annual report

COMMISSIONER OF INTERNAL REVENUE

1963

FOR THE FISCAL YEAR
ENDED JUNE 30, 1963

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INTERNAL REVENUE SERVICE • UNITED STATES TREASURY DEPARTMENT

88th Congress, 2d Session . . . . . House Document No. 256

COMMISSIONER OF INTERNAL REVENUE

1963 annual report

FOR THE FISCAL YEAR ENDED JUNE 30, 1963

INTERNAL REVENUE SERVICE • UNITED STATES TREASURY DEPARTMENT

NOTES: All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1963" pertain to the fiscal year ended June 30, 1963, and "July 1" inventory items under this heading reflect inventories as of July 1, 1962.

In many tables and charts, figures have been rounded and may not add to the totals which are based on unrounded figures.

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COMMISSIONER CAPLIN AND HIS ADVISORY GROUP (see p. 59)

This Committee which represents professional and other private groups concerned with Federal taxation provides constructive criticism of Internal Revenue policies and procedures and suggests ways in which the Service can improve its operations.

U. S. TREASURY DEPARTMENT

Commissioner of Internal Revenue

WASHINGTON 25, D. C.

September 27, 1963

Honorable Douglas Dillon
Secretary of the Treasury
Washington, D. C.

Dear Mr. Secretary:

Attached is the annual report of the Internal Revenue Service for fiscal year 1963 describing its 100th year of operations. Noteworthy is that gross Internal Revenue receipts surpassed the $100 billion mark for the first time in history--reaching a total of $105.9 billion. This figure reflects the vitality of our free society, the growth of our economy, and the high level of tax compliance of American citizens. It is a testimonial to the honesty and integrity of our people, as well as their industry and creativity.

Almost every one of our activities set new records of achievement. But, as you well realize, raw statistics do not tell the full story. Just as important as our direct enforcement results were the expansion of our compliance efforts and the improvement reflected in compliance patterns. The favorable public response and the results achieved to date confirm the soundness of our 1961 decisions to focus our efforts on improving voluntary compliance.

We have continued to emphasize professional standards throughout the Service--in our recruiting and training, promotion criteria, rules of conduct, and in the day-to-day performance of our various duties. Integrity and fair dealing have become guiding principles, and emphasis has been placed upon courtesy and a commonsense approach in our contacts with taxpayers. In striving for a professional level of performance, we have also sought a higher quality of work throughout Internal Revenue. This is being done not for quality's sake alone, but because we believe it will contribute to better taxpayer compliance and to improved direct enforcement results.

We have also kept in the forefront a vigorous enforcement program. A large part of our efforts continues to be placed on curbing tax abuses and excesses, and in participating in the organized crime drive in cooperation with the Attorney General. We are examining a greater number of returns of exempt organizations and are giving special attention to their problems. Our examination of tax returns of U.S. citizens and U.S. businesses operating in foreign countries is also being expanded, and we are reshaping our entire foreign program to meet the new administrative responsibilities created by the Revenue Act of 1962.

1963 marked another step forward in converting Internal Revenue operations to an automatic data processing system. The Atlanta Regional Service Center is fully operative, and the computer center in Martinsburg, West Virginia, is building up its nationwide master file record for both business and individual accounts. The Philadelphia Regional Service Center began processing business returns in January 1963; the Cincinnati and Dallas Regional Service Centers will begin in January 1964; and in January 1965 the remaining regions will enter the system when our existing three area service centers are converted to ADP. In addition, in 1966 we plan on opening the IRS data center in Detroit, Michigan, to relieve regional service centers of processing activities not directly related to the ADP master file--for example, payrolls, operating reports, and statistical data for the entire Service.

You know of the emphasis we have been placing on equal employment opportunities for every citizen, regardless of race or religion. A steady rise continued throughout the year in minority group employment, with increases occurring at all grade and salary levels. Positive steps were taken to assure equal rights and opportunities to incumbents as well as to prospective employees. In addition to broadened job opportunities in general, minority group members now occupy technical positions in almost every area of the country. Of great import was the accomplishment of these gains without giving preferential treatment or interfering with the merit system.

Finally, I would like to mention our management improvement program which set an all-time record this year with annual recurring savings of more than $11 million. Improvements adopted will result in more effective deployment of manpower, better use of new mechanical and technical equipment, streamlining training programs, and modernizing work techniques.

Most significant was the decision to realign Internal Revenue districts and regions, which I believe will yield a variety of benefits for many years to come. This was recommended by our Committee on Resources Utilization, but would not have become a reality without your wholehearted approval and support. Not only does the realignment permit the channeling of savings into two vital areas--taxpayer services and assistance as well as enforcement--but reducing executive and administrative overhead will allow operational efficiency by improved lines of communication and authority.

The President has emphasized the need for "increasing the productivity of the Federal work force" and has made it clear that this is "urgent national business." The size and scope of Internal Revenue's operations, in concert with a constantly expanding workload, make it imperative that we respond fully to the President's direction and seek further economies to free resources for front-line work. I am confident that our efforts in fiscal 1964 will be as rewarding as our accomplishments were in 1963.

Mortimer M. Caplin

Commissioner of Internal Revenue

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COMMISSIONERS OF INTERNAL REVENUE

Office of Commissioner of Internal Revenue created by act of Congress, July 1, 1862.

Name	*State*	*From*	*To*
George S. Boutwell	Massachusetts	July 17, 1862	Mar. 4, 1863
Joseph J. Lewis	Pennsylvania	Mar. 18, 1863	June 30, 1865
William Orton	New York	July 1, 1865	Oct. 31, 1865
Edward A. Rollins	New Hampshire	Nov. 1, 1865	Mar. 10, 1869
Columbus Delano	Ohio	Mar. 11, 1869	Oct. 31, 1870
Alfred Pleasonton	New York	Jan. 3, 1871	Aug. 8, 1871
John W. Douglass	Pennsylvania	Aug. 9, 1871	May 14, 1875
Daniel D. Pratt	Indiana	May 15, 1875	July 31, 1876
Green B. Raum	Illinois	Aug. 2, 1876	Apr. 30, 1883
Walter Evans	Kentucky	May 21, 1883	Mar. 19, 1885
Joseph S. Miller	West Virginia	Mar. 20, 1885	Mar. 20, 1889
John W. Mason	do	Mar. 21, 1889	Apr. 18, 1893
Joseph S. Miller	do	Apr. 19, 1893	Nov. 26, 1896
W. St. John Forman	Illinois	Nov. 27, 1896	Dec. 31, 1897
Nathan B. Scott	West Virginia	Jan. 1, 1898	Feb. 28, 1899
George W. Wilson	Ohio	Mar. 1, 1899	Nov. 27, 1900
John W. Yerkes	Kentucky	Dec. 20, 1900	Apr. 30, 1907
John G. Capers	South Carolina	June 5, 1907	Aug. 31, 1909
Royal E. Cabell	Virginia	Sept. 1, 1909	Apr. 27, 1913
William H. Osborn	North Carolina	Apr. 28, 1913	Sept. 25, 1917
Daniel C. Roper	South Carolina	Sept. 26, 1917	Mar. 31, 1920
William M. Williams	Alabama	Apr. 1, 1920	Apr. 11, 1921
David H. Blair	North Carolina	May 27, 1921	May 31, 1929
Robert H. Lucas	Kentucky	June 1, 1929	Aug. 15, 1930
David Burnet	Ohio	Aug. 20, 1930	May 15, 1933
Guy T. Helvering	Kansas	June 6, 1933	Oct. 8, 1943
Robert E. Hannegan	Missouri	Oct. 9, 1943	Jan. 22, 1944
Joseph D. Nunan, Jr	New York	Mar. 1, 1944	June 30, 1947
George J. Schoeneman	Rhode Island	July 1, 1947	July 31, 1951
John B. Dunlap	Texas	Aug. 1, 1951	Nov. 18, 1952
T. Coleman Andrews	Virginia	Feb. 4, 1953	Oct. 31, 1955
Russell C. Harrington	Rhode Island	Dec. 5, 1955	Sept. 30, 1958
Dana Latham	California	Nov. 5, 1958	Jan. 20, 1961
Mortimer M. Caplin	Virginia	Feb. 7, 1961	

In addition, the following were Acting Commissioners during periods of time when there was no Commissioner holding the office: John W. Douglass, of Pennsylvania, from Nov. 1, 1870, to Jan. 2, 1871; Henry C. Rogers, of Pennsylvania, from May 1 to May 10, 1883, and from May 1 to June 4, 1907; John J. Knox, of Minnesota, from May 11 to May 20, 1883; Robert Williams, Jr., of Ohio, from Nov. 28 to Dec. 19, 1900; Millard F. West, of Kentucky, from Apr. 12 to May 26, 1921; H. F. Mires, of Washington, from Aug. 16 to Aug. 19, 1930; Pressly R. Baldridge, of Iowa, from May 16 to June 5, 1933; Harold N. Graves, of Illinois, from Jan. 23 to Feb. 29, 1944; John S. Graham, of North Carolina, from Nov. 19, 1952, to Jan. 19, 1953; Justin F. Winkle, of New York, from Jan. 20 to Feb. 3, 1953; O. Gordon Delk, of Virginia, from Nov. 1 to Dec. 4, 1955, and from Oct. 1 to Nov. 4, 1958; Charles I. Fox, of Utah, from Jan. 21 to Feb. 6, 1961.

PRINCIPAL OFFICERS OF THE INTERNAL REVENUE SERVICE

as of June 30, 1963

NATIONAL OFFICERS

Office of the Commissioner

Commissioner . . . . . Mortimer M. Caplin
Deputy Commissioner . . . . . Bertrand M. Harding
Assistant to the Commissioner . . Edwin M. Perkins
Assistant to the Commissioner . . . Mitchell Rogovin
Assistant to the Deputy Commissioner
Albert W. Brisbin
Director of Practice . . . . . Thomas J. Reilly
Director, Foreign Tax Assistance Staff
L. Harold Moss

Administration

Assistant Commissioner . . . . . Edward F. Preston
Executive Assistant . . . . . Donald C. Dawkins
Director, Program Staff . . . . . Julius H. Lauderdale
Division Directors:
Facilities Management . . . . . R. Bruce McNair
Fiscal Management . . . . . Gray W. Hume, Jr.
Personnel . . . . . Albert J. Schaffer
Public Information . . . . . Joseph S. Rosapepe
Training . . . . . George T. Reeves, Jr.

Inspection

Assistant Commissioner . . . . . Vernon D. Acree, Jr.
Executive Assistant . . . . . Fred G. Robinette
Division Directors:
Internal Audit . . . . . Francis I. Geibel
Internal Security . . . . . William A. Kolar

Compliance

Assistant Commissioner . . . . . Donald W. Bacon
Executive Assistant . . . . . Charles G. Keebler
Division Directors:
Alcohol and Tobacco Tax . . . . Dwight E. Avis
Appellate . . . . . Arthur H. Klotz
Office of International Operations
Clarence I. Fox, Jr.
Audit . . . . . Henry J. Donnelly, Jr.
Collection . . . . . Harold E. Snyder
Intelligence . . . . . H. Alan Long

Planning and Research

Assistant Commissioner . . . . . William H. Smith
Division Directors:
Plans and Policy . . . . . James R. Turner
Systems Development . . . . George J. Leibowitz
Research . . . . . Richard W. Nelson
Statistics . . . . . Ernest J. Engquist, Jr.

Technical

Assistant Commissioner . . . . . Harold T. Swartz
Principal Assistant to the Assistant Commissioner
Joseph S. Zucker
Technical Advisor to the Assistant Commissioner
Arthur Singer
Executive Assistant . . . . . Henry Wood, Jr.
Division Directors:
Tax Rulings . . . . . John W. S. Littleton
Special Technical Services . . . . . Ned W. Arick
Technical Planning . . . . . Maurice Lewis

Data Processing

Assistant Commissioner . . . . . Robert L. Jack
Executive Assistant . . . . . Garrett DeMots
Division Directors:
Operations . . . . . Clinton L. Walsh
Reports . . . . . Harry K. Dellinger
Systems . . . . . Monroe H. O. Berg

Office of the Chief Counsel

Chief Counsel . . . . . Crane C. Hauser
Associate Chief Counsels:
Administration . . . . . W. Harvey Wise
Litigation . . . . . Rudy P. Hertzog
Technical . . . . . Herman T. Reiling
Assistant Chief Counsels:
Tax Court and Refund Litigation
Raymond F. Brown
Enforcement and Collection
E. Riley Campbell
Technical . . . . . Thomas McP. Davis

NATIONAL OFFICERS—Continued

OFFICE OF THE CHIEF COUNSEL—Continued

Division Directors:
- Tax Court . . . John T. Rogers
- Refund Litigation . . . Lester R. Uretz
- Joint Committee . . . W. Dean Mathis
- Collection Litigation . . . J. Walter Feigenbaum

Division Directors—Continued
- Enforcement . . . William F. McAleer
- Alcohol and Tobacco Legal . . Robert B. Ritter
- Legislation and Regulations: Samuel R. McClurd
- Interpretative . . . Richard M. Hahn

REGIONAL AND DISTRICT OFFICERS

ATLANTA REGION

Regional Commissioner . . . William J. Bookholt

Assistant Regional Commissioners:
- Administration . . . Burton M. Graham
- Alcohol and Tobacco Tax: F. Dale McClanahan
- Appellate . . . Norman C. Bailey
- Audit . . . Harold B. Bindseil
- Collection . . . William H. Loeb
- Data Processing . . . Wayne S. Kegerreis
- Intelligence . . . Allen T. Hollinrake

District Directors:
- Atlanta, Ga . . . Aubrey C. Ross
- Birmingham, Ala . . . George D. Patterson, Jr.
- Columbia, S.C . . . Harold M. McLeod
- Greensboro, N.C . . . John E. Wall
- Jackson, Miss . . . James L. Enochs
- Jacksonville, Fla . . . Laurie W. Tomlinson
- Nashville, Tenn . . . James M. Rountree

Regional Counsel . . . Henry C. Stockell, Jr.
Regional Inspector . . . Walter F. Connell
Director, Atlanta Regional Service Center, Atlanta, Ga . . . Robert H. Terry

BOSTON REGION

Regional Commissioner . . . Harold R. All

Assistant Regional Commissioners:
- Administration . . . Maurice J. Taggart
- Alcohol and Tobacco Tax: George P. Rowland
- Appellate . . . Stephen C. Volpone
- Audit . . . Joseph M. Hooban
- Collection . . . Matthew J. Riedl
- Intelligence . . . J. Robert Murphy

District Directors:
- Augusta, Maine . . . Whitney L. Wheeler
- Boston, Mass . . . Alvin M. Kelley
- Burlington, Vt . . . Fulton D. Fields
- Hartford, Conn . . . Joseph J. Conley, Jr.
- Portsmouth, N.H . . . Charles W. Emlet
- Providence, R.I . . . John A. O'Connell

