAIN ORGANIZATIONS.**—The tax imposed by section 4271 shall not apply to amounts paid for the transportation of property to or from an international organization, or any corporation created by act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864.

(e) **POST OFFICE DEPARTMENT.**—The tax imposed by section 4271 shall not apply to amounts paid to the Post Office Department for the transportation of property.

SEC. 4273. REGISTRATION.

Every person engaged in the business of transporting property for hire, including freight forwarders, express companies, and similar persons, shall, within 60 days after first engaging in the business of transportation of property for hire, register his name and his place or places of business with the Secretary or his delegate.

PART III—OIL BY PIPELINE

Sec. 4281. Imposition of tax.

Sec. 4282. Definition of fair charge.

Sec. 4283. Exemption for oil transported within premises of a plant.

SEC. 4281. IMPOSITION OF TAX.

There is hereby imposed upon all transportation of crude petroleum and liquid products thereof by pipeline a tax equivalent to $4\frac{1}{2}$ percent of the amount paid for such transportation. If no charge for transportation is made (either by reason of ownership of the commodity transported or for any other reason), or if the payment for transportation is less than the fair charge therefor (other than in the case of an arm's length transaction), such tax shall be imposed on the fair charge for such transportation. The tax imposed by this section is to be paid by the person furnishing such transportation.

SEC. 4282. DEFINITION OF FAIR CHARGE.

For the purposes of section 4281, the fair charge for transportation shall be computed

- (1) from actual bona fide rates or tariffs; or

(2) if no such rates or tariffs exist, then on the basis of the actual bona fide rates or tariffs of other pipelines for like services, as determined by the Secretary or his delegate; or

(3) if no such rates or tariffs exist, then on the basis of a reasonable charge for such transportation, as determined by the Secretary or his delegate.

SEC. 4283. EXEMPTION FOR OIL TRANSPORTED WITHIN PREMISES OF A PLANT.

For the purposes of section 4281, the term "transportation" shall not include any movement through lines of pipe within the premises of a refinery, a bulk plant, a terminal, or a gasoline plant, if such movement is not a continuation of a taxable transportation. The crossing of rights-of-way, streets, highways, railroads, levees, or narrow bodies of water, in connection with such a movement, shall not of itself constitute such movement as being "transportation."

Subchapter D—Safe Deposit Boxes

Sec. 4286. Imposition of tax.

Sec. 4287. Definition of safe deposit box.

SEC. 4286. IMPOSITION OF TAX.

There is hereby imposed a tax equivalent to 10 percent of the amount collected for the use of any safe deposit box. Such tax shall be paid by the person paying for the use of the safe deposit box.

SEC. 4287. DEFINITION OF SAFE DEPOSIT BOX.

For the purposes of section 4286, any vault, safe, box, or other receptacle, of not more than 40 cubic feet capacity, used for the safe-keeping or storage of jewelry, plate, money, specie, bullion, stocks, bonds, securities, valuable papers of any kind, or other valuable personal property, shall be regarded as a safe deposit box.

Subchapter E—Special Provisions Applicable to Services and Facilities Taxes

Sec. 4291. Cases where persons receiving payment must collect tax.

Sec. 4292. State and local governmental exemption.

Sec. 4293. Exemption for United States and possessions.

Sec. 4294. Cross reference to general administrative provisions.

SEC. 4291. CASES WHERE PERSONS RECEIVING PAYMENT MUST COLLECT TAX.

Every person receiving any payment for facilities or services on which a tax is imposed upon the payor thereof under this chapter, shall collect the amount of the tax from the person making such payment, except that if the payment specified in section 4261 is made outside the United States for a prepaid order, exchange order, or similar order, the person furnishing the initial transportation pursuant to such order shall collect the amount of the tax. For the purpose of this section every club or organization having life members shall collect the tax imposed on life memberships by section 4241.

SEC. 4292. STATE AND LOCAL GOVERNMENTAL EXEMPTION.

Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under section 4251, 4261, or 4271 upon (1) any payment received for services or facilities furnished to or (2) amounts paid for the transportation of property to or from the Government of any State, Territory of the United States, or any political subdivision of the foregoing or the District of Columbia.

SEC. 4293. EXEMPTION FOR UNITED STATES AND POSSESSIONS.

The Secretary may authorize exemption from the taxes imposed by chapters 31 and 32 and subchapters B and C of chapter 33, as to any particular article, or service or class of articles or services, to be purchased for the exclusive use of the United States, if he determines that the imposition of such taxes with respect to such articles or services, or class of articles or services will cause substantial burden or expense which can be avoided by granting tax exemption and that full benefit of such exemption, if granted, will accrue to the United States.

SEC. 4294. CROSS REFERENCE TO GENERAL ADMINISTRATIVE PROVISIONS.

See Subtitle F for administrative provisions of general application to the taxes imposed under this chapter.

CHAPTER 34—DOCUMENTARY STAMP TAXES

- SUBCHAPTER A. Issuance of capital stock and certificates of indebtedness by a corporation.
 SUBCHAPTER B. Sales or transfers of capital stock and certificates of indebtedness of a corporation.
 SUBCHAPTER C. Conveyances.
 SUBCHAPTER D. Policies issued by foreign insurers.
 SUBCHAPTER E. Miscellaneous provisions applicable to documentary stamp taxes.

Subchapter A—Issuance of Capital Stock and Certificate of Indebtedness by a Corporation

- Part I. Issuance of capital stock and similar interests.
 Part II. Issuance of certificates of indebtedness.

PART I—ISSUANCE OF CAPITAL STOCK AND SIMILAR INTERESTS

- Sec. 4301. Imposition of tax.
 Sec. 4302. Recapitalization.
 Sec. 4303. Exemptions.
 Sec. 4304. Affixing of stamps.
 Sec. 4305. Cross references.

SEC. 4301. IMPOSITION OF TAX.

There shall be imposed a tax on each original issue of shares or certificates of stock, issued by a corporation, whether on organization or reorganization, at the following rates:

(1) **PAR VALUE STOCK.**—Eleven cents on each \$100 or fraction thereof of the par or face value of each certificate (or of the shares where no certificate is issued).

(2) **NO-PAR-VALUE STOCK.**—

(A) **ACTUAL VALUE OF \$100 OR MORE PER SHARE.**—Eleven cents on each \$100 or fraction thereof of the actual value of each certificate (or of the shares where no certificate is issued).

(B) **ACTUAL VALUE OF LESS THAN \$100 PER SHARE.**—Three cents on each \$20 or fraction thereof of the actual value of each certificate (or of the shares where no certificate is issued).

SEC. 4302. RECAPITALIZATION.

In the case of a recapitalization, the tax imposed by section 4301 shall be that proportion of the tax computed on the certificates (or on the shares where no certificates are issued) issued in the recapitalization that (1) the amount dedicated as capital for the first time by the recapitalization, whether by a transfer of earned surplus or otherwise, bears to (2) the total par value (or actual value if no par stock) of such certificates or shares issued in the recapitalization.

SEC. 4303. EXEMPTIONS.

(a) **COMMON TRUST FUNDS.**—The tax imposed by section 4301 shall not apply to the issue of shares or certificates of a common trust fund, as defined in section 584.

(b) **OTHER EXEMPTIONS.**—

For other exemptions, see section 4382.

SEC. 4304. AFFIXING OF STAMPS.

The stamps representing the tax imposed by section 4301 shall be affixed to the stock books or corresponding records of the organization and not to the certificates issued.

SEC. 4305. CROSS REFERENCES.

For definitions, penalties, and other general and administrative provisions applicable to this part, see sections 4381 and 4383 and subtitle F.

PART II—ISSUANCE OF CERTIFICATES OF INDEBTEDNESS

Sec. 4311. Imposition of tax.

Sec. 4312. Definitions.

Sec. 4313. Renewals.

Sec. 4314. Bond as security for debt.

Sec. 4315. Exemptions.

Sec. 4316. Cross references.

SEC. 4311. IMPOSITION OF TAX.

There shall be imposed a tax on all certificates of indebtedness issued by a corporation at the rate of 11 cents on each \$100 of face value or fraction thereof.

SEC. 4312. DEFINITIONS.

(a) **CORPORATION.**—For the purpose of section 4311 the term "corporation" includes any receiver, trustee in bankruptcy, assignee, or other person, having custody of property, or charge of the affairs, of the corporation.

(b) **CROSS REFERENCES.**—

For other definitions, see section 4381 and subtitle F.

SEC. 4313. RENEWALS.

Every renewal of any certificate of indebtedness shall be taxed as a new issue.

SEC. 4314. BOND AS SECURITY FOR DEBT.

In the case where a bond conditioned for the repayment or payment of money is given in a penal sum greater than the debt secured, the tax imposed by section 4311 shall be based upon the amount secured.

SEC. 4315. EXEMPTIONS.

(a) **INSTALLMENT PURCHASE OF OBLIGATIONS.**—The tax imposed by section 4311 shall not apply to any instrument under the terms of which the obligee is required to make payment therefor in installments and is not permitted to make in any year a payment of more than 20 percent of the cash amount to which entitled upon maturity of the instrument.

(b) **OTHER EXEMPTIONS.**—

For other exemptions, see section 4382.

SEC. 4316. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this part, see section 4383 and subtitle F.

Subchapter B—Sales or Transfers of Capital Stock and Certificates of Indebtedness of a Corporation

- Part I. Sales or transfers of capital stock and similar interests.
 Part II. Sales or transfers of certificates of indebtedness.
 Part III. Provisions common to sales or transfers of capital stock and certificates of indebtedness.

PART I—SALES OR TRANSFERS OF CAPITAL STOCK AND SIMILAR INTERESTS

- Sec. 4321. Imposition of tax.
 Sec. 4322. Exemptions.
 Sec. 4323. Affixing of stamps.
 Sec. 4324. Cross references.

SEC. 4321. IMPOSITION OF TAX.

There shall be imposed a tax on each sale or transfer of shares or certificates of stock, or of rights to subscribe for or to receive such shares or certificates, issued by a corporation, at the following rates:

- (1) **PAR-VALUE STOCK.**—Five cents on each \$100 or fraction thereof of the par or face value of each certificate (or of the shares where no certificate is sold or transferred), except as provided in paragraph (3).
- (2) **NO-PAR-VALUE STOCK.**—Five cents on each share, except as provided in paragraph (3).
- (3) **EXCEPTION.**—In the case of a sale at \$20 or more per share, the rate provided in paragraphs (1) and (2) shall be 6 cents in lieu of 5 cents.

SEC. 4322. EXEMPTIONS.

(a) **EXEMPTIONS FOR CERTAIN TRANSFERS.**—The tax imposed by section 4321 shall not apply to any delivery or transfer of shares, certificates, or rights—

- (1) **LOANS.**—To a borrower as a loan of such shares, certificates, or rights, or to the lender as a return of such loan;
- (2) **BROKERS.**—To a broker or his registered nominee for sale of such shares, certificates, or rights; by a broker or his registered nominee to a customer for whom and upon whose order the broker has purchased same; or by a purchasing broker to his registered nominee to be held by such nominee for the same purpose as if held by the broker;
- (3) **CORPORATIONS.**—From a corporation to a registered nominee of such corporation, or from one such nominee to another such nominee, provided that in each instance such shares, certificates, or rights are to be held by the nominee for the same purpose as if retained by the corporation; or from such nominee to such corporation; or
- (4) **WORTHLESS STOCK.**—By an executor or administrator to a legatee, heir, or distributee, if it is shown to the satisfaction of the Secretary or his delegate that the value of such shares, certificates,

or rights is not greater than the amount of the tax that would otherwise be imposed on such delivery or transfer.

(b) **OTHER EXEMPTIONS.**—

For other exemptions, see sections 4341 to 4343, inclusive, and section 4382.

SEC. 4323. AFFIXING OF STAMPS.

(a) **BOOKS OF THE CORPORATION.**—The stamps representing the tax imposed by section 4321 shall be affixed to the books of the corporation in case of sale where the evidence of transfer is shown only by the books of the corporation.

(b) **OTHER EVIDENCES OF SALE OR TRANSFER.**—

For provisions applicable to the affixing of stamps in cases of sale or transfer shown otherwise than only by the books of the corporation, see section 4353.

SEC. 4324. CROSS REFERENCES.

For definitions, penalties, and other general and administrative provisions applicable to this part, see sections 4344, 4351, 4352, 4381, and 4383, and subtitle F.

PART II—SALES OR TRANSFERS OF CERTIFICATES OF INDEBTEDNESS

Sec. 4331. Imposition of tax.

Sec. 4332. Exemptions.

Sec. 4333. Cross references.

SEC. 4331. IMPOSITION OF TAX.

There shall be imposed a tax on each sale or transfer of any certificates of indebtedness, issued by a corporation, at the rate of 5 cents on each \$100 or fraction thereof of the face value.

SEC. 4332. EXEMPTIONS.

(a) **BROKERS.**—The tax imposed by section 4331 shall not apply to any delivery or transfer to a broker for sale, nor upon any delivery or transfer by a broker to a customer for whom and upon whose order he has purchased same.

(b) **OTHER EXEMPTIONS.**—

For other exemptions, see sections 4341 to 4343, inclusive, and section 4382.

SEC. 4333. CROSS REFERENCES.

For definitions, penalties, and other general and administrative provisions applicable to this part, see sections 4344, 4381, and 4383; sections 4351 to 4353 inclusive; and subtitle F.

PART III—PROVISIONS COMMON TO SALES OR TRANSFERS OF CAPITAL STOCK AND CERTIFICATES OF INDEBTEDNESS

Subpart A. Exemptions.

Subpart B. Miscellaneous provisions.

Subpart A—Exemptions

Sec. 4341. Transfers as security.

Sec. 4342. Fiduciaries and custodians.

Sec. 4343. Transfers by operation of law.

Sec. 4344. Exemption certificates.

Sec. 4345. Cross references.

SEC. 4341. TRANSFERS AS SECURITY.

The taxes imposed by sections 4321 and 4331 shall not apply to any delivery or transfer of any of the instruments referred to in such sections—

(1) **COLLATERAL SECURITY.**—To a lender as collateral security for money loaned thereon, provided that such collateral security is not actually sold; or

(2) **SECURITY FOR PERFORMANCE.**—To a trustee or public officer made pursuant to Federal or State law as security for the performance of an obligation, or by such trustee or public officer as a return of such security.

SEC. 4342. FIDUCIARIES AND CUSTODIANS.

The taxes imposed by sections 4321 and 4331 shall not apply to any delivery or transfer of any of the instruments referred to in such sections—

(1) **FIDUCIARIES.**—From a fiduciary to his nominee, or from one nominee of the fiduciary to another nominee, provided that in each instance such instruments are to be held by the nominee for the same purpose as if retained by the fiduciary; or from the nominee to such fiduciary; or

(2) **CUSTODIANS.**—

(A) from the owner to a custodian if under a written agreement between the parties such instruments are to be held or disposed of by such custodian for, and subject at all times to the instructions of, the owner; or from such custodian to such owner;

(B) from a custodian as specified in subparagraph (A) to a registered nominee of such custodian, or from one such nominee to another such nominee, provided that in each instance such instruments are to be held by the nominee for the same purpose as if retained by the custodian; or from such nominee to such custodian.

SEC. 4343. TRANSFERS BY OPERATION OF LAW.

(a) **EXEMPT TRANSFERS.**—The taxes imposed by sections 4321 and 4331 shall not apply to any delivery or transfer of any of the instruments referred to in such sections—

(1) **DECEDENTS.**—From a decedent to his executor or administrator;

(2) **MINORS.**—From a minor to his guardian, or from a guardian to his ward upon attaining majority;

(3) **INCOMPETENTS.**—From an incompetent to his committee or similar legal representative, or from a committee or similar legal representative to a former incompetent upon removal of disability;

(4) **FINANCIAL INSTITUTIONS.**—From a bank, trust company, financial institution, insurance company, or other similar entity, or nominee, custodian, or trustee therefor, to a public officer or commission, or person designated by such officer or commission or by a court, in the taking over of its assets, in whole or part, under Federal or State law regulating or supervising such institutions, nor upon redelivery or retransfer by any such transferee or successor thereto;

(5) **BANKRUPTS.**—From a bankrupt or person in receivership due to insolvency to the trustee in bankruptcy or receiver, from such receiver to such trustee, or from such trustee to such receiver, nor upon redelivery or retransfer by any such transferee or successor thereto;

(6) **SUCCESSORS.**—From a transferee under paragraphs (1) to (5), inclusive, to his successor acting in the same capacity, or from one such successor to another;

(7) **FOREIGN GOVERNMENTS AND ALIENS.**—From a foreign country or national thereof to the United States or any agency thereof, or to the government of any foreign country, directed pursuant to the authority vested in the President by section 5 (b) of the Trading with the Enemy Act (40 Stat. 415), as amended by the First War Powers Act, 1941 (55 Stat. 838; 50 U. S. C. App. 5);

(8) **TRUSTEES.**—From trustees to surviving, substituted, succeeding, or additional trustees of the same trust; or

(9) **SURVIVORS.**—Upon the death of a joint tenant or tenant by the entireties, to the survivor or survivors.

(b) **NONEXEMPT TRANSFERS.**—No delivery or transfer shall be exempt because effected by operation of law unless an exemption is otherwise specifically provided.

SEC. 4344. EXEMPTION CERTIFICATES.

No exemption shall be granted under section 4322 (a) (1), (2), or (3), section 4332 (a), section 4341 (2), section 4342, or under section 4343 (a) unless the delivery or transfer is accompanied by a certificate setting forth such facts as the Secretary or his delegate may by regulations prescribe.

SEC. 4345. CROSS REFERENCES.

For other exemptions, see sections 4322, 4332, and 4382.

Subpart B—Miscellaneous Provisions

Sec. 4351. Definitions.

Sec. 4352. Stock or certificates of indebtedness owned by a partnership.

Sec. 4353. Affixing of stamps.

Sec. 4354. Cross references.

SEC. 4351. DEFINITIONS.

(a) **REGISTERED NOMINEE.**—For the purpose of this subchapter, the term "registered nominee" means any person registered with the official in charge of the collection district in accordance with such regulations as the Secretary or his delegate shall prescribe.

(b) **SALE OR TRANSFER.**—For the purpose of this subchapter, the term "sale or transfer" means any sale, agreement to sell, memorandum of sale or delivery, or transfer of legal title, whether or not

shown by the books of the corporation or other organization (or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale); and whether or not the holder acquires a beneficial interest in the instruments.

SEC. 4352. STOCK OR CERTIFICATES OF INDEBTEDNESS OWNED BY A PARTNERSHIP.

In the case of a transfer of an interest in a partnership owning any of the instruments referred to in sections 4321 and 4331, the tax imposed by each of such sections shall be that proportion of the tax computed on the transfer of all of the instruments taxable under each of such sections that—

- (1) the interest in the partnership transferred bears to
- (2) the total interests in the partnership of all the partners.

SEC. 4353. AFFIXING OF STAMPS.

The stamps representing the taxes imposed by section 4321 and section 4331 shall be affixed to—

(1) **INSTRUMENT.**—The instrument where the change of ownership is by transfer of the instrument;

(2) **BILL OR MEMORANDUM OF SALE.**—The bill or memorandum of sale in cases of an agreement to sell or where the transfer is by delivery of the instrument assigned in blank; such bill or memorandum of sale shall be made and delivered by the seller to the buyer, and shall show the date thereof, the name of the seller, the amount of the sale, and the instrument to which it refers.

SEC. 4354. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subchapter, see section 4383 and subtitle F.

Subchapter C—Conveyances

- Sec. 4361. Imposition of tax.
- Sec. 4362. Exemptions.
- Sec. 4363. Cross references.

SEC. 4361. IMPOSITION OF TAX.

There shall be imposed a tax on each deed, instrument, or writing (unless deposited in escrow before April 1, 1932), whereby any lands, tenements, or other realty sold shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his, her, or their direction, when the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, exceeds \$100 and does not exceed \$500, in the amount of 55 cents; and at the rate of 55 cents for each additional \$500 or fractional part thereof.

SEC. 4362. EXEMPTIONS.

- (a) SECURITY FOR DEBT.—The tax imposed by section 4361 shall not apply to any instrument or writing given to secure a debt.
- (b) OTHER EXEMPTIONS.—

For other exemptions, see section 4382.

SEC. 4363. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subchapter, see section 4383 and subtitle F.

Subchapter D—Policies Issued by Foreign Insurers

- Sec. 4371. Imposition of tax.
- Sec. 4372. Definitions.
- Sec. 4373. Exemptions.
- Sec. 4374. Affixing of stamps.
- Sec. 4375. Cross references.

SEC. 4371. IMPOSITION OF TAX.

There shall be imposed a tax on each policy of insurance, indemnity bond, annuity contract, or policy of reinsurance issued by any foreign insurer or reinsurer at the following rates:

- (1) **CASUALTY INSURANCE AND INDEMNITY BONDS.**—Four cents on each dollar, or fractional part thereof, of the premium charged on the policy of casualty insurance or the indemnity bond, if issued to or for, or in the name of, an insured as defined in section 4372 (d);
- (2) **LIFE INSURANCE, SICKNESS, AND ACCIDENT POLICIES, AND ANNUITY CONTRACTS.**—One cent on each dollar, or fractional part thereof, of the premium charged on the policy of life, sickness, or accident insurance, or annuity contract, unless the insurer is subject to tax under section 807;
- (3) **REINSURANCE.**—One cent on each dollar, or fractional part thereof, of the premium charged on the policy of reinsurance covering any of the contracts taxable under paragraph (1) or (2).

SEC. 4372. DEFINITIONS.

(a) **FOREIGN INSURER OR REINSURER.**—For the purpose of this subchapter, the term “foreign insurer or reinsurer” means an insurer or reinsurer who is a nonresident alien individual, or a foreign partnership, or a foreign corporation. The term includes a nonresident alien individual, foreign partnership, or foreign corporation which shall become bound by an obligation of the nature of an indemnity bond.

(b) **POLICY OF CASUALTY INSURANCE.**—For the purpose of section 4371 (1), the term “policy of casualty insurance” means any policy (other than life) or other instrument by whatever name called whereby a contract of insurance is made, continued, or renewed.

(c) **INDEMNITY BOND.**—For the purpose of this subchapter, the term “indemnity bond” means any instrument by whatever name called whereby an obligation of the nature of an indemnity, fidelity, or surety bond is made, continued, or renewed. The term includes any bond for indemnifying any person who shall have become bound or engaged as surety, and any bond for the due execution or performance of any contract, obligation, or requirement, or the duties of any office or position, and to account for money received by virtue thereof, where a premium is charged for the execution of such bond.

(d) **INSURED.**—For the purpose of section 4371 (1), the term “insured” means—

- (1) a domestic corporation or partnership, or an individual resident of the United States, against, or with respect to, hazards, risks, losses, or liabilities wholly or partly within the United States,

or

(2) a foreign corporation, foreign partnership, or nonresident individual, engaged in a trade or business within the United States, with respect to hazards, risks, or liabilities within the United States.

