

## Tax Department

**Tax Department**  
**Costs Cut Heavily**  
**Into Receipts**

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**Fine Example of Art of Red**  
**Tape Given in Check-**  
**ing Up Reports of**  
**Corporations.**

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**By HOLLAND.**

One thousand and fifty-four examiners are employed by the government to check up the reports of corporations and other business concerns.

ernment to search the books and records of American corporations so that the government can know whether these corporations and partnerships have paid what they should pay in the form of taxes. These examiners cover the entire country. They will, however, be occupied for a long time in making their investigations of the firms which have been

The salaries which these examiners receive will in the aggregate slice off a considerable part of the receipts from taxes. But these salaried payments represent only a comparatively small part of the cost which the collection and the certification of taxes that have been paid incurs.

A year or more ago the Washington authorities decided to organize a school in which the candidates would be asked to qualify for the work of examiners. Some rather puzzling results have followed the organization and operation of this school. The government was anxious to add to the number of examiners, but was not determined to appoint none but qualified men for this work.

Several hundred joined the school. Many of them were certified accountants. They were competent to make investigation of

As a result of the examinations which took place over a two months period, the government school only 54 were found qualified. Not more than 25 per cent of the chartered accountants passed the ex-

**A Single Example.** One example of an experience which a New England corporation not engaged in

manufacturing, but in a very large wholesale business was recently met with may well illustrate the kind of case in which the government is now causing the examiners to make. This corporation took utmost pains and employed highly competent service so that it might discover the cause of its trouble. The corporation itself entailed considerable expense as it has done with all corporations which have made reports and have paid taxes. But the government was not satisfied, although the corporation had spent a large sum of money. The corporation was the firm was of the highest. Its credit has always been A1 and yet one day a few

Weeks ago there appeared in the office of this company a man who said he was a government examiner and he had been instructed by the government to make a exhaustive investigation of the corporation. As he expressed it, it was his special duty to "comb out" the expense account. He called for cash books running back to 1932, and he made a comparison between the entries for one year and the entries for other years. In the expense account he found various charges due to the cost, upkeep and operation of the car. He also found that the car was also used by the salesman. He

went back to the first cost of each of these cars. Then he checked off the expense account wondering whether the depreciation had been properly allowed. He compared the first cost of the autos and electric cars with their present-day value. He traced back from 1921 to 1916 the cost and the expense charges entailed in the sale of a common car. His company has a large business which entails the employment of two powerful electric motors and a number of automobiles.

**Frying Into Everything.**

When he was through with the auto-

shobbies he called for the books which showed what the salary accounts were, and made careful comparison between the salary figures for 1917 and 1918, and the work which was paid in each succeeding year up to 1921. The entire work occupied the greater part of three weeks. The examiner called for assistance and some of the assistants were called in and he gave to him their entire time for nearly two weeks although it is probable that the government will not allow this as a part of the expense.

Having completed his examination the examiner turned over his report. This will

be a voluminous document. It goes to Washington and there is submitted to the scrutiny of government employees who spend much time in checking up on the returns. When the return is completed the government sends out three copies, one to the head office in each district, one to the local office and one to the corporation.

The administration of the tax department of the government must cost a great deal of money. It seems to be a fine example of the high art to which red tape can be brought. It represents bu-

the Treasury is not a chartered accountant in the United States who is not of the opinion that this administration could be as well carried on if a larger part of the bureau methods were omitted.

When the corporation partnership has secured from competent authorities a statement which shows what its tax obligations are and then when in good faith it pays the taxes the end is not yet. All the Treasury has to do is to get the examiners at work in an attempt to discover not so much whether a corporation has paid too much as whether it

was paid too little. There were no examinations that Senator Smoot, who is a master hand in the work of eliminating unnecessary expense and who believes that the government is enormously extravagant in the administration of some of its bureaus, had to undergo. He said that the needless work entailing the employment of many needless clerks is being done, purposes legislation which will greatly modify the methods now adopted by the Internal Revenue bureau and which is represented by more than a thousand examiners who are visiting or are about to visit the office of every

**Real Estate Transfers**

Mary Soukup and husband to Philip Greenstone, et al, 27th Ave. 63 ft. w. a. of Capitol Ave. w. a. 30x 100 ..... \$2,004

Charles Frederick Jensen and heirs to George C. Smith, Leavenworth at 150 ft. w. of 43d Ave. n. a. 60x127 ..... 2,300

Lawrence T. Hoffman and wife to	
Lee C. Nielson, et al, Cuming st.	
256 ft. e. of 47th Ave. n. s. 50x	1.700
150	
Charles A. Carey and wife to Wil-	
liam H. Smalls, et al, Burt st.	
247 ft. e. of 52d st., s. s. 50x	8.255
135	
Clinton M. Merrill and wife to	
Smalls, et al, Lafayette Ave. 152	
ft. e. of 42d st., n. s. 40x150	6.655
Charles C. Gignoux and wife to Flo-	
rence A. Burr, Leavenworth st.	
89 ft. of 44th st. s. s. 45x112	6.300
James Nelson and wife, et al, to	

Charles L. Dodge, et al., s. w. corner 27th and H st., 120x150.....	5,000
Mathias Schnitman and wife, 16th st. and H st., 160 ft. x 330 ft. ....	
John H. Irons, 16th st. and H st., s. w. of William st., w. s. 45x115 16th st., 425 ft. s. of William st., w. s. 6,23x115.4.....	2,500
Nellie C. Bruce, and husband, 16th st. and H st., 160 ft. x 330 ft. ....	
James H. Leasdy, 52d st. and 257 ft. n. of Jackson st., w. s. 60x140, 16,856.	16,856.
South Side Land Co. to Joseph Curey, s. e. corner 34th and E st., 45x130.....	325
Charles E. Barus and wife, 35th st. and H st., 160 ft. x 330 ft. ....	
Pischodinski and wife, 35th st., 160 ft. x 330 ft. ....	

165 ft. n. of H. st., w. s. 50x120.	1,150
John F. Flack and wife to Rea E. Merfield, s. e. corner 45th and Republic st.	441
Edward Cunningham to B. J. Scannell, Military Ave. 150 ft. e. of 51st st., n. s. 50x50.	804
Julius A. Johnson and wife to Fred Christensen, 150 ft. e. of 51st st. of Military Ave. s. s. 50x125.	174
Anna E. Clausen and husband to Louis Scheef, 36th st. 150 ft. e. of H. Stetman Ave. s. s. 40x125.	224
John S. Dondos and wife to John Van Bonn, 27th st. 150 ft.	

N. of Brown st., w. s. 46x114...	200
Robert Nichols and wife to Mabel Walworth, Charles st. 200 ft. e. of 47th st. N. s. 50x114	2,353
Frank W. Matteson trustee, et al. to Peter Panos and wife, 13th st. 26 ft. of Howard st. W. s. 42x124	2,598