Regional Counsel . . . Marvin E. Hagen
Regional Inspector . . . Emanuel M. Schuster
Director, Northeast Service Center, Lawrence, Mass . . . William H. Weaver

CHICAGO REGION

Regional Commissioner . . . Douglas L. Barnes

Assistant Regional Commissioners:
- Administration . . . William F. Sullivan
- Alcohol and Tobacco Tax: William A. Collawn
- Appellate . . . Wallace T. Morris
- Audit . . . John W. Baudendistel
- Collection . . . Edwin P. Trainor
- Intelligence . . . William B. Mayes

District Directors:
- Chicago, Ill . . . Eugene C. Coyle, Jr.
- Detroit, Mich . . . Raphael I. Nixon
- Milwaukee, Wis . . . Emil J. Nelson
- Springfield, Ill . . . Jay G. Philpott

Regional Counsel . . . David F. Long
Regional Inspector . . . William A. Costello

CINCINNATI REGION

Regional Commissioner . . . Ernest H. Vaughn

Assistant Regional Commissioners:
- Administration . . . F. Dean McCrory
- Alcohol and Tobacco Tax . . Henry R. Peterson
- Appellate . . . G. Waldron Snyder

CINCINNATI REGION—Continued

Assistant Regional Commissioners—Continued
- Audit . . . Michael A. DeGuire
- Collection . . . William J. Grabo
- Intelligence . . . Thomas P. McGovern

District Directors:
- Cincinnati, Ohio . . . Philipp L. Charles
- Cleveland, Ohio . . . Melvin J. Burton
- Indianapolis, Ind . . . Sterling M. Dietrich
- Louisville, Ky . . . Gilbert C. Hooks
- Parkersburg, W. Va . . . Nathaniel Looker
- Richmond, Va . . . Ambrose M. Stoepler

Regional Counsel . . . Clarence E. Price
Regional Inspector . . . Gordon M. Anderson
Director, Cincinnati Regional Service Center, Covington, Ky . . . Everett L. Meek

DALLAS REGION

Regional Commissioner . . . B. Frank White

Assistant Regional Commissioners:
- Administration . . . Vacant
- Alcohol and Tobacco Tax . . . Vacant
- Appellate . . . Tom F. Reese
- Audit . . . Lawrence M. Stewart
- Collection . . . Alfred N. Kay
- Intelligence . . . William E. Beloate, Jr.

District Directors:
- Austin, Tex . . . Robert L. Phinney
- Albuquerque, N. Mex . . . Clyde L. Bickerstaff
- Dallas, Tex . . . Ellis Campbell, Jr.
- Little Rock, Ark . . . Fred W. Johnson
- New Orleans, La . . . Chester A. Usry
- Oklahoma City, Okla . . . Earl R. Wiseman

Regional Counsel . . . J. Marvin Kelley
Regional Inspector . . . David O. Lowry, Jr.
Director, Dallas Regional Service Center, Austin, Tex . . . Ervin B. Osborn

NEW YORK CITY REGION

Regional Commissioner . . . Howard D. Taylor

Assistant Regional Commissioners:
- Administration . . . Arthur J. Collinson
- Alcohol and Tobacco Tax . . . F. Virgil Welsh
- Appellate . . . Ellis L. Zacker
- Audit . . . Alfred L. Whinston

NEW YORK CITY REGION—Continued

Assistant Regional Commissioners—Continued
- Collection . . . Elmer H. Klinsman
- Intelligence . . . Francis J. Kennedy

District Directors:
- Albany, N.Y . . . Edward J. Fitzgerald, Jr.
- Brooklyn, N.Y . . . Thomas E. Scanlon
- Buffalo, N.Y . . . John E. Foley
- Manhattan . . . Charles A. Church
- Syracuse, N.Y . . . Raymond H. Reichel

Regional Counsel . . . William V. Crosswhite
Regional Inspector . . . Vacant

OMAHA REGION

Regional Commissioner . . . Homer O. Croasmun

Assistant Regional Commissioners:
- Administration . . . Vacant
- Alcohol and Tobacco Tax . . . Edward J. Fox
- Appellate . . . Vance N. Bates
- Audit . . . Robert J. McCauley
- Collection . . . Clarence E. Raish
- Intelligence . . . Harold B. Holt

District Directors:
- Aberdeen, S. Dak . . . William C. Welsh
- Cheyenne, Wyo . . . Paul A. Schuster
- Denver, Colo . . . V. Lee Phillips
- Des Moines, Iowa . . . Ernest W. Bacon
- Fargo, N. Dak . . . Byron J. Rockwood
- Kansas City, Mo . . . Edwin O. Bookwalter
- Omaha, Nebr . . . Richard P. Vinal
- St. Louis, Mo . . . James A. O'Hara
- St. Paul, Minn . . . George O. Lethert
- Wichita, Kans . . . Harry F. Scribner

Regional Counsel . . . Frank C. Conley
Regional Inspector . . . Winslow B. Randall
Director, Midwest Service Center, Kansas City, Mo . . . Arnold S. Dreyer

PHILADELPHIA REGION

Regional Commissioner . . . Dean J. Barron

Assistant Regional Commissioners:
- Administration . . . Robert D. McDowell
- Alcohol and Tobacco Tax . . . Louis DeCarlo
- Appellate . . . William E. Steynen
- Audit . . . Joseph M. Shotz

REGIONAL AND DISTRICT OFFICERS—Continued

PHILADELPHIA REGION—Continued

Assistant Regional Commissioners—Continued
- Collection.....Edward J. Manning
- Intelligence.....Vacant

District Directors:
- Baltimore, Md.....Irving Machiz
- Camden, N.J.....William F. Culliney
- Newark, N.J.....Frank S. Turbett, Jr.
- Philadelphia, Pa.....Kenneth O. Hook
- Pittsburgh, Pa.....John H. Bingler
- Scranton, Pa.....Ellis R. Rogers
- Wilmington, Del.....Horace L. Brown

Regional Counsel.....Cecil H. Haas
Regional Inspector.....Earl L. Fuoss
Director, Philadelphia Regional Service Center, Philadelphia, Pa.....Anthony L. Carrea

SAN FRANCISCO REGION

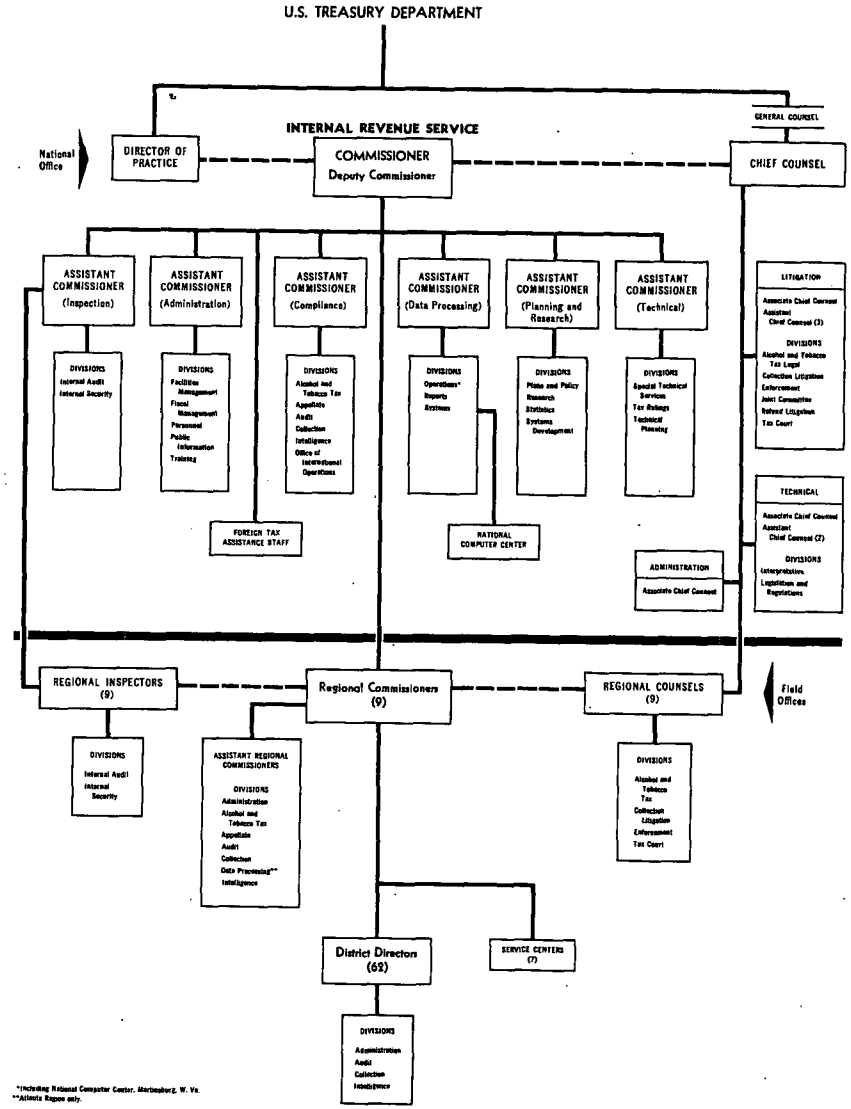
Regional Commissioner.....Harold Hawkins
Assistant Regional Commissioners:
- Administration.....Homer C. Gant
- Alcohol and Tobacco Tax.....Isham Railey

SAN FRANCISCO REGION—Continued

Assistant Regional Commissioners—Continued
- Appellate.....Gardiner B. Willmarth
- Audit.....Raymond F. Harless
- Collection.....Charles D. Moran
- Intelligence.....Herman F. Kuehl

District Directors:
- Anchorage, Alaska.....Lewis J. Conrad
- Boise, Idaho.....Calvin E. Wright
- Helena, Mont.....Frank J. Healy
- Honolulu, Hawaii.....Vaughn W. Evans
- Los Angeles, Calif.....Robert A. Riddell
- Phoenix, Ariz.....Wilson B. Wood
- Portland, Oreg.....Arthur G. Erickson
- Reno, Nev.....Dalmon Davis
- Salt Lake City, Utah.....Roland V. Wise
- San Francisco, Calif.....Joseph M. Cullen
- Seattle, Wash.....Neal S. Warren

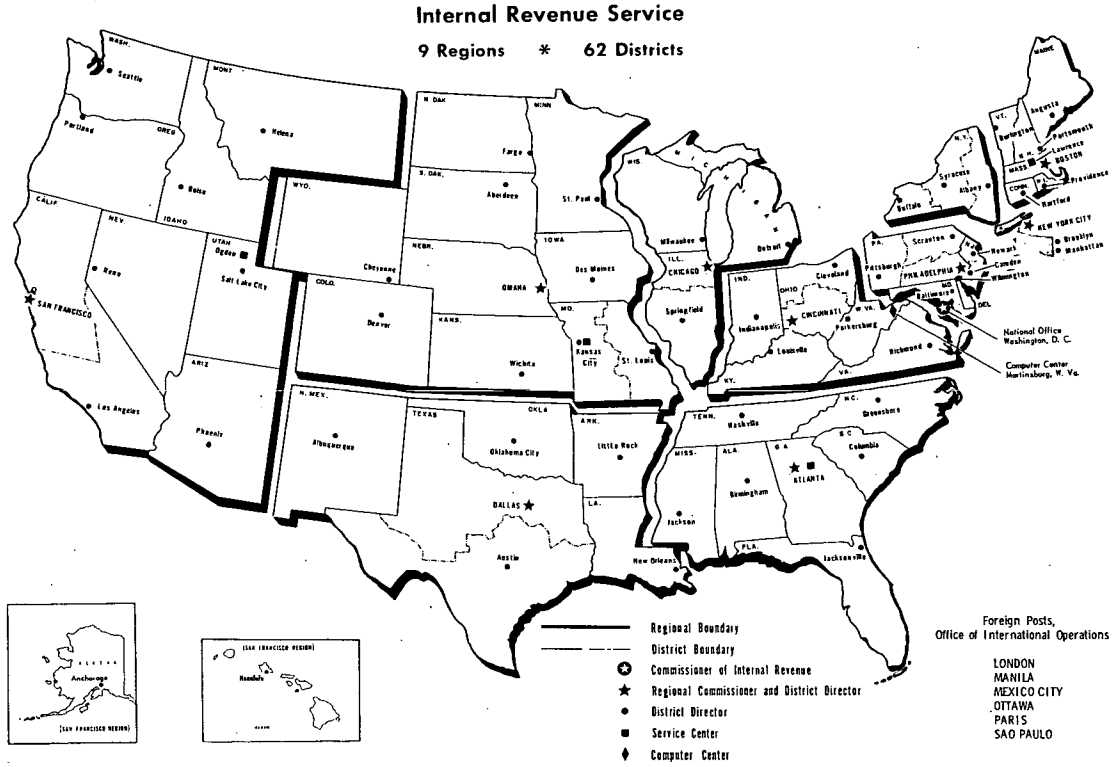
Regional Counsel.....Melvin L. Sears
Regional Inspector.....Henry A. Feltz
Director, Western Service Center, Ogden, Utah Frederick W. Bearman



Internal Revenue Service Organization

Internal Revenue Service

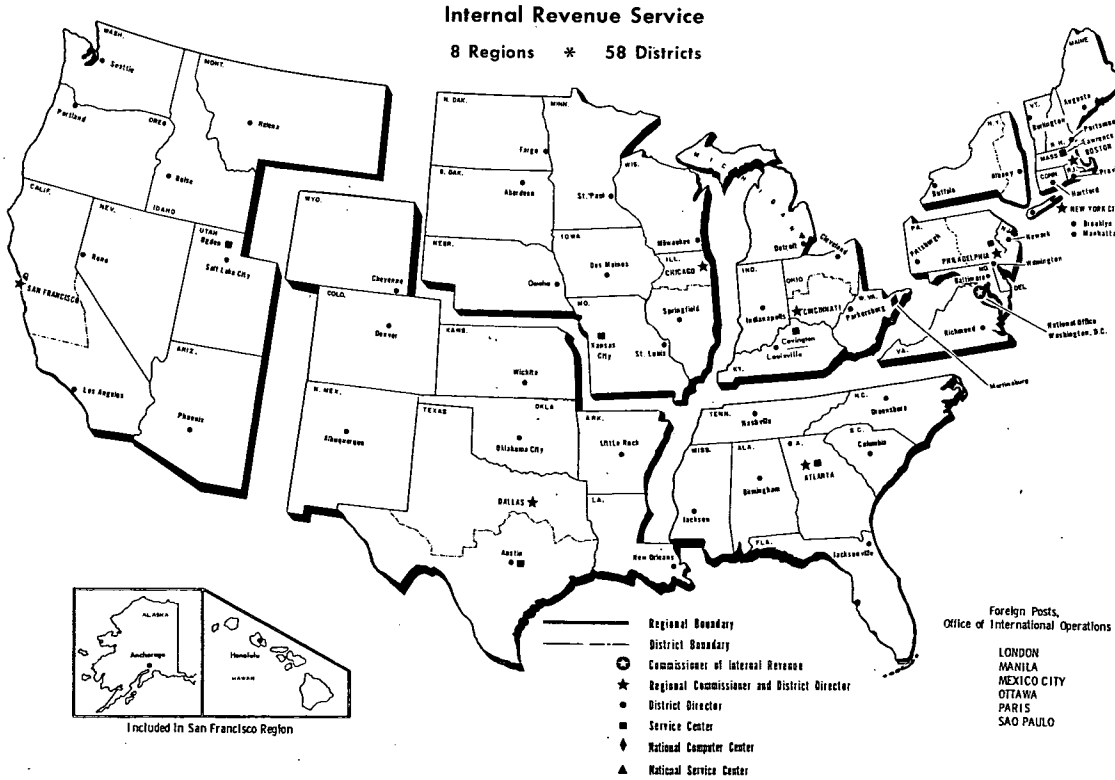
9 Regions * 62 Districts



Current organization effective through December 31, 1963

Internal Revenue Service

8 Regions * 58 Districts



Organization to be effective January 1, 1964 (see page 49)

