

# CHANGES IN THE INCOME TAX LAW

Collector of Internal Revenue Calls Attention to New Law.

PORTLAND, Dec. 20.—For the information and assistance of taxpayers in preparing their income tax returns for the year 1921, Clyde G. Huntley, Collector of Internal Revenue, today gave out a statement in which he briefly discusses the material provisions of the new revenue act and points out wherein those provisions differ from the act under which last year's returns were made.

"The exemption allowed for a dependent is increased from \$200 to \$400.00," explains Collector Huntley. "Married persons living with husband or wife, and heads of families are allowed a personal exemption of \$2,500 (instead of \$2,000) unless the net income is in excess of \$5,000, in which case the personal exemption is only \$2,000. The act provides that in no case shall the reduction of personal exemption from \$2,500 to \$2,000 operate to increase the tax which would be payable if the exemption were \$2,500 by more than the amount of the net income in excess of \$5,000. This is to overcome the disparity in the case of two taxpayers, one of whom

is just within the lower \$2,000 exemption and the other just within the higher \$2,500 exemption.

"Single persons, and married persons not living with husband or wife are allowed an exemption of \$1,000 persons having gross incomes for 1921 of \$5,000 or over are required to make a return, regardless of the amount of net income.

"The excess profits tax is repealed as of January 1, 1922. The rates for 1921 are unchanged.

"For the calendar year 1922 the surtax rates range from 1 per cent on the amount of net income between \$6,000 and \$10,000 to 50 per cent on the amount by which the net income exceeds \$200,000.

"Provision is made for the repeal as of January 1, 1922, of the tax on stockholders of a personal service corporation as such. After that date such corporations are to be taxed in the same manner as other corporations.

"The income tax on corporations for the calendar year 1922 and thereafter is increased from 10 to 12 1/2 per cent. The \$2,000 exemption heretofore allowed corporations is to be granted only to those corporations whose net income is \$25,000 or less.

"Many persons are under the impression that the taxes on ice cream, soft drinks, etc., monthly returns of which are required, have been repealed with the enactment of the new act. These remain in force until December 31, 1921.

"No change is made in the tax on admissions, except that after January 1, 1922, there will be no tax where admission is 10 cents or less. Effective January 1, 1922, the following

taxes are also abolished: on musical instruments, sporting goods, chewing gum, portable electric fans, thermos bottles, fur articles, pleasure boats and pleasure canoes, (unless sold for more than \$100), toilet articles, medicines, and numerous articles of apparel.

"On and after January 1, 1922, the tax on various works of art is reduced from 10 per cent to 5 per cent, the tax on candy from 5 per cent to 3 per cent and the tax on carpets, rugs, trunks, valises, purses, fans, etc., from 10 per cent of sales price in excess of specified amounts to 5 per cent of

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