

INCOME TAX LAW EXPLAINED AS TO DIVIDEND LISTING

Payments Are to Be Considered
as Made From Latest Earn-
ings of Corporation.

STOCK IS TAXED AS CASH

Taxpayer Must Secure Informa-
tion Himself as to Portion
Properly Taxable.

Questions Will Be Answered
Out of the mass of questions that
daily are being put up to the col-
lector of internal revenue office by
those seeking information concern-
ing the scope and application of the
income and war revenue tax acts, the
office has compiled a list of the
most common questions covering
those points which seem to cause the
most uncertainty in the minds of
the taxpayers. Those questions have
been answered by the experts in the
collector's office, and the answers
will be printed, from day to day,
until the entire list has been com-
pleted—this for the information
of those who come within
the act.

Information of much interest to cor-
porations and to holders of corporate
stock is contained in the following ques-
tions and answers prepared by the of-
fice of the collector of internal revenue,
dealing with the income tax law, and
printed here for the information of the
public:

Q. The net earnings of a corporation
in which I held stock in the year 1916
amounted to \$50,000, which amount was
carried to surplus account. Its net earn-
ings from January 1 to September 1,
1917, amounted to \$70,000, and on this
latter date these net earnings were car-
ried to surplus and cash dividend of
\$50,000 declared and soon thereafter paid.
What income taxes are to be assessed
against this dividend?

A. Section 31 (b) of the act of Sep-
tember 8, 1916, as amended by the war
revenue act, provides, in part, as fol-
lows:

"Any distribution made to the share-
holders or members of a corporation,
joint stock company or association or
insurance company, in the year 1917 or
subsequent tax years, shall be deemed
to have been made from the most re-
cently accumulated undivided profits or
surplus, and shall constitute a part of
the annual income of the distributee for
the year in which received, and shall be
taxed to the distributee at the rates
prescribed by law for the years in which
such profits or surplus were accumulated
by the corporation, joint stock company,
association or insurance company."

Therefore, the dividend to which you
refer is to be charged against the most
recently accumulated earnings or sur-
plus; that is, against the \$70,000 earned
during 1917 and carried to surplus on
the day the dividend was declared, and
it will be subject to the additional tax
at the rates prescribed by the act of
September 8, 1916, and also at the rates
prescribed by the war revenue act of
October 3, 1917.

Q. Suppose that, instead of declaring
a dividend of \$50,000, this corporation
had declared a dividend of \$100,000.

A. If such had been the case, the
entire amount of net earnings carried to
surplus on September 1, 1917, would have
been subject to additional tax at the
same rates as the dividend mentioned in
your inquiry next above, and the bal-
ance, or \$50,000, would have been held
and would have been subject to the ad-
ditional tax only at the rates prescribed
in the act of September 8, 1916.

Q. Assuming that, instead of paying
this dividend to each shareholder, the
corporation had capitalized the same amount of surplus,
as was distributed in cash, or \$100,000,
and issued the new stock to its share-
holders as a dividend, would this divi-
dend be taxable?

A. Yes, just the same as though it
had been paid in cash.

Q. A corporation began business Janu-
ary 1, 1913. Its net earnings were as fol-
lows:

Jan. 1, 1913, to March 1, 1913.....\$10,765
March 1, 1913, to Jan. 1, 1914.....5,320
For the year 1914.....7,847
For the year 1915.....11,000
For the year 1916.....15,300
Jan. 1 to Sept. 1, 1917.....27,400

Amount, surplus on hand Sep-
tember 1, 1917.....\$77,025
The corporation never paid a dividend
until September 1, 1917, on which date
it declared and paid a dividend of \$77,-
025. How will this dividend be taxed?

A. That portion of the dividend
which represents the distribution of 1917
earnings, or \$27,400, will be subject to
the additional tax at the rates prescribed
in the act of September 8, 1916, and also
in the war revenue act of October 3, 1917,
and that portion which represents 1916
earnings, or \$15,300, at the rates pre-
scribed in the act of September 8, 1916,
only; that portion which represents
earnings which accrued from March 1,
1913, to January 1, 1916, at the rates of
additional tax prescribed in the act of
October 3, 1917. The remainder, or \$34,-
325, is exempt from tax under that por-
tion of Section 31 (b) which states that:

"But nothing herein shall be construed
as taxing any earnings or profits ac-
rued prior to March 1, 1913, but such
earnings or profits may be distributed in
stock dividends or otherwise, exempt
from the tax, after the distribution of
earnings and profits accrued since March
1, 1913, has been made."

