

# CONGRESS MAKES LEVY AT \$27 FOR EVERY MAN, WOMAN AND CHILD IN THE UNITED STATES

Excess Profits Revenue at Billion, and Incomes at Nearly as Much Remain Practically Unchanged by Work of The Conferees.

Corporations Will Pay Their Full Share Toward the Financing of the War—New System of Grading the Amount of Assessment Adopted Believed to Be the Best That Could Be Devised.

Washington.—The joint conferees on the war revenue bill completed their draft after two weeks of deliberation.

As revised by the conferees the measure has been raised from the levy fixed by the senate of \$2,416,670,000 to an aggregate of approximately \$2,700,000,000. Chairman Simmons of the senate finance committee estimated that the increase made by the conferees would approach \$275,000,000.

**Profits Tax Modified.**  
The excess war profits tax, as agreed to by the conferees, is a modification of the senate bill, the principal changes being in the maximum and minimum rates of exemption upon which the tax is to be determined. The senate graduated scale of exemptions ran from 6 to 10 per cent, while the house exemption rate was 8 per cent. The conferees adopted the graduated rate of from 7 to 9 per cent.

The definition of capital, which was a point upon which the conferees argued for days, was modified so as to provide that the actual value of tangible property paid into a corporation or partnership or individual business before January 1, 1914, shall be taken as of that date. The proviso as to good will and other intangible property has been somewhat liberalized.

As to "Invested Capital."  
In calculating war excess profits the terms "invested capital" of corporations and partnerships was declared to include "actual cash paid in, actual cash value and other tangible property paid for stock or shares at the time of payment or January 1, 1914, but in no case to exceed the par value of the original securities; paid in or earned surplus and undivided profits used or employed in the business, exclusive of undivided profits earned during the taxable year."

The allowance for intangible assets includes "actual cash value of patents and copyrights paid in for stock or shares at the time of payment . . . good will trademarks, trade brands, franchises . . . if for bona-fide payments not to exceed the cash value."

It stipulates that such intangible assets exchanged for securities before March 8, 1917, not exceeding 20 per cent of the total, shall be included at a value not exceeding a fair cash value at the time of purchase.

**Postal Increases.**  
A flat increase on reading matter of 1/4 cent per pound until July 1, 1919, and 1/2 cent thereafter was provided. Advertising matter exceeding 5 per cent of the total space would be taxed from 1/4 to 2/3 cents additional until July 1, 1919, and from 1/2 to 4/3 cents more until July 1, 1920; and from 3/4 to 6/5 cents to 1921 and from 1 cent to 9/5 cents thereafter.

An additional tax of 1/4 cent per pound until July 1, 1919, and 1/2 cent thereafter, on religious, agricultural, fraternal and similar publications was adopted.

The 1 cent tax on letters, excepting drop letters and postal cards, was restored by the conferees. A 1 cent additional tax on postal and private mailing cards was added. The first-class mail increases are estimated to raise \$90,000,000, and are effective 30 days after the passage of the act. The senate provision exempting from postage letters written by soldiers and sailors abroad was retained.

**Railroad Tickets Hit.**

The conferees levied 8 per cent in lieu of the senate rate of 5 and the house rate of 10 per cent on passenger transportation, estimated to raise from the compromise levy about \$60,000,000 instead of \$37,500,000 under the senate plan. The 3 per cent tax on freight transportation was retained and the tax on express transportation was increased so that 1 cent would be levied on each 20 cents paid instead of each 25 cents. The house 10 per cent tax on Pullman accommodations, cut to 5 per cent by the senate, was restored and is estimated to raise \$5,000,000.

In lieu of the house 5 per cent tax on sales of automobiles by manufacturers and the senate federal license tax on owners, the conferees adopted a 3 per cent tax on all motor vehicles, including trucks, payable by manufacturers, producers and importers.

Taxes of 3 per cent of manufacturers' sales of musical instruments and jewelry also were written in, with a tax of 1/4 cent a foot on motion picture film.

**New Inheritance Tax.**

A new system of graduated inheritance taxes was written into the bill in lieu of the house plan and despite the senate's rejection of such taxes. The new rates on inheritances, with those of Americans in military service exempted, range from one-half of 1 per cent on \$50,000 estates to 10 per cent on estates of \$10,000,000 and more.

The bulk of the increases of between \$250,000,000 and \$300,000,000 made by

the conferees in the senate bill was secured from the postage, public utilities and manufacturing sales section and the new inheritance taxes.