(e) **POLICY OF LIFE, SICKNESS, OR ACCIDENT INSURANCE, OR ANNUITY CONTRACT.**—For the purpose of section 4371 (2), the term “policy of life, sickness, or accident insurance, or annuity contract” means any policy or other instrument by whatever name called whereby a contract of insurance or an annuity contract is made, continued, or renewed with respect to the life or hazards to the person of a citizen or resident of the United States.

(f) **POLICY OF REINSURANCE.**—For the purpose of section 4371 (3), the term “policy of reinsurance” means any policy or other instrument by whatever name called whereby a contract of reinsurance is made, continued, or renewed against, or with respect to, any of the hazards, risks, losses, or liabilities covered by contracts taxable under paragraph (1) or (2) of section 4371.

SEC. 4373. EXEMPTIONS.

The tax imposed by section 4371 shall not apply to—

(1) **DOMESTIC AGENT.**—Any policy, indemnity bond, or annuity contract signed or countersigned by an officer or agent of the insurer in a State, Territory, or District of the United States within which such insurer is authorized to do business; or

(2) **INDEMNITY BOND.**—Any indemnity bond required to be filed by any person to secure payment of any pension, allowance, allotment, relief, or insurance by the United States, or to secure a duplicate for, or the payment of, any bond, note, certificate of indebtedness, war-saving certificate, warrant or check, issued by the United States.

SEC. 4374. AFFIXING OF STAMPS.

Any person to or for whom or in whose name any policy, indemnity bond, or annuity contract referred to in section 4371 is issued, or any solicitor or broker acting for or on behalf of such person in the procurement of any such instrument, shall affix the proper stamps to such instrument.

SEC. 4375. CROSS REFERENCES.

For penalties and other general and administrative provisions, see section 4383 and subtitle F.

Subchapter E—Miscellaneous Provisions Applicable to Documentary Stamp Taxes

Sec. 4381. Definitions.

Sec. 4382. Exemptions.

Sec. 4383. Liability for tax.

SEC. 4381. DEFINITIONS.

(a) **CERTIFICATES OF INDEBTEDNESS.**—For purposes of the taxes imposed by sections 4311 and 4331, the term “certificates of indebtedness” means bonds and debentures; and also includes all instruments, however termed, issued by a corporation with interest coupons or in registered form, known generally as corporate securities.

(b) **CORPORATION.**—For purposes of the taxes imposed by sections 4301 and 4331, the term “corporation” includes any investment trust or similar organization (or any person acting in behalf of such investment trust or similar organization) holding or dealing in shares or certificates of stock, or in certificates of indebtedness. The definition herein shall not be construed to limit the effect of the definition of the term “corporation” provided in section 7701 (a) (3).

(c) **SHARES OR CERTIFICATES OF STOCK.**—For purposes of the taxes imposed by sections 4301 and 4331, the term “shares or certificates of stock” includes shares or certificates of profits or of interest in property or accumulations.

SEC. 4382. EXEMPTIONS.

(a) The taxes imposed by this chapter shall not apply to—

(1) **GOVERNMENT AND STATE OBLIGATIONS.**—Any certificate of indebtedness, note, or other instrument, issued by the United States, or by any foreign Government, or by any State, Territory, or the District of Columbia, or local subdivision thereof, or municipal or other corporation exercising the taxing power;

(2) **DOMESTIC BUILDING AND LOAN ASSOCIATIONS AND MUTUAL DITCH OR IRRIGATION COMPANIES.**—Shares or certificates of stock and certificates of indebtedness issued by domestic building and loan associations, savings and loan associations, cooperative banks, and homestead associations substantially all the business of which is confined to making loans to members, or by mutual ditch or irrigation companies;

(3) **FARMERS', FRUIT GROWERS', OR COOPERATIVE ASSOCIATIONS.**—Shares or certificates of stock and certificates of indebtedness issued by any farmers' or fruit growers' or like associations organized and operated on a cooperative basis for the purposes, and subject to the conditions, prescribed in section 521.

(b) The taxes imposed by sections 4301, 4311, 4321, 4331, and 4361 shall not apply to—

(1) **CORPORATE AND RAILROAD REORGANIZATIONS.**—The issuance, transfer, or exchange of securities, or the making, delivery, or filing of conveyances to make effective any plan of reorganization or adjustment confirmed or approved as indicated below, provided

that the issuance, transfer, or exchange of securities, or the making, delivery or filing of instruments of transfer or conveyances, occurs within 5 years from the date of such confirmation or approval—

(A) confirmed under the Bankruptcy Act, as amended (30 Stat. 544; U. S. C., title 11),

(B) approved in an equity receivership proceeding in a court involving a railroad corporation, as defined in section 77 (m) of the Bankruptcy Act, as amended (49 Stat. 922; 11 U. S. C. 205 (m)), or

(C) approved in an equity receivership proceeding in a court involving a corporation, as defined in section 106 (3) of the Bankruptcy Act, as amended (52 Stat. 883; 11 U. S. C. 506);

(2) ORDERS OF THE SECURITIES AND EXCHANGE COMMISSION.—The issuance, transfer, or exchange of securities, or making or delivery of conveyances, to make effective any order of the Securities and Exchange Commission as defined in section 1083 (a): *Provided*, That—

(A) the order of the Securities and Exchange Commission in obedience to which such issuance, transfer, or exchange of securities or conveyances are made recites that such issuance, transfer, or exchange, or conveyances are necessary or appropriate to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935 (49 Stat. 820; 15 U. S. C. 79k (b)),

(B) such order specifies and itemizes the securities and other property which are ordered to be issued, transferred, exchanged, or conveyed, and

(C) such issuance, transfer, or exchange, or conveyance is made in obedience to such order.

SEC. 4383. LIABILITY FOR TAX.

The tax imposed by this chapter shall be paid by any person who makes, signs, issues, or sells any of the documents and instruments subject to the taxes imposed by this chapter, or for whose use or benefit the same are made, signed, issued, or sold. The United States or any agency or instrumentality thereof shall not be liable for the tax with respect to an instrument to which it is a party, and affixing of stamps thereby shall not be deemed payment for the tax, which may be collected by assessment from any other party liable therefor.

CHAPTER 35—TAXES ON WAGERING

- SUBCHAPTER A. Tax on wagers.
 SUBCHAPTER B. Occupational tax.
 SUBCHAPTER C. Miscellaneous provisions.

Subchapter A—Tax on Wagers

- Sec. 4401. Imposition of tax.
 Sec. 4402. Exemptions.
 Sec. 4403. Record requirements.
 Sec. 4404. Territorial extent.
 Sec. 4405. Cross references.

SEC. 4401. IMPOSITION OF TAX.

(a) **WAGERS.**—There shall be imposed on wagers, as defined in section 4421, an excise tax equal to 10 percent of the amount thereof.

(b) **AMOUNT OF WAGER.**—In determining the amount of any wager for the purposes of this subchapter, all charges incident to the placing of such wager shall be included; except that if the taxpayer establishes, in accordance with regulations prescribed by the Secretary or his delegate, that an amount equal to the tax imposed by this subchapter has been collected as a separate charge from the person placing such wager, the amount so collected shall be excluded.

(c) **PERSONS LIABLE FOR TAX.**—Each person who is engaged in the business of accepting wagers shall be liable for and shall pay the tax under this subchapter on all wagers placed with him. Each person who conducts any wagering pool or lottery shall be liable for and shall pay the tax under this subchapter on all wagers placed in such pool or lottery.

SEC. 4402. EXEMPTIONS.

No tax shall be imposed by this subchapter—

(1) **PARIMUTUELS.**—On any wager placed with, or on any wager placed in a wagering pool conducted by, a parimutuel wagering enterprise licensed under State law, and

(2) **COIN-OPERATED DEVICES.**—On any wager placed in a coin-operated device with respect to which an occupational tax is imposed by section 4461.

SEC. 4403. RECORD REQUIREMENTS.

Each person liable for tax under this subchapter shall keep a daily record showing the gross amount of all wagers on which he is so liable, in addition to all other records required pursuant to section 6001 (a).

SEC. 4404. TERRITORIAL EXTENT.

The tax imposed by this subchapter shall apply only to wagers

- (1) accepted in the United States, or
- (2) placed by a person who is in the United States
 - (A) with a person who is a citizen or resident of the United States,

or

(B) in a wagering pool or lottery conducted by a person who is a citizen or resident of the United States.

SEC. 4405. CROSS REFERENCES.

For penalties and other administrative provisions applicable to this subchapter, see sections 4421 to 4423, inclusive; and subtitle F.

Subchapter A—Tax on Wagers

- Sec. 4401. Imposition of tax.
- Sec. 4402. Exemptions.
- Sec. 4403. Record requirements.
- Sec. 4404. Territorial extent.
- Sec. 4405. Cross references.

SEC. 4401. IMPOSITION ON TAX.

(a) *Wagers*.—There shall be imposed on wagers, as defined in section 4421, an excise tax equal to 10 percent of the amount thereof.

(b) *Amount of Wager*.—In determining the amount of any wager for the purposes of this subchapter, all charges incident to the placing of such wager shall be included; except that if the taxpayer establishes in accordance with regulations prescribed by the Secretary or his delegate, that an amount equal to the tax imposed by this subchapter has been collected as a separate charge from the person placing such wager, the amount so collected shall be excluded.

(c) *Persons Liable for Tax*.—Each person who is engaged in the business of accepting wagers shall be liable for and shall pay the tax under this subchapter on all wagers placed with him. Each person who conducts any wagering pool or lottery shall be liable for and shall pay the tax under this subchapter on all wagers placed in such pool or lottery.

SEC. 4402. EXEMPTIONS.

No tax shall be imposed by this subchapter—

- (1) *Parimutuel*.—On any wager placed with or on any wager placed in a wagering pool conducted by a parimutuel wagering enterprise licensed under State law, and
- (2) *Coin-operated devices*.—On any wager placed in a coin-operated device with respect to which an occupational tax is imposed by section 4401.

SEC. 4403. RECORD REQUIREMENTS.

Each person liable for tax under this subchapter shall keep a daily record showing the gross amount of all wagers on which he is so liable, in addition to all other records required pursuant to section 6001 (a).

SEC. 4404. TERRITORIAL EXTENT.

The tax imposed by this subchapter shall apply only to wagers

- (1) accepted in the United States, or
 - (2) placed by a person who is in the United States.
- (A) with a person who is a citizen or resident of the United States.

Subchapter B—Occupational Tax

- Sec. 4411. Imposition of tax.
 Sec. 4412. Registration.
 Sec. 4413. Certain provisions made applicable.
 Sec. 4414. Cross references.

SEC. 4411. IMPOSITION OF TAX.

There shall be imposed a special tax of \$50 per year to be paid by each person who is liable for tax under section 4401 or who is engaged in receiving wagers for or on behalf of any person so liable.

SEC. 4412. REGISTRATION.

(a) **REQUIREMENT.**—Each person required to pay a special tax under this subchapter shall register with the official in charge of the internal revenue district—

- (1) his name and place of residence;
- (2) if he is liable for tax under subchapter A, each place of business where the activity which makes him so liable is carried on, and the name and place of residence of each person who is engaged in receiving wagers for him or on his behalf; and
- (3) if he is engaged in receiving wagers for or on behalf of any person liable for tax under subchapter A, the name and place of residence of each such person.

(b) **FIRM OR COMPANY.**—Where subsection (a) requires the name and place of residence of a firm or company to be registered, the names and places of residence of the several persons constituting the firm or company shall be registered.

(c) **SUPPLEMENTAL INFORMATION.**—In accordance with regulations prescribed by the Secretary, he or his delegate may require from time to time such supplemental information from any person required to register under this section as may be needful to the enforcement of this chapter.

SEC. 4413. CERTAIN PROVISIONS MADE APPLICABLE.

Sections 4901, 4902, 4904, 4905, and 4906 shall extend to and apply to the special tax imposed by this subchapter and to the persons upon whom it is imposed, and for that purpose any activity which makes a person liable for special tax under this subchapter shall be considered to be a business or occupation referred to in such sections. No other provision of sections 4901 to 4907, inclusive, shall so extend or apply.

SEC. 4414. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subchapter, see sections 4421 to 4423, inclusive; and subtitle F.

Subchapter C—Miscellaneous Provisions

Sec. 4421. Definitions.

Sec. 4422. Applicability of federal and state laws.

Sec. 4423. Inspection of books.

SEC. 4421. DEFINITIONS.

For purposes of this chapter—

(1) **WAGER.**—The term “wager” means—

(A) any wager with respect to a sports event or a contest placed with a person engaged in the business of accepting such wagers,

(B) any wager placed in a wagering pool with respect to a sports event or a contest, if such pool is conducted for profit, and

(C) any wager placed in a lottery conducted for profit.

(2) **LOTTERY.**—The term “lottery” includes the numbers game, policy, and similar types of wagering. The term does not include—

(A) any game of a type in which usually

(i) the wagers are placed,

(ii) the winners are determined, and

(iii) the distribution of prizes or other property is made, in the presence of all persons placing wagers in such game, and

(B) any drawing conducted by an organization exempt from tax under sections 501 and 521, if no part of the net proceeds derived from such drawing inures to the benefit of any private shareholder or individual.

SEC. 4422. APPLICABILITY OF FEDERAL AND STATE LAWS.

The payment of any tax imposed by this chapter with respect to any activity shall not exempt any person from any penalty provided by a law of the United States or of any State for engaging in the same activity, nor shall the payment of any such tax prohibit any State from placing a tax on the same activity for State or other purposes.

SEC. 4423. INSPECTION OF BOOKS.

Notwithstanding section 7605 (b), the books of account of any person liable for tax under this chapter may be examined and inspected as frequently as may be needful to the enforcement of this chapter.

CHAPTER 36—CERTAIN OTHER EXCISE TAXES

SUBCHAPTER A. Playing cards.

SUBCHAPTER B. Occupational tax on coin-operated devices.

SUBCHAPTER C. Occupational tax on bowling alleys, billiard and pool tables.

Subchapter A—Playing Cards

Sec. 4451. Imposition of tax.

Sec. 4452. Definition of manufacturer.

Sec. 4453. Exemption in case of exportation.

Sec. 4454. Liability for tax.

Sec. 4455. Registration.

Sec. 4456. Stamps.

Sec. 4457. Cross references.

SEC. 4451. IMPOSITION OF TAX.

There shall be imposed a tax of 13 cents per pack upon every pack of playing cards containing not more than 54 cards, manufactured or imported, and sold, or removed for consumption or sale, by a manufacturer. This tax shall be in addition to any import duties imposed on such articles of foreign manufacture.

SEC. 4452. DEFINITION OF MANUFACTURER.

Every person who offers or exposes for sale playing cards, whether the articles so offered or exposed are of foreign manufacture and imported or are of domestic manufacture, shall be deemed the manufacturer thereof, and subject to all the duties, liabilities, and penalties imposed by law in regard to the sale of domestic articles without the use of the proper stamps denoting the tax paid thereon.

SEC. 4453. EXEMPTION IN CASE OF EXPORTATION.

Playing cards may be removed from the place of manufacture for export to a foreign country or for shipment to a possession of the United States without payment of tax, or affixing stamps thereto, under such rules and regulations and the filing of such bonds as the Secretary or his delegate may prescribe.

SEC. 4454. LIABILITY FOR TAX.

The tax imposed by this subchapter shall be paid by any person who makes, sells, removes, consigns, or ships any playing cards, or for whose use or benefit the same are made, removed, consigned, or shipped.

SEC. 4455. REGISTRATION.

Every manufacturer of playing cards shall register with the official in charge of the collection district his name or style, place of residence, trade, or business, and the place where such business is to be carried on.

SEC. 4456. STAMPS.

(a) SALE.—The Secretary shall cause the stamps on playing cards to be sold only to those manufacturers as have registered as required

by law, and to importers of playing cards, who are required to affix the stamps to imported playing cards.

(b) ACCOUNTS.—The Secretary shall cause to be kept accounts of the number and denominate values of the stamps sold to each manufacturer and importer.

SEC. 4457. CROSS REFERENCES.

For penalties and other administrative provisions applicable to this subchapter, see subtitle F.

Subchapter A—Playing Cards

Sec. 4451. Imposition of tax.

Sec. 4452. Definition of manufacturer.

Sec. 4453. Exemption in case of expiration.

Sec. 4454. Liability for tax.

Sec. 4455. Registration.

Sec. 4456. Stamp.

Sec. 4457. Cross references.

SEC. 4451. IMPOSITION OF TAX.

There shall be imposed a tax of 13 cents per pack upon every pack of playing cards containing not more than 54 cards, manufactured or sold, or removed for consumption or sale, by a manufacturer. This tax shall be in addition to any import duties imposed on such articles of foreign manufacture.

SEC. 4452. DEFINITION OF MANUFACTURER.

Every person who offers or exposes for sale playing cards, whether the articles so offered or exposed are of foreign manufacture and imported or are of domestic manufacture, shall be deemed the manufacturer thereof, and subject to all the duties, liabilities, and penalties imposed by law in regard to the sale of domestic articles without the use of the proper stamps denoting the tax paid thereon.

SEC. 4453. EXEMPTION IN CASE OF EXPIRATION.

Playing cards may be removed from the place of manufacture for export to a foreign country or for shipment to a possession of the United States without payment of tax, or affixing stamps thereon, under such rules and regulations and the timing of such bonds as the Secretary or his delegate may prescribe.

SEC. 4454. LIABILITY FOR TAX.

The tax imposed by this subchapter shall be paid by any person who makes, sells, removes, consigns, or ships any playing cards, or whose use or benefit the same are made, removed, consigned, or shipped.

SEC. 4455. REGISTRATION.

Every manufacturer of playing cards shall register with the official in charge of the collection district his name or style, place of residence, trade, or business, and the place where such business is to be carried on.

SEC. 4456. STAMPS.

(a) SALE.—The Secretary shall cause the stamps on playing cards to be sold only to those manufacturers as have registered as required

Subchapter B—Occupational Tax on Coin-Operated Devices

Sec. 4461. Imposition of tax.

Sec. 4462. Definition of coin-operated amusement or gaming device.

Sec. 4463. Administrative provisions.

SEC. 4461. IMPOSITION OF TAX.

There shall be imposed a special tax to be paid by every person who maintains for use or permits the use of, on any place or premises occupied by him, a coin-operated amusement or gaming device at the following rates:

(1) \$10 a year, in the case of a device defined in paragraph (1) of section 4462 (a);

(2) \$250 a year, in the case of a device defined in paragraph (2) of section 4462 (a); and

(3) \$10 or \$250 a year, as the case may be, for each additional device so maintained or the use of which is so permitted. If one such device is replaced by another, such other device shall not be considered an additional device.

SEC. 4462. DEFINITION OF COIN-OPERATED AMUSEMENT OR GAMING DEVICE.

(a) **IN GENERAL.**—As used in sections 4461 to 4463, inclusive, the term “coin-operated amusement or gaming device” means—

(1) any amusement or music machine operated by means of the insertion of a coin, token, or similar object, and

(2) so-called “slot” machines which operate by means of insertion of a coin, token, or similar object and which, by application of the element of chance, may deliver, or entitle the person playing or operating the machine to receive cash, premiums, merchandise, or tokens.

(b) **EXCLUSION.**—The term “coin-operated amusement or gaming device” does not include bona fide vending machines in which are not incorporated gaming or amusement features.

(c) **1-CENT VENDING MACHINE.**—For purposes of sections 4461 to 4463, inclusive, a vending machine operated by means of the insertion of a 1-cent coin, which, when it dispenses a prize, never dispenses a prize of a retail value of, or entitles a person to receive a prize of a retail value of, more than 5 cents, and if the only prize dispensed is merchandise and not cash or tokens, shall be classified under paragraph (1) and not under paragraph (2) of subsection (a).

SEC. 4463. ADMINISTRATIVE PROVISIONS.

(a) **TRADE OR BUSINESS.**—An operator of a place or premises who maintains for use or permits the use of any coin-operated device shall be considered, for purposes of chapter 40, to be engaged in a trade or business in respect of each such device.

(b) **CROSS REFERENCE.**—

For penalties and other administrative provisions applicable to this subchapter, see chapter 40 and subtitle F.

Subchapter C—Occupational Tax on Bowling Alleys, Billiard and Pool Tables

- Sec. 4471. Imposition of tax.
 Sec. 4472. Definitions.
 Sec. 4473. Exemptions.
 Sec. 4474. Cross references.

SEC. 4471. IMPOSITION OF TAX.

There shall be imposed a special tax to be paid by every person who operates a bowling alley, billiard room, or pool room at the rate of \$20 a year for each bowling alley, billiard table, or pool table.

SEC. 4472. DEFINITION.

For the purpose of section 4471 every building or place where bowls are thrown or where games of billiards or pool are played, except in private homes, shall be regarded as a bowling alley, billiard room, or pool room, respectively.

SEC. 4473. EXEMPTIONS.

The tax imposed by section 4471 shall not apply with respect to—

(1) HOSPITALS.—Any billiard table or pool table in a hospital if no charge is made for the use of such table; or

(2) ARMED FORCES.—Any bowling alley, billiard table, or pool table maintained exclusively for the use of members of the Armed Forces on any property owned, reserved, or used by, or otherwise acquired for the use of, the United States if no charge is made for their use.

SEC. 4474. CROSS REFERENCES.

For penalties and administrative provisions applicable to this subchapter, see chapter 40 and subtitle F.

CHAPTER 37—SUGAR, COCONUT AND PALM OIL

SUBCHAPTER A. Sugar.

SUBCHAPTER B. Coconut and palm oil.

Subchapter A—Sugar

Sec. 4501. Imposition of tax.

Sec. 4502. Definitions.

Sec. 4503. Exemptions for sugar manufactured for home consumption.

Sec. 4504. Import tax imposed as tariff duty.

SEC. 4501. IMPOSITION OF TAX.

(a) **GENERAL.**—There is hereby imposed upon manufactured sugar manufactured in the United States, a tax, to be paid by the manufacturer at the following rates:

(1) on all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and, for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) on all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein. The manufacturer shall pay the tax with respect to manufactured sugar (1) which has been sold, or used in the production of other articles, by the manufacturer during the preceding month (if the tax has not already been paid) and (2) which has not been so sold or used within 12 months ending during the preceding calendar month, after it was manufactured (if the tax has not already been paid). For the purpose of determining whether sugar has been sold or used within 12 months after it was manufactured, sugar shall be considered to have been sold or used in the order in which it was manufactured.

(b) **IMPORT TAX.**—In addition to any other tax or duty imposed by law, there is hereby imposed, under such regulations as the Secretary or his delegate shall prescribe, a tax upon articles imported or brought into the United States as follows:

(1) on all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and, for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) on all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein;

(3) on all articles composed in chief value of manufactured sugar, 0.5144 cent per pound of the total sugars therein.