Q. Will it be the taxpayer's duty to
advise himself what proportion of a divi-
dend received by him is properly char-
geable under Section 31 (b), act of Sep-
tember 8, 1916, as amended, to the cor-
porate earnings or profits for each tax
year?

A. Yes.

**VICTIM IDENTIFIES DEAD
ARMY CAPTAIN AS MAN
WHO ROBBED AND KILLED**

(Continued From Page One)

believe the money may have been carried
away in this.
Federal bank examiners and military
officials refused to estimate the amount
stolen until the checking of accounts is
completed sometime late today. Reports
were current, however, that the amount
might reach \$75,000.
The only portion of the loot so far re-
covered is a roll of 39 one dollar bills,
found in the snow a short distance from
the bank. The walls and floor
Whitaker's quarters are being torn
open today in search of a possible hid-
ing place for the money.
The woman to whom Whitaker ad-

ressed a note telling of his contem-
plated suicide, is to be traced and her
knowledge of the affair established.

Girl Faints at News

Although the name of the young
woman to whom Captain Whitaker ad-
dressed the note, found after he had
ended his life, would not be divulged
by army officers, it was learned that
she attends school at Ottawa, Kan.

According to reports, she is but 17
years old and an orphan. She became
acquainted with Whitaker when he was
employed as a railway mail clerk. Whit-
aker and the girl boarding at the same
home in Ottawa.

When told that Captain Whitaker had
ended his life, the girl swooned, but
soon revived and exclaimed: "Oh, it
cannot be. He was too nice and good
a man. I knew him only as I knew the
other roomers at the house."

Officials completely absolved her from
any guilty connection with his crime.

RUSSIANS MURDER 62 OFFICERS FROM NAVY

(Continued From Page One.)

have been resumed there.
A dispatch from Khabarovsk said that
the Turks had landed 20,000 troops from
Black sea transports near Trebizond and
that a submarine which was with the
transport sunk a big Russian transport.
Both acts were direct violations of the
armistice.

To Confer in Moscow

Petrograd, Jan. 14.—(U. P.)—Russia's
delegates to the peace conference will
return to Petrograd on Tuesday, ac-
cording to word received from Brest-
Litovsk today. Future negotiations, it
was understood, will be transferred to
Warsaw.

The first detachment of red guards
under the Bolshevik army left for the
front today.
A German officer who deserted and
escaped to the Russian lines told the
foreign office today that German sol-
diers were refusing to go to the west
front and at one place on the northern
front where this refusal developed into

a mutiny with open fighting, the Ger-
man commander had shot 250 rebels.
Delayed advice as to the final ses-
sions of the peace conference at Brest-
Litovsk, as received today, declared that
the Russian delegates demanded return
of war refugees from the Polish and
Lithuanian districts before the self de-
termination plan was carried out.

VIII-Continue Demands

A further stipulation demanded by the
Russians was that there be no forcible
mobilization of the Poles or Lithuan-
ians and that those of this nationality
arrested for taking up arms against the
central powers of imprisoned for peace
efforts, be released forthwith.

To these demands the Germans re-
plied that they all involved an internal
policy and were therefore not subject
to discussion. The Russians announced
this answer was unsatisfactory, and
that they would continue pressing their
demands.

The Russian delegates today for-
warded their version of last Thursday's
critical session of the peace conference.
After Delegate Golubovitch had an-
nounced the representation of the
Ukrainian republic at the meeting, Ger-
man Foreign Secretary Kuhlmann in-
quired whether the Russians intended to
continue as "sole directors of the nego-
tiations."

Effort Made to Divide Russians

Foreign Secretary Trotsky replied that
he and other Russian delegates ac-
cepted the Ukrainian declaration of a
separate Ukrainian independence in view
of the Russians' acceptance of the prin-
ciple of self-determination.
Kuhlmann insisted that Ukrainians
only be permitted to participate in the
conference independently, apparently to
establish the double character of the
Russian representation and to divide the
strength of the Russians.

Trotsky then replied that the Ukrain-
ian republic was still in process of for-
mation, and Golubovitch, in supporting
him, asserted that the Ukrainians and
Russians were proceeding as "represent-
atives of one front."