With but few exceptions, the new taxes are effective with the passage of the act.

**Senate Version Stands.**

The income tax section was adopted virtually as written by the senate. The new 2 per cent normal tax on incomes of more than \$2,000 for married persons and \$1,000 for single persons is in addition to the present law exempting incomes of less than \$3,000 for single persons and \$4,000 for married persons. Thus those between the new low exemption bases and the present exemptions will pay only the 2 per cent tax, but single persons having an income of \$3,000 or more and married persons whose income is \$4,000 or more would pay the full 4 per cent normal tax.

The senate income provision allowing an additional exemption of \$200 for each dependent child to heads of families subject to the present law was retained. The exemption for children, however, does not apply to those subject to the new reduced taxes with the \$2,000 and \$1,000 exemptions, respectively, for married and single persons.

**Surtax is Agreed Upon.**

Surtaxes were agreed upon as follows:

One per cent on income over \$5,000 and less than \$7,500; 2 per cent between \$7,500 and \$10,000; 3 per cent between \$10,000 and \$12,500; 4 per cent between \$12,500 and \$15,000; 5 per cent between \$15,000 and \$20,000; 7 per cent between \$20,000 and \$40,000; 10 per cent between \$40,000 and \$80,000; 18 per cent between \$80,000 and \$100,000; 22 per cent between \$100,000 and \$150,000; 25 per cent between \$150,000 and \$200,000; 30 per cent between \$200,000 and \$250,000; 34 per cent between \$250,000 and \$300,000; 37 per cent between \$300,000 and \$500,000; 40 per cent between \$500,000 and \$750,000; 45 per cent between \$750,000 and \$1,000,000, and 50 per cent on incomes exceeding \$1,000,000.

**Increased Tax on Whisky.**

Increased senate rates on whisky and beer were virtually retained, and that on wines somewhat reduced. The tax on distilled spirits was made \$2.10 per gallon when for beverage use and \$1 less for industrial purposes, estimated to raise \$135,000,000. The amendment prohibiting importation of distilled spirits for beverage use was retained. Floor taxes to reach withdrawn liquors were approved. Beer was taxed \$1.50 per barrel additional, to raise \$46,000,000, an increase of 25 cents per barrel over the house rate.

Present wine taxes were doubled.

Taxes on nonalcoholic beverages were compromised. On prepared syrups and extracts the taxes graduated from 5 to 20 cents instead of from 3 to 12 cents a gallon were adopted. Grape juice and other soft drinks are taxed 1 cent per gallon, as provided by the senate in reducing the original 2-cent rate of the house.

Senate rates on cigars and cigarettes were retained, but those on snuff were increased from 4 cents to 5 cents a pound.

**Stamp Taxes Fixed.**

Stamp taxes agreed upon are:

Bonds of indebtedness, 5 cents on each \$100.  
Indemnity and surety bonds, 50 cents.  
Parcel post packages, 1 cent for each 25 cents of the cost of transportation.

Capital stock, original issues, 5 cents per \$100.

Sales and transfers, 2 cents per \$100.

Sales of produce on exchange, 2 cents for each \$100 value in merchandise.

Drafts, checks payable other than on sight or demand, promissory notes, except bank notes for circulation, and renewals, 2 cents for all sums below \$100 and 2 cents for each additional \$100 or fraction thereof.

Conveyance papers, 50 cents between \$100 and \$500 and 50 cents for each additional \$500.

Customs house entries, from 25 cents to \$1; entry for withdrawal from bonded warehouses, 50 cents.

Passenger vessel tickets for ports other than those in the United States, Canada and Mexico, between \$10 and \$20, \$1; between \$20 and \$50, \$2, and above \$50, \$5.

Voting proxies, 10 cents.

Power of attorney, 25 cents.

Playing cards, decks of not more than 54 cards, an additional 5 cents on the present rates.