REPORT ON OPERATIONS

Comparative Highlights

	Millions		Percent of change
	1963	1962	
Gross receipts	$105,925.4	$99,440.8	6.5
Refunds:			
Number	40.7	40.4	0.7
Amount	$6,609.4	$6,303.0	4.9
Returns filed	97.8	96.5	1.4
Taxpayers assisted	11.5	11.2	3.0
Returns examined	3.8	3.5	10.8
Additional tax from enforcement	$2,243.4	$1,971.6	13.8
Delinquent taxes collected, total	$1,280.7	$1,255.2	2.0
Delinquent accounts	$1,093.0	$1,152.4	−5.2
Trust funds in notice status	$187.7	$102.8	82.6

707-151 O—63——2

1 Interpretation and Communication of Tax Law to Taxpayers

GENERAL

The objective of the Internal Revenue Service is to administer the tax laws vigorously but also reasonably. The confidence of the citizen in reasonable, impartial, and honest administration of the law is an American tradition which serves as the underpinning of our unique self-assessment tax system. To broaden voluntary compliance under this system, it is incumbent upon the Service to fully apprise taxpayers of their rights and obligations under the tax laws, and to accommodate administrative procedures to the interests and convenience of taxpayers. These aims are accomplished through a series of programs, including preparation and distribution of regulations, rulings, tax forms, and instructions; publication of numerous tax guides covering separate tax situations; dissemination of information to taxpayers by a broad public information program through different news media, and by a taxpayer assistance program conducted in district and local offices.

TAXPAYER PUBLICATIONS

This is basically a self-help program for taxpayers. In addition to providing instructions with the tax return forms, the Service issues approximately 50 publications in plain everyday language for the information and guidance of taxpayers on practically all aspects of Federal taxation (see page 62). Continuing the Service's "New Direction" for greater emphasis on voluntary compliance through an informed taxpaying public, numerous improvements and expansions of the program were accomplished during the year and scheduled for the near future.

Forty-one other taxpayer assistance documents ranging in size from 1 to 24 pages were distributed free to taxpayers. Distribution of the various documents ranged from 1,000 to 110,000 copies. Each publication contains detailed and easy to understand explanations of the laws applicable to a particular problem area. Objectives of this program are to expedite and increase the effectiveness of our Taxpayers Assistance Program, and to minimize the necessity for individual assistance by Service personnel. The booklets are used as inserts by the National Office and by field offices in replies to requests from taxpayers, and are also available upon request in local offices of district directors. They are also used as supporting statements for adjustments made in revenue agents' reports. These booklets are listed on page 63.

The Service conducted a program of personally delivering the "Mr. Businessman's Kit" to new businessmen to acquaint them with their obligations under the Federal tax laws. Revenue officers in conjunction with their other duties delivered 107,000 of these kits during the year.

PUBLIC INFORMATION PROGRAM

General.—Utilizing the Centennial observance as a point of interest, the Service conducted an accelerated public information program throughout the year. Extended efforts were directed toward increased public understanding of the Federal tax laws and the rights and obligations of taxpayers.

In addition to the needs reflected by the areas of automatic data processing and taxpayer assistance in general, the liberalization of depreciation guidelines and the effect of the Revenue Act of 1962 created sharply increased demands for mass dissemination of information.

The keen public interest which developed in the tax aspects of travel and entertainment expenses, retirement plan contribution of self-employed persons, investment credit, foreign investment, etc., caused news media inquiries and requests to increase substantially. With the cooperation of both print and broadcast media, the Service strengthened its program of information thereby contributing toward a better-informed public.

News Releases and Inquiries.—Reflecting the Service's growing public information effort, a record 97 technical and 138 general news releases were issued by the National Office during the year. In addition, suggested releases for local adaptation were provided to field offices which, in turn, developed releases for issuance to media in their areas.

More than 600 requests for information concerning speeches, Service publications and issuances of various kinds, information about tax exempt organizations, offers in compromise, and other technical matters were answered. Approximately 30,000 inquiries were handled by telephone, by letter, or through personal visits by representatives of news media, national organizations, and field offices. Many of these required extensive research, and in some cases meant drafting background material on which would be based feature articles, radio and television scripts, and speeches.

Films, Radio, and Television.—A record number of television spot announcements—reports indicate blanket coverage by both network and individual stations—brought information and tax hints to taxpayers during the year, with a concentration of scheduling during the individual income tax filing season. An estimated audience of 64.5 million viewers on television, in theaters, or in groups, saw the Service's documentary films. These included a specially produced motion picture, "Then and Now," which received wide exhibition in hundreds of civic showings, as well as in theaters and on TV. In addition, a set of 3 films dealing with preparation of Federal tax returns, found ready acceptance. Dozens of radio spot announcements were used by networks and individual stations. National Office officials as well as field officials made appearances on numerous radio and television programs providing tax information through interviews, panel discussions, and other means.

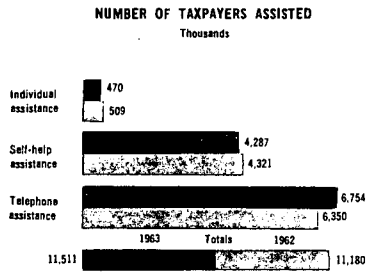
Other.—A new 301-page book, "The American Way in Taxation," with a foreword by Commissioner Caplin, was published by Prentice-Hall, Inc. Much of the background material was provided by the Service.

TEACHING TAXES PROGRAM

Public and private school and college participation in the "Teaching Taxes" program continued to grow. More than 3 million student handbooks were distributed to approximately 23,000 educational institutions during the year.

Indicative of the widespread success of the Program was the survey finding that in the Omaha Region more than 93 percent of all high schools included the Program in their curricula. This intensive coverage is largely the result of publicity through exhibits at educational conventions and visits to and correspondence with state and local school officials.

TAXPAYER ASSISTANCE PROGRAM



A basic component of the Service's program of fostering voluntary compliance is the Taxpayer Assistance Program. Taxpayers are assisted by specially selected individuals who have demonstrated their technical proficiency and their ability to deal effectively with the public.

During the filing period, 11.5 million taxpayers received aid in preparing their tax returns, an increase of 331,000 over last year. Assistance furnished taxpayers by telephone rose from 6.3 million in 1962 to 6.8 million in 1963. Taxpayers receiving individual assistance numbered 470,000 compared with 509,000 last year, but the number furnished self-help assistance in 1963 (approximately 4.3 million) was substantially unchanged from 1962.

Although the total number of taxpayers assisted increased 3.0 percent over 1962, the number of man-days expended on this program decreased 9.9 percent from 131,518 in 1962 to 118,546 in 1963. This saving in time expended was made possible by placing greater emphasis on assistance furnished by telephone.

TAX RETURN FORMS PROGRAM

The Service found itself hard pressed to meet the demands for improving designs and simplifying many of the more than 250 return forms and instructions used in carrying out the tax program. With the constant revisions required as a result of new legislation and regulations, varying effective dates as well as legislation currently pending in the Congress, the Service was under a heavy burden to complete its production schedules by the required target dates. As the number of returns filed is approaching 100 million and the laws continue to become more complex, the drafting and publishing of forms and instructions which will accurately reflect all sections of the Internal Revenue Code has become a massive undertaking.

Members of the Forms Committee, cognizant of the impact of automatic data processing on the design and use of tax return forms, visited service centers and held conferences with ADP specialists in order that problems involving processing of data from the many forms would be minimized. There was also close coordination with the Social Security Administration and other Government agencies as well as with State tax officials in matters of mutual concern. Many suggestions received from professional groups, the public, and Service employees were evaluated and utilized.

New and Revised Tax Forms.—Several new forms were designed as a result of legislative changes. Among these were Form 3468, Computation of Investment Credit, used to compute the credit against tax for investments in certain depreciable property, and Form 3520, United States Information Return (With Respect to the Creation of or Transfers to Certain Foreign Trusts). Forms were eliminated when possible or several forms combined into one as in the case of Form 941, Employer's Quarterly Federal Tax Return. Forms either new or containing significant changes are listed on page 64.

Form 3435 was designed as a result of the enactment of Public Law 87–397 which requires recipients of dividends, interest, and other payments to furnish identifying numbers to payers who are required to report such payments to the Service. Part 1 is used by the payer to obtain the payee's number and Part 2 is a request for an application for an account number by a payee to whom a number has not been assigned. Form 3468 was designed to enable taxpayers to compute the credit allowed against the tax for investments in certain depreciable property acquired after December 31, 1961. Form 3491 was designed for the use of certain consumer cooperatives desiring to obtain exemption from the filing of information returns on Forms 1096 and 1099 provided by section 6044(c) of the Internal Revenue Code. Form 3520 was designed by reason of the requirement under section 6048 of the Code that a grantor in the case of an inter vivos trust, the fiduciary of an estate in the case of a testamentary trust, or the transferor, as the case may be, must file such return on or before the 90th day after (1) the creation of any foreign trust by a United States person or (2) the transfer of any money or property to a foreign trust by a United States person.

Of the forms revised significantly, Form 941, which formerly consisted of 3 different types and a separate Schedule A, was so designed that all necessary information is contained in one form. The format and content of Form 959 were completely revised to develop the additional information required by section 6046 of the Code. Form 990–A was revised so that additional information can be made available to the public and assist in disclosures of exemption abuses. Form 1041–A was made a duplicate form in order that information relative to trusts claiming contribution deductions under section 642(c) could be made available to the public as required by section 6104 of the Code. Forms 1087, 1096, and 1099, information returns, were revised considerably to meet the additional reporting requirements contained in the Revenue Act of 1962 with respect to payments of dividends, interest, etc. A die cut was added to the Form 1120 corporate package for use in the Atlanta Region as a pilot project to test the practicability for ADP purposes of having the Service preaddress the return by attaching a label showing the name and address under which the prior return was filed. Also drafted were a number of sample forms and tax rate tables illustrating the effects of proposed legislation.

REGULATIONS PROGRAM

General.—Fifty-three Treasury Decisions, 9 Executive Orders, and 44 notices of proposed rulemaking, relating to matters other than alcohol and tobacco taxes, were published in the Federal Register. These regulations were issued under provisions of the Internal Revenue Code of 1954 as originally enacted, subsequent public laws, or on the basis of an administrative determination.

Twenty-one public hearings on the provisions of the proposed regulations, which were published this year, were held in accordance with the provisions of the Administrative Procedure Act. Approximately 1,900 taxpayers or their representatives participated.

The more important regulations, Treasury Decisions, and Executive Orders are described on pages 64–66.

Alcohol and Tobacco Taxes.—Regulations in 26 CFR Part 198, "Production of Volatile Fruit-Flavor Concentrate," were modernized and reissued to provide simplified requirements for qualification, construction, and operation of volatile fruit-flavor concentrate plants. Regulations in 26 CFR Part 295, "Removal of Tobacco Products and Cigarette Papers and Tubes, Without Payment of Tax, for Use of the United States," were reissued to provide specific standards under which tobacco products and cigarette papers and tubes may be removed without payment of tax for use of the United States.

DEPRECIATION

Revenue Procedure 62–21, Depreciation Guidelines and Rules, released on July 12, 1962 (C.B. 1962–2, 418; also IRS Publications 456 and 457), has redirected the emphasis of depreciation so as to give greater effect to anticipated obsolescence and less to the historical experience of taxpayers. This move to liberalize the depreciation deduction carries out the announced objective of the President and the Secretary of the Treasury, and follows intensive studies of the subject conducted by the Treasury Department with the assistance and cooperation of Service engineers.

Instruction courses have been conducted to familiarize field agents with the objectives and application of the procedure and many inquiries from taxpayers and from the field offices have been handled by Service engineers. National Office employees and field officials and employees have been called upon to appear before many organizations and groups to explain the depreciation procedure and to answer questions.

Continuing studies are being conducted to keep the revenue procedure up to date with corrections and clarifying statements when necessary. To date there have been two amendments to the revenue procedure and a series of clarifying questions and answers have been released.

INTERNAL TECHNICAL DEVELOPMENT AND GUIDANCE

Tax Briefs for Revenue Agents and Office Auditors.—"Tax Briefs" is issued every 4 weeks to revenue agents and office auditors in field offices and to technical personnel in the National Office. It serves as a convenient medium for keeping Service personnel engaged in technical work abreast of the latest technical developments with a minimum of time. It permits them to readily identify those matters which affect their particular areas of work and mitigates the necessity for reading commercial letters and similar technical publications. It reports currently, in digest form, selected court decisions, published rulings, and other technical developments. All important favorable court decisions are reported as well as important adverse decisions of the Tax Court when acquiescence or nonacquiescence is announced. Also, important adverse decisions of other courts may be included with a cautionary statement regarding the Commissioner's position. To make it more convenient for Service personnel to carry this publication with them for reading at opportune times, its size was changed during the past year from notebook to pocket size.

Engineering Citator.—An engineering citator is being prepared by the engineering branches as a looseleaf compilation of annotations and citations of published tax law precedents. It is designed for use as a basic reference source on tax treatment of engineering issues. The natural resources section of the citator was released on April 15, 1963, and other sections are in process of preparation. The citator will be kept up to date with periodic supplements.

Engineering Area Field Conferences.—Four area field conferences for engineers were held in cooperation with the Audit Division. All field engineers, with rare exceptions, and other selected field representatives attended one of the conferences.

These conferences provided a valuable forum for the discussion and clarification of numerous engineering issues, including intensive consideration of the Depreciation Guidelines and Rules as established by Revenue Procedure 62–21.