According to the Russian version,
Kuhlmann's efforts were thus frus-
trated. The conference then agreed to
subdivide and discuss the various ques-
tions by committees.
Kuhlmann, it was stated, had de-

clined to answer immediately the Rus-
sian declarations reiterating that their
democratic program offered the only
basis of peace.

Newspapers of the Bolshevik regard
President Wilson's message with mixed
feelings, but on the whole, the verdict is
favorable.

"It is unquestionably a very important
political event," declared the Daily Na-
roda today. "Russian democracy must
regard the program outlined with the
greatest attention in view of the
declarations against Russia's territorial
division and against a peace at our ex-
pense. Even more than Lloyd George's
speech, it shows the evolution of opinion
of rulers since the allies' replies to the
peace."

The Pravda criticized the message, but
held that "America now shows her
friendship and her readiness to cooperate
in a general peace battle."

The editorial attacked the president's
speech for giving evidence that "the
American course not only recognizes the
power of the Bolshevik but has an-
nounced its severance with them."

Comment of the Novyazhsk was dis-
tinctly unfavorable.

"It is unsatisfactory in many points,"
the editorial asserted. "It has an im-
perialistic character. It cynically pro-
claims the right of self-determination of
foreign peoples, but not of those under
allied rule."

PEACE MOVE MAY BE DELAYING ADVANCE IN WEST, LONDON THINKS

London, Jan. 14.—(I. N. S.)—The
second Sunday in the new year—the 126th
day of the great war—was far more
quiet on all fronts than was the first
Sunday, and general tension in military
quarters, due to the expectation of an
early German offensive in the west, has
correspondingly subsided. This expecta-
tion still prevails, but there is a well-de-
fined theory that Hindenburg has post-
poned his western drive. In political
circles there is much speculation as to
whether he did so voluntarily, or yielded

to political pressure or military neces-
sity.

Peace Movement Dominates

Some dispatches from German sources
have, indeed, hinted that during the re-
cent political crisis in Berlin a "gentle-
man's agreement" was reached between
the Socialists and the high command—
through the medium of Reichstag "bloc"
spokesmen—not to make the supreme
effort in the west until the diplomats
had had every possible chance to bring
about peace by negotiation.

From these hints some observers here
reach the conclusion that the German
offensive in the west has again been
put off, for a month at least, simulta-
neously with the extension of the
Russo-Turkish armistice.

Drive Might Excite Russians

There is a section of influential lead-
ers in Germany, including some of the
army chiefs, who believe that a big
drive in the west before peace has been
actually concluded with Russia would
antagonize the Russians, who would see
in it a Teuton effort to add to the con-
quests in the west.

Added reasons for the supposed post-
ponement are seen in the weather fac-
tor, an offensive a month hence being
much easier in that respect than now,
and in the German hopes that the Li-
thuanians meanwhile will aggravate the
economic situation in the entente coun-
tries.

Teuton Activity Still in West

However correct these rumors of Ger-
man plans may be, the fact is that
even the "feeling out" activity on the
part of the Teutons in the west has
died down during the past week and
the situation is almost what it has been
in past winters, when the armies were
resting in their winter quarters.

On the Italian front snow drifts,
though not as heavy as they were about
this season in previous years, are vir-
tually precluding operations on a large
scale. There were the usual bombard-
ments and raids, the Italians, French
and British showing a marked ascendancy
in the initiative.

President Silent on Russia

Washington, Jan. 14.—(I. N. S.)—Am-
bassador Francis "has not been and will
not be" recalled from Petrograd. This

RESULT OF A BAD NOSE DIVE BY AN AIRPLANE



A broken nose quite frequently happens to airplanes when in the hands
of young cadets beginning to learn the art of flying. This photo-
graph shows the result of an awkward landing.

statement was made at the state depart-
ment in answer to reports that the de-
partment and the president were dis-
pleased with the information or lack of
information from Ambassador Francis
concerning the Bolshevik government.

President Wilson continues to with-
hold information as to his attitude to-
ward the Russian government, should a
separate peace be finally concluded at
Brest-Litovsk. Officials point out, how-
ever, that the United States in that
event can take a more conciliatory at-
titude toward Russia than France, Eng-
land or Italy, which were lined up with
Russia in the "No separate peace" pact.

Closer contact with the United States
and Russia, officials say, might even
be used to advantage in spreading dem-
ocratic propaganda through Germany.