Taxes on life insurance, eliminated from the house bill in the senate, were amended and reinserted, raising about \$5,000,000. Effective November 1 the new taxes on new insurance policies issued are 8 cents per \$100 or fraction thereof on life insurance and

## New War Tax Levies as Made by Senate and House

Washington.—The war revenue bill, as finally agreed on by the house and senate conferees provides for the raising of approximately \$2,606,320,000, as follows:

|                                     |                        |
|-------------------------------------|------------------------|
| Income tax                          | \$ 842,000,000         |
| Excess profits tax                  | 1,110,000,000          |
| Distilled spirits                   | 135,000,000            |
| Rectified spirits                   | 5,000,000              |
| Fermented liquors                   | 46,000,000             |
| Wines, etc.                         | 10,000,000             |
| Soft drinks, sirups, etc.           | 14,000,000             |
| Cigars                              | 10,000,000             |
| Cigarettes                          | 20,000,000             |
| Tobacco                             | 25,000,000             |
| Snuff                               | 1,500,000              |
| Cigarette papers                    | 200,000                |
| Freight transportation              | 77,500,000             |
| Express and parcel post             | 16,000,000             |
| Passenger transportation            | 56,000,000             |
| Pipe lines                          | 4,500,000              |
| Seats and berths                    | 2,250,000              |
| Telegraph and telephone messages    | 7,000,000              |
| Insurance policies (new)            | 5,000,000              |
| Automobiles (sale of)               | 40,000,000             |
| Musical instruments (sale of)       | 4,300,000              |
| Motion picture films                | 3,000,000              |
| Jewelry (sale by manufacturer)      | 4,500,000              |
| Sporting goods                      | 1,200,000              |
| Pleasure boats                      | 500,000                |
| Perfumes and cosmetics              | 1,900,000              |
| Proprietary medicines               | 3,000,000              |
| Cameras                             | 750,000                |
| Admissions                          | 50,000,000             |
| Club dues                           | 1,200,000              |
| Schedule A, including playing cards | 30,000,000             |
| War estate tax                      | 5,000,000              |
| Virgin Island products              | 20,000                 |
| First class mail matter             | 60,000,000             |
| Second class mail matter            | 14,000,000             |
| <b>Total</b>                        | <b>\$2,606,320,000</b> |

1 cent per \$1 on the premium charged on marine, casualty, fire and inland insurances.

Amusement taxes agreed upon provide that all persons entering places of amusement free, except employees and officials on duty and children under twelve, would pay a tax rate of 1 cent on each 10 cents or fraction thereof of the admission charge. This tax also would apply to cabarets and similar performances where the cost of entertainment is included in other costs, such as service. Holders of annual box seats would pay 10 per cent of the annual rental. Nickel theaters and shows, rides and other outdoor park amusements with a maximum admission of 10 cents and benefit entertainments and agricultural fairs were exempted.

After November 1, 1917, members of all clubs, except fraternal orders, paying more than \$12 annual dues would be subject to a 10 per cent tax.

**Exemptions Are Allowed.**  
On excess profits the conferees agreed upon a minimum deduction of 7 per cent and a maximum of 10 per cent, instead of the 6 to 10 per cent fixed by the senate. Other exemptions are \$3,000 for corporations and \$6,000 for individuals. Corporations, partnerships and individuals having no capital stock would pay a flat rate of 8 per cent on net profits in excess of \$3,000 for corporations and \$6,000 for individuals and partnerships.

Miscellaneous income tax amendments inserted by the senate were generally adopted, including the so-called Jones amendment for a tax of 10 per cent on corporations' undistributed surplus, without allowance for income taxes paid. The 10 per cent tax would not apply to undistributed income actually invested or employed in business or invested in federal securities after September 1, 1917, and 5 per cent penalty for surplus retained but not employed is provided.

In making provision for administration and collection of the new and existing taxes the conferees provided that the special tax of 12 1/2 per cent on war munitions manufacturers shall be reduced to 10 per cent, but retained to January 1, 1918. It now yields about \$29,000,000 annually and the senate had proposed its repeal.

### GARFIELD FIXES COAL PRICES

Fuel Administrator Announces Final Decision, Which Will Be Binding on All Dealers.

Washington.—Fuel Administrator Garfield announced regulations, effective at once, for the limitation of the retail prices of bituminous and anthracite coal throughout the country.