(c) **TERMINATION OF TAX.**—No tax shall be imposed under this subchapter on the manufacture, use, or importation of sugar or articles composed in chief value of sugar after June 30, 1957. Notwithstanding the provisions of subsection (a) or (b), no tax shall be imposed under this subchapter with respect to unsold sugar held by a manufacturer on June 30, 1957, or with respect to sugar or articles composed

in chief value of sugar held in customs custody or control on such date. With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under subsection (b) has been paid and which, on June 30, 1957, are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer, subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar.

SEC. 4502. DEFINITIONS.

For the purposes of this subchapter.—

(1) **MANUFACTURER.**—Any person who acquires any sugar which is to be manufactured into manufactured sugar but who, without further refining or otherwise improving it in quality, sells such sugar as manufactured sugar or uses such sugar as manufactured sugar in the production of other articles for sale shall be considered, for the purposes of section 4501 (a), the manufacturer of manufactured sugar and, as such, liable for the tax under section 4501 (a) with respect thereto.

(2) **PERSON.**—The term “person” means an individual, partnership, corporation, or association.

(3) **MANUFACTURED SUGAR.**—The term “manufactured sugar” means any sugar derived from sugar beets or sugarcane, which is not to be, and which shall not be, further refined or otherwise improved in quality; except sugar in liquid form which contains nonsugar solids (excluding any foreign substance that may have been added or developed in the product) equal to more than 6 per centum of the total soluble solids and except also sirup of cane juice produced from sugarcane grown in continental United States. The grades or types of sugar within the meaning of this definition shall include, but shall not be limited to, granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or molded shapes, confectioners’ sugar, washed sugar, centrifugal sugar, clarified sugar, turbinado sugar, plantation white sugar, muscovado sugar, refiners’ soft sugar, invert sugar mush, raw sugar, sirups, molasses, and sugar mixtures.

(4) **TOTAL SUGARS.**—The term “total sugars” means the total amount of the sucrose (Clerget) and of the reducing or invert sugars. The total sugars contained in any grade or type of manufactured sugar shall be ascertained in the manner prescribed in paragraphs 758, 759, 762, and 763 of the United States Customs Regulations (1931 edition).

(5) **UNITED STATES.**—The term “United States” shall be deemed to include the States, the Territories of Hawaii and Alaska, the District of Columbia, and Puerto Rico.

SEC. 4503. EXEMPTIONS FOR SUGAR MANUFACTURED FOR HOME CONSUMPTION.

No tax shall be required to be paid under sec. 4501 (a) upon the manufacture of manufactured sugar by or for the producer of the sugar beets or sugarcane from which such manufactured sugar was derived, for consumption by the producer’s own family, employees, or household.

SEC. 4504. IMPORT TAX IMPOSED AS TARIFF DUTY.

The tax imposed by section 4501 (b) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930 (46 Stat. 590; 19 U. S. C., chapter 4) and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that for the purposes of sections 336 and 350 of such act (the so-called flexible tariff and trade agreements provisions; 46 Stat. 701; 48 Stat. 943; 19 U. S. C. 1336, 1351) such tax shall not be considered a duty or import restriction, and except that no preference with respect to such tax shall be accorded any articles imported or brought into the United States.

(a) GENERAL.—There is hereby imposed upon the first domestic processing of coconut oil, palm-kernal oil, fatty acids derived from any of the foregoing oils, or salts of any of the foregoing (whether or not such oils, fatty acids or salts have been refined, evaporated, sulfonated, hydrogenated, or otherwise processed), or any combination or mixture containing a substantial quantity of any one or more of such oils, fatty acids, or salts, a tax of 3 cents per pound to be paid by the processor.

(b) APPLICABLE RATE ON COCONUT OIL.—There is hereby imposed (in addition to the tax imposed by the preceding subsection) a tax of 3 cents per pound to be paid by the processor upon the first domestic processing of coconut oil or of any combination or mixture containing a substantial quantity of coconut oil with respect to which oil there has been no previous first domestic processing.

(c) TERMINATION OF APPLICABLE RATE.—The tax imposed by subsection (b) shall not apply to any domestic processing after July 3, 1974.

SEC. 4511. DEFINITION OF FIRST DOMESTIC PROCESSING.

For the purpose of this subchapter, the term "first domestic processing" means the first use in the United States, in the manufacture or production of an article intended for sale of the article with respect to which the tax is imposed, but does not include the use of palm oil in the manufacture of non or steel products, or the plate or terms plate, or any subsequent use of palm oil residue resulting from the manufacture of non or steel products, or in plate or terms plate.

SEC. 4512. EXEMPTIONS.

(a) ACIDS AND SALTS.—The tax under section 4511 shall not apply—

- (1) with respect to any fatty acid or salt resulting from a previous first domestic processing taxed under such section or upon which an import tax has been paid under subchapter E of chapter 38, or
- (2) with respect to any combination or mixture by reason of its containing an oil, fatty acid, or salt with respect to which there has been a previous first domestic processing or upon which an import tax has been paid under subchapter E of chapter 38.

(b) RAW APPLICABLE TAX ON COCONUT OIL.—The additional tax imposed by section 4511 (b) shall not apply when it is established, in accordance with regulations prescribed by the Secretary or his delegate, that the coconut oil (whether or not contained in a combination or mixture)—

Subchapter B—Coconut and Palm Oil

Sec. 4511. Imposition of tax.

Sec. 4512. Definition of first domestic processing.

Sec. 4513. Exemptions.

Sec. 4514. Cross reference to general administrative provisions.

SEC. 4511. IMPOSITION OF TAX.

(a) **GENERAL.**—There is hereby imposed upon the first domestic processing of coconut oil, palm oil, palm-kernel oil, fatty acids derived from any of the foregoing oils, salts of any of the foregoing (whether or not such oils, fatty acids, or salts have been refined, sulphonated, sulphated, hydrogenated, or otherwise processed), or any combination or mixture containing a substantial quantity of any one or more of such oils, fatty acids, or salts, a tax of 3 cents per pound, to be paid by the processor.

(b) **ADDITIONAL RATE ON COCONUT OIL.**—There is hereby imposed (in addition to the tax imposed by the preceding subsection) a tax of 2 cents per pound, to be paid by the processor, upon the first domestic processing of coconut oil or of any combination or mixture containing a substantial quantity of coconut oil with respect to which oil there has been no previous first domestic processing.

(c) **TERMINATION OF ADDITIONAL RATE.**—The tax imposed by subsection (b) shall not apply to any domestic processing after July 3, 1974.

SEC. 4512. DEFINITION OF FIRST DOMESTIC PROCESSING.

For the purposes of this subchapter, the term "first domestic processing" means the first use in the United States, in the manufacture or production of an article intended for sale, of the article with respect to which the tax is imposed, but does not include the use of palm oil in the manufacture of iron or steel products, or tin plate or terne plate, or any subsequent use of palm oil residue resulting from the manufacture of iron or steel products, or tin plate or terne plate.

SEC. 4513. EXEMPTIONS.

(a) **ACIDS AND SALTS PREVIOUSLY TAXED.**—The tax under section 4511 shall not apply—

(1) with respect to any fatty acid or salt resulting from a previous first domestic processing taxed under such section or upon which an import tax has been paid under subchapter E of chapter 38, or

(2) with respect to any combination or mixture by reason of its containing an oil, fatty acid, or salt with respect to which there has been a previous first domestic processing or upon which an import tax has been paid under subchapter E of chapter 38.

(b) **FROM ADDITIONAL TAX ON COCONUT OIL.**—The additional tax imposed by section 4511 (b) shall not apply when it is established, in accordance with regulations prescribed by the Secretary or his delegate, that the coconut oil (whether or not contained in a combination or mixture)—

(1) is wholly the production of the Philippine Islands, any possession of the United States, or the Territory of the Pacific Islands (hereinafter in this paragraph referred to as the "Trust Territory"), or

(2) was produced wholly from materials the growth or production of the Philippine Islands, any possessions of the United States, or the Trust Territory:

Provided, however, That such additional tax shall apply in respect of coconut oil (whether or not contained in a combination or mixture) so derived from the Trust Territory, to such extent, and at such time after the date of the applicable proclamation, as the President, after taking into account the responsibilities of the United States with respect to the economy of the Trust Territory, shall hereafter determine and proclaim to be justified to prevent substantial injury or the threat thereof to the competitive trade of any country of the free world.

(c) PROCESSED FOR EXPORTATION.—Upon the giving of bond satisfactory to the Secretary or his delegate for the faithful observance of the provisions of this chapter requiring the payment of taxes, any person shall be entitled, without payment of the tax, to process for exportation any article wholly or in chief value of an article with respect to which a tax is imposed by section 4511.

SEC. 4514. CROSS REFERENCE TO GENERAL ADMINISTRATIVE PROVISIONS.

See subtitle F for administrative provisions of general application to the taxes imposed under this chapter.

CHAPTER 38—IMPORT TAXES

SUBCHAPTER A. Petroleum products.

SUBCHAPTER B. Coal.

SUBCHAPTER C. Copper.

SUBCHAPTER D. Lumber.

SUBCHAPTER E. Animal and vegetable oils and seeds.

SUBCHAPTER F. Oleomargarine.

SUBCHAPTER G. Special provisions applicable to import taxes.

Subchapter A—Petroleum Products

Sec. 4521. Imposition of tax.

SEC. 4521. IMPOSITION OF TAX.

In addition to any other tax or duty imposed by law, there is hereby imposed upon the following articles imported into the United States, unless treaty provisions of the United States otherwise provide, a tax at the rates specified. For the purposes of such tax, the term "United States" includes Puerto Rico.

(1) **CRUDE PETROLEUM, FUEL, AND GASOLINE.**—Crude petroleum, fuel oil derived from petroleum, gas oil derived from petroleum, and all liquid derivatives of crude petroleum, except lubricating oil and gasoline or other motor fuel, one-half cent per gallon.

(2) **GASOLINE OR OTHER MOTOR FUEL.**—Gasoline or other motor fuel, $2\frac{1}{2}$ cents per gallon.

(3) **LUBRICATING OIL.**—Lubricating oil, 4 cents per gallon.

(4) **PARAFFIN AND OTHER WAX PRODUCTS.**—Paraffin and other petroleum wax products, 1 cent per pound.

Subchapter B—Coal

Sec. 4531. Imposition of tax.

Sec. 4532. Exemption where exports exceed imports.

SEC. 4531. IMPOSITION OF TAX.

In addition to any other tax or duty imposed by law, there is hereby imposed a tax of 10 cents per 100 pounds on coal of all sizes, grades, and classifications (except culm and duff), coke manufactured therefrom, and coal or coke briquettes imported into the United States, unless treaty provisions of the United States otherwise provide. For the purpose of such tax, the term "United States" includes Puerto Rico.

SEC. 4532. EXEMPTION WHERE EXPORTS EXCEED IMPORTS.

The tax on the articles described in section 4531 shall not be imposed upon any such article if during the preceding calendar year the exports of the articles described in section 4531 from the United States to the country from which such article is imported have been greater in quantity than the imports into the United States from such country of the articles described in such section.

Subchapter C—Copper

Sec. 4541. Imposition of tax.

Sec. 4542. Exemptions.

SEC. 4541. IMPOSITION OF TAX.

In addition to any other tax or duty imposed by law, there is hereby imposed upon the following articles, imported into the United States, unless treaty provisions of the United States otherwise provide, a tax at the rates specified. For the purposes of such tax, the term "United States" includes Puerto Rico.

(1) **GENERAL.**—Copper-bearing ores and concentrates and articles provided for in paragraph 316, 380, 381, 387, 1620, 1634, 1657, 1658, or 1659 of the Tariff Act of 1930 (46 Stat. 613, 626, 627, 674, 675, 676; 19 U. S. C. 1001, 1201), 4 cents per pound on the copper contained therein.

(2) **OTHER ARTICLES WHERE COPPER IS CHIEF COMPONENT.**—All articles dutiable under the Tariff Act of 1930 (46 Stat. 590; 19 U. S. C., chapter 4), not provided for heretofore in this section, in which copper (including copper in alloys) is the component material of chief value, 3 cents per pound.

(3) **OTHER ARTICLES CONTAINING 4 PERCENT OR MORE OF COPPER.**—All articles dutiable under the Tariff Act of 1930, not provided for heretofore in this section, containing 4 percent or more of copper by weight, 3 percent ad valorem or three-fourths of 1 cent per pound, whichever is the lower.

SEC. 4542. EXEMPTIONS.

(a) **COPPER LOST IN PROCESSING.**—No tax shall be imposed under section 4541 on copper which is lost in metallurgical processes.

(b) **COPPER USABLE AS FLUX, ETC.**—Ores or concentrates usable as a flux or sulphur reagent in copper smelting and/or converting and having a copper content of not more than 15 percent, when imported for fluxing purposes, shall be admitted free of the tax imposed by section 4541 in an aggregate amount of not to exceed in any one year 15,000 tons of copper content.

Subchapter D—Lumber

Sec. 4551. Imposition of tax.

Sec. 4552. Definitions.

Sec. 4553. Exemption.

SEC. 4551. IMPOSITION OF TAX.

In addition to any other tax or duty imposed by law, there is hereby imposed upon the following articles imported into the United States, unless treaty provisions of the United States otherwise provide, a tax at the rates specified. For the purposes of such tax, the term "United States" includes Puerto Rico.

(1) **IN GENERAL.**—Lumber, rough or planed or dressed on one or more sides, except flooring made of maple (other than Japanese maple), birch, or beech, \$3 per 1,000 feet, board measure.

(2) **WOOD DOWELS.**—

(A) Dowels made of fir, spruce, pine, hemlock, larch, or cedar (except cedar commercially known as Spanish cedar), 75 cents per 1,000 feet, board measure.

(B) Dowels made of Japanese maple, Japanese white oak, teak, box, ebony, lancewood, or lignum vitae, \$3 per 1,000 feet, board measure.

(C) Dowels made of wood and for which no rate of tax is specified under subparagraph (A) or (B), \$1.50 per 1,000 feet, board measure.

SEC. 4552. DEFINITIONS.

(a) **BOARD MEASURE.**—In determining board measure for the purposes of this subchapter, no deduction shall be made on account of planing, tonguing, and grooving.

(b) **LUMBER.**—As used in this subchapter "lumber" includes sawed timber. This section shall apply—

(1) unless in conflict with any international obligation of the United States or

(2) if so in conflict, then on the termination of such obligation otherwise than in connection with the undertaking by the United States of a new obligation which continues such conflict.

SEC. 4553. EXEMPTION.

The tax imposed by section 4551 shall not apply to lumber of Northern white pine (*pinus strobus*), Norway pine (*pinus resinosa*), Western white spruce, and Engelmann spruce.

Subchapter E—Animal and Vegetable Oils and Seeds

Part I. Animal oils.

Part II. Seeds and seed oils.

Part III. Manufactures and compounds.

PART I—ANIMAL OILS

Sec. 4561. Imposition of tax.

Sec. 4562. Exemptions for United States vessels.

SEC. 4561. IMPOSITION OF TAX.

In addition to any other tax or duty imposed by law, there is hereby imposed upon the following articles imported into the United States, unless treaty provisions of the United States otherwise provide, a tax of 3 cents per pound, to be paid by the importer:

Whale oil (except sperm oil).

Fish oil (except cod oil, cod-liver oil, and halibut liver oil).

Marine animal oil.

Tallow.

Inedible animal oils.

Inedible animal fats.

Inedible animal greases.

Fatty acids derived from any of the foregoing, and salts of any of the foregoing; all the foregoing, whether or not refined, sulphonated, sulphated, hydrogenated, or otherwise processed.

SEC. 4562. EXEMPTIONS FOR UNITED STATES VESSELS.

Whale oil (except sperm oil), fish oil, or marine animal oil of any kind (whether or not refined, sulphonated, sulphated, hydrogenated or otherwise processed), or fatty acids derived therefrom, shall be admitted to entry free from the tax provided in section 4561 provided that such oil was produced on vessels of the United States or in the United States or its possessions, from whales, fish, or marine animals or parts thereof taken and captured by vessels of the United States.

PART II—SEEDS AND SEED OILS

Sec. 4571. Imposition of tax.

Sec. 4572. Exemption for certain uses of rapeseed oil.

SEC. 4571. IMPOSITION OF TAX.

In addition to any other tax or duty imposed by law, there shall be imposed upon the following articles imported into the United States, unless treaty provisions of the United States otherwise provide, a tax at the rates set forth to be paid by the importer.

(1) OILS.—Sesame oil provided for in paragraph 1732 of the Tariff Act of 1930 (46 Stat., 680; 19 U. S. C. 1201), sunflower oil, rapeseed oil, kapok oil, hempseed oil, perilla oil, fatty acids derived from any of the foregoing or from linseed oil, and salts of any of the foregoing; all the foregoing, whether or not refined, sulpho-

nated, sulphated, hydrogenated, or otherwise processed, 4½ cents per pound;

(2) HEMPSEED.—Hempseed, 1.24 cents per pound;

(3) PERILLA SEED.—Perilla seed, 1.38 cents per pound;

(4) KAPOK AND RAPESEED.—Kapok seed and rapeseed, 2 cents per pound;

(5) SESAME SEED.—Sesame seed, 1.18 cents per pound.

SEC. 4572. EXEMPTION FOR CERTAIN USES OF RAPESEED OIL.

The tax imposed under section 4571 (1) shall not apply to rapeseed oil imported to be used in the manufacture of rubber substitutes or lubricating oil, and the Secretary or his delegate shall prescribe methods and regulations to carry out this section.

PART III—MANUFACTURES AND COMPOUNDS

Sec. 4581. Imposition of tax.

Sec. 4582. Exemptions.

SEC. 4581. IMPOSITION OF TAX.

In addition to any other tax or duty imposed by law, there is hereby imposed upon the following articles imported into the United States, unless treaty provisions of the United States otherwise provide, a tax at the rates set forth, to be paid by the importer—

Any article, merchandise, or combination (except oils specified in section 4511), 10 percent or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the products specified in sections 4561 and 4571, or of the oils, fatty acids, or salts specified in section 4511, a tax at the rate or rates per pound equal to that proportion of the rate or rates prescribed in sections 4561 and 4571 or section 4511 in respect of such product or products which the quantity by weight of the imported article, merchandise, or combination, consisting of or derived from such product or products, bears to the total weight of the imported article, merchandise, or combination;

SEC. 4582. EXEMPTIONS.

(a) CERTAIN NATURAL OILS.—There shall not be taxable under section 4581 any article, merchandise, or combination (other than an oil, fat, or grease, and other than products resulting from processing seeds without full commercial extraction of the oil content), by reason of the presence therein of an oil, fat, or grease which is a natural component of such article, merchandise, or combination and has never had a separate existence as an oil, fat, or grease.

(b) CERTAIN COCONUT OIL.—The taxes imposed by this subchapter shall not apply to any article, merchandise, or combination, by reason of the presence therein of any coconut oil produced in Guam or American Samoa, or any direct or indirect derivative of such oil.

(c) GLYCERIN, STEARINE PITCH AND CERTAIN COMPONENTS OF WASTES.—No tax shall be imposed under this subchapter on the importation of glycerin or stearine pitch or any article by reason of any component of such article derived directly or indirectly from a waste not named in sections 4561, 4571, or 4581.

Subchapter F—Oleomargarine

- Sec. 4591. Imposition of tax.
- Sec. 4592. Definitions.
- Sec. 4593. Exemption.
- Sec. 4594. Packing requirements for manufacturers.
- Sec. 4595. Wholesale and retail selling requirements.
- Sec. 4596. Bonds.
- Sec. 4597. Books and returns.

SEC. 4591. IMPOSITION OF TAX.

(a) **RATE.**—There is hereby imposed on all oleomargarine imported from foreign countries, in addition to any import duty imposed on the same, an internal revenue tax of 15 cents per pound, such tax to be represented by coupon stamps. The Secretary or his delegate is authorized to decide what substances, extracts, mixtures, or compounds which may be submitted for his inspection in contested cases are to be taxed under this subchapter; and his decision in matters of taxation under this subchapter shall be final.

(b) **AFFIXING OF STAMPS.**—The stamps shall be affixed and canceled by the owner or importer of the oleomargarine while it is in the custody of the proper custom house officers; and the oleomargarine shall not pass out of the custody of said officers until the stamps have been so affixed and canceled, but shall be put up in wooden packages, each containing not less than 10 pounds, before the stamps are affixed. Whenever it is necessary to take any oleomargarine so imported to any place other than the public stores of the United States for the purpose of affixing and canceling such stamps, the collector of customs of the port where such oleomargarine is entered shall designate a bonded warehouse to which it shall be taken, under the control of such customs officer as such collector may direct.

SEC. 4592. DEFINITIONS.

(a) **OLEOMARGARINE.**—For the purposes of section 4591, certain manufactured substances, certain extracts, and certain mixtures and compounds, including such mixtures and compounds with butter, shall be known and designated as “oleomargarine,” namely: All substances known prior to August 2, 1886, as oleomargarine, oleo, oleo margarine oil, butterine, lardine, suine, and neutral; all mixtures and compounds of oleomargarine, oleo, oleomargarine oil, butterine, lardine, suine, and neutral; all lard extracts and tallow extracts; and all mixtures and compounds of tallow, beef fat, suet, lard, lard oil, fish oil or fish fat, vegetable oil, annatto, and other coloring matter, intestinal fat, and offal fat;—if (1) made in imitation or semblance of butter, or (2) calculated or intended to be sold as butter or for butter, or (3) churned, emulsified, or mixed in cream, milk, water, or other liquid, and containing moisture in excess of 1 per centum or common salt.

(b) **MANUFACTURER.**—Every person who manufactures oleomargarine for sale shall be deemed a manufacturer of oleomargarine. And any person that sells, vends, or furnishes oleomargarine for the use and consumption of others, except to his own family table without com-

pensation, who shall add to or mix with such oleomargarine any substance which causes such oleomargarine to be yellow in color, shall also be held to be a manufacturer of oleomargarine within the meaning of this chapter.

(c) **WHOLESALE DEALER.**—Every person who sells or offers for sale oleomargarine in the original manufacturer's packages shall be deemed a wholesale dealer in oleomargarine.

(d) **RETAIL SALES.**—Every person who sells oleomargarine in less quantities than ten pounds at one time shall be regarded as a retail dealer in oleomargarine.

SEC. 4593. EXEMPTION.

(a) **SHORTENING OR CONDIMENTS.**—Section 4591 shall not apply to puff-pastry shortening not churned or emulsified in milk or cream, and having a melting point of 118 degrees Fahrenheit or more, nor to any of the following containing condiments and spices: salad dressings, mayonnaise dressings, or mayonnaise products, nor to liquid emulsion, pharmaceutical preparations, oil meals, liquid preservatives, illuminating oils, cleansing compounds, or flavoring compounds.