These area field conferences were a substitute for the Annual Engineering Institute held in Washington in some prior years. These 3-day conferences were held in Dallas from May 15 through 17, in San Francisco from May 20 through 22, in Chicago from May 27 through 29, and in New York from June 10 through 12.

Annual Technical Review Institute.—This is a seminar-type program which consists of a series of tax articles discussing the more important developments in Federal taxation. Its purpose is to give Service agents and other technical employees the benefit of a detailed discussion of the more important and complex developments as soon as possible after they occur. Discussion topics for the institutes are selected and written by experienced technicians in the National Office, and are delivered in the field by discussion leaders. The discussions for the 1962 institutes were distributed to the field offices in October 1962. They reviewed many difficult topics, such as "kickback" payments; depreciation on assets in year of sale; real estate investment trusts; collapsible corporations; and many other developments of equal complexity. A complete set of the discussions was furnished every revenue agent for his guidance and information.

TAX RULINGS AND DETERMINATION LETTERS

Tax Rulings.—During the year, 37,929 requests from taxpayers for rulings and requests from field offices of the Service for technical advice were processed in the National Office. These included 34,967 requests which had been received from taxpayers or their representatives and 2,962 requests from field offices. At the close of the year, 7,150 requests for rulings and technical advice were on hand.

In connection with the processing of rulings and technical advice, 11,350 formal and informal technical conferences were held with taxpayers and their representatives.

An analysis of the rulings and technical advice processed, by subject matter, follows:

Requests for tax rulings and technical advice processed

Subject	Total	Taxpayers' requests	Field requests
Total	37,929	34,967	2,962
Income and excess profits taxes	29,072	28,003	1,069
Employment and self-employment taxes	1,239	1,219	20
Estate and gift taxes	718	579	139
Alcohol and tobacco taxes	4,164	3,087	1,077
Other excise taxes	2,192	1,661	531
Engineering questions (depreciation, etc.)	544	418	126

Determination Letters.—During 1963, 11,602 determination letters involving the initial qualification or termination of employee benefit plans were issued by district offices. The National Office received on appeal 46 applications, of which 26 were decided for the taxpayer, 5 partially in his favor, and 15 against the taxpayer. In addition, district offices issued 5,199 determination letters to organizations seeking to establish exemption from Federal income taxes. Of this total, 328 determinations were adverse to the organization.

The following table shows the types of determinations and benefit plans involved during fiscal 1963:

Determination letters issued on employee benefit plans and exempt organizations

Item	Employee benefit plans			Exempt organizations
	Profit-sharing	Pension or annuity	Stock bonus	
Initial qualifications:				
Approved	5,133	5,428	6	4,871
Employees participating under plan	477,675	451,814	7,480	
Total number employed	1,055,265	1,058,753	14,021	
Disapproved	74	75		328
Terminations	421	464	1	
Closed without issuance of determination letter	360	386	3	1,102

Closing Agreements.—Closing agreement cases involving the tax status of prospective transactions are considered by the Tax Rulings Division of the National Office. Two cases were received during the year, 2 were closed and 21 are pending. Eighteen of the pending cases are related and are awaiting legal action on a key case.

Publication of Rulings, Procedures, and Announcements.—Two hundred and fifty rulings and 40 procedures were published, as follows:

Revenue rulings and procedures published

Type	Number
Total	290
Income tax	127
Administrative and miscellaneous	25
Alcohol and tobacco taxes	51
Other excise taxes	77
Employment taxes	7
Engineering issues	1
Estate and gift taxes	2

The more significant rulings and procedures are summarized on page 66.

In addition to notices with respect to proposed regulations, 187 announcements of general interest were published in the Internal Revenue Bulletin. The more important ones are described on page 67.

Ninety-eight technical information releases were issued. Thirteen announced the position of the Service as the result of court decisions having widespread effect on tax administration. See page 68 for summaries of the more significant releases.

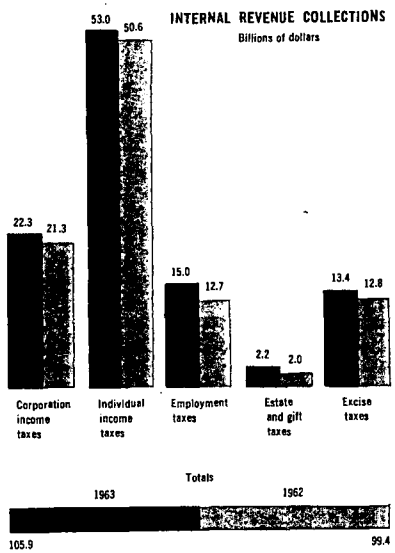
The Cumulative List of Organizations described in section 170(c) of the Internal Revenue Code of 1954, Publication No. 78, has been revised through December 31, 1962. At the same time, a new system has been established for issuing supplements to this publication. They will be issued bimonthly as separate pamphlets and will be on a completely cumulative basis for each calendar year. The new publication and the pamphlet supplements are available for purchase by the general public. Supplements to Publication No. 78 will not be duplicated in the Internal Revenue Bulletin.

Because of the heavy volume of printed matter resulting from legislation enacted during the Second Session of the 87th Congress, a separate bulletin, Cumulative Bulletin 1962–3, was published to contain such matters, and is available for purchase. It contains (1) a digest of internal revenue legislation enacted from January through December 1962; (2) Public Laws, or excerpts thereof, pertaining to internal revenue matters enacted on or after May 24, 1962; (3) Committee and Conference reports, or excerpts thereof, related to those Public Laws; and (4) a topical index to the provisions of those Public Laws.

The Service has reviewed its Revenue Rulings and Procedures pertaining to tobacco products and listed those which have been determined obsolete (Rev. 62–172, CB 1962–2, 352).

2

Internal Revenue Collections and Refunds



GENERAL

A record $105.9 billion was collected in fiscal year 1963, an increase of $6.5 billion, over 1962. This was the first year in which revenue collections exceeded $100 billion. Collections from all major sources were higher than last year. The increases were: Income taxes $3.4 billion, 4.7 percent; employment taxes $2.3 billion, 18.1 percent; estate and gift taxes $0.15 billion, 7.5 percent; and excise taxes $0.66 billion, 5.2 percent.

There are definite indications that substantial improvement in voluntary compliance contributed to the sharp rise in internal revenue collections. Service programs dealing with taxpayer information and assistance (including publications for taxpayers) were expanded and improved. In the enforcement area the number of delinquent returns secured and the total amount of taxes assessed were larger than ever before; greater care was exercised in selecting returns, and a quality audit was stressed and improved audit techniques were applied in the examination program with the result that recommended increases in tax liabilities reached an alltime high. Preventive measures were also taken to protect the revenue by pursuing a more vigorous collection procedure for trust fund accounts in notice status with a consequent 82 percent increase in collections from that source. In addition, the conversion to Automatic Data Processing had a salutary effect on taxpayers who had not been measuring up to their tax responsibilities. During the year many taxpayers came into district and local offices to voluntarily disclose unreported income, pay prior year taxes, and state that they wanted to get their taxes current before ADP was fully implemented. These measures in concert with a general improvement in economic conditions were major factors underlying the $6.5 billion increase in receipts over 1962.

The increase in income taxes was the combined effect of a $2.3 billion rise in individual income taxes and a $1.0 billion rise in corporation income taxes. The gain in individual income taxes, 36.1 percent of the increase in total collections,

reflected both greater voluntary compliance and a continued rise in the national level of personal income, particularly in wages and salaries. The 4.9 percent gain in corporation income taxes resulted in a new high for collections from this source, and is attributed to improved voluntary compliance and the increase in corporation profits in calendar year 1962.

Employment taxes accounted for 35.4 percent of the increase in total revenue which reflected not only the higher level of personal income, but also increases in tax rates referred to below.

Refunds of all classes of taxes totaled $6.5 billion, an increase of $0.3 billion over fiscal year 1962. Gross collections less refunds were $99.4 billion in 1963, compared with $93.2 billion in 1962. The increase in net revenue was nearly $6.2 billion, 6.6 percent.

A comparison of gross collections in 1963 and 1962 by principal categories is shown below. Internal revenue refunds are compared by year and by type on page 12.

Gross internal revenue collections

[In thousands of dollars. For details see table 3, p. 86]

Source	1963	1962
Grand total [1]	105,925,395	99,440,839
Income taxes, total	75,323,714	71,945,305
Corporation	22,336,134	21,295,711
Individual, total	52,987,581	50,649,594
Withheld by employers [2]	38,718,702	36,246,109
Other [2]	14,268,878	14,403,485
Employment taxes, total	15,004,486	12,708,171
Old-age and disability insurance [2]	13,484,379	11,686,231
Unemployment insurance	948,464	457,629
Railroad retirement	571,644	564,311
Estate and gift taxes	2,187,457	2,035,187
Excise taxes, total	13,409,737	12,752,176
Alcohol	3,441,656	3,341,282
Tobacco	2,079,237	2,025,736
Other	7,888,844	7,385,158

[1] Collections are adjusted to exclude amounts transferred to the Government of Guam. For details see table 1, p. 77 and footnote 3, p. 88.

[2] Estimated.—Collections of individual income tax withheld are not reported separately from old-age and disability insurance taxes on wages and salaries. Similarly, collections of individual income tax not withheld are not reported separately from old-age and disability insurance taxes on self-employment income. The amount of old-age and disability insurance tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of sec. 201(a) of the Social Security Act as amended, and includes all old-age and disability insurance taxes. The estimates shown for the 2 classes of individual income taxes were derived by subtracting the old-age and disability insurance tax estimates from the combined totals reported.

Note.—Calendar year figures by regions, districts, States, and other areas, for selected types of taxes, may be obtained from the Public Information Division, Internal Revenue Service, Washington, D.C., 20224.

INCOME TAXES

Corporation and individual income taxes together accounted for 71.1 percent of total internal revenue in 1963.

Corporation taxes comprised 29.7 percent of all income taxes and 21.1 percent of all internal revenue. Collections from this source in 1963 increased 4.9 percent, and set a new record. Refunds of corporation income taxes were $15.8 million less in 1963 than in 1962, the net effect of a decrease of $80.8 million in refunds representing tentative carrybacks of operating losses and a $65.0 million rise in refunds due to excessive prepayments and regular adjustments. Gross corporation tax collections less refunds (principal only) resulted in net revenue from this source of $21.6 billion in 1963 compared with $20.5 billion in 1962.

Individual income taxes accounted for 70.3 percent of all income taxes and one-half of total internal revenue. The amount collected by withholding on salaries and wages was 6.8 percent higher in 1963 than in 1962 and represented 73.1 percent of all individual income taxes.

More than 96.8 percent of individual income tax refunds were attributable to excessive prepayment of tax, mostly in the form of overwithholding. In 1963, refunds of excessive prepayment totaled nearly $5.4 billion, 5.6 percent more than the preceding year. Gross collections of individual income taxes less refunds of excessive prepayments resulted in a net revenue from this source of $47.6 billion in 1963 compared with $45.6 billion in 1962. Refunds of other individual income and old-age and disability insurance taxes were approximately $0.2 billion in each year.

EMPLOYMENT TAXES

Employment taxes, which accounted for 14.2 percent of all internal revenue, increased 18.1 percent in 1963 and accounted for 35.4 percent of the increase in total revenue.

Old-age and disability and survivors insurance taxes, comprising 89.9 percent of total employment taxes, rose $1.8 billion, 15.4 percent over 1962. This results in part from the increase from 6¼ to 7¼ percent in the combined rate on employers and employees which became effective January 1,

1963. Although the combined rate increase was only 1 percent, a difference of 1¼ percent actually existed between the rates applicable to the last 6 months of this year (7¼ percent) and the first 6 months of last year (6 percent). Unemployment insurance taxes rose $0.5 billion, or 107.3 percent. This increase was due primarily to the rise in the tax rate to 3.5 percent on taxable wages paid during calendar year 1962 from the 3.1 percent rate in effect during calendar year 1961. Since the State credit is 2.7 percent, the net Federal tax increased from 0.4 percent to 0.8 percent. Collections under the Railroad Retirement Tax Act increased slightly.

EXCISE TAXES

Excise tax collections, which represent 12.7 percent of total collections, increased $657.6 million, or 5.2 percent in 1963; this is approximately the same dollar amount of increase as in 1962. Depositary receipt purchases accounted for slightly more than half of the total amount collected.

The Federal use tax on highway motor vehicles amounted to just under $100 million, 24.7 percent more than the amount collected last year. Receipts from the Federal tax on passenger automobiles, chassis, bodies, etc., were up $259.1 million, or 19.9 percent.

The excise tax on transportation of persons was repealed effective November 16, 1962, except the tax on air travel which was reduced to 5 percent. Collections from this source dropped $28.8 million or 11.0 percent, to $233.9 million.

Refunds of Federal excise taxes dropped slightly from $218.0 million in 1962 to $215.6 million in 1963. Gross collections less refunds increased from $12.5 billion in 1962 to $13.2 billion in 1963, a rise of 5.3 percent.

ESTATE AND GIFT TAXES

Estate and gift taxes combined comprised 2.1 percent of total internal revenue. An increase of $152.3 million, 7.5 percent, occurred in 1963. Estate taxes, which accounted for 90.1 percent of the estate and gift tax total, rose $175.4 million. This increase more than offset a $23.1 million decrease in gift taxes. Gross collections of estate and gift taxes less refunds amounted to nearly $2.2 billion in 1963 compared with $2.0 billion in 1962.

NET BUDGET RECEIPTS

SOURCE OF BUDGET DOLLAR – 1963

Net Budget Receipts $86.4 billion

"Net budget receipts" represents the amount of total collections by the Federal Government which is available to finance the many operations and programs included in the President's annual budget. To arrive at net budget receipts, gross collections of internal revenue, customs duties, and receipts from miscellaneous sources are reduced by transfers to trust fund accounts, refund of receipts, and interfund transfers. The following table reflects the source of gross receipts, deductions, and net budget receipts:

Gross collections, deductions, and net budget receipts

[In thousands of dollars]

Source	Gross receipts	Trust fund transfers	Refunds	Interfund transactions	Net budget receipts
Individual income taxes:					
Withheld	38, 718, 702				
Other	14, 268, 878				
Total	52, 987, 581		5, 399, 593		47, 587, 988
Corporation income taxes	22, 336, 134		757, 234		21, 578, 900
Excise taxes:					
Highway trust fund	3, 411, 813	3, 286, 067	125, 745		
Other	9, 997, 925		89, 874		9, 908, 051
Total	13, 409, 737	3, 286, 067	215, 619		9, 908, 051
Employment taxes:					
Old-age and disability insurance	13, 484, 379	13, 344, 954	139, 425		
Railroad retirement	571, 644	571, 535	109		
Unemployment insurance	948, 464	945, 125	3, 339		
Total	15, 004, 486	14, 861, 614	142, 873		
Estate and gift taxes	2, 187, 457		20, 192		2, 167, 265
Total internal revenue	105, 925, 395	18, 147, 682	6, 535, 511		81, 242, 202
Customs	1, 240, 538		35, 088		1, 205, 450
Miscellaneous receipts	4, 424, 208		701	513, 397	3, 910, 110
Total	111, 590, 141	18, 147, 682	6, 571, 300	513, 397	86, 357, 762

INTERNAL REVENUE REFUNDS

In 1963, refunds increased in number and in amount. The number totaled 40.7 million, an increase of 0.7 percent, and the amount, including interest, was $6.6 billion, a 4.9 percent increase. Interest allowed on all types of refunds was $73.9 million, an increase of $6.1 million, or 8.9 percent.