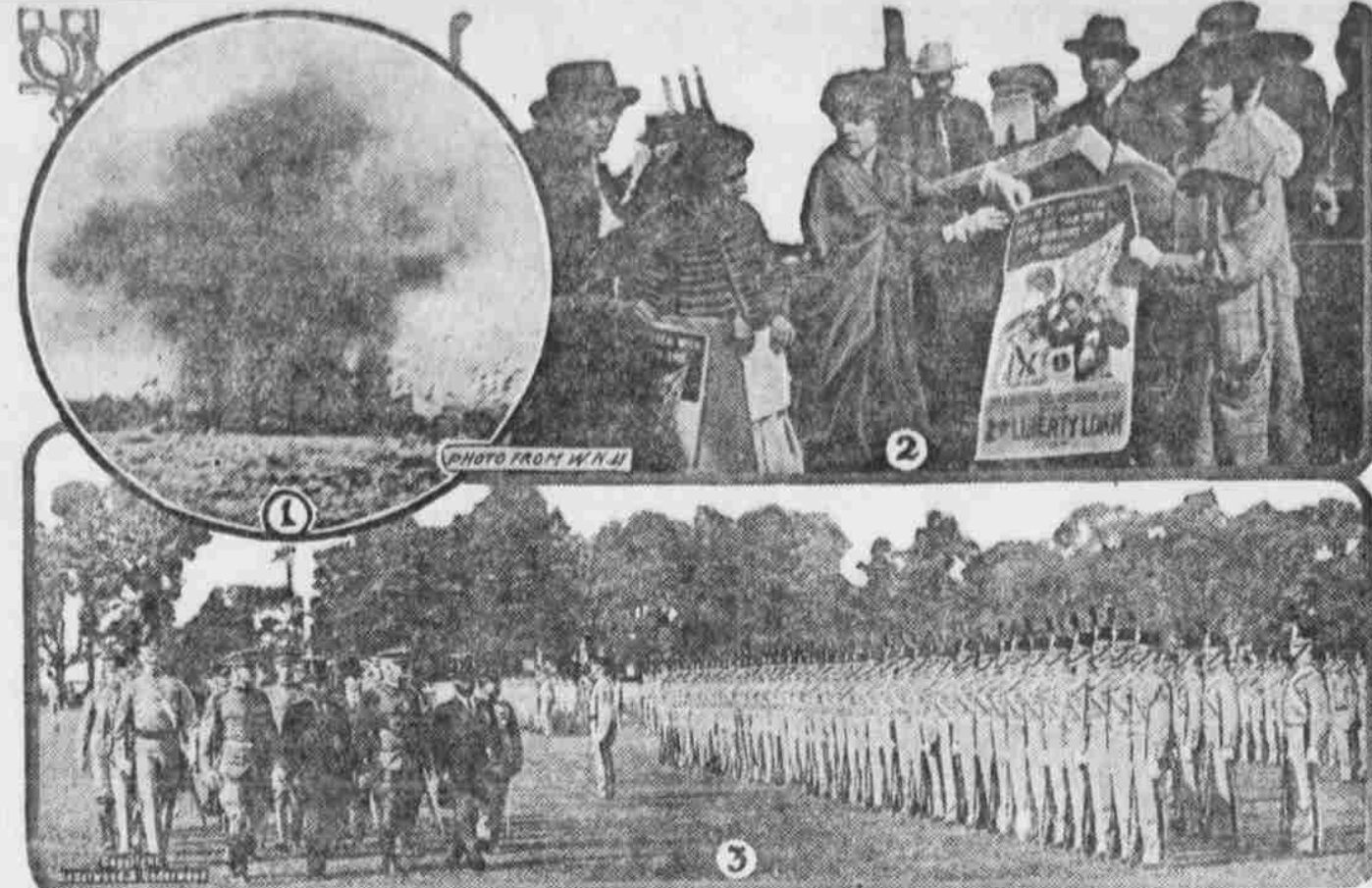
The fuel administration has fixed, in the conclusions arrived at, not the specific price which the retail dealer will be allowed to charge the consumer, but the gross margin which the retail dealer will be allowed to add to the average wholesale cost of his coal in making retail prices.

The retail dealer will be allowed to sell coal to the consumer at a price representing an advance of not more than 30 per cent over the retail gross margin of 1915. In no case, however, is the gross margin from now on to exceed the gross margin of July, 1917.

If, for example, a retail coal dealer bought a particular kind of coal in 1915 at an average of \$2 a ton and sold it to the consumer at \$3 a ton, his gross margin was \$1. Dr. Garfield now allows him to add 30 per cent to this amount, making his gross margin for 1917 \$1.30, provided that is not in excess of his gross margin in July last.

If the retail dealer now pays an average of \$3 for the same kind of coal he will be allowed to sell it to the consumer for not more than \$4.30 a ton.

Doctor Garfield selected 1915 as a normal coal production year.



1—Official photograph from the west front showing German shells bursting near one of the British forward batteries. 2—Society women of New York advertising the Liberty loan in the lower part of the city, one of their listeners being the Italian woman who has three sons at the front. The women are Mrs. James F. Curtis and Mrs. William A. Burton. 3—Viscount Ishii and other members of the Japanese mission reviewing the West Point cadets.