(b) **EXPORTS.**—Oleomargarine may be removed from the place of manufacture for export to a foreign country without payment of tax or affixing stamps thereto, under such regulations and the filing of such bonds and other security as the Secretary or his delegate may prescribe. Every person who shall export oleomargarine shall brand upon every tub, firkin, or other package containing such article the word "Oleomargarine", in plain Roman letters not less than one-half inch square.

SEC. 4594. PACKING REQUIREMENTS FOR MANUFACTURERS.

(a) **KIND AND WEIGHT OF PACKAGES.**—All oleomargarine shall be packed by the manufacturer thereof in firkins, tubs, or other wooden, tin-plate, or paper packages, not before used for that purpose, containing, or encased in a manufacturer's package made from any of such materials of, not less than ten pounds.

(b) **MARKS AND STAMPS.**—The packages described in subsection (a) shall be marked, stamped, and branded as the Secretary or his delegate shall prescribe; and all sales made by manufacturers of oleomargarine shall be in original stamped packages.

(c) **CAUTION LABEL.**—Every manufacturer of oleomargarine shall securely affix, by pasting, on each package containing oleomargarine manufactured by him, a label on which shall be printed, besides the number of the manufactory and the district and State in which it is situated, these words: "NOTICE.—The manufacturer of the oleomargarine herein contained has complied with all the requirements of law. Every person is cautioned not to use either this package again or the stamp thereon again, nor to remove the contents of this package without destroying said stamp, under the penalty provided by law in such cases."

(d) **FACTORY NUMBER AND SIGNS.**—Every manufacturer of oleomargarine shall put up such signs and affix such number to his factory as the Secretary or his delegate may, by regulation, require.

SEC. 4595. WHOLESALE AND RETAIL SELLING REQUIREMENTS.

(a) **WHOLESALE.**—All sales made by wholesale dealers in oleomargarine shall be in original stamped packages.

(b) **RETAIL.**—Retail dealers in oleomargarine must sell only from original stamped packages, in quantities not exceeding ten pounds, and shall pack, or cause to be packed, the oleomargarine sold by them in suitable wooden, tin-plate, or paper packages which shall be marked and branded as the Secretary or his delegate shall prescribe.

SEC. 4596. BONDS.

Every manufacturer of oleomargarine shall file such bonds as the Secretary or his delegate, may, by regulation, require. But the bonds required of such manufacturer shall be with sureties satisfactory to the Secretary or his delegate, and in a penal sum of not less than \$5,000; and the sum of said bond may be increased from time to time, and additional sureties required at the discretion of the Secretary or his delegate.

SEC. 4597. BOOKS AND RETURNS.

(a) **WHOLESALE DEALERS.**—Wholesale dealers in oleomargarine shall keep such books and render such returns in relation thereto as the Secretary or his delegate may, by regulation, require; and such books shall be open at all times to the inspection of any internal revenue officer or agent.

(b) **Manufacturers.**—

See section 7641.

Subchapter G—Special Provisions Applicable to Import Taxes

Sec. 4601. Applicability of tariff provisions.

Sec. 4602. Certain taxes not to contravene trade agreements.

Sec. 4603. Cross references.

SEC. 4601. APPLICABILITY OF TARIFF PROVISIONS.

The taxes imposed by this chapter (except subchapter F) shall be levied, assessed, collected and paid in the same manner as a duty imposed by the Tariff Act of 1930 (46 Stat. 590; 19 U. S. C., chapter 4) and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that—

(1) **TAX BASE.**—The value on which such tax shall be based shall be the sum of (1) the dutiable value (under section 503 of such act; 46 Stat. 731; 19 U. S. C. 1503) of the article, plus (2) the customs duties, if any, imposed thereon under any provision of law;

(2) **ADDITIONAL DUTY AND FLEXIBLE TARIFF PROVISIONS.**—For the purposes of section 489 of such act (relating to additional duties in certain cases of undervaluation; 46 Stat. 725; 19 U. S. C. 1489), such tax shall not be considered an ad valorem rate of duty or a duty based upon or regulated in any manner by the value of the article, and for the purposes of section 336 of such act (the so-called flexible tariff provision; 46 Stat. 701; 19 U. S. C. 1336) such tax shall not be considered a duty; and

(3) The tax imposed under subchapter E except as specifically provided in section 4582 (b) with reference to certain products of Guam and American Samoa shall be imposed in full notwithstanding any provision of law granting exemption from or reduction of duties to products of any possession of the United States.

SEC. 4602. CERTAIN TAXES NOT TO CONTRAVENE TRADE AGREEMENTS.

Nothing in subchapter E shall be construed as imposing a tax in contravention of an obligation undertaken in any trade agreement entered into prior to August 21, 1936, under the authority of section 350 of the Tariff Act of 1930, as amended (c. 474, 48 Stat. 943; 19 U. S. C. 1351). Each reference to any provision of the Internal Revenue Code of 1939 in any agreement entered into, or in any proclamation of the President made, under the authority of such section shall be deemed also to refer to the corresponding provision of this title.

SEC. 4603. CROSS REFERENCES.

(1) See subtitle F for administrative provisions of general application to the taxes imposed under this chapter.

(2) See section 4501 (b) for the import tax on sugar.

CHAPTER 39—REGULATORY TAXES

- SUBCHAPTER A. Narcotic drugs and marihuana.
- SUBCHAPTER B. White phosphorus matches.
- SUBCHAPTER C. Adulterated butter and filled cheese.
- SUBCHAPTER D. Cotton futures.
- SUBCHAPTER E. Circulation other than of national banks.
- SUBCHAPTER F. Silver bullion.

Subchapter A—Narcotic Drugs and Marihuana

- Part I. Narcotic drugs.
- Part II. Marihuana.
- Part III. Miscellaneous provisions relating to narcotic drugs and marihuana.

PART I—NARCOTIC DRUGS

- Subpart A. Tax on opium, isonipecaine, opiates, and coca leaves.
- Subpart B. Tax on opium for smoking.
- Subpart C. Occupational tax.
- Subpart D. General provisions relating to narcotic drugs.

Subpart A—Tax on Opium, Isonipecaine, Opiates, and Coca Leaves

- Sec. 4701. Imposition of tax.
- Sec. 4702. Exemptions.
- Sec. 4703. Affixing of stamps.
- Sec. 4704. Packages.
- Sec. 4705. Order forms.
- Sec. 4706. Forfeitures.
- Sec. 4707. Cross references.

SEC. 4701. IMPOSITION OF TAX.

(a) **RATE.**—There shall be imposed an internal revenue tax upon narcotic drugs, produced in or imported into the United States, and sold, or removed for consumption or sale, at the rate of 1 cent per ounce, and any fraction of an ounce in a package shall be taxed as an ounce. The tax imposed by this subsection shall be in addition to any import duty imposed on narcotic drugs.

(b) **BY WHOM PAID.**—The tax imposed by subsection (a) shall be paid by the importer, manufacturer, producer, or compounder.

SEC. 4702. EXEMPTIONS.

(a) **PREPARATIONS OF LIMITED NARCOTIC CONTENT.**—The provisions of this subpart and sections 4721 to 4726, inclusive, shall not be construed to apply to the manufacture, sale, distribution, giving away, dispensing, or possession of preparations and remedies which do not contain more than 2 grains of opium, or more than one-fourth of a grain of morphine, or more than one-eighth of a grain of heroin, or more than 1 grain of codeine, or any salt or derivative of any of them, in 1 fluid ounce, or, if a solid or semisolid preparation, in 1 avoirdupois ounce; or to liniments, ointments, or other preparations which are prepared for external use only, except liniments, ointments, and other

preparations which contain cocaine or any of its salts or alpha or beta eucaine or any of their salts or any synthetic substitute for them: *Provided*, That such remedies and preparations are manufactured, sold, distributed, given away, dispensed, or possessed as medicines and not for the purpose of evading the intentions and provisions of this subpart and sections 4721 to 4726, inclusive, *Provided further*, That any manufacturer, producer, compounder, or vendor (including dispensing physicians) of the preparations and remedies mentioned in this section, lawfully entitled to manufacture, produce, compound, or vend such preparations and remedies, shall keep a record of all sales, exchanges, or gifts of such preparations and remedies in such manner as the Secretary or his delegate shall direct. Such record shall be preserved for a period of 2 years in such a way as to be readily accessible to inspection by any officer or employee of the Treasury Department duly authorized for that purpose, and the State, Territorial, District, municipal, and insular officers named in section 4773, and every such person so possessing or disposing of such preparations and remedies shall register as required in section 4722 and, if he is not paying a tax under section 4721, he shall pay a special tax of \$1 for each year, or fractional part thereof, in which he is engaged in such occupation, to the official in charge of the collection district in which he carries on such occupation as provided in sections 4721 to 4726, inclusive.

(b) **DECOCAINIZED COCA LEAVES.**—The provisions of this subpart and sections 4721 to 4726, inclusive, shall not apply to decocainized coca leaves or preparations made therefrom, or to other preparations of coca leaves which do not contain cocaine.

(c) **GOVERNMENT AND STATE OFFICIALS.**—

(1) **STAMPING DRUGS.**—Officials of the United States, Territorial, District of Columbia, or insular possessions, State or municipal governments, who in the exercise of their official duties engage in any of the business described in sections 4721 to 4726, inclusive, shall not be required to stamp narcotic drugs, as prescribed in this subpart, but their right to this exemption shall be evidenced in such manner as the Secretary or his delegate may by regulations prescribe.

(2) **REGISTRATION AND PAYMENT OF TAX.**—

For exemption of officials of the United States, Territorial, District of Columbia, or insular possessions, State or municipal governments from the requirements as to registration and the payment of special taxes, see section 4772 (b).

SEC. 4703. AFFIXING OF STAMPS.

The stamps provided in section 4771 (a) (1) for narcotic drugs shall be so affixed to the bottle or other container as to securely seal the stopper, covering, or wrapper thereof.

SEC. 4704. PACKAGES.

(a) **GENERAL REQUIREMENT.**—It shall be unlawful for any person to purchase, sell, dispense, or distribute narcotic drugs except in the original stamped package or from the original stamped package; and the absence of appropriate taxpaid stamps from narcotic drugs shall be prima facie evidence of a violation of this subsection by the person in whose possession the same may be found.

(b) EXCEPTIONS IN CASE OF REGISTERED PRACTITIONERS.—The provisions of subsection (a) shall not apply—

(1) PRESCRIPTIONS.—To any person having in his or her possession narcotic drugs which have been obtained from a registered dealer in pursuance of a prescription, written for legitimate medical uses, issued by a physician, dentist, veterinary surgeon, or other practitioner registered under section 4722, and where the bottle or other container in which such drug may be put up by the dealer upon said prescription bears the name and registry number of the druggist, serial number of prescription, name and address of the patient, and name, address, and registry number of the person writing said prescription; or

(2) DISPENSATIONS DIRECT TO PATIENTS.—To the dispensing, or administration, or giving away of narcotic drugs to a patient by a registered physician, dentist, veterinary surgeon, or other practitioner in the course of his professional practice, and where said drugs are dispensed or administered to the patient for legitimate medical purposes, and the record kept as required by this subpart of the drugs so dispensed, administered, distributed, or given away.

SEC. 4705. ORDER FORMS.

(a) GENERAL REQUIREMENT.—It shall be unlawful for any person to sell, barter, exchange, or give away narcotic drugs except in pursuance of a written order of the person to whom such article is sold, bartered, exchanged, or given, on a form to be issued in blank for that purpose by the Secretary or his delegate.

(b) EXCEPTION IN CASE OF VIRGIN ISLANDS.—The President is authorized and directed to issue such Executive orders as will permit those persons in the Virgin Islands of the United States, lawfully entitled to sell, deal in, dispense, prescribe, and distribute narcotic drugs, to obtain said drugs from persons registered under section 4722 within the continental United States for legitimate medical purposes, without regard to the order forms described in this section.

(c) OTHER EXCEPTIONS.—Nothing contained in this section, section 4735, or section 4774 shall apply—

(1) USE OF DRUGS IN PROFESSIONAL PRACTICE.—To the dispensing or distribution of narcotic drugs to a patient by a physician, dentist, or veterinary surgeon registered under section 4722 in the course of his professional practice only: *Provided*, That such physician, dentist, or veterinary surgeon shall keep a record of all such drugs dispensed or distributed, showing the amount dispensed or distributed, the date, and the name and address of the patient to whom such drugs are dispensed or distributed, except such as may be dispensed or distributed to a patient upon whom such physician, dentist, or veterinary surgeon shall personally attend; and such record shall be kept for a period of two years from the date of dispensing or distributing such drugs, subject to inspection, as provided in section 4773.

(2) PRESCRIPTIONS.—To the sale, dispensing, or distribution of narcotic drugs by a dealer to a consumer under and in pursuance of a written prescription issued by a physician, dentist, or veterinary surgeon registered under section 4722: *Provided, however*, That such prescription shall be dated as of the day on which signed and shall be signed by the physician, dentist, or veterinary surgeon who shall

have issued the same: *And provided further*, That such dealer shall preserve such prescription for a period of 2 years from the day on which such prescription is filled in such a way as to be readily accessible to inspection by the officers, employees, and officials mentioned in section 4773.

(3) EXPORTATION.—To the sale, exportation, shipment, or delivery of narcotic drugs by any person within the United States or any Territory or the District of Columbia or any of the insular possessions of the United States to any person in any foreign country, regulating their entry in accordance with such regulations for importation thereof into such foreign country as are prescribed by said country, such regulations to be promulgated from time to time by the Secretary of State.

(4) GOVERNMENT AND STATE OFFICIALS.—To the sale, barter, exchange, or giving away of narcotic drugs to any officer of the United States Government or of any State, Territorial, district, county, or municipal or insular government lawfully engaged in making purchases thereof for the various departments of the Army and Navy, the Public Health Service, and for Government, State, Territorial, district, county, or municipal or insular hospitals or prisons.

(d) PRESERVATION.—Every person who shall accept any order required under subsection (a), and in pursuance thereof shall sell, barter, exchange, or give away narcotic drugs, shall preserve such order for a period of 2 years in such a way as to be readily accessible to inspection by any officer or employee of the Treasury Department duly authorized for that purpose, and the State, Territorial, District, municipal, and insular officials named in section 4773.

(e) DUPLICATES.—Every person who shall give an order as provided in this section to any other person for narcotic drugs shall, at or before the time of giving such order, make or cause to be made a duplicate thereof on a form to be issued in blank for that purpose by the Secretary or his delegate, and in case of the acceptance of such order shall preserve such duplicate for said period of 2 years in such a way as to be readily accessible to inspection by the officers, employees, and officials mentioned in section 4773.

(f) SUPPLY.—The Secretary or his delegate shall cause suitable forms to be prepared for the purposes mentioned in this section, and shall cause the same to be distributed to each internal revenue district for sale to those persons who shall have registered and paid the special tax as required by sections 4722 and 4721; and he shall require that the same be sold only to persons who have registered and paid the special tax as required by said sections. The price at which such forms shall be sold shall be fixed by the Secretary or his delegate but shall not exceed the sum of \$1 per hundred. The Secretary or his delegate shall cause to be kept accounts of the number of such forms sold, the names of the purchasers, and the number of such forms sold to each of such purchasers. Whenever any of such forms are sold, the Secretary or his delegate shall cause the name of the purchaser thereof to be plainly written or stamped thereon before delivering the same; and no person other than such purchaser shall use any of said forms bearing the name of such purchaser for the purpose of procuring narcotic drugs, or furnish any of the forms bearing the name of such purchaser

to any person with intent thereby to procure the shipment or delivery of narcotic drugs.

(g) **UNLAWFUL USE.**—It shall be unlawful for any person to obtain by means of said order forms narcotic drugs for any purpose other than the use, sale, or distribution thereof by him in the conduct of a lawful business in said drugs or in the legitimate practice of his profession.

(h) **CROSS REFERENCE.**—

For issuance of order forms in Puerto Rico and the Trust Territory of the Pacific Islands, see section 4735 (a).

SEC. 4706. FORFEITURES.

(a) **UNSTAMPED PACKAGES.**—All unstamped packages of narcotic drugs found in the possession of any person, except as provided in this subpart, shall be subject to seizure and forfeiture, and all the provisions of internal revenue laws relating to searches, seizures, and forfeiture of unstamped articles shall be extended to and made to apply to the articles taxed under this subpart and the persons upon whom the taxes under this subpart or sections 4721 to 4726, inclusive, are imposed.

(b) **CROSS REFERENCES.**—

(1) **CONFISCATION AND DISPOSAL OF SEIZED DRUGS.**—For provisions relating to the confiscation and disposal of seized drugs, see section 4733.

(2) **OTHER FORFEITURE PROVISIONS.**—

For other general forfeiture provisions, see subtitle F.

SEC. 4707. CROSS REFERENCES.

For penalties and other general and administrative provisions, see sections 4731 to 4736, inclusive; sections 4771 to 4776, inclusive; and subtitle F.

Subpart B—Tax on Opium for Smoking

Sec. 4711. Imposition of tax.

Sec. 4712. Stamps.

Sec. 4713. Manufacturers.

Sec. 4714. Forfeiture.

Sec. 4715. Cross references.

SEC. 4711. IMPOSITION OF TAX.

There shall be imposed an internal revenue tax of \$300 per pound upon all opium manufactured in the United States for smoking purposes.

SEC. 4712. STAMPS.

(a) **METHOD OF PAYMENT.**—

(1) **STAMPS.**—All opium prepared for smoking manufactured in the United States shall be duly stamped in such a permanent manner as to denote the payment of the internal revenue tax thereon.

(2) **ASSESSMENT.**—

For assessment in case of omitted taxes payable by stamp, see subtitle F.

(b) **CERTAIN STAMP PROVISIONS APPLICABLE.**—The provisions of law covering the engraving, issue, sale, accountability, effacement,

cancellation, and destruction of stamps relating to tobacco and snuff, as far as applicable, shall apply to stamps provided for by paragraph (1) of subsection (a).

SEC. 4713. MANUFACTURERS.

(a) DEFINITION.—Every person who prepares opium suitable for smoking purposes from crude gum opium, or from any preparation thereof, or from the residue of smoked or partially smoked opium, commonly known as yen shee, or from any mixture of the above, or any of them, shall be regarded as a manufacturer of smoking opium within the meaning of this subpart.

(b) BOND.—Every manufacturer of opium suitable for smoking purposes shall file with the official in charge of the internal revenue district in which his manufactory is located such bonds as the Secretary or his delegate may by regulation require. The bond required of such manufacturer shall be in a penal sum of not less than \$100,000; and the sum of said bond may be increased from time to time and additional sureties required, at the discretion of the Secretary or his delegate. No person shall engage in such manufacture who has not given the bond required by the Secretary or his delegate.

(c) CITIZENSHIP.—No person shall engage in the manufacture of opium suitable for smoking purposes who is not a citizen of the United States.

(d) SIGNS AND FACTORY NUMBER.—Every manufacturer of opium suitable for smoking purposes shall put up such signs and affix such number to his factory as the Secretary or his delegate may by regulation require.

SEC. 4714. FORFEITURE.

All opium prepared for smoking, whenever found within the United States without the stamps required by this subpart, shall be forfeited and destroyed.

SEC. 4715. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subpart, see sections 4731 to 4736, inclusive; sections 4771 to 4776, inclusive; and subtitle F.

Subpart C—Occupational Tax

Sec. 4721. Imposition of tax.

Sec. 4722. Registration.

Sec. 4723. Possession by person not registered.

Sec. 4724. Unlawful acts in case of failure to register and pay special tax.

Sec. 4725. Other laws applicable.

Sec. 4726. Cross references.

SEC. 4721. IMPOSITION OF TAX.

On or before July 1 of each year every person who imports, manufactures, produces, compounds, sells, deals in, dispenses, or gives away narcotic drugs shall pay the special taxes hereinafter provided. Every person upon first engaging in any of such activities shall immediately pay the proportionate part of the tax for the period ending on the following June 30.

(1) IMPORTERS, MANUFACTURERS, OR PRODUCERS.—Importers, manufacturers, producers, or compounders, lawfully entitled to im-

port, manufacture, produce, or compound narcotic drugs, \$24 a year;

(2) **WHOLESALE DEALERS.**—Wholesale dealers, lawfully entitled to sell and deal in narcotic drugs, \$12 a year;

(3) **RETAIL DEALERS.**—Retail dealers, lawfully entitled to sell and deal in narcotic drugs, \$3 a year;

(4) **PHYSICIANS, DENTISTS, VETERINARY SURGEONS, AND OTHER PRACTITIONERS.**—Physicians, dentists, veterinary surgeons, and other practitioners, lawfully entitled to distribute, dispense, give away, or administer narcotic drugs to patients upon whom they in the course of their professional practice are in attendance, \$1 a year or fraction thereof during which they engage in any of such activities;

(5) **PERSONS ENGAGED IN RESEARCH, INSTRUCTION, OR ANALYSIS.**—Persons not registered as an importer, manufacturer, producer, or compounder and lawfully entitled to obtain and use in a laboratory narcotic drugs for the purpose of research, instruction, or analysis shall pay \$1 a year, but such persons shall keep such special records relating to receipt, disposal, and stocks on hand of narcotic drugs as the Secretary or his delegate may by regulation require. Such special records shall be open at all times to the inspection of any duly authorized officer or employee of the Treasury Department.

(6) **PERSONS NOT OTHERWISE TAXED.**—

For a tax of \$1 a year on persons not otherwise taxed, dispensing preparations and remedies of limited narcotic content, see section 4702 (a).

(7) **PERSONS IN CANAL ZONE.**—

For authority of the President to issue Executive orders providing for the imposition of a special tax upon all persons in the Canal Zone who produce, import, compound, deal in, dispense, distribute, sell, or give away narcotic drugs, see section 4735 (b).

SEC. 4722. REGISTRATION.

On or before July 1 of each year every person who engages in any of the activities enumerated in section 4721 shall register with the Secretary or his delegate his name or style, place of business and place or places where such business is to be carried on, and every person upon first engaging in any such activities shall immediately make like registration.

SEC. 4723. POSSESSION BY PERSON NOT REGISTERED.

The possession of any original stamped package containing narcotic drugs by any person who has not registered and paid special taxes as required by sections 4721 and 4722 shall be prima facie evidence of liability to such special tax.

SEC. 4724. UNLAWFUL ACTS IN CASE OF FAILURE TO REGISTER AND PAY SPECIAL TAX.

(a) **TRAFFICKING.**—It shall be unlawful for any person required to register under the provisions of this subpart or section 4702 (a) to import, manufacture, produce, compound, sell, deal in, dispense, distribute, administer, or give away narcotic drugs without having registered and paid the special tax imposed by this subpart or section 4702 (a).