In 1963, individual income tax refunds resulting from excessive prepayments comprised 93.9 percent of the number and 81.0 percent of the total amount.

Corporation refunds accounted for one-fourth of one percent of the number, and 12.2 percent of the total amount refunded in 1963. There were about 1.4 million gasoline tax refunds to farmers, transit systems, and users of nonhighway vehicles aggregating $125.7 million, a 4.6 percent decrease in amount. The following table compares refunds in the past 2 years, by type of tax:

Internal revenue refunds, including interest

[For refunds by region and district, see table 5, p. 90]

Type of tax	Number		Amount refunded (principal and interest—thousand dollars)		Amount of interest included (thousand dollars)	
	1963	1962	1963	1962	1963	1962
Total refunds of internal revenue [1]	[2] 40,652,377	[r] 40,366,231	[2] 6,609,442	6,302,993	73,931	67,868
Corporation income taxes	104,301	104,298	804,098	820,831	46,864	47,778
Individual income and employment taxes, total	[2] 39,148,679	[r] 38,833,827	[2] 5,566,797	[r] 5,242,445	24,331	17,236
Excessive prepayment income tax	[2] 38,175,964	[r] 37,950,218	[2] 5,353,389	5,070,118	6,418	6,285
Other income tax and old-age and disability insurance [3]	949,965	860,004	209,877	167,377	17,829	10,895
Railroad retirement	102	91	110	51	1	5
Unemployment insurance	22,639	23,514	3,422	4,897	83	51
Estate tax	5,947	5,638	21,080	19,008	2,093	1,514
Gift tax	713	594	1,397	1,544	192	222
Excise taxes, total	1,392,746	1,421,874	216,070	219,164	451	1,119
Alcohol taxes [4]	9,047	9,492	75,636	73,073	9	9
Tobacco taxes [4]	1,149	1,215	4,122	3,598	1	(*)
Manufacturers' and retailers' excise taxes, total	1,364,693	1,395,479	131,087	135,594	97	513
Gasoline used on farms	1,339,275	1,372,817	103,655	107,171	----------	----------
Gasoline, nonhighway	22,605	19,371	22,076	24,575	----------	(*)
Other	2,813	3,291	5,355	3,848	97	513
All other excise taxes [5]	17,857	15,688	5,226	6,900	344	597

[1] Figures have not been reduced to reflect reimbursements from the Federal Old-age and Survivors and Federal Disability Insurance Trust Funds amounting to $139,425,000 in 1963 and $141,668,000 in 1962; from the Highway Trust Fund amounting to $126,319,000 in 1963 and $131,303,000 in 1962; and from the Unemployment Trust Fund amounting to $3,697,000 in 1963 and $4,991,000 (revised) in 1962.

[2] Net of 51,662 undeliverable checks totaling $2,799,000.

[3] Includes refunds "not otherwise classified."

[4] Includes drawbacks and stamp redemptions.

[5] Includes narcotics, silver, wagering (excise and stamps), capital stock, and other excise tax refunds.

*Less than $500.

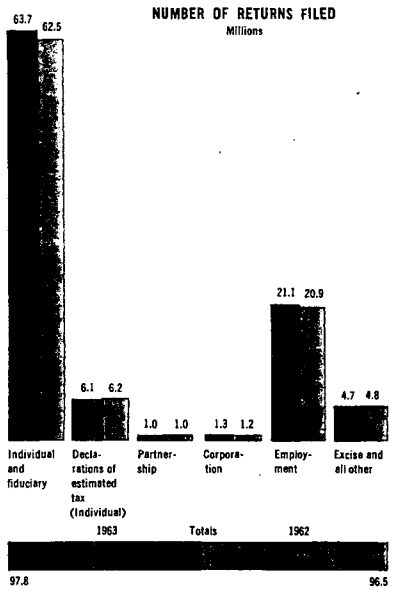
[r] Revised.

3 Receipt and Processing of Returns and Related Documents

NUMBER OF RETURNS FILED

A total of 97.8 million tax returns of all classes were received. This was an increase of 1.3 million or 1.4 percent over the number received in 1962. The number of Forms 1040 and 1040A individual income tax returns increased 1.1 million, or 1.8 percent over last year. Declarations of estimated individual income tax numbered 6.1 million, a decrease of 111,000 or 1.8 percent from 1962.

The total of 21.1 million employment tax returns was an increase of 208,000 or 1.0 percent over 1962. Nearly one-half of the increase was in employers' returns for household employees. Excise tax returns totaled 4.0 million, a decrease of 1.4 percent from 1962. A comparison of the number of returns filed in fiscal years 1963 and 1962 follows:



Number of returns filed, by principal type of return

[Figures in thousands. For details, see table 6, p. 91]

Type of return	1963	1962
Grand total	97,833	[r] 96,511
Income tax, total	72,559	[r] 71,402
Individual and fiduciary, total [1]	63,679	[r] 62,487
Individual—citizens and resident aliens, total	62,779	[r] 61,643
Forms 1040	44,527	[r] 42,593
Forms 1040A	18,252	[r] 19,050
All other individual and fiduciary [1]	900	844
Declarations of estimated tax, total	6,100	6,211
Individual	6,083	6,194
Corporation	16	17
Partnership	976	994
Corporation [1]	1,291	1,232
Other [1]	511	479
Employment tax, total	21,140	20,932
Employers' Form 941	14,983	14,903
Employers' Form 942 (household employees)	4,207	4,106
Employers' Form 943 (agricultural employees)	639	642
Railroad retirement, Forms CT-1, CT-2	22	23
Unemployment insurance, Form 940	1,288	1,258
Estate tax	79	73
Gift tax	100	96
Excise tax, total	3,954	4,009
Occupational tax	1,276	1,277
Form 720 (retailers, manufacturers, etc.)	2,278	2,293
Alcohol	25	24
Tobacco	12	14
Other	364	401

[r] Revised.

[1] Individual and corporation returns filed in Puerto Rico and the Virgin Islands, formerly included in other income tax returns, are now included in corporation and all other individual and fiduciary income tax returns.

INFORMATION RETURNS

Over 327 million information returns were received. Slightly under two-thirds of these were Forms W-2 (employer's statements of wages paid and tax withheld) including copies filed by employers, and by employees as attachments to their income tax returns. Forms 1099 (information returns on payments of dividends, interest, and various other items) accounted for one-third of the information returns received. The remainder included nearly 5 million Forms 1087 (Ownership Certificates—Dividends on Stock).

A 4 percent decrease in total information returns reflects a decrease in the number of Forms 1099 received in the last half of fiscal year 1963, due to discontinuance of the practice previously permitted by the Service of filing such returns on a quarterly basis.

SERVICE CENTER FUNCTIONS

The 3 area service centers and the Atlanta Regional Service Center processed 57.5 million individual income tax returns. This number represents a decrease of 3.0 million returns, 5.0 percent, below the preceding fiscal year. The decrease was due substantially to the accelerated returns processing program maintained by area service centers in the last half of fiscal year 1962, which reduced the number of 1961 tax returns carried over to the first half of fiscal year 1963 by more than 2.6 million from the same period last year. Of the returns processed this year, 49.2 million were 1962 returns filed during the 1963 filing period and 8.3 million were 1961 returns filed during the 1962 filing period but processed after June 30 of that year.

In addition, 4.9 million declarations of estimated individual income tax were processed. Accounts receivable were established for appropriate individual income and estimated tax returns. Area service centers performed the mailing and delinquency check operations for all employers' returns (Forms 940 and 941) for the district offices which they service. The Atlanta and Philadelphia regional service centers performed all processing, accounting, mailing, and delinquency check operations for the following ADP business returns filed in these regions: Forms 940, 941, 720, 1120, 1120ES, 7004, and CT-1 (Atlanta for the full fiscal year; Philadelphia for the last half of the fiscal year). Beginning January 1963, the Atlanta Regional Service Center assumed responsibility for processing ADP individual income tax returns filed for tax year 1962, and declarations of estimated individual income tax filed for tax year 1963.

The transfer of work from the area service centers to regional service centers under the automatic data processing program continued as the mailing and delinquency check operations related to employers' returns for the Philadelphia Region were shifted from the Northeast Service Center to the new Philadelphia Regional Service Center. The processing of individual income tax returns and declarations of estimated income tax for the Atlanta Region was transferred from the Midwest Service Center to the Atlanta Regional Service Center during the second half of fiscal year 1963.

From January 1 through June 30, 1963, the service centers received a total of 57.2 million individual income tax returns, or 91.7 percent of the total filed. This was an increase of 1.4 million or 2.6 percent over the revised total of 55.7 million received in the same period last year.

CARRYBACK ALLOWANCES

There was a decrease in applications for tentative adjustments of prior years' income taxes to give effect to operating loss carrybacks. The decrease reflects the net effect of fewer filings by corporations and an increase in filings by individuals.

The number of applications adjusted decreased 2.9 percent and the dollar allowance decreased nearly $0.1 billion, or 15.0 percent.

The number of applications pending was approximately the same as in 1962. A comparison of the carryback applications received and adjusted for 2 years follows:

Receipt and disposal of tentative carryback applications

Status	Number		Amount (thousand dollars)			
			Claimed		Adjusted	
	1963	1962	1963	1962	1963	1962
Pending July 1	7,118	6,530	48,133	53,880		
Applications received	70,663	73,351	565,545	679,010		
Applications adjusted, total	70,624	72,763	572,651	684,757		
Allowed	n.a.	n.a.			540,918	636,383
Disallowed	n.a.	n.a.			32,773	49,277
Pending June 30	7,157	7,118	41,027	48,133		

n.a.—Not available.

AUTOMATIC DATA PROCESSING

Automatic machine processing of tax returns, reported a year ago as being installed on a carefully phased basis with major attention being given to avoiding adverse effects on employees to be redeployed, is proceeding on schedule. The Atlanta Regional Service Center, after one year of experience in the processing of business returns under the master file concept, was expanded and took on the more voluminous operation of processing individual income tax returns in the past filing period. The Philadelphia Regional Service Center successfully undertook the processing of business returns in January 1963.

Even in the short span of its operation, and with its limited application, the system has demonstrated its capabilities and worth in the way of protecting the revenue and insuring fairer distribution of the tax burden. This has been accomplished by detecting failures to file required tax returns, detecting instances of multiple filing of overpayment returns by the same taxpayer, and mechanically applying overpayments, otherwise refundable, against outstanding taxes due from the claimants.

Plans for 1964 call for introducing the Dallas and Cincinnati regions into the system. Service centers for the two regions were activated in 1963 and will begin processing business returns under the master file concept in January 1964.

With a view to relieving regional service centers of all processing not directly related to the master file, a decision was made and approved to establish an Internal Revenue Service Data Center in Detroit. Its duties and responsibilities will include, but not be limited to the preparation of (1) payrolls and reports for the entire Service, (2) material for the Statistics of Income, and (3) data for State and local governments in accordance with the reciprocal agreements for exchange of tax data between such entities and the Service. The Center will be operational in 1966.

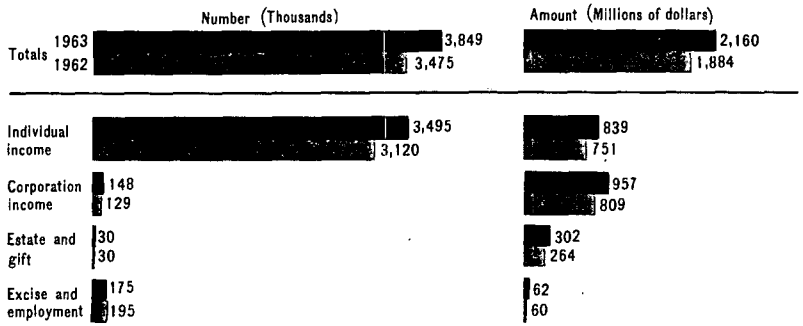
acceptable solutions. Reactions of industry participants were favorable, resulting in establishment of effective working relationships and dissemination of tax information through trade publications. Future meetings will be held at the National, regional, or district levels on an "as needed" basis.

Numerous conferences were held with taxpayers, computer specialists, and professional organizations to develop guidelines for maintaining tax records within data processing systems. In substance, the proposed guidelines will identify the records that the taxpayers must maintain in order that the Service can make a determination of the accuracy of reported tax liability.

Classification and Selection of Returns for Examination.—An integral part of direct enforcement efforts is a classification program to select for examination tax returns having a high frequency of error (those representing the greatest known areas of noncompliance).

To assure a well-rounded audit program, returns are selected from each type and category of returns filed. Of the 25.7 million income, estate, and gift tax returns classified by district audit divisions, about 3.8 million were selected for examination. Further progress was made in programming basic selection criteria into the ADP system.

NUMBER OF TAX RETURNS EXAMINED AND ADDITIONAL TAX AND PENALTIES RECOMMENDED



Number of Returns Examined.—During the year 3.8 million returns were examined, an increase of 10.8 percent over 1962. As a result of expanded use of correspondence audit techniques, office audits rose 420,000 to nearly 3.1 million and accounted for all of the increase.

Field audits decreased 46,000, or 5.7 percent. More thorough examinations embodying quality audit principles resulted in an increase in the time needed to complete the field examinations.

In addition to the number of returns examined, 909,103 returns were closed without an audit.

Number of tax returns examined

[Figures in thousands]

Type of return	Total [1]		Field audit [1]		Office audit	
	1963	1962	1963	1962	1963	1962
Grand total	3,849	3,475	760	806	3,089	2,668
Income tax, total	3,644	3,249	588	614	3,056	2,635
Corporation	148	129	147	127	1	2
Individual and fiduciary	3,495	3,120	441	487	3,055	2,633
Estate and gift tax	30	30	27	27	3	3
Excise and employment tax	175	195	145	164	30	31

[1] Includes all examined exempt organization returns.

Additional Tax and Penalties Recommended.—The 3.8 million examinations resulted in over $2.1 billion of recommended additional tax and penalties, an increase of $275.8 million over last year. This is the first year that recommended tax deficiencies have exceeded $2 billion. The amounts recommended exceeded those of the previous year in every tax area except gift tax. Additional assessments recommended on corporation income tax returns increased $147.6 million and recommendations on individual and fiduciary returns were greater than those of 1962 by $88.6 million.