## NEWS REVIEW OF THE PAST WEEK

### British Again Smash Germans East of Ypres and Capture Important Positions.

### ENEMY'S MORALE IS BREAKING

Austria's Warning to the Allies—Repeated Air Raids on London Finally Determine England on Reprisals — America's War Tax Bill Now Law.

By EDWARD W. PICKARD.

Field Marshal Haig began his week's forward movement as usual on Thursday, the advance being again in the district east of Ypres on a line that seriously threatens Prince Rupprecht's communications with Ostend and Zeebrugge. This salient of the British front has been giving the Germans much anxiety, and all the first part of the week they directed at it furious though futile attacks that proved very costly.

By Saturday the British offensive had developed into one of the most pretentious yet undertaken and promised to result in a victory unequalled since the battle of the Marne. On a nine-mile front Haig's troops rushed forward for about a mile and a half, and gained possession of many German strongholds, including the ridge between Passchendaele and Zonnebeke. Great numbers of Germans surrendered.

The allies doubtless hope to cut in between the submarine bases and the main German army, but according to the belief of well-informed army men, it is not their intention to force the Germans back over any very wide area, because the territory they would be forced to abandon would first be devastated. Rather do the allies plan to memorialize the enemy with the continuous bombardment by guns of all calibers to which they have been subjected of late, and most of Haig's advances are made for the purpose of gaining possession of commanding positions, from which this terrific gunfire may be directed. That the morale of the German soldiers already is beginning to break down is evidenced by their readiness to surrender and the complaints of some divisions when ordered back to the front after a rest.

### Germans Short of Shells.

Reports from the front during the artillery duel that preceded the Thursday advance were that the British fired twenty or more shells for every one that came from the Germans. The allies' supply of munitions is now unlimited, and there is good reason to believe that the Germans are running short of shells and guns, owing partly to reduced productivity caused by the poor food of the workmen, and partly to a shortage of certain metals. The denial of General Schuech, the Kaiser's new minister of munitions, that there is any such shortage, is not convincing. Copenhagen dispatches say the leaders of German labor groups were called to main army headquarters a few days ago, not to celebrate Von Hindenburg's birthday, as was intimated, but to discuss plans for speeding up the production of munitions. Probably it was necessary, also, to take steps to appease the workmen of Essen and their wives, who held a riotous meeting recently, demanding peace and better food.

In Frankfurt, too, an immense peace meeting was held on Sunday, but that was engineered by political groups, and therefore may not have been so indicative of the sentiment of the people.

### Czerinin Warns the Allies.

In the way of peace movements, the most important event of the week was the speech of Count Czerinin, Austro-Hungarian minister of foreign affairs, which he threatened that unless the allies speedily consented to a peace

without annexations or indemnities, Austria-Hungary would revise its program and demand compensation for further costs of war. He said his country had proved that it was perfectly sound and could not be overthrown by force of arms, and consequently was in position simultaneously with its allies to lay aside arms and regulate conflicts by arbitration. Austria-Hungary certainly seems just now to be more united against the idea of a separate peace, despite the feeling of the Croats and other of its peoples, and foreign correspondents warn the United States that neither Bulgaria nor Turkey is likely to separate itself from Germany; they must be whipped together or not at all.

Count Czerinin's bold words are scarcely supported by the developments on the Austro-Italian front, for though the Austrians have been hanging on desperately to the edge of the Balkans plateau and making repeated attacks to recover lost ground, the Italians have not yielded an inch. There were indications that Cadorna was about ready for a renewal of his offensive, and that the enemy expected this was shown by the rushing westward of large numbers of Austrian and German troops from Bukovina and Romania.

### Kerensky Plan Voted Down.

If only Russia were in condition to take advantage of this troop movement, it might accomplish much. But Russia is still struggling with its internal affairs, and only in the Riga sector are its soldiers showing any disposition to fight. Up there they pushed the Germans back in several places. Meanwhile, Premier Kerensky is having desperate trouble in establishing a firm government. He appeared before the democratic congress and used very plain, even defiant language, which at first had its effect in a vote approving a coalition cabinet. But next day the Bolsheviks and other extremists gained control of the gathering and voted down the plan. To add to the perplexities of the provisional government, a serious revolt broke out in Turkestan.

The allies are following the lead of America in cutting off supplies from Sweden, Norway, Denmark and Holland, the action determined on being not joint but uniform. Last week Great Britain extended the principle heretofore followed by prohibiting the unlicensed exportation to those countries of all articles except printed matter and personal effects.