Salem Chief of Police Is Dead

E. E. Cooper Had Been Suffering From
Pneumonia. Was Apparently Improv-
ing When Blood Clot Brought End.

Salem, Or., Jan. 14.—E. E. Cooper,
chief of Salem police, died at an early
hour this morning from pneumonia. He
had been ill about 10 days, and ap-
peared to be improving, when last night
a blood clot formed on the brain and
soon brought the end. He leaves a
widow and two sisters and two brothers.
The sisters are Mrs. George Kearns,
Grants Pass, and Miss Cora Cooper,
Stayton. The brothers are William
Cooper, Stayton, and Oliver Cooper,
Hamilton, Mont.

For eight years Mr. Cooper was deputy
sheriff under John Knight and
Frank Wrightman. For four years he
was constable for Salem district, and
about a year ago was elected chief of
police.

Mr. Cooper was a member of the
Woodmen, Odd Fellows and Elks. He
was 51 years old, and came to Oregon
with his parents when he was four
years old.

Irish Organization Thanks Miss Rankin

San Francisco, Jan. 14.—(I. N. S.)—
Because of her action in introducing
into the house of representatives a res-
olution favoring Irish independence,
Representative Jeannette Rankin of Mon-
tana has been thanked by the Robert
Emmett branch, Friends of Irish Free-
dom.

"We trust your colleagues," says the
telegram sent to the woman revolu-
tionist, "will second your noble efforts in
demanding that Ireland, to whom Amer-
ican independence owes much, be treated
on the same basis as Poland and the
other oppressed nations for which we
are now fighting."

Dr. Dallas, expert Optician, will fit your glasses
perfectly. Come and see him.
Second Floor—Lipman, Wolfe & Co.

Lipman Wolfe & Co. Merchandise of Merit Only

Pictorial Review Magazine and Style Sheets
and Pictorial Review Patterns for February
—Second Floor, Lipman, Wolfe & Co.

The Last Week But ONE in Our Drive Against RISING PRICES You Can ONLY Benefit in This Event If YOU ACT at Once, and Take Advantage of Our SALES

This Is APPAREL WEEK—Featuring Sales in NEW COATS and SUITS

FROM A DAILY PAPER

55 Suits \$16.85

THINK OF IT!

—Fine, smart suits made of wool poplin and serges
—why, with present dress goods prices you would
almost pay that much for the material alone—and
then, remember these suits are in the latest models
for wear right into Summer—and then again next
Fall—and they come in navy and black and green
and Burgundy, in tailored and belted models—BUT
WHY GO ON? Come—See them—and then YOU
WILL BUY ONE!

New Coats \$20

—Just the price—to finish out the season—then to
wear again ANOTHER season—and, BEST OF
ALL, you get BETTER materials now than later—
and the saving is VERY GREAT. They come in
Taupe, Navy, Plum, Black, Dark Green, Brown.
YOU WILL WANT ONE OF THESE COATS!

Third Floor—Lipman, Wolfe & Co.

We Are Driving Down Prices This Week on BED SPREADS

As We Are On All Linens, Sheets and Cottons

—Bed Spreads—hundreds to select
from—away below the regular
prices. Crochet and satin bed
spreads in every wanted size, in do-
mestic and imported.

FULL SIZE CROCHET SPREADS \$2.25

—Splendid weight and finish.
Comes in the crochet weave, with
heavy raised patterns. Hemmed
ends.

SINGLE SIZE BED SPREADS \$2.50

—The correct size for hospitals and
single beds for the home. Extra
heavy weight, splendid finish.
Hemmed ends.

FULL SIZE CROCHET SPREADS \$2.85

—An exceptionally heavy weight
bed spread for full size beds. Comes
with hemmed ends.

FULL SIZE SATIN BED SPREADS \$3.75

—A splendid finish. Comes in a
good assortment of scroll and floral
patterns. Hemmed ends.

HEMMED AND SCALLOPED BED SPREADS \$5.25 and \$5.75

—Finest grade of fine satin bed
spreads in new floral and scroll
patterns; heavy raised designs for
full size beds.

HEMMED \$5.25 SCALLOPED \$5.75

—Imported English bed spreads for
three-quarter and full size beds.
These prices are the same as we
sold these spreads for over 2 years
ago.

3/4 SIZE, HEMMED OR SCALLOPED, \$5.00, \$6.50, \$7.00

FULL SIZE, HEMMED OR
SCALLOPED, \$6, \$6.50, \$9.00

Second Floor—Lipman, Wolfe & Co.