The average additional tax and penalties recommended per field examination increased from $2,054 in 1962 to $2,531 in 1963.

Claims for Refund.—District audit divisions completed action on 348,921 claims for refund. Of these, 137,867 were closed after examination and 211,054 were closed without examination. The total amount claimed was $1,101 million of which $152 million was allowed and $948 million disallowed.

In addition to the number of claims closed by the audit divisions 4,235 were protested and transferred to the appellate divisions for further consideration.

The following table shows the number and amounts involved:

Claims for refund disposed of by district audit divisions

Class of tax	Closed by audit divisions				Protested—transferred to appellate divisions			
	Number	Amount (thousand dollars)			Number	Amount (thousand dollars)		
		Claimed by taxpayer	Allowed	Disallowed		Claimed by taxpayer	Recommended by audit divisions	
							Allowed	Disallowed
Total	348,921	1,100,522	152,082	948,441	4,235	119,468	29,562	89,906
Individual income	290,021	104,226	72,014	32,212	2,081	11,307	1,064	10,243
Corporation income	25,922	794,553	64,551	730,002	802	101,378	28,378	73,000
Estate	1,643	18,693	7,478	11,214	90	3,390	92	3,298
Gift	249	1,058	288	771	53	1,144		1,144
Excise	17,435	179,281	6,019	173,262	1,054	1,869	21	1,848
Employment	13,651	2,711	1,732	980	155	380	7	373

Overassessments of Tax Exclusive of Claims for Refund.—Exclusive of claims for refunds, examination of taxpayers' returns resulted in $163 million overassessment recommendations by district audit divisions. The following table shows the amount of overassessments recommended by tax area:

Overassessments of tax exclusive of claims for refund

Type of tax	Amount recommended (thousand dollars)
Total	163,000
Individual and fiduciary income	35,194
Corporation income	118,552
Estate	7,339
Gift	507
Excise	1,026
Employment	382

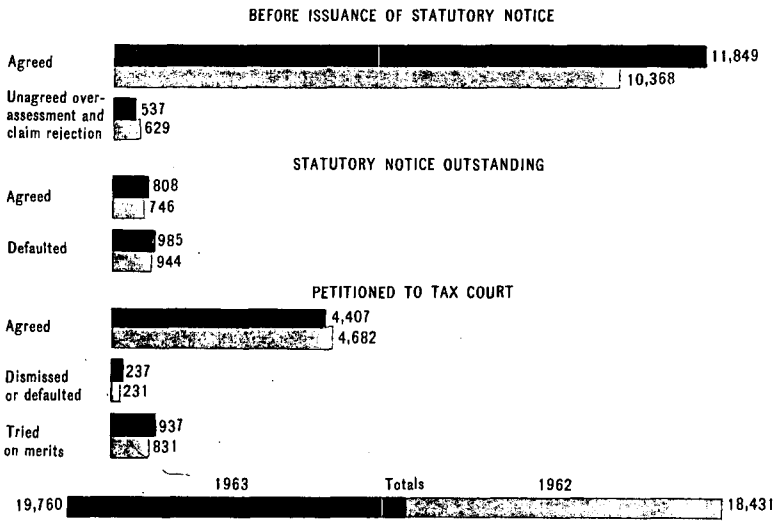
APPEALS

GENERAL

The appeals procedure of the Service provides the taxpayer who does not agree with a proposed adjustment to his tax liability with the opportunity to promptly obtain an independent administrative review of his case.

The appeals function is decentralized and operates at both district and regional levels. When a taxpayer does not agree with the findings of the examining officer he may request an informal conference in the district director's office. If an agreement is not reached at the district level, he may ask that his case be considered by the appellate division of the regional office. Conferences are also available in the appellate division after the taxpayer's case has been docketed in the Tax Court of the United States.

APPEALS (Income, Profits, Estate, and Gift Tax Cases)
Method of Disposal



The jurisdiction of both the audit division and the appellate division extends to all internal revenue taxes except those involving alcohol, tobacco, firearms, narcotics, and wagering, and their jurisdiction applies to disagreements involving overassessments as well as deficiencies.

INCOME, PROFITS, ESTATE, AND GIFT TAXES

Cases not before the Tax Court (pre-90-day cases).—When agreement is not reached between the Service and the taxpayer at the district level, the director issues a preliminary notice, commonly called a "30-day letter," informing the taxpayer of the proposed determination of tax liability and advising him of his right to file a protest and request a hearing in the appellate division. These cases are referred to by the appellate division as "pre-90-day cases." The processing of these cases by the appellate division during 1962 and 1963 is summarized below. (For additional information, see table 15, page 98.)

Appellate Division receipts and dispositions of protested income, profits, estate, and gift tax cases prior to issuance of statutory notice of deficiency (pre-90-day cases)

Status	Number of cases	
	1963	1962
Pending July 1	10,732	9,711
Received	17,774	15,513
Disposed of, total	15,853	14,492
By agreement with taxpayers	11,849	10,368
Unagreed overassessments and claim rejections	537	629
By issuance of statutory notices—transferred to 90-day status	3,467	3,495
Pending June 30	12,653	10,732

With pre-90-day case receipts being higher than in the previous year, the number of cases on hand June 30, 1963, was also larger.

Cases not before the Tax Court (90-day cases).—A statutory notice of deficiency is issued to a taxpayer if his case is not settled at the district level, or if he files a protest but no settlement is reached at the appellate level during pre-90-day consideration. This notice is frequently referred to as a "90-day letter," because the taxpayer is allowed 90 days from the date of the letter to petition the Tax Court of the United States. The following table shows the results of processing 90-day cases in the appellate division. (Additional details are shown in table 16, page 98.)

Appellate Division receipts and dispositions of protested income, profits, estate, and gift tax cases in which statutory notices of deficiency were outstanding (90-day cases)

Status	Number of cases	
	1963	1962
Pending July 1	1,073	1,211
Received, total	4,019	3,786
Statutory notices issued by Appellate Division [1]	3,348	3,336
Statutory notices issued by district directors and received during 90-day period	671	450
Disposed of, total	3,933	3,924
By agreement with taxpayers	808	746
By taxpayer default	985	944
By petition to the Tax Court—transferred to docketed status	2,140	2,234
Pending June 30	1,159	1,073

[1] Difference from preceding table is caused by cases being combined or split for the purpose of issuing the statutory notice, cases in transit, etc.

The number of 90-day cases petitioned to the Tax Court after receiving appellate consideration was lower than any year since 1953.

Cases petitioned to the Tax Court (docketed cases).—The Tax Court of the United States is an independent agency of the Government and has no connection with the Internal Revenue Service. In a case involving income, profits, estate, or gift taxes a taxpayer may file a petition with the Tax Court asking for a redetermination of his tax liability when he does not agree with a deficiency determined by the Service and included in a 90-day letter. The Service refers to these cases as "petitioned" or "docketed."

After a case has been docketed in the Tax Court, a taxpayer may still discuss the possibilities of settling his case with the Service regardless of whether he has previously availed himself of conference opportunities with the audit division of the district office, or with the appellate division at the regional level. Settlement negotiations in docketed cases may be conducted by the appellate division at any time before the case is called for trial by the Tax Court. Since a settlement at this level requires concurrence of the Regional Counsel he may also be represented in such negotiations.

The following table shows the processing of docketed cases. (For additional information see table 17, page 99.)

Appellate Division receipts and dispositions of income, profits, estate, and gift tax cases petitioned to the Tax Court (docketed cases)

Status	Number of cases	
	1963	1962
Pending July 1	8,965	9,957
Received, total	5,247	4,752
Petitions filed in response to—		
District directors' statutory notices	3,303	2,657
Appellate Division's statutory notices [1]	1,944	2,095
Disposed of, total	5,581	5,744
By stipulated agreement with taxpayers	[2] 4,407	4,682
By dismissal by the Tax Court or taxpayer default	237	231
Tried before the Tax Court on the merits	937	831
Pending June 30	8,631	8,965

[1] Difference from number shown as petitioned in preceding table is caused by excluding district directors' statutory notices considered by Appellate in 90-day status, cases in transit, etc.
[2] Difference from the number shown in the preceding table and in table 19, p. 99, is due to cutoff dates in respective reporting systems.

The number of docketed case disposals exceeded receipts for the fourth consecutive year, and the number of cases on hand June 30, 1963, was lower than any year since 1956.

EXCISE AND EMPLOYMENT TAXES

The 1,394 excise and employment tax case receipts were about the same volume as last year. There were 1,306 case disposals and 865 cases on hand at the end of the year.

CLOSING AGREEMENT CASES

Final closing agreement cases relating to completed transactions are considered by the appellate division. During the year, 72 cases were received and 81 processed to a conclusion. There were 7 cases on hand at the end of the year. (Rulings on proposed closing agreements involving prospective tax transactions are discussed on page 7.)

OVERASSESSMENTS REPORTED TO JOINT COMMITTEE

A total of 440 cases involving overassessments of $344.0 million was reported to the Joint Committee on Internal Revenue Taxation in accordance with

the provisions of section 6405 of the Internal Revenue Code of 1954 which requires a report to the Committee of all refunds and credits of income, war profits, excess profits, estate, or gift tax exceeding $100,000. These figures compare with 439 cases involving $238.2 million reported in the preceding year.

CIVIL LITIGATION

Litigation Results.—The Supreme Court decided 9 tax cases, wholly sustaining the Government's position in 8 of them and deciding the ninth case partly for and partly against the Government.

The circuit courts of appeals decided 349 tax cases (exclusive of bankruptcy, receivership, insolvency, compromise, and liquor cases). The Government's position was supported in 229 of these.

In most cases a taxpayer who has paid a disputed tax can, if he wishes, sue for refund in the Court of Claims or in a United States district court. This year the district courts decided 166 cases for the Government, 200 for the taxpayer, and 56 partly for the Government and partly for the taxpayer. The Court of Claims decided 34 cases for the Government, 12 for the taxpayer, and 18 partly for each.

At the close of the year 2,778 civil cases (principally suits for refund of taxes, other than those relating to alcohol, tobacco, and firearms taxes, but also including erroneous refunds, perpetuation of testimony, and damage actions) involving tax questions were pending in district courts, and 471 in the Court of Claims.

The Tax Court decided 293 cases in favor of the Government, 109 for the taxpayer, and 159 cases partly for the Government and partly for the taxpayer.

For details as to civil litigation see page 37 and tables 21 and 22 on pages 100–101. For descriptions of Supreme Court decisions in civil tax cases see pages 68 through 70.

Adverse Tax Court Decisions.—There were published in the Internal Revenue Bulletin acquiescences of the Commissioner in 82 adverse decisions of the Tax Court and nonacquiescences in 32 adverse decisions during the year. Acquiescences and nonacquiescences were announced as to separate issues in 5 of these adverse decisions.

DELINQUENCY INVESTIGATIONS AND DELINQUENT RETURNS

It was possible to devote more manpower to delinquent returns work this year, and, as a result, 981,000 delinquent returns were secured reflecting $186.6 million of previously unreported tax. This was an increase of 46,000 delinquent returns and $22.1 million over last year.

Delinquency investigations resulting primarily from a check of office records of previously filed returns constitute one of the major methods of detecting non-filers. This year over 1.7 million delinquency investigations were conducted, an increase of 17.1 percent over the record number of 1.5 million in 1962.

A special effort was made to achieve optimum enforcement of the highway use tax through the examination of both internal and external source records. A record number of 140,000 delinquent highway use tax returns representing $21.2 million were secured.

Plans were developed and initial steps taken for a nationwide survey of selected geographical areas to ensure that proper special tax stamps are purchased for coin-operated amusement and gaming devices with special emphasis upon "multiple odds" pinball machines. The survey will be completed by September 30, 1963.

In addition, in examining tax returns, district audit divisions secured 61,000 delinquent returns compared with 73,000 in 1962. Tax and penalties on these returns amounted to $48.7 million, an increase of 24 percent.

TAX FRAUD INVESTIGATIONS

The fraud investigation program in 1963 was directed to increased realization of the overall Service mission of encouraging and achieving maximum voluntary compliance with Internal Revenue laws by all taxpayers. Particular attention was given to areas of flagrant tax abuses among all categories of taxpayers, with special emphasis on ferreting out tax law violations in situations involving political corruption and organized crime.

The Service continued its close coordination with the Department of Justice in its drive on organized crime. Many tax investigations involving racketeers were initiated, and criminal tax

cases against several notorious racketeers were successfully concluded. Among those prosecuted for criminal tax violations were: Frank "Screw" Andrews, Newport, Kentucky; Daniel E. Graham, Jr., Fayetteville, North Carolina; Meyer Sigal, Pittsburgh, Pennsylvania; and Joseph Conforte, Wadsworth, Nevada.

Continued emphasis on the identification of cases of substance and the maintenance of a balanced enforcement program together with improved utilization of special agent manpower resulted in the completion of considerably more full-scale investigations and in the initiation of a somewhat greater number of preliminary investigations than in the preceding year. Criminal prosecution was recommended in more cases than in 1962, with the increases in the fraud and wagering categories more than offsetting the decline in prosecution recommendations for coin-operated gaming device violations.

A summary of investigations by special agents follows:

Tax fraud investigations

Type	1963	1962
Grand total	14,521	13,698
Unnumbered (preliminary) investigations, total	10,873	10,229
Fraud	8,590	8,342
Wagering	1,804	1,547
Coin-operated gaming devices	304	228
Miscellaneous	175	112
Numbered (full-scale) investigations, total	3,648	3,469
Prosecution recommended, total	2,208	2,128
Fraud	994	955
Wagering	1,133	1,031
Coin-operated gaming devices	35	98
Miscellaneous	46	44
Prosecution not recommended, total	1,440	1,341

The Service continued to conduct nationwide coordinated raids, as well as independent raids, against violators of the wagering tax laws, making raids at 696 locations throughout the country. As a result, 939 persons were arrested and $377,000 in currency and 188 automobiles were seized. A nationwide raid was also made against violators of the coin-operated gaming device tax law. Simultaneous raiding action was taken in 174 cities which resulted in the seizure of $25,000 and 772 coin-operated gaming devices for which the occupational tax, at the rate of $250 per year, had not been paid.

The training program initiated in 1958 has now provided all incumbent special agents with a knowledge of new investigative techniques and procedures through formal and on-the-job training. To maintain a high level of special agent proficiency, the training program will be continued, to provide basic classroom instruction and on-the-job training for newly appointed agents and to afford refresher and selected on-the-job training, as needed, for experienced agents.

CASES INVOLVING CRIMINAL PROSECUTION

Additional taxes and penalties of $121.9 million were involved in cases received in the Chief Counsel's Office with recommendations of criminal prosecution. This was an increase of $13.8 million over the amount involved in the preceding year.