### Air Raids to Bring Reprisals?

Repeatedly last week the German air fleets raided London and the towns and countryside of Kent and Essex. Flock after flock of great airplanes flew across and dropped their loads of bombs, killing a few civilians and doing some damage to property. Not many of the deadly missiles fell on London, for the anti-aircraft guns put up a barrage fire that ringed the city.

These raids roused the people and press of England to renewed demands for reprisals, and the government seems to be ready at last to yield to the demand, for Premier Lloyd-George said to a crowd of poor people in the southwest district of London who clamored for revenge: "We will give it all back to them, and we will give it to them soon. We shall bomb Germany with compound interest." The Germans themselves are expecting reprisals and are removing to places of safety the art treasures of cities that are believed to be within reach of the British airman.

The French, less squeamish than the British have been, made reprisal raids on a number of towns last week, including Stuttgart, Baden, Frankfurt and Coblenz. This was in return for the bombing of Dunkirk and Bar-le-Duc. Though some of the places attacked by the French aviators are open towns, the immediate objectives of the raids were military establishments, and the results were good.

The British merchant vessels sunk by submarines were fewer than in any week since the opening of unrestricted U-boat warfare, but among the victims of the submarines was the British cruiser Drake, which was torpedoed off the Irish coast and sunk in shallow water. One officer and 18 men were killed by the explosion.

### Another romantic story of sea war.

fare comes from Samoa in the exploits of the crew of the German commerce raider Seendler, after their vessel stranded on a South Pacific island. The master and six others put to sea in a motor sloop armed and provisioned, and the others seized a French schooner, equipped it with guns and bombs and started out again. Since that time they have been preying on merchant vessels.

### Curbing the German Press.

The trading with the enemy act went into effect Tuesday and almost immediately Postmaster Burleson barred from the mails the Milwaukee Leader, former Congressman Berger's paper, for seditious and treasonable utterances. Many other publications have been cited by the post office department to show cause why they should not be suppressed, among these being the Illinois Staats-Zeitung.

On Thursday federal agents raided the office of the New Jersey Field Zeitung in Newark and arrested its two proprietors and three editors on charges of publishing seditious and treasonable articles.

In connection with the trial in Paris of Bolo Pashin, alleged spy, it is revealed that Bolo, who was in the United States for a few weeks early last year, arranged the transfer of at least \$1,600,000 of German money through New York banking houses to Paris to further the peace propaganda in France. It is officially stated that there is no doubt of Count von Bernstorff's complicity in the intrigue.

More than one-half of the 166 I. W. W. leaders who were indicted have been arrested and the government is ready to put them on trial.

### War Tax Bill Signed.

President Wilson signed the war tax bill Wednesday, and most of its sections became operative at once automatically. It levies for this year more than \$2,500,000,000 new taxes for war purposes and in one way or another calls for money from everybody in the country. The two largest sources of revenue will be excess profits, \$1,000,000,000, and individual and corporate incomes, \$851,000,000.

The soldiers' and sailors' insurance bill, which was passed by the senate, carries an amendment promoting Major General Pershing and Major General Bliss to the rank of general and making all commanders of army corps lieutenant generals. The bill to repatriate all Americans who have joined the allied military forces also was sent to the president for his signature.

### The shipping board gave out a statement last week showing that a large number of vessels are being built and within a few weeks the concrete results of the board's energetic work will begin to slide down the ways in many shipyards. The aircraft building program also is well under way. Secretary Baker stating that 20,000 airplanes and their motors are now under construction.

### Liberty Loan Going Well.

Under the competent leadership of Secretary of the Treasury McAdoo, the campaign for the sale of the second Liberty loan, of \$3,000,000,000, started off with a rush, and the enthusiasm and determination of the people made the success of the loan undoubted. There was just one black spot in all the country—the action of Mrs. H. O. Havemeyer of New York and other officials of the National Woman's party in advising women not to assist the loan because they have not been given national suffrage. The Maryland suffragists came back at that with a scathing denunciation, declaring that they had descended to political bribery, had disgraced the name of woman and were "mad sisters of La Follette."

The senate has been flooded with petitions from all parts of the land, from organizations and individuals, asking that Senator La Follette be expelled for his disloyalty and many of the petitioners suggest much severe punishment than mere expulsion. At first the senate committee on privileges and elections was disinclined to take any action at this session, but the universal demand evidently had its effect for on Wednesday the committee began consideration of the petitions.