(b) **TRANSPORTATION.**—Except as otherwise provided in this subsection, it shall be unlawful for any person to send, ship, carry, or deliver narcotic drugs from any State or Territory or the District of Columbia, or any insular possession of the United States, into any other State or Territory or the District of Columbia, or any insular possession of the United States. Nothing contained in this subsection shall apply—

(1) to any person who shall have registered and paid the special tax as required by sections 4721 and 4722;

(2) to common carriers engaged in transporting narcotic drugs;

(3) to any employee acting within the scope of his employment for any person who shall have registered and paid the special tax as required by sections 4721 and 4722, or to any contract carrier or other agent acting within the scope of his agency for such registered person;

(4) to any person who shall deliver any such drug which has been prescribed or dispensed by a physician, dentist, veterinarian, or other practitioner required to register under the terms of this subpart or section 4702 (a) and employed to prescribe for the particular patient receiving such drug;

(5) to any person carrying any such drug which has been obtained by the person from a registered dealer in pursuance of a prescription, written for legitimate medical uses, issued by a physician, dentist, veterinarian, or other practitioner registered under section 4722 if the bottle or other container in which such drug is carried bears the name and registry number of the druggist, serial number of prescription, name and address of the patient, and name, address, and registry number of the person writing such prescription;

(6) to any person carrying any such drug which has been obtained by the person as a patient from a registered physician, dentist, or other practitioner in the course of his professional practice if such drug is dispensed to the patient for legitimate medical purposes; or

(7) to any United States, State, county, municipal, District, Territorial, or insular officer or official acting within the scope of his official duties.

(c) **POSSESSION.**—It shall be unlawful for any person who has not registered and paid the special tax provided for by this subpart or section 4702 (a) to have in his possession or under his control narcotic drugs; and such possession or control shall be presumptive evidence of a violation of this subsection and subsection (a), and also a violation of the provisions of sections 4721 and 4722: *Provided*, That this subsection shall not apply to any employee of a registered person, or to a nurse under the supervision of a physician, dentist, or veterinary surgeon registered under this subpart or section 4702 (a), having such possession or control by virtue of his employment or occupation and not on his own account; or to the possession of narcotic drugs which has or have been prescribed in good faith by a physician, dentist, or veterinary surgeon registered under this subpart or section 4702 (a); or to any United States, State, county, municipal, District, Territorial, or insular officer or official who has possession of any of said drugs, by reason of his official duties; or to a warehouseman holding possession for a person registered and who has paid the taxes under this

subpart and sections 4701 to 4707, inclusive; or to common carriers engaged in transporting such drugs: *Provided further*, That it shall not be necessary to negate any of the aforesaid exemptions in any complaint, information, indictment, or other writ or proceeding laid or brought under this subpart or sections 4701 to 4707, inclusive; and the burden of proof of any such exemption shall be upon the defendant.

SEC. 4725. OTHER LAWS APPLICABLE.

All provisions of law relating to special taxes, as far as necessary, shall be extended and made applicable to the special tax imposed by this subpart.

SEC. 4726. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subpart, see sections 4731 to 4736, inclusive; sections 4771 to 4776, inclusive; chapter 40; and subtitle F.

Subpart D—General Provisions Relating to Narcotic Drugs

Sec. 4731. Definitions.

Sec. 4732. Records, statements, and returns.

Sec. 4733. Confiscation and disposal of seized drugs.

Sec. 4734. Laws unaffected.

Sec. 4735. Administration in Puerto Rico, the Trust Territory of the Pacific Islands, the Canal Zone, and the Virgin Islands.

Sec. 4736. Other laws applicable.

SEC. 4731. DEFINITIONS.

(a) **NARCOTIC DRUGS.**—The words “narcotic drugs” as used in this part shall mean any of the following, whether produced directly or indirectly by extraction from substances of vegetable origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(1) Opium, isonipecaine, coca leaves, and opiate;

(2) Any compound, manufacture, salt, derivative, or preparation of opium, isonipecaine, coca leaves, or opiate;

(3) Any substance (and any compound, manufacture, salt, derivative, or preparation thereof) which is chemically identical with any of the substances referred to in clauses (1) and (2).

(b) **PERSON.**—The word “person”, as used in sections 4701 to 4707, inclusive, and sections 4721 to 4726, inclusive, shall be construed to mean and include a partnership, association, company, or corporation, as well as a natural person.

(c) **IMPORTER, MANUFACTURER, OR PRODUCER.**—Every person who imports, manufactures, compounds, or otherwise produces for sale or distribution narcotic drugs shall be deemed to be an importer, manufacturer, or producer.

(d) **WHOLESALE DEALER.**—Every person who sells, or offers for sale, any of said drugs in the original stamped packages as provided in section 4704 (a) shall be deemed a wholesale dealer.

(e) **RETAIL DEALER.**—Every person who sells or dispenses from original stamped packages as provided in section 4704 (a) shall be deemed a retail dealer: *Provided*, That the office, or if none, the residence, of any person shall be considered, for the purpose of this part, except sections 4711 to 4715, inclusive, his place of business.

(f) **ISONIPECAINE.**—The word “isonipecaine”, as used in this part shall mean any substance identified chemically as 1-methyl-4-phenyl-piperidine-4-carboxylic acid ethyl ester, or any salt thereof, by whatever trade name designated.

(g) **OPIATE.**—The word “opiate”, as used in this part shall mean any drug (as defined in the Federal Food, Drug, and Cosmetic Act; 52 Stat. 1041, section 201 (g); 21 U. S. C. 321) found by the Secretary or his delegate, after due notice and opportunity for public hearing, to have an addiction-forming or addiction-sustaining liability similar to morphine or cocaine, and proclaimed by the President to have been so found by the Secretary or his delegate. The Secretary or his delegate is authorized to issue necessary rules and regulations for carrying out the provisions of this subsection, and to confer or impose upon any officer or employee of the Treasury Department whom he shall designate or appoint, the duty of conducting any hearing authorized hereunder.

(h) **TERRITORY.**—As used in this part—

(1) the word “territory” shall include the Trust Territory of the Pacific Islands, and

(2) the word “territorial” shall reflect such inclusion.

SEC. 4732. RECORDS, STATEMENTS, AND RETURNS.

(a) **BOOKS AND MONTHLY RETURNS OF IMPORTERS, MANUFACTURERS, AND WHOLESALE DEALERS.**—Importers, manufacturers, and wholesale dealers shall keep such books and records and render such monthly returns in relation to the transactions in narcotic drugs as the Secretary or his delegate may by regulations require.

(b) **RETURNS BY REGISTRANTS OF DRUGS RECEIVED.**—Any person who shall be registered with the Secretary or his delegate under the provisions of section 4722 shall, whenever required so to do by the Secretary or his delegate, render to the official in charge of the internal revenue district a true and correct statement or return, verified by affidavit, setting forth the quantity of narcotic drugs received by him in said internal revenue district during such period immediately preceding the demand of the Secretary or his delegate, not exceeding 3 months, as the Secretary or his delegate may fix and determine; the names of the persons from whom the said drugs were received; the quantity in each instance received from each of such persons; and the date when received.

SEC. 4733. CONFISCATION AND DISPOSAL OF SEIZED DRUGS.

All narcotic drugs seized by the United States Government from any person or persons charged with any violation of this part, or the act of February 9, 1909 (c. 100, 35 Stat. 614), as amended by the act of January 17, 1914 (c. 9, 38 Stat. 275), the act of May 26, 1922 (c. 202, 42 Stat. 596), the act of June 7, 1924 (c. 352, 43 Stat. 657), the act of June 14, 1930 (c. 488, 46 Stat. 586), and the act of November 2, 1951 (c. 666, 65 Stat. 767; 21 U. S. C. 171-185), shall upon conviction of the person or persons from whom seized be confiscated by and forfeited to the United States; and the Secretary or his delegate is authorized to deliver for medical or scientific purposes to any department, bureau, or other agency of the United States Government, upon proper application therefor under such regulation as may be prescribed by the Secretary or his delegate, any of the drugs so seized, confiscated, and forfeited to the United States. The provisions of

this section shall also apply to narcotic drugs seized or coming into the possession of the United States in the enforcement of this part or any of the above-mentioned acts, where the owner or owners thereof are unknown. No narcotic drugs coming into possession of the United States under the operation of said part or acts, or the provisions of this section, shall be destroyed without certification by a committee appointed by the Secretary or his delegate that they are of no value for medical or scientific purposes.

SEC. 4734. LAWS UNAFFECTED.

Nothing contained in sections 4701 to 4707, inclusive, or sections 4721 to 4726, inclusive, shall be construed to impair, alter, amend, or repeal any of the provisions of the act approved February 9, 1909, entitled "An Act to prohibit the importation and use of opium for other than medicinal purposes" (c. 100, 35 Stat. 614; 21 U. S. C. 171-185), or of the Federal Food, Drug, and Cosmetic Act (June 25, 1938, c. 675, 52 Stat. 1040; 21 U. S. C. 301 et seq.), and any amendment thereof.

SEC. 4735. ADMINISTRATION IN PUERTO RICO, THE TRUST TERRITORY OF THE PACIFIC ISLANDS, THE CANAL ZONE, AND THE VIRGIN ISLANDS.

(a) **PUERTO RICO AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS.**—In Puerto Rico and the Trust Territory of the Pacific Islands, the administration of sections 4701 to 4707, inclusive, and sections 4721 to 4726, inclusive, the collection of the special tax imposed by section 4721, and the issuance of the order forms specified in section 4705 shall be performed by the appropriate internal revenue officers of those governments, and all revenues collected thereunder in Puerto Rico and the Trust Territory of the Pacific Islands shall accrue intact to the general governments thereof, respectively. The highest court of original jurisdiction of the Trust Territory of the Pacific Islands shall possess and exercise jurisdiction in all cases arising in such Territory under sections 4701 to 4707, inclusive, and sections 4721 to 4726, inclusive.

(b) **CANAL ZONE.**—The President is authorized and directed to issue such Executive orders as will carry into effect in the Canal Zone the intent and purpose of sections 4701 to 4707, inclusive, and sections 4721 to 4726, inclusive, by providing for the registration and the imposition of a special tax upon all persons in the Canal Zone who produce, import, compound, deal in, dispense, sell, distribute, or give away narcotic drugs.

(c) **VIRGIN ISLANDS.**—

For authority of the President to exempt persons in the Virgin Islands from the order form requirements, see section 4705 (b).

SEC. 4736. OTHER LAWS APPLICABLE.

All administrative, special, or stamp provisions of law, including the law relating to the assessment of taxes, so far as applicable, shall be extended to and made a part of sections 4701 to 4707, inclusive, sections 4721, 4722, and 4724 (a), and of section 4772 insofar as it relates to narcotic drugs.

PART II—MARIHUANA

- Subpart A. Tax on transfers.
- Subpart B. Occupational tax.
- Subpart C. General provisions relating to marihuana.

Subpart A—Tax on Transfers

- Sec. 4741. Imposition of tax.
- Sec. 4742. Order forms.
- Sec. 4743. Affixing of stamps.
- Sec. 4744. Unlawful possession.
- Sec. 4745. Forfeitures.
- Sec. 4746. Cross references.

SEC. 4741. IMPOSITION OF TAX.

(a) **RATE.**—There shall be imposed upon all transfers of marihuana which are required by section 4742 to be carried out in pursuance of written order forms taxes at the following rates:

(1) **TRANSFERS TO SPECIAL TAXPAYERS.**—Upon each transfer to any person who has paid the special tax and registered under sections 4751 to 4753, inclusive, \$1 per ounce of marihuana or fraction thereof.

(2) **TRANSFERS TO OTHERS.**—Upon each transfer to any person who has not paid the special tax and registered under sections 4751 to 4753, inclusive, \$100 per ounce of marihuana or fraction thereof.

(b) **BY WHOM PAID.**—Such tax shall be paid by the transferee at the time of securing each order form and shall be in addition to the price of such form. Such transferee shall be liable for the tax imposed by this section but in the event that the transfer is made in violation of section 4742 without an order form and without payment of the transfer tax imposed by this section, the transferor shall also be liable for such tax.

SEC. 4742. ORDER FORMS.

(a) **GENERAL REQUIREMENT.**—It shall be unlawful for any person, whether or not required to pay a special tax and register under sections 4751 to 4753, inclusive, to transfer marihuana, except in pursuance of a written order of the person to whom such marihuana is transferred, on a form to be issued in blank for that purpose by the Secretary or his delegate.

(b) **EXCEPTIONS.**—Subject to such regulations as the Secretary or his delegate may prescribe, nothing contained in this section shall apply—

(1) **PROFESSIONAL PRACTICE.**—To a transfer of marihuana to a patient by a physician, dentist, veterinary surgeon, or other practitioner registered under section 4753, in the course of his professional practice only: *Provided*, That such physician, dentist, veterinary surgeon, or other practitioner shall keep a record of all such marihuana transferred, showing the amount transferred and the name and address of the patient to whom such marihuana is transferred, and such record shall be kept for a period of 2 years from the date of the transfer of such marihuana, and subject to inspection as provided in section 4773.

(2) **PRESCRIPTIONS.**—To a transfer of marihuana, made in good faith by a dealer to a consumer under and in pursuance of a written

prescription issued by a physician, dentist, veterinary surgeon, or other practitioner registered under section 4753: *Provided*, That such prescription shall be dated as of the day on which signed and shall be signed by the physician, dentist, veterinary surgeon, or other practitioner who issues the same: *Provided further*, That such dealer shall preserve such prescription for a period of 2 years from the day on which such prescription is filled, so as to be readily accessible for inspection by the officers, employees, and officials mentioned in section 4773.

(3) EXPORTATION.—To the sale, exportation, shipment, or delivery of marihuana by any person within the United States, any Territory, the District of Columbia, or any of the insular possessions of the United States, to any person in any foreign country regulating the entry of marihuana, if such sale, shipment, or delivery of marihuana is made in accordance with such regulations for importation into such foreign country as are prescribed by such foreign country, such regulations to be promulgated from time to time by the Secretary of State of the United States.

(4) GOVERNMENT AND STATE OFFICIALS.—To a transfer of marihuana to any officer or employee of the United States Government or of any State, Territorial, District, county, or municipal or insular government lawfully engaged in making purchases thereof for the Department of Defense, the Public Health Service, and for Government, State, Territorial, District, county, or municipal or insular hospitals or prisons.

(5) CERTAIN SEEDS.—To a transfer of any seeds of the plant *Cannabis sativa L.* to any person registered under section 4753.

(c) SUPPLY.—The Secretary or his delegate shall cause suitable forms to be prepared for the purposes mentioned in this section and shall cause them to be distributed to each internal revenue district for sale. The price at which such forms shall be sold shall be fixed by the Secretary or his delegate, but shall not exceed 2 cents each. Whenever any of such forms are sold, the Secretary or his delegate shall cause the date of sale, the name and address of the proposed vendor, the name and address of the purchaser, and the amount of marihuana ordered to be plainly written or stamped thereon before delivering the same.

(d) PRESERVATION.—Each such order form sold by the Secretary or his delegate shall be prepared to include an original and two copies, any one of which shall be admissible in evidence as an original. The original and one copy shall be given to the purchaser thereof. The original shall in turn be given by the purchaser thereof to any person who shall, in pursuance thereof, transfer marihuana to him and shall be preserved by such person for a period of 2 years so as to be readily accessible for inspection by an officer or employee mentioned in section 4773. The copy given to the purchaser shall be retained by the purchaser and preserved for a period of 2 years so as to be readily accessible to inspection by any officer or employee mentioned in section 4773. The second copy shall be preserved in the records of the internal revenue district.

(e) EXEMPTION OF CERTAIN TRANSFERS TO MILLERS.—Nothing in this section shall apply to a transfer of the plant *Cannabis sativa L.* or any parts thereof from any person registered under section 4753

to a person who is also registered under section 4753 as a taxpayer required to pay the tax imposed by paragraph (6) of section 4751.

SEC. 4743. AFFIXING OF STAMPS.

The stamps provided in section 4771 (a) (1) for marihuana shall be affixed by the Secretary or his delegate to the original order form.

SEC. 4744. UNLAWFUL POSSESSION.

(a) **PERSONS IN GENERAL.**—It shall be unlawful for any person who is a transferee required to pay the transfer tax imposed by section 4741 (a) to acquire or otherwise obtain any marihuana without having paid such tax; and proof that any person shall have had in his possession any marihuana and shall have failed, after reasonable notice and demand by the Secretary or his delegate, to produce the order form required by section 4742 to be retained by him shall be presumptive evidence of guilt under this section and of liability for the tax imposed by section 4741 (a).

(b) **GOVERNMENT AND STATE OFFICIALS.**—No liability shall be imposed by virtue of this section upon any duly authorized officer of the Treasury Department engaged in the enforcement of this part, or upon any duly authorized officer of any State, or Territory, or of any political subdivision thereof, or the District of Columbia, or of any insular possession of the United States, who shall be engaged in the enforcement of any law or municipal ordinance dealing with the production, sale, prescribing, dispensing, dealing in, or distributing of marihuana.

SEC. 4745. FORFEITURES.

(a) **OWNERSHIP BY VIOLATORS.**—Any marihuana which may be seized by the United States Government from any person or persons charged with any violation of this part shall upon conviction of the person or persons from whom seized be confiscated by and forfeited to the United States.

(b) **UNKNOWN OWNERSHIP.**—Any marihuana seized or coming into the possession of the United States in the enforcement of this part, the owner or owners of which are unknown, shall be confiscated by and forfeited to the United States.

(c) **DISPOSAL.**—The Secretary or his delegate is hereby directed to destroy any marihuana confiscated by and forfeited to the United States under this section or to deliver such marihuana to any department, bureau, or other agency of the United States Government, upon proper application therefor, under such regulations as may be prescribed by the Secretary or his delegate.

(d) **OTHER LAWS APPLICABLE.**—Except as inconsistent with the provisions of this part, all the provisions of internal revenue laws relating to searches, seizures, and forfeitures are extended to include marihuana.

SEC. 4746. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subpart, see sections 4761 and 4762; sections 4771 to 4776, inclusive, and subtitle F.

Subpart B—Occupational Tax

- Sec. 4751. Imposition of tax.
 Sec. 4752. Computation and liability for tax.
 Sec. 4753. Registration.
 Sec. 4754. Returns.
 Sec. 4755. Unlawful acts in case of failure to register and pay special tax.
 Sec. 4756. Other laws applicable.
 Sec. 4757. Cross references.

SEC. 4751. IMPOSITION OF TAX.

Every person who imports, manufactures, produces, compounds, sells, deals in, dispenses, prescribes, administers, or gives away marihuana shall before engaging in any of the above-mentioned activities, and thereafter on or before July 1 of each year, pay the following special taxes respectively:

(1) **IMPORTERS, MANUFACTURERS, AND COMPOUNDERS.**—Importers, manufacturers, and compounders of marihuana, \$24 a year;

(2) **PRODUCERS.**—Producers of marihuana (except those included within paragraph (4)), \$1 a year, or fraction thereof, during which they engage in such activity;

(3) **PHYSICIANS, DENTISTS, VETERINARY SURGEONS, AND OTHER PRACTITIONERS.**—Physicians, dentists, veterinary surgeons, and other practitioners who distribute, dispense, give away, administer, or prescribe marihuana to patients upon whom they in the course of their professional practice are in attendance, \$1 a year, or fraction thereof, during which they engage in any of such activities;

(4) **PERSONS ENGAGED IN RESEARCH, INSTRUCTION, OR ANALYSIS.**—Any person not registered as an importer, manufacturer, producer, or compounder who obtains and uses marihuana in a laboratory for the purpose of research, instruction, or analysis, or who produces marihuana for any such purpose, \$1 a year, or fraction thereof, during which he engages in such activities;

(5) **PERSONS NOT OTHERWISE TAXED.**—Any person who is not a physician, dentist, veterinary surgeon, or other practitioner and who deals in, dispenses, or gives away marihuana, \$3 a year: *Provided*, That any person who has registered and paid the special tax as an importer, manufacturer, compounder, or producer, as required by paragraphs (1) and (2), may deal in, dispense, or give away marihuana imported, manufactured, compounded, or produced by him without further payment of the tax imposed by this section;

(6) **MILLERS.**—Any person who at a mill manufactures or produces from the plant *Cannabis sativa* L. any fiber or fiber products, \$1 a year, or fraction thereof, during which he engages in such activities.

SEC. 4752. COMPUTATION AND LIABILITY FOR TAX.

(a) **COMPUTATION OF TAX.**—Where a tax under paragraph (1) or (5) of section 4751 is payable on July 1 of any year it shall be computed for 1 year; where any such tax is payable on any other day it shall be computed proportionately from the first day of the month in which the liability for the tax accrued to the following July 1.

(b) **LIABILITY IN CASE OF ACTIVITIES IN MORE THAN ONE PLACE.**—In the event that any person subject to a tax imposed by section 4751 engages in any of the activities enumerated in such section at more

than one place, such person shall pay the tax with respect to each such place.

(c) **LIABILITY IN CASE OF MORE THAN ONE ACTIVITY BY SAME PERSON AT SAME TIME.**—Except as otherwise provided, whenever more than one of the activities enumerated in section 4751 is carried on by the same person at the same time, such person shall pay the tax for each such activity, according to the respective rates prescribed.

SEC. 4753. REGISTRATION.

(a) **IN GENERAL.**—Any person subject to the tax imposed by section 4751 shall, upon payment of such tax, register his name or style and his place or places of business with the official in charge of the internal revenue district in which such place or places of business are located.

(b) **SPECIAL REQUIREMENTS FOR MILLERS.**—The Secretary or his delegate shall not permit the registration of any person under this section as a person required to pay the tax imposed by paragraph (6) of section 4751, unless in the opinion of the Secretary or his delegate such person (or if a corporation, each officer thereof) is a person of good moral character and unless in the opinion of the Secretary or his delegate such person is a person of suitable financial standing, intends to engage in good faith in the business of manufacturing or producing fiber or fiber products from the plant *Cannabis sativa L.* on a commercial basis, and is not seeking registration under this section for the purpose of facilitating the unlawful diversion of marihuana. Any person who is registered under this section and has paid the tax imposed by paragraph (6) of section 4751 shall afford officers and employees designated by the Secretary or his delegate ready access at all times to any part of the premises of the mill or other premises of such person and the right to inspect any and all books, papers, records, or documents connected with the activities of such person in dealing in, manufacturing, and processing *Cannabis sativa L.* and fiber or fiber products thereof, and the handling of marihuana. The Secretary or his delegate may cancel or may refuse to renew, after notice and opportunity for hearing, the registration of any such person if he finds that such person has not complied or is not complying with the requirements of this subsection, or if he finds that grounds exist which would justify the refusal to permit the original registration of such person under this section.

SEC. 4754. RETURNS.

(a) **REGISTRANTS.**—Any person who shall be registered under the provisions of section 4753 with the Secretary or his delegate shall, whenever required to do so by the Secretary or his delegate, render a true and correct statement or return, verified by affidavits, setting forth the quantity of marihuana received or harvested by him during such period immediately preceding the demand of the Secretary or his delegate, not exceeding 3 months, as the Secretary or his delegate may fix and determine. If such person is not solely a producer, he shall set forth in such statement or return the names of the persons from whom said marihuana was received, the quantity in each instance received from such persons, and the date when received.

