

UNDIVIDED PROFITS
FACE HEAVY LEVY
Erratic Course of Stock Exchange Explained.

LARGE RESERVES ARE HIT
Hundreds of Great Enterprises Expected to Change Policies as Result of Ruling.

BY HARDEN COLFAK.
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WASHINGTON, D. C., Oct. 21.—(Special.)—The outstanding development of the year in industry and finance rapidly is drawing to a climax at the bureau of internal revenue, the tax collecting arm of the federal government. It concerns the distribution of the earnings of corporations.

It is regarded here as being the prime cause of the spectacular and erratic course of the New York stock exchange market for this week. It probably will result in a complete change of policy by hundreds of great enterprises which have built up great reserves out of earnings, and, in the opinion of officials here, will increase income tax collections by \$100,000,000 to \$200,000,000 annually.

This remarkable and unexpected situation has been caused by a single section of the revenue law of 1921 which apparently has been generally unnoticed until the last ten days or two weeks. That section—No. 220—prescribes a tax of 25 per cent upon the undivided profits of corporations where such profits exceed a sum meeting the reasonable requirements of the business involved, and gives the commissioner of internal revenue the power to decide what shall constitute a reasonable sum.

Huge Dividends Declared.
Recent huge stock dividends, declared by oil and industrial companies, are directly traceable to that section. Others are to come. Until today it had been assumed that the commissioner of internal revenue would aid corporations in deciding on a "reasonable limit" amount of undivided profits which a corporation might hold without paying thereon the 25 per cent tax. That belief, however, according to authoritative information given this correspondent, is all wrong.

The commissioner of internal revenue will not, under any circumstances, assist any corporation in determining what is a reasonable amount of undivided profits. That will have to be decided by the corporation itself. The commission may sustain or upset the corporation's decision, but the corporation, having made up its mind and sent its tax return to the bureau, will have to take the consequence.

Time Not Limited by Law.
If a corporation retains any of its earnings in the form of undivided profits it is liable to the 25 per cent penalty upon the portion thus retained. This applies not only to earnings for the current year but for previous years. The law does not limit the time within which such earnings have accumulated. It says the penalty shall be attached to corporations permitting their "gains or profits to accumulate instead of being divided," and prescribes that the 25 per cent tax shall be levied and collected for each taxable year.

Representative Frear's suggestion that through the liberation of undivided profits the government would receive \$200,000,000 more in taxes than it now receives is regarded as fairly accurate, the estimate of total undivided profits being placed at \$2,000,000,000.

Great Concerns Is Noted.
Great concern on the part of corporations followed publication of the dispatch last week relating to this situation. For several days the officers of the ways and means committee and the senate committee, both having sponsored the revenue bill through their respective houses, were besieged by telephone inquiries, many of which came from out of town. The New York stock exchange responded to the situation with the freest market of years, the chief fluctuations being in the prices of stocks holding great accumulations of undivided profits.

VISIT TO AMERICA
PLANNED BY KAISER

Mathis for Quality
American Fleet Would Have Been Reviewed by Victor.
ALL WISDOM IS CLAIMED

YOUNG MAN PARDONED
YOUTH WHO TRIES TO MARRY MINOR GIRL IS FREED.

Governor Hart Extends Clemency to Robert B. Churchill, Who Got License by Fraud.

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PICKETS WATCH MANSION
STRIKING MINERS INVADE FIFTH AVENUE.

Home of E. J. Berwind, Head of Coal Company, Target of Union Men.

NEW YORK, Oct. 21.—The delegation of striking miners from Somerset county, Pennsylvania, employed by the Berwin-White Coal Mining company yesterday extended their picketing to the Fifth avenue residence of E. J. Berwind, in front of which two miners walked up and down, carrying placards, reading: "Just looking at E. J. Berwind's home, we, his evicted miners, have to live in tents and chicken coops."

LINN REGISTRATION GAINS
Increase of 480 Over May Primaries Shown in County.

ALBANY, Or., Oct. 21.—(Special.)—Registration in Linn county for the general election next month is 480 over that for the May primaries, figures announced by the county clerk today. The total number of registered voters in the county at present is 11,124. This is a decrease of 2217 from the presidential year of 1920. Of the 11,124 registered voters, 75 men and 148 women are republicans, the republican party has 3997 men and 2677 women, the democrats 3202 men and 1423 women, prohibiting 75 men and 148 women, socialists 108 men and 54 women, Independents and non-partisans number 338.

TIMBER SOLD AT AUCTION
Government Offers Pine, Fir and Cedar to Highest Bidders.

EUGENE, Or., Oct. 21.—Two big auction sales of government timber will be held in Oregon early next month, according to officials of the Cascade national forest, with headquarters here. The first sale will be November 1 at the United States land office at Lakeview, when 8,000,000 feet of mostly pine, with smaller quantities of red fir, sugar pine and red cedar, will be offered to the highest bidder.

Building Permits Increase
ROSEBURG, Or., Oct. 21.—(Special.)—Building permits issued in Roseburg to date amount to \$256,804. It was announced this afternoon that building this year is considerably in excess of last year and is featured particularly by the construction of a residence and apartment house. One apartment house, valued at \$125,000, is under construction. Two concrete garage buildings, a lodge hall and a club building have also been built during the year. Last year the building permits totaled approximately \$185,000.

High-Grade Ore Found.
HAINES, Or., Oct. 21.—(Special.)—Andy Hinson, on a mining claim in the mountains west of Haines, reports the striking of an 11-foot vein of high-grade ore, chiefly siliceous, but containing a large percentage of gold. The vein was encountered while making a cross-cut and its length has not been determined. Hinson is operating in what is known as the Panama group, where several apparently good properties have been discovered by prospectors during the past few months.

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Plot Seen in Uniforms.
Third: The British warlike intentions were proved by the stocks of British military uniforms in Belgium. And is it equally new that Americans made their greatest mistake. They would never have been brought into the war against me by Northcliffe, Tardieu and Company if they had known my plans. "They will care with shame and regret when I tell them. Although I knew the president of the United States could not return my visit, I intended directly after the conclusion of peace to fly over Cousin George's land, prostrate in the dust, in a Zeppelin and remain four weeks in the land of the Stars and Stripes. It would have been a much greater event than when my brother Henry visited my friend Teddy when he was president. My costumes were all ready.

gold digger or a modern farmer. I would have inspected the soldiers on Fifth avenue in the purple cloak of the Black Eagle and in Wall street would have appeared in court hunting uniform. "In Washington I would have appeared as a general field marshal, with full decorations. I would have received every delegation in the uniform of the country of their origin, and would have distributed so many orders and titles that Americans at last would have realized wherein the proper charm and aim of life lies. We should have heard no more heretofore about democracy and such foolishness. I had still greater plans to lecture in Carnegie

hall on the Bible and the North German legend and the relationship of the big Bertha to both. "I would have lectured in the Metropolitan museum on my archeological discoveries in Corfu; would have told Americans how to alleviate cold in Alaska and heat in Florida; how to make the Panama canal as advantageous as the Nicaraguan route; how to convert the grapefruit into food; Tammany into the Temple of the Holy Grail. The negro, Japanese and Chinese problems would have been solved by me in the twinkling of an eye, and good and willing servants instantly would have been found for the new world queens."



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