An analysis of criminal tax cases of all types (other than wagering-occupational tax cases handled at the district level) flowing from the Assistant Regional Commissioner, Intelligence, through the Office of the Chief Counsel and the Department of Justice follows:

Receipt and disposal of criminal cases in Chief Counsel's office

Status	1963	1962
Pending July 1 [1]	2,813	2,506
Received, total	2,123	2,003
With recommendations for prosecution	1,969	1,798
With requests for opinion, etc.	154	205
Disposed of, total	1,980	1,696
Prosecution not warranted	151	165
Department of Justice declined	77	77
Prosecutions	1,405	1,143
Opinions delivered	120	103
All other closings	227	208
Pending June 30 [1]	2,956	2,813

[1] Includes cases awaiting action in Department of Justice exclusive of wagering tax cases referred by Intelligence Division.

A total of 855 income and miscellaneous criminal cases, with prosecution recommendations involving 831 prospective defendants were forwarded to the Department of Justice. Compared with last year this was a decrease of 16.3 percent in the volume of referrals. Indictments in such cases were down 2.3 percent and the total disposal of cases in those categories in the district courts was increased 10.9 percent.

In income, excise, and wagering tax cases reaching the courtroom, 1,117 defendants pleaded guilty or nolo contendere, 176 were convicted after trial, 73 were acquitted, and 230 were nol-prossed or dismissed.

A comparison of indictments and court actions for the last two years follows:

Results of criminal action in tax fraud cases

Action	Number of defendants	
	1963	1962
Total		
Indictments and informations	1,856	1,702
Disposals, total	1,596	1,437
Plea, guilty or nolo contendere	1,117	1,013
Convicted after trial	176	178
Acquitted	73	65
Nol-prossed or dismissed	[1] 230	181
Income and miscellaneous cases [2]		
Indictments and informations	817	836
Disposals, total	814	734
Plea, guilty or nolo contendere	565	529
Convicted after trial	83	94
Acquitted	49	41
Nol-prossed or dismissed	[1] 117	70
Wagering tax cases		
Indictments and informations	1,039	866
Disposals, total	782	703
Plea, guilty or nolo contendere	552	484
Convicted after trial	93	84
Acquitted	24	24
Nol-prossed or dismissed	113	111

[1] Includes cases dismissed for the following reasons: 18 because of death of principal defendant, 9 because of serious illness, and 76 because principal defendant had pleaded guilty or had been convicted in a related case.
[2] Includes income, estate, gift, and excise taxes other than wagering, alcohol, tobacco, and firearms taxes.

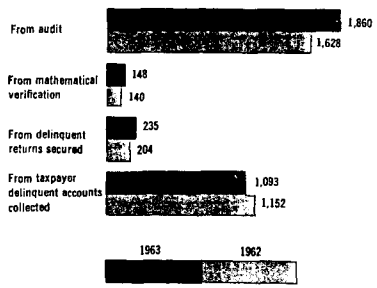
Criminal action is also taken against violators of the laws covering alcohol, tobacco, and firearms. The number of indictments and disposals are shown in the following table:

Results of criminal action in alcohol, tobacco, and firearms cases

Action	Number of defendants	
	1963	1962
Indictments and informations	5,747	5,979
Disposals, total	6,027	5,854
Plea, guilty or nolo contendere	4,256	4,250
Convicted after trial	714	688
Acquitted	369	337
Nol-prossed or dismissed	688	579

SUMMARY OF ADDITIONAL TAX FROM DIRECT ENFORCEMENT

ADDITIONAL TAX FROM DIRECT ENFORCEMENT
(including interest and penalties)
Millions of dollars



Despite the excellent record of voluntary compliance with the tax laws by the American taxpayer under our self-assessment system it is nevertheless incumbent upon the Service to maintain direct enforcement programs to insure that all taxpayers receive equitable treatment and pay their just share of tax. During the year the amount of additional tax, penalties, and interest resulting from these programs totaled $2.2 billion, a new record.

Additional assessments resulting from examination of tax returns increased $232.4 million over last year and amounted to $1.9 billion. These assessments are not comparable with tax increases on returns examined during the current year as they represent the correct tax liability determined upon examination or after appeals action or court decision. When agreements are not reached at the audit division level the time required for consideration of administrative appeals or litigation may delay settlement for a year or more. Consequently these amounts reflect assessments on examined returns but do not accurately measure results from current year audit operations.

Mathematical verification of individual income tax returns resulted in an increase in additional tax of $7.8 million over last year, and tax, penalties, and interest on delinquent returns secured increased $31.6 million.

The following table shows the additional tax, penalties, and interest, by source:

Tax, penalties, and interest resulting from direct enforcement
(In thousands of dollars)

Item	1963	1962
Additional tax, penalties, and interest assessed, total	2,243,356	r 1,971,577
From examination of tax returns, total	1,859,975	r 1,627,604
Income tax, total	1,569,849	r 1,405,328
Corporation	807,568	r 722,969
Individual and fiduciary:		
Prerefund audit	89,602	120,386
Regular audit	672,678	561,973
Estate and gift tax	241,647	175,779
Employment tax (including withheld income tax)	8,332	4,959
Excise tax	40,147	41,539
From mathematical verification of income tax returns	148,113	r 140,294
From delinquent returns secured, total	235,267	203,679
By district collection divisions	186,574	164,506
By district audit divisions	48,693	39,173
Claims disallowed		
Total	1,080,794	n.a.
By district audit divisions	948,441	n.a.
By regional appellate divisions	132,353	139,652
Delinquent taxes collected		
Total	1,280,686	1,255,172
Delinquent accounts	1,093,000	1,152,373
Trust funds in notice status	187,686	102,799

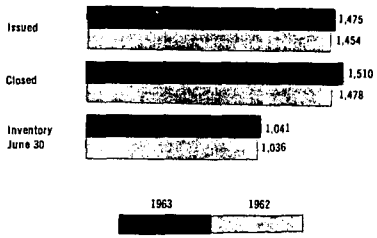
r Revised.
n.a.—Not available on a comparable basis.

TAXPAYER DELINQUENT ACCOUNTS

Nearly 2.9 million delinquent account assemblies were issued, 9.7 percent fewer than the number issued in 1962. However, the amount of delinquent tax involved, $1,475 million, was $21.2 million more than last year, due principally to a few very large delinquent accounts.

Emphasis on reducing inventories was continued and at the end of June 968,000 delinquent accounts were pending, a reduction of 8.4 percent from last year. The amount of delinquent taxes involved in the accounts pending at the close of the year aggregated $1,041 million, only $4.8 million more than last year. This increase is less than the increase in

TAXPAYER DELINQUENT ACCOUNTS
Millions of dollars



amount of assemblies issued on new accounts, and thus reflects the particular attention given to closing large accounts.

The decrease in number of new accounts is attributable in part to the continued effectiveness of the accelerated procedures put into effect last year for collecting trust fund taxes. Under those procedures, immediate contacts are made to collect withholding and similar trust fund taxes from employers and excise taxpayers who failed to pay the tax due on returns filed or failed to obtain depositary receipts evidencing payment to the Government on a timely basis. Additional taxpayers were brought under these procedures this year and a larger number of accounts were closed while in notice status (before delinquent account assemblies were issued). In fact, in 1963, accounts collected while still in notice status exceeded by 65,000 and $84.9 million the number and amount collected in 1962. The decrease in new accounts may also reflect to some extent the increased educational and enforcement efforts of the past 2 years.

The delinquent accounts activity (including activity related to the accelerated collection of trust fund taxes while in notice status) is shown in the following table:

Taxpayer delinquent accounts

Status	Number (thousands)		Amount (thousand dollars)	
	1963	1962	1963	1962
Issued	2,879	3,187	1,474,762	1,453,568
Closed, total	2,967	3,090	1,509,916	1,478,422
By type of action:				
Collected	2,468	2,622	1,053,035	1,114,445
Additional collections			39,965	37,928
Other disposals [1]	499	468	416,916	326,050
By method of handling: [2]				
Revenue officers	1,012	1,031	649,562	656,951
Office collection force	1,797	1,912	577,271	619,727
Other	158	148	243,119	163,818
Pending June 30, total	968	1,056	1,041,148	1,036,337
Active	774	851	609,849	542,276
Inactive	103	101	389,764	448,853
Deferred	91	104	41,535	45,208
Trust Fund accounts in notice status:				
Received	147	50	329,119	236,561
Collected	84	19	187,686	102,799

[1] Includes disposals due to uncollectibility and erroneous and duplicate assessments.
[2] Does not include additional collections of unassessed amounts and on accounts previously written off.

WORK FLOW IN THE SERVICE AND COURTS

It is impossible for the Service to complete the processing of all tax returns during the year in which they are filed. However, a comparison can be made of the volume processed at each administrative level of the Service and in the courts by considering the workload for any given year. In evaluating the work flow it is necessary to consider the unit count at different levels. Returns filed and the processing through audit divisions is on a return basis while processing by appellate divisions, intelligence divisions, and the courts, is on a case basis which may involve one or more returns. As the major administrative burden is on the processing of income, estate, and gift tax returns, especially at the appellate and court levels, the following tabulations, with the exception of returns filed and internal revenue collections, are confined to these types of returns:

Work flow in the Internal Revenue Service and the courts, fiscal years 1963 and 1962

Item	1963	1962
	Returns	
Tax returns filed, total	97,832,977	r 96,511,219
Individual income	63,679,166	r 62,487,325
Corporation income	1,291,039	r 1,231,738
Estate and gift	179,446	168,491
Employment	21,139,735	20,931,576
Excise	3,954,416	4,009,315
Other income	7,589,175	r 7,682,774
INCOME, ESTATE, AND GIFT TAXES		
Number of returns examined	3,673,939	r 3,279,670
Returns with adjustments proposed by audit divisions	2,339,658	r 2,267,735
Disposed of by audit divisions:		
Agreed, paid, or defaulted	2,102,069	2,068,170
Civil cases	Cases	
Total received in appellate divisions	18,326	r 15,804
Disposed of by appellate divisions:		
Agreed, paid, or defaulted	14,179	12,687
Courts of original jurisdiction:		
Tax Court:		
Total petitioned to Tax Court	5,376	4,749
Dismissed	266	228
Settled by stipulation	4,371	4,890
Settled by Tax Court decision	1,089	882
Decided by Tax Court but appealed	390	403
District courts and Court of Claims:		
Total filed in district courts and Court of Claims	1,407	1,364
Settled in district courts and Court of Claims	764	659
Decided by district courts and Court of Claims	486	505
Courts of appeals:		
Settled by courts of appeals decision	349	414
Favorable to Government	229	268
Favorable to taxpayers	78	113
Modified	42	33
Decided by courts of appeals but reviewed by Supreme Court	6	6
Supreme Court:		
Settled by Supreme Court decision	7	7
Fraud cases [1]		
Received for full-scale investigation in intelligence divisions	2,239	2,200
Disposed of by intelligence divisions:		
Prosecution recommended	994	955
Prosecution not recommended	1,228	1,166
Disposed of by Office of Chief Counsel:		
Prosecution not warranted	151	165
Department of Justice declined	77	77
Prosecutions	1,405	1,143

r Revised.
[1] Includes excise tax cases.

Amounts of revenue involved at each level of the tax system, fiscal years 1963 and 1962

[Millions of dollars]

Item	1963	1962
Internal revenue collections, total	105,925	99,441
Individual income taxes, total	52,988	50,650
Withholding	38,719	36,246
Other	14,269	14,403
Corporation income taxes	22,336	21,296
Estate and gift taxes	2,187	2,035
Employment taxes	15,004	12,708
Excise taxes	13,410	12,752
INCOME, ESTATE, AND GIFT TAXES		
Civil cases		
Additional tax and penalties in cases disposed of in audit divisions by agreement, payment, or default	1,147	1,042
Additional tax and penalties in cases disposed of in appellate divisions by agreement, payment, or default	179	146
Additional tax and penalties determined by settlement in Tax Court	81	63
Additional tax and penalties determined by Tax Court decision:		
Dismissed	4	4
Decision on merits	26	27
Additional tax and penalties in cases decided by Supreme Court and courts of appeals	9	12
Amount refunded to taxpayers as a result of refund suits	37	25
Fraud cases [1]		
Deficiencies and penalties in cases disposed of in intelligence divisions:		
Prosecution recommended	116	103
Prosecution not recommended	29	22

[1] Includes excise taxes.

OFFERS IN COMPROMISE

The final phase of the compromise decentralization program was completed on June 14, 1963. Effective July 1, 1963, district directors will assume responsibility for final acceptance of substantially all tax and penalty offers involving liabilities up to $100,000. The Chief Counsel has redelegated the responsibility for furnishing legal opinion on these offers to the regional counsels.

To prepare field offices for this increased responsibility, district enforcement personnel were given additional training by advisory memoranda, periodic analyses and evaluations, seminars, and indoctrination courses.

The overall compromise workload on June 30 consisted of 3,569 cases awaiting consideration at all Service levels. This is considered a minimal figure and not susceptible to further material change.

Compromise cases closed are shown in the following table:

Offers in compromise disposed of

Type of tax or penalty	Number		Amount (thousand dollars)			
			Liabilities		Offers	
	1963	1962	1963	1962	1963	1962
Offers accepted, total	10,964	11,061	27,470	26,053	7,275	7,706
Income, profits, estate, and gift taxes	810	777	15,860	16,163	4,013	4,951
Employment and withholding taxes	864	759	6,154	4,667	1,958	1,478
Alcohol taxes	95	97	228	469	121	76
Other excise taxes	228	219	3,606	3,092	776	698
Delinquency penalties on all taxes	2,978	3,083	1,622	1,662	304	337
Specific penalties	5,989	6,126			103	166
Offers rejected or withdrawn, total	4,360	4,327	86,173	69,989	13,003	10,182
Income, profits, estate, and gift taxes	1,643	1,545	63,272	50,374	9,191	6,823
Employment and withholding taxes	1,296	1,305	12,638	12,683	2,722	2,166
Alcohol taxes	95	82	447	418	54	41
Other excise taxes	351	373	9,146	5,917	902	1,027
Delinquency penalties on all taxes	945	982	670	597	129	114
Specific penalties	30	40			5	11

COLLECTION LITIGATION LEGAL SERVICES

For the past 5 years the legal work connected with the functions of the district directors' offices has maintained the level of activity it reached in fiscal 1958. The number of cases received during the current year was 11,366 as compared with 10,374 in 1962. The number of cases disposed of was 10,922 as compared with 10,380 last year. The inventory of pending cases stands at 4,829, an increase of 444 from the 4,385 cases pending at the end of 1962. For a detailed report of the cases received and disposed of see tables 23–25 on page 101.

Aside from the legal work which can be reported on a caseload basis, the informal assistance to the district directors' offices, rendered by lawyers who handle collection litigation cases, in the regional counsels' offices continued as in prior years. This, together with the assistance rendered during the periodic visits to district directors' offices by these same lawyers as a part of a continuing visitation program, is a result of the reorganization program begun some years ago under which much of this legal work was decentralized to the regional counsels.