(b) **CROSS REFERENCES.**—

For general requirement as to records, statements, and returns in the case of persons liable for tax, see subtitle F.

SEC. 4755. UNLAWFUL ACTS IN CASE OF FAILURE TO REGISTER AND PAY SPECIAL TAX.**(a) TRAFFICKING.—**

(1) **LIABILITY.**—It shall be unlawful for any person required to register and pay the special tax under the provisions of sections 4751 to 4753, inclusive, to import, manufacture, produce, compound, sell, deal in, dispense, distribute, prescribe, administer, or give away marihuana without having so registered and paid such tax.

(2) **ENFORCEMENT OF LIABILITY.**—In any suit or proceeding to enforce the liability imposed by this section or sections 4751 to 4753, inclusive, if proof is made that marihuana was at any time growing upon land under the control of the defendant, such proof shall be presumptive evidence that at such time the defendant was a producer and liable under this section as well as under sections 4751 to 4753, inclusive.

(b) **TRANSPORTATION.**—It shall be unlawful for any person who shall not have paid the special tax and registered, as required by sections 4751 to 4753, inclusive, to send, ship, carry, transport, or deliver any marihuana within any Territory, the District of Columbia, or any insular possession, or from any State, Territory, the District of Columbia, any insular possession of the United States, or the Canal Zone, into any other State, Territory, the District of Columbia, or insular possession of the United States: *Provided*, That nothing contained in this section shall apply to any common carrier engaged in transporting marihuana; or to any employee of any person who shall have registered and paid the special tax as required by sections 4751 to 4753, inclusive, while acting within the scope of his employment; or to any person who shall deliver marihuana which has been prescribed or dispensed by a physician, dentist, veterinary surgeon, or other practitioner registered under section 4753, who has been employed to prescribe for the particular patient receiving such marihuana; or to any United States, State, county, municipal, District, Territorial, or insular officer or official acting within the scope of his official duties.

SEC. 4756. OTHER LAWS APPLICABLE.

All provisions of law (including penalties) applicable in respect of the taxes imposed by sections 4701 and 4721 shall, insofar as not inconsistent with this part, be applicable in respect of the taxes imposed by this part.

SEC. 4757. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subpart, see sections 4761 and 4762; sections 4771 to 4776, inclusive; chapter 40; and subtitle F.

Subpart C—General Provisions Relating to Marihuana

Sec. 4761. Definitions.

Sec. 4762. Administration in insular possession.

SEC. 4761. DEFINITIONS.

When used in this part—

(1) **PERSON.**—The term "person" means an individual, a partnership, trust, association, company, or corporation, and includes an

officer or employee of a trust, association, company, or corporation, or a member or employee of a partnership, who, as such officer, employee, or member, is under a duty to perform any act in respect of which any violation of this part occurs.

(2) **MARIHUANA.**—The term “marihuana” means all parts of the plant *Cannabis sativa* L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds, or resin; but shall not include the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination.

(3) **PRODUCER.**—The term “producer” means any person who (A) plants, cultivates, or in any way facilitates the natural growth of marihuana; or (B) harvests and transfers or makes use of marihuana.

(4) **TRANSFER OR TRANSFERRED.**—The term “transfer” or “transferred” means any type of disposition resulting in a change of possession, but shall not include a transfer to a common carrier for the purpose of transporting marihuana.

SEC. 4762. ADMINISTRATION IN INSULAR POSSESSION.

(a) **PUERTO RICO.**—In Puerto Rico the administration of this part, the collection of the special taxes and transfer taxes, and the issuance of the order forms provided for in section 4742 shall be performed by the appropriate internal revenue officers of the government of Puerto Rico, and all revenues collected under this part in Puerto Rico shall accrue intact to the general government thereof.

(b) **VIRGIN ISLANDS.**—The President shall be authorized and directed to issue such Executive orders as will carry into effect in the Virgin Islands the intent and purpose of this part by providing for the registration with appropriate officers and the imposition of the special and transfer taxes upon all persons in the Virgin Islands who import, manufacture, produce, compound, sell, deal in, dispense, prescribe, administer, or give away marihuana.

PART III—MISCELLANEOUS PROVISIONS RELATING TO NARCOTIC DRUGS AND MARIHUANA

Sec. 4771. Stamps.

Sec. 4772. Exemption from tax and registration.

Sec. 4773. Inspection of returns, order forms, and prescriptions.

Sec. 4774. Territorial extent of law.

Sec. 4775. List of special taxpayers.

Sec. 4776. Cross references.

SEC. 4771. STAMPS.

(a) **METHOD OF PAYMENT.**—

(1) **STAMPS.**—The taxes imposed by sections 4701 and 4741 shall be represented by the appropriate stamps, to be provided by the Secretary or his delegate.

(2) **ASSESSMENT.**—

For assessment in case of omitted taxes payable by stamp, see subtitle F.

(b) **OTHER LAWS APPLICABLE.**—All the provisions of law relating to the engraving, issuance, sale, accountability, cancellation, and destruction of tax-paid stamps provided for in the internal revenue laws shall, insofar as applicable and not inconsistent with sections 4701 to 4707, inclusive, and sections 4741 to 4746, inclusive, be extended and made to apply to the stamps provided in subsection (a).

SEC. 4772. EXEMPTION FROM TAX AND REGISTRATION.

(a) **EMPLOYEES.**—No employee of any person who has registered and paid a special tax as required in sections 4721 to 4726, inclusive, or sections 4751 to 4757, inclusive, acting within the scope of his employment shall be required to register and pay such special taxes.

(b) **GOVERNMENT AND STATE OFFICIALS.**—Officials of the United States, Territorial, District of Columbia, or insular possessions, State or municipal governments, who in the exercise of their official duties engage in any of the businesses described in section 4741 or activities enumerated in sections 4751 and 4752, shall not be required to register, nor pay special tax, but their right to this exemption shall be evidenced in such manner as the Secretary or his delegate may by regulations prescribe.

(c) **CROSS REFERENCES.**—

(1) **CANAL ZONE.**—

For authority of the President to issue Executive orders providing for the registration of all persons in the Canal Zone who produce, import, compound, deal in, dispense, distribute, sell, or give away narcotic drugs, see section 4735 (b).

(2) **VIRGIN ISLANDS.**—

For authority of the President to issue Executive orders providing for the registration and the imposition of special taxes relating to marihuana, on persons in the Virgin Islands, see section 4762 (b).

SEC. 4773. INSPECTION OF RETURNS, ORDER FORMS, AND PRESCRIPTIONS.

The duplicate order forms and the prescriptions required to be preserved under the provisions of section 4705 (c) (2) and (e), and the order forms and copies thereof and the prescriptions and records required to be preserved under the provisions of section 4742, in addition to the statements or returns filed in the office of the official in charge of the internal revenue district under the provisions of sections 4732 (b) or 4754, shall be open to inspection by officers and employees of the Treasury Department duly authorized for that purpose, and such officials of any State or Territory, or of any organized municipality therein, or of the District of Columbia, or any insular possession of the United States, as shall be charged with the enforcement of any law or municipal ordinance regulating the production of marihuana or regulating the sale, prescribing, dispensing, dealing in, or distribution of narcotic drugs or marihuana. The Secretary or his delegate is authorized to furnish, upon written request, certified copies of any of the said statements or returns filed in the office of any official in charge of an internal revenue district to any of such officials of any State or Territory or organized municipality therein, or the District of Columbia, or any insular possession of the United States as shall be entitled to inspect the said statements or returns filed in the office of the official in charge of the internal revenue district, upon the pay-

ment of a fee of \$1 for each 100 words or fraction thereof in the copy or copies so requested.

SEC. 4774. TERRITORIAL EXTENT OF LAW.

The provisions of sections 4701 to 4707, inclusive, and sections 4721 to 4776, inclusive, shall apply to the several States, the District of Columbia, the Territory of Alaska, the Territory of Hawaii, and the insular possessions of the United States; and, in the case of narcotic drugs, shall also apply to the Trust Territory of the Pacific Islands and to the Canal Zone.

SEC. 4775. LIST OF SPECIAL TAXPAYERS.

The Secretary or any officer or employee designated by him is authorized to furnish upon written request, to any person, a certified copy of the names of any or all persons who may be listed in the respective internal revenue districts as special taxpayers under the provisions of sections 4721 to 4726, inclusive, section 4702 (a), section 4751, or section 4752, upon payment of a fee of \$1 for each 100 names or fraction thereof in the copy so requested.

SEC. 4776. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subchapter, see subtitle F.

(1) CANAL ZONE.—
For authority of the President to issue Executive orders providing for the registration of all persons in the Canal Zone who produce, import, compound, deal in, dispense, distribute, sell, or have any narcotic drugs, see section 4733 (b).

(2) VIRGIN ISLANDS.—
For authority of the President to issue Executive orders providing for the registration and the imposition of special taxes relating to marijuana or persons in the Virgin Islands, see section 4733 (b).

SEC. 4777. INSPECTION OF RETURNS, ORDER FORMS, AND PRESCRIPTIONS.

The duplicate order forms and the prescriptions required to be preserved under the provisions of section 4705 (c) (2) and (c) (3) and the order forms and copies thereof and the prescriptions and records required to be preserved under the provisions of section 4742, in addition to the statements or returns filed in the office of the official in charge of the internal revenue district under the provisions of sections 4733 (b) or 4754, shall be open to inspection by officers and employees of the Treasury Department duly authorized for that purpose and such officials of any State or Territory, or of any organized municipality, or of the District of Columbia, or any insular possession of the United States, as shall be charged with the enforcement of any law or municipal ordinance regulating the production or manufacture, or the sale, prescribing, dispensing, dealing in, or distribution of narcotic drugs or marihuana. The Secretary or his delegate is authorized to furnish upon written request certified copies of any of the said statements or returns filed in the office of any official in charge of an internal revenue district to any of such officials of any State or Territory, or organized municipality thereof, or the District of Columbia, or any insular possession of the United States as shall be entitled to inspect the said statements or returns filed in the office of the official in charge of the internal revenue district upon the pay-

Subchapter B—White Phosphorus Matches

- Sec. 4801. Imposition of tax.
- Sec. 4802. Definition of white phosphorus.
- Sec. 4803. Stamps.
- Sec. 4804. Requirements on manufacturers.
- Sec. 4805. Importation and exportation.
- Sec. 4806. Cross references.

SEC. 4801. IMPOSITION OF TAX.

(a) **RATE.**—There shall be imposed upon white phosphorus matches manufactured, sold, or removed a tax at the rate of 2 cents per one hundred matches.

(b) **BY WHOM PAID.**—The tax imposed by subsection (a) shall be paid by the manufacturer.

SEC. 4802. DEFINITION OF WHITE PHOSPHORUS.

For the purpose of this subchapter, the words "white phosphorus" shall be understood to mean the common poisonous white or yellow phosphorus used in the manufacture of matches and not to include the nonpoisonous forms or the nonpoisonous compounds of white or yellow phosphorus.

SEC. 4803. STAMPS.

(a) **METHOD OF PAYMENT.**—

(1) **STAMPS.**—The tax imposed by section 4801 shall be represented by adhesive stamps.

(2) **ASSESSMENT.**—

For assessment in case of omitted taxes, see subtitle F.

(b) **SALE.**—The Secretary or his delegate shall require that stamps be sold only to duly qualified manufacturers.

(c) **ACCOUNTS.**—The Secretary or his delegate shall cause to be kept accounts of the number and denominate values of the stamps sold to each manufacturer.

(d) **OTHER STAMP PROVISIONS.**—All the provisions and penalties of law governing the engraving, issuing, sale, affixing, cancellation, accountability, effacement, destruction, and forgery of stamps provided for internal revenues shall apply to stamps provided for by this subchapter.

SEC. 4804. REQUIREMENTS ON MANUFACTURERS.

(a) **PACKING.**—

(1) **NUMBER IN PACKAGES.**—All white phosphorus matches shall be packed by the manufacturer thereof in packages containing 100, 200, 500, 1,000, or 1,500 matches each, which shall then be packed by the manufacturer in packages containing not less than 14,400 matches.

(2) **STAMPING.**—The manufacturer shall affix to every package containing 100, 200, 500, 1,000, or 1,500 matches an adhesive stamp of the required value and shall place thereon the initials of his name on which such stamp is affixed, so that the same may

(3) **FACTORY NUMBER.**—Every manufacturer of matches shall mark, brand, affix, stamp, or print, in such manner as the Secretary or his delegate shall prescribe, on every package of white phosphorus matches manufactured, sold, or removed by him, the factory number required under subsection (b).

(4) **LABEL.**—Every manufacturer of white phosphorus matches shall securely affix by pasting on each original package containing stamped packages of white phosphorus matches manufactured by him a label, on which shall be printed, besides the number of the manufactory and the district in which it is situated, these words: "NOTICE.—The manufacturer of the white phosphorus matches herein contained has complied with all the requirements of law. Every person is cautioned not to use again the stamps on the packages herein contained under the penalty provided by law in such cases."

(b) **FACTORY NUMBER AND SIGNS.**—Every manufacturer of white phosphorus matches shall put up such signs and affix such number to his factory as the Secretary or his delegate may by regulation require.

(c) **BONDS.**—Every manufacturer of white phosphorus matches shall file with the official in charge of the internal revenue district in which his manufactory is located such bonds as the Secretary or his delegate may by regulation require. The bond required of such manufacturer shall be in the penal sum of not less than \$1,000; and the sum of said bond may be increased from time to time and additional sureties required at the discretion of the Secretary or his delegate.

(d) **REGISTRATION.**—Every manufacturer of white phosphorus matches shall register with the official in charge of the internal revenue district his name or style, place of manufactory, and the place where such business is to be carried on.

SEC. 4805. IMPORTATION AND EXPORTATION.

(a) **IMPORTATION.**—White phosphorus matches, manufactured wholly or in part in any foreign country, shall not be entitled to entry at any of the ports of the United States, and the importation thereof is prohibited. All matches imported into the United States shall be accompanied by such certificate of official inspection by the government of the country in which such matches were manufactured as shall satisfy the Secretary or his delegate that they are not white phosphorus matches.

(b) **EXPORTATION.**—It shall be unlawful to export from the United States any white phosphorus matches.

SEC. 4806. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subchapter, see subtitle F.

Subchapter C—Adulterated Butter and Filled Cheese

Part I. Adulterated and process or renovated butter.

Part II. Filled cheese.

PART I—ADULTERATED AND PROCESS OR RENOVATED BUTTER

Subpart A. Tax on products.

Subpart B. Occupational tax.

Subpart C. Definitions.

Subpart A—Tax on Products

Sec. 4811. Imposition of tax.

Sec. 4812. Importation of adulterated butter.

Sec. 4813. Stamps.

Sec. 4814. Requirements applicable to manufacturers.

Sec. 4815. Requirements applicable to dealers.

Sec. 4816. Exportation of adulterated butter.

Sec. 4817. Inspection of process or renovated butter.

Sec. 4818. Administrative decisions relating to adulterated butter.

Sec. 4819. Cross references.

SEC. 4811. IMPOSITION OF TAX.

(a) RATE.—

(1) **ADULTERATED BUTTER.**—There shall be imposed upon adulterated butter, when manufactured or sold or removed for consumption or use, a tax of 10 cents per pound, and any fractional part of a pound shall be taxed as a pound.

(2) **PROCESS OR RENOVATED BUTTER.**—There shall be imposed upon process or renovated butter, when manufactured or sold or removed for consumption or use, a tax of one-fourth of 1 cent per pound, and any fractional part of a pound shall be taxed as a pound.

(b) **BY WHOM PAID.**—The tax imposed by subsection (a) shall be paid by the manufacturer.

SEC. 4812. IMPORTATION OF ADULTERATED BUTTER.

There shall be imposed upon adulterated butter imported from a foreign country, in addition to any import duty imposed on the same, an internal revenue tax of 15 cents per pound, such tax to be represented by coupon stamps as in the case of adulterated butter manufactured in the United States. The stamps shall be affixed and canceled by the owner or importer of the adulterated butter while it is in the custody of the officers or employees designated by the Secretary or his delegate; and the adulterated butter shall not pass out of the custody of said officers or employees until the stamps have been so affixed and canceled, but shall be put up in wooden packages, each containing not less than 10 pounds, as prescribed in this subpart for adulterated butter manufactured in the United States, before the stamps are affixed; and the owner or importer of such adulterated butter shall be liable to all the penal provisions of this subpart pre-

scribed for manufacturers of adulterated butter manufactured in the United States. Whenever it is necessary to take any adulterated butter so imported to any place other than the public stores of the United States for the purpose of affixing and canceling such stamps, the Secretary or his delegate shall designate a bonded warehouse to which it shall be taken, under the control of such officer or employee as the Secretary or his delegate may direct.

SEC. 4813. STAMPS.

(a) METHOD OF PAYMENT.—

(1) STAMPS.—The tax imposed by section 4811 shall be represented by coupon stamps.

(2) ASSESSMENT.—

For assessment in case of omitted taxes, see subtitle F.

(b) EMPTIED PACKAGES.—Whenever any stamped package containing adulterated butter is emptied, it shall be the duty of the person in whose hands the same is to destroy utterly the stamps thereon. The Secretary or his delegate may destroy any emptied package of adulterated butter upon which the tax-paid stamp is found.

(c) OTHER STAMP PROVISIONS.—The provisions of law governing the engraving, issuing, sale, accountability, effacement, and destruction of stamps relating to tobacco and snuff, as far as applicable, shall apply to the stamps provided in paragraph (1) of subsection (a).

SEC. 4814. REQUIREMENTS APPLICABLE TO MANUFACTURERS.

(a) PACKING, STAMPING, AND SELLING REQUIREMENTS.—

(1) ADULTERATED BUTTER.—All adulterated butter shall be packed by the manufacturer thereof in firkins, tubs, or other wooden, tin-plate, or paper packages not before used for that purpose, containing, or encased in a manufacturer's package made from any of such materials of, not less than ten pounds, and marked, stamped, and branded as the Secretary or his delegate shall prescribe, and all sales made by manufacturers of adulterated butter shall be in original, stamped packages. Every manufacturer of adulterated butter shall securely affix, by pasting, on each package containing adulterated butter manufactured by him a label on which shall be printed, besides the number of the manufactory and the district and State in which it is situated, these words: "Notice.—The manufacturer of the adulterated butter herein contained has complied with all the requirements of law. Every person is cautioned not to use either this package again or the stamp thereon, nor to remove the contents of this package without destroying said stamp, under the penalty provided by law in such cases."

(2) PROCESS OR RENOVATED BUTTER.—

For marking process or renovated butter, see section 4817.

(b) FACTORY NUMBER AND SIGNS.—Every manufacturer of process or renovated butter or adulterated butter shall put up such signs and affix such number to his factory as the Secretary or his delegate may by regulation require.

(c) BONDS.—Every manufacturer of process or renovated butter or adulterated butter shall file with the official in charge of the internal revenue district in which his manufactory is located such bonds as the Secretary or his delegate may by regulation require. The bond required of such manufacturer shall be in a penal sum of not less than

\$500; and the sum of said bond may be increased from time to time and additional sureties required at the discretion of the Secretary or his delegate.

SEC. 4815. REQUIREMENTS APPLICABLE TO DEALERS.

(a) **SELLING REQUIREMENTS.**—Dealers in adulterated butter must sell only original or from original stamped packages, and when such original stamped packages are broken the adulterated butter sold from same shall be placed in suitable wooden, tin-plate, or paper packages, which shall be marked and branded as the Secretary or his delegate shall prescribe.

(b) **BOOKS OF WHOLESALE DEALERS.**—Books required by section 6001 to be kept by wholesale dealers in process, renovated, or adulterated butter shall be open at all times to the inspection of any officer or employee designated by the Secretary or his delegate.

SEC. 4816. EXPORTATION OF ADULTERATED BUTTER.

Adulterated butter may be removed from the place of manufacture for export to a foreign country without payment of tax or affixing stamps thereto, under such regulations and the filing of such bonds and other security as the Secretary or his delegate may prescribe. Every person who shall export adulterated butter shall brand upon every tub, firkin, or other package containing such article the words "Adulterated Butter", in plain Roman letters not less than one-half inch square.

SEC. 4817. INSPECTION OF PROCESS OR RENOVATED BUTTER.

For the purpose of protecting interstate and foreign commerce from process or renovated butter which is unclean, unwholesome, unhealthful, or otherwise unfit for human food—

(1) **INGREDIENTS.**—The Secretary of Agriculture shall, through inspectors appointed by him, cause inspections to be made of all milk, butter, butter oil, and other ingredients intended for use in the manufacture of process or renovated butter. All ingredients which are found to be putrid or decomposed or which contain organic or inorganic substances which are foreign to such ingredients when properly made, manufactured, produced, collected, stored, transported, or handled, and which organic or inorganic substances cannot be removed by processing, shall be deemed unfit for use in the manufacture of process or renovated butter, shall be marked "U. S. Inspected and Condemned", and shall be denatured or destroyed under the supervision of the inspector. All other ingredients shall be marked "U. S. Inspected and Passed", and shall be deemed fit for use in the manufacture of process or renovated butter.

(2) **FINISHED PRODUCT.**—The Secretary of Agriculture shall cause inspections to be made of all process or renovated butter. If such butter is found to be clean, wholesome, healthful, and otherwise fit for human food, it shall be marked "U. S. Inspected and Passed". Process or renovated butter that is found to be unclean, unwholesome, unhealthful, or otherwise unfit for human food shall be denatured or destroyed under the supervision of the inspector.

(3) **FACTORIES.**—The Secretary of Agriculture shall cause inspections to be made of all factories wherein process or renovated butter is manufactured to determine the sanitary conditions thereof, and if it is found that the conditions existing in any such factory do not

meet the standards prescribed by the Secretary in his regulations, he shall cause inspection to be withdrawn therefrom.

(4) COMPLIANCE BY MANUFACTURER.—The Secretary of Agriculture is authorized to withdraw inspection from any factory wherein process or renovated butter is made, if the manufacturer shall fail to comply with any of the provisions of this section or with any of the rules and regulations prescribed hereunder.

(5) RULES AND REGULATIONS.—The Secretary of Agriculture is authorized to make such rules and regulations as he deems necessary for the efficient administration of the provisions of this section, and all inspections hereunder shall be made in such manner as may be prescribed in such regulations. The Secretary of Agriculture may, from time to time, by regulations define the foreign substances and the extent thereof that render the ingredients unfit for use in manufacturing process or renovated butter.

(6) STATISTICS.—The Secretary of Agriculture shall cause to be ascertained, and he shall report, from time to time, the quantity and quality of all process or renovated butter manufactured and the character and condition of the materials from which it is made.