HUNDREDS OF SWEATERS ARE FOUND USELESS

Poor Yarn, Foisted on Pub-
lic by Profiteers, Rots in
Few Weeks.

INVESTIGATION MADE!

INVESTIGATION MADE!

BUT THE YARN

DID NOT COME

FROM THIS STORE

—Lipman Wolfe & Company read with
great interest the article printed in a
local newspaper regarding the poor
quality of yarns used by knitters in
making sweaters for the soldiers. It
is gratifying for us to record that, not-
withstanding the telegrams and letters
received from manufacturers offering us
yarn of inferior qualities, we refused
steadfastly to purchase the same, know-
ing that it would not give satisfaction.
—This store has sold Minerva Yarns
only. Minerva Yarns are of the highest
quality possible to obtain. The yarns
have never varied, and the yarn today
is as good as it was before war-
time. Today some stores are still
selling yarns of inferior quality and have
been for weeks past.

—The woman who has purchased Mi-
nerva Yarns and knitted sweaters for
the soldiers and sailors has the great
satisfaction of knowing that her sweat-
ers will give the warmth and wear and
service that good sweaters should.

—This store still has vast quantities of
Minerva Yarns for private knitters, so
that all women who contemplate knit-
ting sweaters can secure the service
here with a guarantee that it is the
best yarn obtainable, and certain to
give the greatest possible service.

Fifth Floor—Lipman, Wolfe & Co.

Second Floor—Lipman, Wolfe & Co.

JANUARY SALE of RUBBER GOODS

—New stocks for our January rubber goods sale, all with a liberal
guarantee as to length of service and all bought months ago,
insuring substantial savings.

Hot Water Bottles

Hercules, 2-quart size, at.....89c
Lily Bottle, 2-quart size, guaranteed 1 year.....\$1.29
Reliable Bottle, 2-quart size, guaranteed 1 year.....\$1.49
Lily Bottle, 3-quart size, guaranteed 1 year.....\$1.79
Reliable Bottle, 3-quart size, guaranteed 1 year.....\$1.98
Standard Bottle, 2-quart size, guaranteed 2 years.....\$1.98
Standard Bottle, 3-quart size, guaranteed 2 years.....\$2.19

Combination Syringe and Water Bottles

Hercules, 2-quart red rubber, for.....\$1.49
Lily, 2-quart, Maroon Rubber.....\$1.79
Lily, 3-quart, Maroon Rubber.....\$1.98
Reliable, 2-quart, Maroon, guaranteed 1 year.....\$2.19
Standard, 3-quart, Red Rubber, guaranteed 2 years.....\$2.98

Fountain and Bulb Syringes

Witholt Style Syringe, at.....89c
Royal Spray Vaginal Syringe.....\$1.19
Bulb Syringe, old style, for.....47c
Hercules Fountain Syringe.....89c
Lily Fountain Syringe, 3-quart.....\$1.49
Standard Syringe, 2 quarts.....\$1.98
Syringe Combination Outfit, fits any hot water bottle, for.....69c
Rubber Gloves, red or black, pair.....43c
Rubber Face and Bath Sponges.....8c
Bailey Complexion Brush.....43c
Infant Syringes.....19c
Children's or Face Water Bottle.....79c
Syringe Tubing, Length for.....27c

Main Floor—Lipman, Wolfe & Co.

Tuesday Is Always House Dress Day

Striped Galatea and Gingham
DRESSES AT \$1.98

—300 new house dresses in straight style,
button front, full belted, large pockets,
and collar. Plaid ginghams and striped
galatea and percales, in good colorings.

Pink Middy Aprons 85c

—Regulation middy styles. Laced front,
sailor collar and collarless and full belted.
Side pockets.

An Assortment House Dress Aprons in One Lot at \$1.19

—Many styles in the best models, in
percales. All full belted and finished in
colors or white.

House Dress Aprons \$1.29

—3/4 belt and large pocket aprons in
fancy striped percales.

House Dress Aprons \$1.49

—An assortment of many styles of ging-
hams and percales. Full belted models.
—Fourth Floor, Lipman, Wolfe & Co.

The Challenge Sewing Machine

Just 12 machines left.

\$25.00—\$1.00 Down—50c Week

Price Advances January 27.

Second Floor—Lipman, Wolfe & Co.

JANUARY SALE of REMNANTS

On the Bargain Tables and Circles, First Floor