(7) FORGERY, ETC., OF STAMPS, ETC.—No person, firm, or corporation shall forge, counterfeit, simulate, falsely represent, detach, or, knowingly alter, deface, or destroy, or use without proper authority any of the marks, stamps, labels, or tabs provided for in this section or in any regulations prescribed hereunder by the Secretary of Agriculture for use on process or renovated butter or on wrappers, packages, containers, or cases in which the product is contained, or any certificate in relation thereto.

(8) LABELS ON CONTAINERS.—All process or renovated butter and the packages or containers thereof shall be marked with the words "Process Butter" and by such other marks, labels, or brands, and in such manner, as may be prescribed by the Secretary of Agriculture.

(9) FALSE OR MISLEADING LABELS.—No statement that is false or misleading in any particular shall be placed on or affixed to any wrapper, label, carton, or container of process or renovated butter.

(10) UNAPPROVED PRODUCT IN INTERSTATE OR FOREIGN COMMERCE.—No person, firm, or corporation shall transport, or offer for transportation, or sell or offer for sale, in interstate or foreign commerce, or in commerce affecting commerce among the States, any process or renovated butter that has not been inspected and passed and marked, labeled, and branded in accordance with this section and the regulations issued hereunder.

(11) ADMINISTRATION.—The administration and enforcement of the provisions of this section, other than its provisions relating to revenue, but including the seizure and denaturing or destruction of ingredients intended to be used in the manufacture of process or renovated butter and the denaturing or destruction of process or renovated butter, are committed exclusively to the Secretary of Agriculture: *Provided*, That any powers and duties of the Food and Drug Administration of the Department of Health, Education, and Welfare under the Federal Food, Drug, and Cosmetic Act, as amended (52 Stat. 1040; 21 U. S. C., chapter 9), as regards such ingredients before they come into the possession of the manufacturers of process or renovated butter, or as regards such powers and

duties in connection with process or renovated butter after it leaves such manufacturers and comes into the hands of wholesale or retail dealers, or others, shall not be affected by this section.

SEC. 4818. ADMINISTRATIVE DECISIONS RELATING TO ADULTERATED BUTTER.

(a) **TAXABILITY.**—The Secretary or his delegate is authorized to decide what substances, extracts, mixtures, or compounds which may be submitted for his inspection in contested cases are to be taxed as adulterated butter under this subpart; and his decision in such matters of taxation under this subpart shall be final.

(b) **DELETERIOUS INGREDIENTS.**—The Secretary or his delegate may also decide whether any substance made in imitation or semblance of butter, and intended for human consumption, contains ingredients deleterious to the public health.

(c) **APPEAL.**—In case of doubt or contest, the decisions of the Secretary or his delegate in the class of cases under subsection (b) may be appealed to a board constituted for the purpose and composed of the Surgeon General of the Department of the Army, the Surgeon General of the Department of the Navy, and the Secretary of Agriculture; and the decisions of this board shall be final in the premises.

SEC. 4819. CROSS REFERENCES.

(a) **DEFINITIONS.**—

For definitions applicable to this subpart, see section 4826.

(b) **OTHER PROVISIONS.**—

For penalties and other general and administrative provisions applicable to this subpart see subtitle F.

Subpart B—Occupational Tax

Sec. 4821. Imposition of tax.

Sec. 4822. Cross references.

SEC. 4821. IMPOSITION OF TAX.

(a) **MANUFACTURERS.**—

(1) **PROCESS OR RENOVATED BUTTER.**—Manufacturers of process or renovated butter shall pay a special tax of \$50 a year.

(2) **ADULTERATED BUTTER.**—Manufacturers of adulterated butter shall pay a special tax of \$600 a year.

(b) **WHOLESALE DEALERS IN ADULTERATED BUTTER.**—Wholesale dealers in adulterated butter shall pay a special tax of \$480 a year.

(c) **RETAIL DEALERS IN ADULTERATED BUTTER.**—Retail dealers in adulterated butter shall pay a special tax of \$48 a year.

SEC. 4822. CROSS REFERENCES.

(a) **DEFINITIONS.**—

For definitions applicable to this subpart, see section 4826.

(b) **OTHER PROVISIONS.**—

For penalties and other general and administrative provisions applicable to this subpart, see chapter 40 and subtitle F.

Subpart C—Definitions**Sec. 4826. Definitions.****SEC. 4826. DEFINITIONS.**

(a) **BUTTER.**—For the purpose of this part, the word “butter” shall be understood to mean the food product usually known as butter, and made exclusively from milk or cream, or both, with or without common salt, and with or without additional coloring matter.

(b) **ADULTERATED BUTTER.**—“Adulterated butter” is defined to mean a grade of butter produced by mixing, reworking, rechurning in milk or cream, refining, or in any way producing a uniform, purified, or improved product from different lots or parcels of melted or unmelted butter or butter fat, in which any acid, alkali, chemical, or any substance whatever is introduced or used for the purpose or with the effect of deodorizing or removing therefrom rancidity, or any butter or butter fat with which there is mixed any substance foreign to butter as defined in subsection (a), with intent or effect of cheapening in cost the product, or any butter in the manufacture or manipulation of which any process or material is used with intent or effect of causing the absorption of abnormal quantities of water, milk, or cream.

(c) **PROCESS OR RENOVATED BUTTER.**—“Process butter” or “renovated butter” is defined to mean butter which has been subjected to any process by which it is melted, clarified, or refined and made to resemble genuine butter, always excepting “adulterated butter” as defined by subsection (b).

(d) **MANUFACTURER.**—Every person who engages in the production of process or renovated butter or adulterated butter as a business shall be considered to be a manufacturer thereof.

(e) **DEALER.**—Every person who sells adulterated butter shall be regarded as a dealer in adulterated butter.

(f) **RETAIL DEALER.**—Every person who sells adulterated butter in less quantities than 10 pounds at one time shall be regarded as a retail dealer in adulterated butter.

PART II—FILLED CHEESE

Subpart A. Tax on products.

Subpart B. Occupational tax.

Subpart C. Definitions.

Subpart A—Tax on Products

Sec. 4831. Imposition of tax.

Sec. 4832. Stamps.

Sec. 4833. Requirements applicable to manufacturers.

Sec. 4834. Requirements applicable to wholesale and retail dealers.

Sec. 4835. Administrative decisions.

Sec. 4836. Cross references.

SEC. 4831. IMPOSITION OF TAX.

(a) **DOMESTIC.**—There shall be imposed upon all filled cheese which shall be manufactured a tax of 1 cent per pound payable by the manufacturer thereof; and any fractional part of a pound in a package shall be taxed as a pound.

(b) **IMPORTED.**—There shall be imposed upon all filled cheese imported from a foreign country, in addition to any import duty imposed on the same, an internal revenue tax of 8 cents per pound; and such imported filled cheese and the packages containing the same shall be stamped, marked, and branded, as in the case of filled cheese manufactured in the United States.

SEC. 4832. STAMPS.

(a) **METHOD OF PAYMENT.**—

(1) **STAMPS.**—The taxes imposed by section 4831 shall be represented by coupon stamps.

(2) **ASSESSMENT.**—

For assessment in case of omitted taxes, see subtitle F.

(b) **EMPTIED PACKAGES.**—Whenever any stamped package containing filled cheese is emptied, it shall be the duty of the person in whose hands the same is to destroy the stamps thereon.

(c) **OTHER STAMP PROVISIONS.**—The provisions of law governing the engraving, issue, sale, accountability, effacement, and destruction of stamps relating to tobacco and snuff, as far as applicable, shall apply to stamps provided for by paragraph (1) of subsection (a).

SEC. 4833. REQUIREMENTS APPLICABLE TO MANUFACTURERS.

(a) **PACKING REQUIREMENTS.**—

(1) **MARKS, STAMPS, AND PACKAGES.**—Filled cheese shall be packed by the manufacturers in wooden packages only, not before used for that purpose, and marked, stamped, and branded with the words "filled cheese" in black-faced letters not less than two inches in length, in a circle in the center of the top and bottom of the cheese; and in black-faced letters not less than two inches in length in line from the top to the bottom of the cheese, on the side in four places equidistant from each other; and the package containing such cheese shall be marked in the same manner, and in the same number of places, and in the same description of letters as above provided for the marking of the cheese; and all sales or consignments made by manufacturers of filled cheese to wholesale dealers in filled cheese or to exporters of filled cheese shall be in original stamped packages.

(2) **LABEL.**—Every manufacturer of filled cheese shall securely affix, by pasting on each package containing filled cheese manufactured by him, a label on which shall be printed, besides the number of the manufactory and the district and State in which it is situated, these words: "NOTICE.—The manufacturer of the filled cheese herein contained has complied with all the requirements of the law. Every person is cautioned not to use either this package again or the stamp thereon again, nor to remove the contents of this package without destroying said stamp, under the penalty provided by law in such cases."

(b) **FACTORY NUMBER AND SIGNS.**—Every manufacturer of filled cheese shall put up such signs and affix such number to his factory as the Secretary or his delegate may by regulation require.

(c) **BONDS.**—Every manufacturer of filled cheese shall file with the official in charge of the internal revenue district in which his manufactory is located such bonds as the Secretary or his delegate may by regulation require. The bond required of such manufacturer shall be in a penal sum of not less than \$5,000; and the amount of said bond

may be increased from time to time, and additional sureties required, at the discretion of the Secretary or his delegate.

SEC. 4834. REQUIREMENTS APPLICABLE TO WHOLESALE AND RETAIL DEALERS.

(a) **SIGNS.**—Every wholesale dealer and every retail dealer in filled cheese shall display in a conspicuous place in his salesroom a sign bearing the words "Filled cheese sold here" in black-faced letters not less than six inches in length, upon a white ground, with the name and number of the revenue district in which his business is conducted.

(b) **SELLING REQUIREMENTS.**—Retail dealers in filled cheese shall sell only from original stamped packages, and shall pack the filled cheese when sold in suitable wooden or paper packages, which shall be marked and branded in accordance with rules and regulations to be prescribed by the Secretary or his delegate.

SEC. 4835. ADMINISTRATIVE DECISIONS.

(a) **DELETERIOUS INGREDIENTS.**—The Secretary or his delegate is authorized to have applied scientific tests, and to decide whether any substances used in the manufacture of filled cheese contain ingredients deleterious to health.

(b) **APPEAL.**—In case of doubt or contest the decision of the Secretary or his delegate in the class of cases referred to in subsection (a) may be appealed to a board constituted for the purpose, and composed of the Surgeon General of the Department of the Army, the Surgeon General of the Department of the Navy, and the Secretary of Agriculture; and the decision of this board shall be final in the premises.

SEC. 4836. CROSS REFERENCES.

For definitions, penalties, and other general and administrative provisions, see section 4846 and subtitle F.

Subpart B—Occupational Tax

Sec. 4841. Imposition of tax.

Sec. 4842. Cross references.

SEC. 4841. IMPOSITION OF TAX.

(a) **MANUFACTURERS.**—Manufacturers of filled cheese shall pay a special tax of \$400 a year for each and every factory.

(b) **WHOLESALE DEALERS.**—

(1) **IN GENERAL.**—Wholesale dealers in filled cheese shall pay a special tax of \$250 a year.

(2) **MANUFACTURERS SELLING AT WHOLESALE.**—Any manufacturer of filled cheese who has given the required bond and paid the required special tax, and who sells only filled cheese of his own production, at the place of manufacture, in the original packages, to which the tax-paid stamps are affixed, shall not be required to pay the special tax of a wholesale dealer in filled cheese on account of such sales.

(c) **RETAIL DEALERS.**—Retail dealers in filled cheese shall pay a special tax of \$12 a year.

SEC. 4842. CROSS REFERENCES.**(a) DEFINITIONS.—**

For definitions applicable to this subpart, see section 4846.

(b) OTHER PROVISIONS.—

For penalties and other general and administrative provisions applicable to this subpart, see chapter 40 and subtitle F.

Subpart C—Definitions**Sec. 4846. Definitions.****SEC. 4846. DEFINITIONS.**

For the purposes of this part—

(1) **CHEESE.**—The word “cheese” shall be understood to mean the food product known as cheese, and made from milk or cream and without the addition of butter, or any animal, vegetable, or other oils or fats foreign to such milk or cream, with or without additional coloring matter.

(2) **FILLED CHEESE.**—Certain substances and compounds shall be known and designated as “filled cheese,” namely: All substances made of milk or skimmed milk, with the admixture of butter, animal oils or fats, vegetable or any other oils, or compounds foreign to such milk, and made in imitation or semblance of cheese. Substances and compounds, consisting principally of cheese with added edible oils, which are not sold as cheese or as substitutes for cheese but are primarily useful for imparting a natural cheese flavor to other foods shall not be considered “filled cheese” within the meaning of this part.

(3) **MANUFACTURER.**—Every person, firm, or corporation who manufactures filled cheese for sale shall be deemed a manufacturer of filled cheese.

(4) **WHOLESALE DEALER.**—Every person, firm, or corporation who sells or offers for sale filled cheese, in the original manufacturer's packages for resale, or to retail dealers as defined in paragraph (5) shall be deemed a wholesale dealer in filled cheese.

(5) **RETAIL DEALER.**—Every person who sells filled cheese at retail, not for resale, and for actual consumption, shall be regarded as a retail dealer in filled cheese.

Subchapter D—Cotton Futures

- Part I. General provisions.
- Part II. Exemptions.
- Part III. Administrative provisions.

PART I—GENERAL PROVISIONS

- Sec. 4851. Imposition of tax.
- Sec. 4852. Definition.
- Sec. 4853. Form and validity of contracts.
- Sec. 4854. Cotton standards.

SEC. 4851. IMPOSITION OF TAX.

(a) **RATE.**—Upon each contract of sale of any cotton for future delivery made at, on, or in any exchange, board of trade, or similar institution or place of business, there shall be imposed a tax in the nature of an excise of 2 cents for each pound of the cotton involved in any such contract.

(b) **BY WHOM PAID.**—The tax imposed by subsection (a) shall be paid by the seller of the cotton involved in the contract of sale.

SEC. 4852. DEFINITION.

For the purpose of this subchapter, the term "contract of sale" shall be held to include sales, agreements of sale, and agreements to sell.

SEC. 4853. FORM AND VALIDITY OF CONTRACTS.

(a) **FORM.**—Each contract of sale of cotton for future delivery mentioned in section 4851 (a) shall be in writing plainly stating, or evidenced by written memorandum showing, the terms of such contract, including the quantity of the cotton involved and the names and addresses of the seller and buyer in such contract, and shall be signed by the party to be charged, or by his agent in his behalf. If the contract or memorandum specify in bales the quantity of the cotton involved, without giving the weight, each bale shall, for the purpose of this subchapter, be deemed to weigh 500 pounds.

(b) **VALIDITY.**—No contract of sale of cotton for future delivery mentioned in section 4851 (a), which does not conform to the requirements of subsection (a) of this section and has not the necessary stamps affixed thereto as required by section 4871, shall be enforceable in any court of the United States by, or on behalf of, any party to such contract or his privies.

SEC. 4854. COTTON STANDARDS.

(a) **SOURCE AND DESCRIPTION.**—Subject to the provisions of section 6 of the Act of March 4, 1923 (42 Stat. 1518; 7 U. S. C. 56), the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards of cotton by which its quality or value may be judged or determined, including its grade, length of staple, strength of staple, color, and such other qualities, properties, and conditions as may be standardized in practical form, which, for the

purpose of this subchapter, shall be known as the "Official cotton standards of the United States": *Provided*, That any standard of any cotton established and promulgated under this subchapter by the Secretary of Agriculture shall not be changed or replaced within a period less than one year from and after the date of the promulgation thereof by the Secretary of Agriculture: *Provided further*, That no change or replacement of any standard of any cotton established and promulgated under this subchapter by the Secretary of Agriculture shall become effective until after one year's public notice thereof, which notice shall specify the date when same is to become effective.

(b) PRACTICAL FORMS.—

(1) PREPARATION, CERTIFICATION, AND DISTRIBUTION.—The Secretary of Agriculture is authorized and directed to prepare practical forms of the official cotton standards which shall be established by him, and to furnish such practical forms from time to time, upon request, to any person, the cost thereof, as determined by the Secretary of Agriculture, to be paid by the person requesting the same, and to certify such practical forms under the seal of the Department of Agriculture and under the signature of the said Secretary, thereto affixed by himself or by some official or employee of the Department of Agriculture thereunto duly authorized by the said Secretary.

(2) DISPOSITION OF RECEIPTS FROM SALES.—All sums collected by the Secretary of Agriculture for furnishing practical forms under paragraph (1) shall be deposited and covered into the Treasury as miscellaneous receipts.

PART II—EXEMPTIONS

Sec. 4861. Spot cotton.

Sec. 4862. Definition of bona fide spot markets.

Sec. 4863. Basis grade contracts.

Sec. 4864. Tendered grade contracts.

Sec. 4865. Specific grade contracts.

SEC. 4861. SPOT COTTON.

This subchapter shall not be construed to impose a tax on any sale of spot cotton.

SEC. 4862. DEFINITION OF BONA FIDE SPOT MARKETS.

(a) DEFINITION.—For the purpose of this subchapter, the only markets which shall be considered bona fide spot markets shall be those which the Secretary of Agriculture shall, from time to time, after investigation, determine and designate to be such, and of which he shall give public notice.

(b) DETERMINATION.—In determining, pursuant to the provisions of this subchapter, what markets are bona fide spot markets, the Secretary of Agriculture is directed to consider only markets in which spot cotton is sold in such volume and under such conditions as customarily to reflect accurately the value of middling cotton and the differences between the prices or values of middling cotton and of other grades of cotton for which standards shall have been established by the Secretary of Agriculture: *Provided*, That if there be not sufficient places, in the markets of which are made bona fide sales of spot cotton of grades for which standards are established by

the Secretary of Agriculture, to enable him to designate at least five spot markets in accordance with section 4863 (c), he shall, from data as to spot sales collected by him, make rules and regulations for determining the actual commercial differences in the value of spot cotton of the grades established by him as reflected by bona fide sales of spot cotton, of the same or different grades, in the markets selected and designated by him, from time to time, for that purpose, and in that event differences in value of cotton of various grades involved in contracts made pursuant to section 4863 (a) and (b) shall be determined in compliance with such rules and regulations: *Provided further*, That it shall be the duty of any person engaged in the business of dealing in cotton, when requested by the Secretary of Agriculture or any agent acting under his instructions, to answer correctly to the best of his knowledge, under oath or otherwise, all questions touching his knowledge of the number of bales, the classification, the price or bona fide price offered, and other terms of purchase or sale, of any cotton involved in any transaction participated in by him, or to produce all books, letters, papers, or documents in his possession or under his control relating to such matter.

SEC. 4863. BASIS GRADE CONTRACTS.

(a) **CONDITIONS.**—No tax shall be imposed under this subchapter on any contract of sale mentioned in section 4851 (a) if the contract comply with each of the following conditions:

(1) **CONFORMITY WITH SECTION 4853 (a) AND REGULATIONS.**—Conform to the requirements in section 4853 (a) and the rules and regulations made pursuant to this subchapter.

(2) **SPECIFICATION OF GRADE, PRICE, AND DATES OF SALE AND SETTLEMENT.**—Specify the basis grade for the cotton involved in the contract, which shall be one of the grades for which standards are established by the Secretary of Agriculture, except grades prohibited from being delivered on a contract made under this section by the fifth paragraph of this subsection, the price per pound at which the cotton of such basis grade is contracted to be bought or sold, the date when the purchase or sale was made, and the month or months in which the contract is to be fulfilled or settled: *Provided*, That middling shall be deemed the basis grade incorporated into the contract if no other basis grade be specified either in the contract or in the memorandum evidencing the same.

(3) **PROVISION FOR DELIVERY OF STANDARD GRADES ONLY.**—Provide that the cotton dealt with therein or delivered thereunder shall be of or within the grades for which standards are established by the Secretary of Agriculture except grades prohibited from being delivered on a contract made under this section by paragraph (5) and no other grade or grades.

(4) **PROVISION FOR SETTLEMENT ON BASIS OF ACTUAL COMMERCIAL DIFFERENCES.**—Provide that in case cotton of grade other than the basis grade be tendered or delivered in settlement of such contract, the differences above or below the contract price which the receiver shall pay for such grades other than the basis grade shall be the actual commercial differences, determined as herein-after provided.

(5) **PROHIBITION OF DELIVERY OF INFERIOR COTTON.**—Provide that cotton that, because of the presence of extraneous matter of

any character, or irregularities or defects, is reduced in value below that of low middling, or cotton that is below the grade of low middling, or, if tinged, cotton that is below the grade of strict middling, or, if yellow stained, cotton that is below the grade of good middling, the grades mentioned being of the official cotton standards of the United States, or cotton that is less than seven-eighths of an inch in length of staple, or cotton of perished staple, or of immature staple, or cotton that is "gin cut" or reginned, or cotton that is "repacked" or "false packed" or "mixed packed" or "water packed," shall not be delivered on, under, or in settlement of such contract.

(6) PROVISIONS FOR TENDER IN FULL, NOTICE OF DELIVERY DATE, AND CERTIFICATE OF GRADE.—Provide that all tenders of cotton under such contract shall be the full number of bales involved therein, except that such variations of the number of bales may be permitted as is necessary to bring the total weight of the cotton tendered within the provisions of the contract as to weight; that, on the fifth business day prior to delivery, the person making the tender shall give to the person receiving the same written notice of the date of delivery, and that, on or prior to the date so fixed for delivery, and in advance of final settlement of the contract, the person making the tender shall furnish to the person receiving the same a written notice or certificate stating the grade of each individual bale to be delivered and, by means of marks or numbers, identifying each bale with its grade.

(7) PROVISION FOR TENDER AND SETTLEMENT IN ACCORDANCE WITH GOVERNMENT CLASSIFICATION.—Provide that all tenders of cotton and settlements therefor under such contract shall be in accordance with the classification thereof made under the regulations of the Secretary of Agriculture by such officer or officers of the Government as shall be designated for the purpose, and the costs of such classification shall be fixed, assessed, collected, and paid as provided in such regulations. All moneys collected as such costs may be used as a revolving fund for carrying out the purposes of this paragraph. The Secretary of Agriculture is authorized to prescribe regulations for carrying out the purposes of this paragraph, and the certificates of the officers of the Government as to the classification of any cotton for the purposes of this paragraph shall be accepted in the courts of the United States in all suits between the parties to such contract, or their privies, as prima facie evidence of the true classification of the cotton involved.

(b) INCORPORATION OF CONDITIONS IN CONTRACTS.—The provisions of subsection (a) (3), (4), (5), (6), and (7) shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memoranda evidencing the same, at or prior to the time the same is signed, the phrase "Subject to Internal Revenue Code, section 4863."

(c) DELIVERY ALLOWANCES.—For the purpose of this section, the differences above or below the contract price which the receiver shall pay for cotton of grades above or below the basis grade in the settlement of a contract of sale for the future delivery of cotton shall be determined by the actual commercial differences in value thereof upon the sixth business day prior to the day fixed, in accordance with sub-

section (a) (6), for the delivery of cotton on the contract, established by the sale of spot cotton in the spot markets of not less than five places designated for the purpose from time to time by the Secretary of Agriculture, as such values were established by the sales of spot cotton, in such designated five or more markets: *Provided*, That for the purpose of this subsection such values in the said spot markets be based upon the standards for grades of cotton established by the Secretary of Agriculture: *And provided further*, That whenever the value of one grade is to be determined from the sale or sales of spot cotton of another grade or grades, such value shall be fixed in accordance with rules and regulations which shall be prescribed for the purpose by the Secretary of Agriculture.

SEC. 4864. TENDERED GRADE CONTRACTS.

(a) **CONDITIONS.**—No tax shall be imposed under this subchapter on any contract of sale mentioned in section 4851 (a) if the contract—

(1) **COMPLIANCE WITH SECTION 4863.**—Comply with all the terms and conditions of section 4863 not inconsistent with this section; and

(2) **PROVISION FOR CONTINGENT SPECIFIC PERFORMANCE.**—Provide that, in case cotton of grade or grades other than the basis grade specified in the contract shall be tendered in performance of the contract, the parties to such contract may agree, at the time of the tender, as to the price of the grade or grades so tendered, and that if they shall not then agree as to such price, then, and in that event, the buyer of said contract shall have the right to demand the specific fulfillment of such contract by the actual delivery of cotton of the basis grade named therein and at the price specified for such basis grade in said contract.

(b) **INCORPORATION OF CONDITIONS IN CONTRACT.**—Contracts made in compliance with this section shall be known as “Section 4864 Contracts.” The provisions of this section shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memorandum evidencing the same, at or prior to the time the same is signed, the phrase “Subject to Internal Revenue Code, section 4864.”

(c) **APPLICATION OF SECTION.**—Nothing in this section shall be so construed as to relieve from the tax imposed by section 4851 (a) any contract in which, or in the settlement of or in respect to which, any device or arrangement whatever is resorted to, or any agreement is made, for the determination or adjustment of the price of the grade or grades tendered other than the basis grade specified in the contract by any “fixed difference” system, or by arbitration, or by any other method not provided for by this subchapter.

SEC. 4865. SPECIFIC GRADE CONTRACTS.

(a) **CONDITIONS.**—No tax shall be imposed under this subchapter on any contract of sale mentioned in section 4851 (a) if the contract comply with each of the following conditions:

(1) **CONFORMITY WITH RULES AND REGULATIONS.**—Conform to the rules and regulations made pursuant to this subchapter.

(2) **SPECIFICATION OF GRADE, PRICE, DATES OF SALE AND DELIVERY.**—Specify the grade, type, sample, or description of the cotton involved in the contract, the price per pound at which such

cotton is contracted to be bought or sold, the date of the purchase or sale, and the time when shipment or delivery of such cotton is to be made.

(3) **PROHIBITION OF DELIVERY OF OTHER THAN SPECIFIED GRADE.**—Provide that cotton of or within the grade or of the type, or according to the sample or description, specified in the contract shall be delivered thereunder, and that no cotton which does not conform to the type, sample, or description, or which is not of or within the grade specified in the contract shall be tendered or delivered thereunder.

(4) **PROVISION FOR SPECIFIC PERFORMANCE.**—Provide that the delivery of cotton under the contract shall not be effected by means of "set-off" or "ring" settlement, but only by the actual transfer of the specified cotton mentioned in the contract.

(b) **INCORPORATION OF CONDITIONS IN CONTRACT.**—The provisions of subsection (a) (1), (3), and (4) shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the document or memorandum evidencing the same, at or prior to the time the same is entered into, the words "Subject to Internal Revenue Code, section 4865."

(c) **APPLICATION OF SECTION.**—This section shall not be construed to apply to any contract of sale made in compliance with section 4863 or 4864.

PART III—ADMINISTRATIVE PROVISIONS

Sec. 4871. Method of payment.

Sec. 4872. Collection and enforcement.

Sec. 4873. Liability of principal for acts of agent.

Sec. 4874. Immunity of witnesses.

Sec. 4875. Operation of State laws.

Sec. 4876. Reports of Secretary of Agriculture.

Sec. 4877. Cross references.

SEC. 4871. METHOD OF PAYMENT.

The tax imposed by section 4851 (a) shall be paid by means of stamps which shall be affixed to such contracts, or to the memoranda evidencing the same, and canceled in compliance with rules and regulations which shall be prescribed by the Secretary or his delegate.

SEC. 4872. COLLECTION AND ENFORCEMENT.

(a) **RULES AND REGULATIONS.**—The Secretary or his delegate is authorized to make and promulgate such rules and regulations as he may deem necessary to collect the tax imposed by this subchapter and otherwise to enforce its provisions.

(b) **RECORDS AND RETURNS.**—Further to effect the purpose of subsection (a), the Secretary or his delegate shall require all persons coming within its provisions to keep such records and statements of account, and may require such persons to make such returns verified under oath or otherwise, as will fully and correctly disclose all transactions mentioned in section 4851 (a), including the making, execution, settlement, and fulfillment thereof; he may require all persons who act in the capacity of a clearing house, clearing association, or similar institution for the purpose of clearing, settling, or adjusting transactions mentioned in section 4851 (a) to keep such records and to make such returns as will fully and correctly disclose all facts in their possession relating to such transactions.

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(c) **EMPLOYMENT OF OFFICERS AND EMPLOYEES.**—The Secretary or his delegate may appoint officers and employees to conduct the inspection necessary to collect said tax and otherwise to enforce this subchapter and all rules and regulations made by him in pursuance hereof.

SEC. 4873. LIABILITY OF PRINCIPAL FOR ACTS OF AGENT.

When construing and enforcing the provisions of this subchapter, the act, omission, or failure of any official, agent, or other person acting for or employed by any association, partnership, or corporation within the scope of his employment or office shall, in every case, also be deemed the act, omission, or failure of such association, partnership, or corporation, as well as that of the person.

SEC. 4874. IMMUNITY OF WITNESSES.

No person whose evidence is deemed material by the officer prosecuting on behalf of the United States in any case brought under any provision of this subchapter shall withhold his testimony because of complicity by him in any violation of this subchapter or of any regulation made pursuant to this subchapter, but any such person called by such officer who testifies in such case shall be exempt from prosecution for any offense to which his testimony relates.

SEC. 4875. OPERATION OF STATE LAWS.

The payment of any tax imposed by this subchapter shall not exempt any person from any penalty or punishment now or hereafter provided by the laws of any State for entering into contracts of sale of cotton for future delivery, nor shall the payment of any tax imposed by this subchapter be held to prohibit any State or municipality from imposing a tax on the same transaction.

SEC. 4876. REPORTS OF SECRETARY OF AGRICULTURE.

The Secretary of Agriculture is directed to publish from time to time the results of investigations made in pursuance of this subchapter.

SEC. 4877. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subchapter, see subtitle F.

Subchapter E—Circulation Other Than of National Banks

- Sec. 4881. Imposition of tax.
 Sec. 4882. Definition of bank or banker.
 Sec. 4883. Exemptions.
 Sec. 4884. Returns and payment of tax.
 Sec. 4885. Estimation of outstanding circulation in default of return.
 Sec. 4886. Cross references.

SEC. 4881. IMPOSITION OF TAX.

(a) AVERAGE CIRCULATION OUTSTANDING.—There shall be imposed—

(1) ENTIRE CIRCULATION.—A tax of one-twelfth of 1 percent each month upon the average amount of circulation issued by any bank, association, corporation, company, or person, including as circulation all certified checks and all notes and other obligations calculated or intended to circulate or to be used as money, but not including that in the vault of the bank, or redeemed and on deposit for said bank; and

(2) CIRCULATION EXCEEDING 90 PERCENT OF CAPITAL.—An additional tax of one-sixth of 1 percent each month upon the average amount of such circulation, issued as aforesaid, beyond the amount of 90 percent of the capital of any such bank, association, corporation, company, or person.

In the case of banks with branches, the tax herein provided shall be assessed upon the circulation of each branch severally, and the amount of capital of each branch shall be considered to be the amount allotted to it.

(b) CIRCULATION PAID OUT.—

(1) OWN CIRCULATION.—Every person, firm, association other than national bank associations, and every corporation, State bank, or State banking association, shall pay a tax of 10 percent on the amount of their own notes used for circulation and paid out by them.

(2) OTHER CIRCULATION.—Every such person, firm, association, corporation, State bank, or State banking association, and also every national banking association, shall pay a like tax of 10 percent on the amount of notes of any person, firm, association other than a national banking association, or of any corporation, State bank, or State banking association, or of any town, city, or municipal corporation, used for circulation and paid out by them.

SEC. 4882. DEFINITION OF BANK OR BANKER.

Every incorporated or other bank, and every person, firm, or company having a place of business where credits are opened by the deposit or collection of money or currency, subject to be paid or remitted upon draft, check, or order, or where money is advanced or loaned on stocks, bonds, bullion, bills of exchange, or promissory notes, or where stocks, bonds, bullion, bills of exchange, or promissory

notes are received for discount or for sale, shall be regarded as a bank or as a banker.

SEC. 4883. EXEMPTIONS.

(a) **CIRCULATION REDUCED TO NOT OVER 5 PERCENT OF CAPITAL.**—Whenever the outstanding circulation of any bank, association, corporation, company, or person is reduced to an amount not exceeding 5 percent of the chartered or declared capital existing at the time the same was issued, said circulation shall be free from taxation.

(b) **CIRCULATION UNDER REDEMPTION IN WHOLE.**—Whenever any bank which has ceased to issue notes for circulation deposits in the Treasury of the United States, in lawful money, the amount of its outstanding circulation, to be redeemed at par, under such regulations as the Secretary or his delegate shall prescribe, it shall be exempt from any tax upon such circulation.

(c) **NATIONAL BANKS.**—The provisions of this subchapter, relating to the tax on the circulation of banks, and to their returns, except as contained in sections 4881 (b) (2), 4883 (a) and (b), 4884 (a) (3), and such parts of sections 4884 (a) (1) and (2) and (b), 4885, and 4886, as relate to the tax of 10 percent on certain notes, shall not apply to associations which are taxed as national banks.

(d) **CIRCULATION OF INSOLVENT BANKS.**—

For exemption in case of insolvent banks, see subtitle F.

SEC. 4884. RETURNS AND PAYMENT OF TAX.

(a) **CIRCULATION OUTSTANDING.**—

(1) **TIME FOR MAKING RETURN.**—A true and complete return of the monthly amount of circulation as aforesaid for the previous six months shall be made and rendered in duplicate on the first day of December, and the first day of June, by each of such banks, associations, corporations, companies, or persons.

(2) **CALCULATION OF TAX.**—The tax imposed by section 4881 (a) shall be calculated at the rate per month prescribed by said section, so that the tax for six months shall not be less than the aggregate would be if such taxes were collected monthly.

(3) **RETURN AND PAYMENT WHEN STATE BANK CONVERTED INTO NATIONAL BANK.**—Whenever any State bank or banking association has been converted into a national banking association, and such national banking association has assumed the liabilities of such State bank or banking association, including the redemption of its bills, by any agreement or understanding whatever with the representatives of such State bank or banking association, such national banking association shall be held to make the required return and payment on the circulation outstanding, so long as such circulation shall exceed 5 per centum of the capital before such conversion of such State bank or banking association.

(b) **CIRCULATION PAID OUT.**—The amount of circulating notes referred to in section 4881 (b), and of the tax due thereon, shall be returned, and the tax paid at the same time, and in the same manner, and with like penalties for failure to return and pay the same, as provided by law for the return and payment of taxes on circulation imposed by section 4881 (a).

SEC. 4885. ESTIMATION OF OUTSTANDING CIRCULATION IN DEFAULT OF RETURN.

In default of the returns provided in section 4884, the amount of circulation and notes of persons, town, city, and municipal corporations, State banks, and State banking associations paid out, as aforesaid, shall be estimated by the Secretary or his delegate, upon the best information he can obtain.

SEC. 4886. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subchapter, see subtitle F.

Subchapter F—Silver Bullion

- Sec. 4891. Imposition of tax.
- Sec. 4892. Definitions.
- Sec. 4893. Liability for tax.
- Sec. 4894. Abatement or refund.
- Sec. 4895. Stamps.
- Sec. 4896. Applicability.
- Sec. 4897. Cross references.

SEC. 4891. IMPOSITION OF TAX.

There shall be imposed on all transfers of any interest in silver bullion, if the price for which such interest is or is to be transferred exceeds the total of the cost thereof and allowed expenses, a tax of 50 percent of the amount of such excess.

SEC. 4892. DEFINITIONS.

For the purpose of this subchapter—

(1) **COST.**—The term “cost” means the cost of the interest in silver bullion to the transferor, except that—

(A) in case of silver bullion produced from materials containing silver which has not previously entered into industrial, commercial, or monetary use, the cost to a transferor who is the producer shall be deemed to be the market price at the time of production determined in accordance with regulations issued hereunder;

(B) in the case of an interest in silver bullion acquired by the transferor otherwise than for valuable consideration, the cost shall be deemed to be the cost thereof to the last previous transferor by whom it was acquired for a valuable consideration; and

(C) in the case of any interest in silver bullion acquired by the transferor in a wash sale, the cost shall be deemed to be the cost to him of the interest transferred by him in such wash sale, but with proper adjustment, in accordance with regulations under this subchapter, when such interests are in silver bullion for delivery at different times.

(2) **TRANSFER.**—The term “transfer” means a sale, agreement of sale, agreement to sell, memorandum of sale or delivery of, or transfer, whether made by assignment in blank or by any delivery, or by any paper or agreement or memorandum or any other evidence of transfer or sale; or means to make a transfer as so defined.

(3) **INTEREST IN SILVER BULLION.**—The term “interest in silver bullion” means any title or claim to, or interest in, any silver bullion or contract therefor.

(4) **ALLOWED EXPENSES.**—The term “allowed expenses” means usual and necessary expenses actually incurred in holding, processing, or transporting the interest in silver bullion as to which an interest is transferred (including storage, insurance, and transportation charges but not including interest, taxes, or charges in the nature of overhead), determined in accordance with regulations issued hereunder.

(5) **MEMORANDUM.**—The term “memorandum” means a bill, memorandum, agreement, or other evidence of a transfer.

(6) **WASH SALE.**—The term “wash sale” means a transaction involving the transfer of an interest in silver bullion and, within 30 days before or after such transfer, the acquisition by the same person of an interest in silver bullion. Only so much of the interest so acquired as does not exceed the interest so transferred, and only so much of the interest so transferred as does not exceed the interest so acquired, shall be deemed to be included in the wash sale.

(7) **SILVER BULLION.**—The term “silver bullion” means silver which has been melted, smelted, or refined and is in such state or condition that its value depends primarily upon the silver content and not upon its form.

SEC. 4893. LIABILITY FOR TAX.

This tax imposed by this subchapter shall be paid by any person who makes, signs, issues, or sells any of the documents and instruments subject to the tax imposed by this subchapter, or for whose use or benefit the same are made, signed, issued, or sold. The United States or any agency or instrumentality thereof shall not be liable for the tax with respect to an instrument to which it is a party, and affixing of stamps thereby shall not be deemed payment for the tax, which may be collected by assessment from any other party liable therefor.

SEC. 4894. ABATEMENT OR REFUND.

The Secretary or his delegate shall abate or refund, in accordance with regulations issued under this subchapter, such portion of any tax imposed by section 4891 as he finds to be attributable to profits—

(1) **COURSE OF REGULAR BUSINESS.**—Realized in the course of the transferor's regular business of furnishing silver bullion for industrial, professional, or artistic use and—

(A) not resulting from a change in the market price of silver bullion, or

(B) offset by contemporaneous losses incurred in transactions in interests in silver bullion determined, in accordance with such regulations, to have been specifically related hedging transactions; or

(2) **SILVER FOREIGN EXCHANGE.**—Offset by contemporaneous losses attributable to changes in the market price of silver bullion and incurred in transactions in silver foreign exchange determined, in accordance with such regulations, to have been hedged specifically by the interest in silver bullion transferred.

SEC. 4895. STAMPS.

(a) **AFFIXING OF STAMPS.**—On every transfer subject to the tax imposed by section 4891, there shall be made and delivered by the transferor to the transferee a memorandum to which there shall be affixed lawful stamps in value equal to the tax thereon.

(b) **MEMORANDUM.**—Every such memorandum shall show the date thereof, the names and addresses of the transferor and transferee, the interest in silver bullion to which it refers, the price for which such interest is or is to be transferred, and the cost thereof and the allowed expenses.

(c) **CANCELLATION OF STAMPS.**—Stamps affixed under this section shall be canceled (in lieu of the manner provided in subtitle F) by

such officers and in such manner as regulations under this subchapter shall prescribe. Such officers shall cancel such stamps only if it appears that the proper tax is being paid, and, when stamps with respect to any transfer are so canceled, the transferor and not the transferee shall be liable for any additional tax found due or penalty with respect to such transfer.

SEC. 4896. APPLICABILITY.

(a) **TERRITORIAL EXTENT.**—The provisions of this subchapter shall extend to all transfers in the United States of any interest in silver bullion, and to all such transfers outside the United States if either party thereto is a resident of the United States or is a citizen of the United States who has been a resident thereof within 3 months before the date of the transfer or if such silver bullion or interest therein is situated in the United States.

(b) **TRANSFERS TO THE UNITED STATES GOVERNMENT.**—The provisions of this subchapter shall extend to transfers to the United States Government (the tax in such cases to be payable by the transferor), but shall not extend to transfers of silver bullion by deposit or delivery at a United States mint under proclamation by the President or in compliance with any Executive order issued pursuant to section 7 of the Silver Purchase Act of 1934 (48 Stat. 1179; 31 U. S. C. 316a).

SEC. 4897. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subchapter, see subtitle F.

(a) **APPLYING OF STAMPS.**—On every transfer subject to the tax imposed by section 4891, there shall be made and delivered by the transferor to the transferee a memorandum to which there shall be affixed lawful stamps in value equal to the tax thereon.

(b) **MEMORANDUM.**—Every such memorandum shall show the date thereof, the names and addresses of the transferor and transferee, the interest in silver bullion to which it relates, the price for which such interest is or is to be transferred, and the cost thereof and the allowed expenses.

(c) **CANCELLATION OF STAMPS.**—Stamps affixed under this section shall be canceled (in the manner provided in subtitle F) by

CHAPTER 40—GENERAL PROVISIONS RELATING TO OCCUPATIONAL TAXES

Sec. 4901. Payment of tax.

Sec. 4902. Liability of partners.

Sec. 4903. Liability in case of business in more than one location.

Sec. 4904. Liability in case of different businesses of same ownership and location.

Sec. 4905. Liability in case of death or change of location.

Sec. 4906. Application of state laws.

Sec. 4907. Federal agencies or instrumentalities.

SEC. 4901. PAYMENT OF TAX.

(a) **CONDITION PRECEDENT TO CARRYING ON CERTAIN BUSINESS.**—No person shall be engaged in or carry on any trade or business subject to the tax imposed by section 4411 (wagering), 4461 (2) (coin-operated gaming devices), 4721 (narcotic drugs), or 4751 (marihuana) until he has paid the special tax therefor.

(b) **COMPUTATION.**—All special taxes shall be imposed as of on the first day of July in each year, or on commencing any trade or business on which such tax is imposed. In the former case the tax shall be reckoned for 1 year, and in the latter case it shall be reckoned proportionately, from the first day of the month in which the liability to a special tax commenced, to and including the 30th day of June following.

(c) **HOW PAID.**—

(1) **STAMP.**—All special taxes imposed by law shall be paid by stamps denoting the tax.

(2) **ASSESSMENT.**—

For authority of the Secretary or his delegate to make assessments where the special taxes have not been duly paid by stamp at the time and in the manner provided by law, see subtitle F.

SEC. 4902. LIABILITY OF PARTNERS.

Any number of persons doing business in copartnership at any one place shall be required to pay but one special tax.

SEC. 4903. LIABILITY IN CASE OF BUSINESS IN MORE THAN ONE LOCATION.

The payment of the special tax imposed, other than the tax imposed by section 4411, shall not exempt from an additional special tax the person carrying on a trade or business in any other place than that stated in the register kept in the office of the official in charge of the internal revenue district; but nothing herein contained shall require a special tax for the storage of goods, wares, or merchandise in other places than the place of business, nor, except as provided in this subtitle, for the sale by manufacturers or producers of their own goods, wares, and merchandise, at the place of production or manufacture, and at their principal office or place of business, provided no goods, wares, or merchandise shall be kept except as samples at said office or place of business.

SEC. 4904. LIABILITY IN CASE OF DIFFERENT BUSINESSES OF SAME OWNERSHIP AND LOCATION.

Whenever more than one of the pursuits or occupations described in this subtitle are carried on in the same place by the same person at the same time, except as otherwise provided in this subtitle, the tax shall be paid for each according to the rates severally prescribed.

SEC. 4905. LIABILITY IN CASE OF DEATH OR CHANGE OF LOCATION.

(a) **REQUIREMENTS.**—When any person who has paid the special tax for any trade or business dies, his wife or child, or executors or administrators or other legal representatives, may occupy the house or premises, and in like manner carry on, for the residue of the term for which the tax is paid, the same trade or business as the deceased before carried on, in the same house and upon the same premises, without the payment of any additional tax. When any person removes from the house or premises for which any trade or business was taxed to any other place, he may carry on the trade or business specified in the register kept in the office of the official in charge of the internal revenue district at the place to which he removes, without the payment of any additional tax: *Provided*, That all cases of death, change, or removal, as aforesaid, with the name of the successor to any person deceased, or of the person making such change or removal, shall be registered with the Secretary or his delegate, under regulations to be prescribed by the Secretary or his delegate.

(b) REGISTRATION.—

(1) For registration in case of wagering, playing cards, narcotics, marihuana, and white phosphorus matches, see sections 4412, 4455, 4722, 4753, and 4804 (d), respectively.

(2) For other provisions relating to registration, see subtitle F.

SEC. 4906. APPLICATION OF STATE LAWS.

The payment of any special tax imposed by this subtitle for carrying on any trade or business shall not be held to exempt any person from any penalty or punishment provided by the laws of any State for carrying on the same within such State, or in any manner to authorize the commencement or continuance of such trade or business contrary to the laws of such State or in places prohibited by municipal law; nor shall the payment of any such tax be held to prohibit any State from placing a duty or tax on the same trade or business, for State or other purposes.

SEC. 4907. FEDERAL AGENCIES OR INSTRUMENTALITIES.

Any special tax imposed by this subtitle, except the tax imposed by section 4411, shall apply to any agency or instrumentality of the United States unless such agency or instrumentality is granted by statute a specific exemption from such tax.