As in prior years, the lawyers in the regional counsels' offices participated in the continuing in-service training programs developed by the Service to train and give guidance to the personnel in the district directors' offices dealing most directly with collection litigation matters. The value of this in-service training is continually apparent to the lawyers of the regional counsel through the constantly improved reports which are received by them in collection litigation cases.

Two cases pertaining to problems considered in connection with collection litigation legal work were decided by the United States Supreme Court. For a summary of these cases see pages 68 and 69.

FEDERAL-STATE COOPERATION

Gratifying progress was made in extending the area of Federal-State cooperation. Seven new cooperative exchange agreements were concluded with Arkansas, Illinois, Iowa, Maryland, Virginia, West Virginia, and the District of Columbia. This brings to 20 the number of such agreements now in force. Negotiations of 9 additional agreements were at various stages of active development between State tax officials and the Service at the close of the fiscal year.

The benefits stemming from these agreements have been steadily increasing, both to the Service and to the States. In the area of delinquent taxes, the flow of information from the States is yielding Federal revenue at the rate of about $22 million annually. Also, information furnished by the States to the Service, reflecting the results of audit of State tax returns, led to the assessment of $2 million additional Federal revenue, at a cost of approximately $45,000 during the year. Reports by State tax officials indicate that comparable benefits to State revenue are being obtained through information furnished systematically by the Service.

P.L. 87–870, enacted this year, provides for special services to be performed for States and other specified agencies on a reimbursable basis. The States are likely to have particular interest in contracting for special statistical compilations and in arranging for the admission of State tax officials to the training courses of the Service. Efforts are now underway to achieve a mutually satisfactory meshing of diversified State needs with the training resources available to the Internal Revenue Service.

INFORMANTS' REWARDS

Including those pending July 1, 1962, informants' claims for reward considered during fiscal 1963 numbered 9,196. Of these, 753 were approved with payments to the informants of $458,688. Of the 4,266 claims disposed of, 3,513 were rejected either because the claim could not be substantiated or the eligibility requirements of the regulations were not satisfied.

From information furnished by informants, the Service recovered $12.7 million in taxes, penalties, and interest.

Below is a table comparing activity in this area for the past 2 years:

Receipt and disposal of claims for informants' rewards

Status	1963	1962
Pending July 1 ... number	5,000	4,774
Received ... do	4,196	4,147
Disposed of, total ... do	4,266	3,921
Rejected ... do	3,513	3,256
Allowed ... do	753	665
Pending June 30 ... do	4,930	5,000
Amount allowed on claims disposed of ... dollars	458,688	587,256

ALCOHOL AND TOBACCO TAX ENFORCEMENT

Intensive concentration on the perfection of criminal cases under the Major Violator Program against the principals responsible for large-scale illicit distilling activities, resulted in effective prosecutive and trial action in most areas. During the year, 591, or approximately 37 percent of the 1,573 listed major violators were arrested or indicted. Noteworthy is the favorable attitude of the courts toward the objectives of this Program which continues to be reflected in the severity of imprisonment sentences imposed upon the financial backers of illicit operations. This is regarded as a significant crime deterrent factor.

The Mandatory Preventive Raw Materials Program continues to be an important adjunct to the law enforcement effort in preventing to a considerable extent the acquisition by illicit distillers of sugar, yeast, and containers essential to the production and packaging of nontaxpaid distilled spirits. It is encouraging to note that wholesale and retail dealers in such commodities, cognizant of the tax fraud potential are, for the most part, cooperating with the Government by establishing merchandising policies designed to deny liquor law violators or suspicious persons access to large quantities of sugar even though premium prices are frequently offered therefor.

Fourteen southern States accounted for 92.6 percent of the stills and 95.3 percent of the mash seized in 1963. Seizures in all categories declined with the exception of nontaxpaid wines. The volume of mash seized in the country as a whole, a significant index of the trend of illicit production, was reduced by 9.7 percent, as shown in the following table:

Seizures and arrests for alcohol, tobacco, and firearms violations

Item	1963	1962
Seizures:		
Stills ... number	6,213	6,886
Nontaxpaid distilled spirits ... gallons	149,940	174,572
Nontaxpaid wines ... do	6,530	2,930
Mash ... do	3,092,617	3,424,472
Vehicles ... number	2,431	2,621
Property (appraised value) ... dollars	2,110,380	2,252,718
Arrests [1] ... number	8,507	9,126

[1] Includes 2 arrests for tobacco violations and 358 arrests for firearms violations in 1963 compared with 2 and 398, respectively, in 1962.

Note.—Includes seizures and arrests in cases adopted, as well as originated, by the Internal Revenue Service.

As an adjunct to the seizure and forfeiture of property (principally vehicles, pinball machines, and cash) because of its use or intended use in violation of the alcohol, firearms, and wagering laws, the Service was required to investigate and rule on 489 petitions for remission or mitigation filed by persons who alleged an interest in the forfeited property.

FIREARMS PROGRAM

Public hearings on legislative proposals to amend the Federal Firearms Act were held by the Senate Subcommittee on Juvenile Delinquency during the year. These hearings were attended by representatives of the Service and of the firearms industry. The proposed amendments, in addition to increasing the license fees for dealers and manufacturers of firearms, would place restrictions on the availability of pistols and revolvers to juveniles, particularly through so-called "mail order" sales. This legislation is designed to be helpful to law enforcement agencies in the field of crime prevention.

A study of devices designed to fire either tear gas or flares, or both, but which are also capable of firing fixed ammunition, resulted in Service rulings that required manufacturers to make radical changes in such devices to preclude their falling within the category of firearms controlled by either the National or Federal Firearms Act. Studies made of a number of types of so-called semi-automatic rifles imported into the United States, brought about the classification of such weapons as machineguns, the importation of which will hereafter be subject to the registration and other provisions of the National Firearms Act.

Registration of firearms totaled 537,132, compared with 349,311 in 1962. The increase was due chiefly to the production of a greater number of automatic weapons required by the Armed Forces. Investigation of violations of the National and Federal Firearms Acts and the Act of August 9, 1939 (49 U.S.C. 781) resulted in the perfection of 358 criminal cases, 352 arrests, and the seizure of 115 vehicles and 725 firearms.

The decision of the Court of Appeals for the Ninth Circuit in *Russell* v. *United States*, 306 F. 2d 402 (1962) temporarily posed a serious threat to enforcement of the National Firearms Act. In this case, the Court set aside defendant's conviction

on a charge of failure to register a firearm on the ground that compliance with the registration requirement of the Act would have violated his constitutional guarantee against self-incrimination.

However, when the Court was faced with subsequent cases involving the review of convictions on charges of possession of an unregistered firearm, it upheld the convictions, distinguishing the *Russell* case on the ground that here the substance of the offense lay in the defendant's possession of the firearm and not in any failure on his part to have registered it (see *Starks* v. *U.S.*, 316 F. 2d 45, and *Frye* v. *U.S.*, 315 F. 2d 491). Other circuits have since taken similar action. Hence, unless *Frye* should be reversed by the Supreme Court, the problems anticipated as a result of the *Russell* decision seem to a large extent to have proved illusory.

5 Supervision of the Alcohol and Tobacco Industries

GENERAL

The Liquor Law Revision Committee, which was established on March 1, 1962, continued its studies of the industrial alcohol and liquor tax laws. The objectives of the Committee are to achieve the utmost simplification in revenue control and tax determination so that more economical government supervision can be attained and the industries will have the greatest degree of operating latitude consistent with effective revenue protection.

In order to cooperate with other departments of the Government the Service granted special authorizations permitting the mingling and storage (under conditions not contemplated by internal revenue regulations) of several million gallons of distilled spirits produced from California grapes which were declared by the Grape Crush Administrative Committee of the U.S. Department of Agriculture to represent surplus production. Under the pertinent USDA regulations, the "setaside" distilled spirits produced from such surplus grapes were not to be disposed of for beverage purposes. Arrangements were completed for the "setaside" spirits to be converted to industrial alcohol.

The Service also required specific identification of all food colors and other additives which industry members have proposed to include in their formulas for rectified products and wine, for the purpose of assisting the Department of Health, Education, and Welfare in familiarizing industry with the requirements of the Food and Drug Administration concerning such additives. Approval of any formulas which were found to include injurious additives or injurious proportions of additives was withheld.

As the result of efforts between the Alcohol and Tobacco Tax Division and the Joint Committee of the States on Alcoholic Beverage Advertising, The National Conference of State Liquor Administrators and the National Alcoholic Beverage Control Association, Inc. have resolved to urge the individual States to adopt uniform regulations (similar to the Federal requirements) governing the advertising of distilled spirits and wines in newspapers and magazines.

AUTHORIZATION OF INDUSTRY OPERATIONS

An indication of the extent of activities relating to the authorization of industry operations may be obtained by reference to statistical tables. Permit actions are shown in tables 10–12, on pages 92–93, and the number of establishments qualified to engage in the production, distribution, storage, or use of distilled spirits and alcoholic liquors, is shown in table 8, page 92. Corresponding figures relating to cigarettes, tobacco products, and tobacco materials, are shown in table 9, page 92.

In administering the provisions of the Federal Alcohol Administration Act and its related regulations, 46,949 applications for label approval or exemption from label approval (19,943 applications for distilled spirits, 25,090 for wines, and 1,916 for beer) were processed during the year, compared with 44,861 applications during 1962 or an increase in workload of 4.7 percent. A total of 20,392 periodicals and 3,429 radio and television "commercials" were examined to determine whether alcoholic beverages advertising contained therein complied with the Act and Regulations. In addition, 1,060 proposed advertisements and projected advertising campaigns which were voluntarily submitted, were reviewed prior to publication as a service to industry, and 282 conferences were held with industry members, their attorneys, or advertising agencies concerning advertising matters.

The provisions of procedural rules dealing with the disclosure of information (26 CFR 601.702) were amended, effective March 25, 1963, to permit the Director, Alcohol and Tobacco Tax Division, upon proper written application, to furnish information to interested persons concerning the issuance of certificates of label approval, or exemption from label approval, under the Federal Alcohol Administration Act.

The National Office processed 1,112 formulas for rectified products and 158 formulas for wine, as compared with 684 and 127, respectively, in 1962. The food additive control program was largely responsible for the increase in the number of formulas for rectified products which were reviewed. The National Office also reviewed 3,642 qualifying documents; issued to Government agencies a total of 26 permits to use tax-free spirits and 16 permits to use specially denatured spirits; approved 88 distinctive liquor bottles; and acted on 70 offers in compromise involving violations of Internal Revenue Laws, and 16 under the Federal Alcohol Administration Act.

ON-PREMISES SUPERVISION

Pilot operations initiated near the close of last year and completed this year demonstrated the feasibility of further improvements and streamlining in the methods used by the Government to supervise distilled spirits plants. Using the new procedures as guidelines, a nationwide survey of inspector (on-premises) manpower requirements was carried out. Study of the results indicates, in certain regions, the possibility of eliminating a limited number of inspector (on-premises) positions, as they become vacant. Increased use would be made of inspectors (general) for on-premises supervision during periods of peak plant activity. The policy of not filling vacancies, except for emergency situations, resulted in savings of approximately 59 man-years in inspector positions.

Inspector (on-premises) supervision was provided at distilled spirits plants whose operations and activities involved transactions in distilled spirits, as follows: Production, 800.8 million tax gallons; denaturation, 517.8 million tax gallons; warehousing, 1,054.1 million tax gallons; and tax-payments, 188.6 million tax gallons. In addition, 87.6 million proof gallons of distilled spirits and wines were rectified, and 220.2 million wine gallons of distilled spirits were bottled.

INSPECTION OF ESTABLISHMENTS

Quality inspections, utilizing additional audit techniques were emphasized. Authority to regions to select premises to be inspected in accordance with indicated needs, rather than by rigid schedule, was formalized at the beginning of the year. As a result the scope and depth of selected inspections increased materially. In the closing months of the year, all regions concluded field tests of a proposed brewery inspection handbook. Time devoted to these tests and increased use of audit techniques in inspections contributed to an increase in man-days per inspection and a corresponding decrease in number of inspections completed, from 32,260 in 1962 to 28,966 this year.

CHEMICAL ANALYSIS AND RESEARCH

The continuing emphasis being placed on research is typified by a contractual agreement with the Atomic Energy Commission whereby the National Office laboratory will carry out research in the field of neutron radio-activation analysis in criminalistics for the benefit of the Internal Revenue Service. Other research activities resulted in the publication of 6 scientific papers in internationally recognized chemical journals.

The rapidly expanding use of forensic chemistry as an adjunct to criminal investigative work led to the establishment of a physical evidence unit in the National Office laboratory to serve the Enforcement Branch of the Alcohol and Tobacco Tax Division.

Approximately 39,600 samples were examined in the National and regional laboratories, of which about 8,600 were illicit spirits and 8,300 were narcotics. In the National Office laboratory, in the categories of foods, flavors, and medicines using taxpaid spirits, 2,825 new formulas were approved and 623 samples were analyzed. In addition, 3,904 formulas and 4,219 samples were examined and approved for products and processes using specially denatured alcohol. Labels were approved for 9,211 products produced with specially denatured alcohol. An increase of some 2,000 narcotic samples caused the total volume of samples to exceed the previous year's total by about 1,700.

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6 Legislative Activities

GENERAL

The fiscal year was marked by much Congressional activity in the area of tax legislation. Principal activities were directed to enactment of the Revenue Act of 1962 and to the major tax revision program which was submitted to the Congress on January 24, 1963. In addition, study, research, and assistance were carried on relating to particular revenue measures enacted by Congress or still pending. The regular and recurring functions in connection with the Department's legislative program, reports on bills, drafting of legislation, and other technical work were continued.

LEGISLATIVE PROGRAM

The Service submitted 74 items to the Assistant Secretary for Tax Policy for consideration in the formulation of the Department's legislative program. These suggestions dealt principally with tax inequities, loopholes, and administrative problems. They were developed from reports submitted by offices throughout the Service; from research and study projects undertaken to develop information about tax inequities, abuses, and administrative problems which seem to warrant corrective legislation; from suggestions made by Members of Congress and the public; and from suggestions submitted by employees through the incentive awards program.

There was much activity in the Technical Coordination Program. It is through this program that the field offices report to the National Office on actual taxpayer cases involving tax abuses, inequities, and administrative problems. These reports were studied and evaluated in order to determine what legislative suggestions the Service should make to the Department.

LEGISLATIVE ASSISTANCE

The Committee on Finance conducted hearings on H.R. 10650, the Revenue Act of 1962. Some of the more important sections provided for a tax

incentive credit to encourage modernization and expansion; withholding tax on dividends and interest; more equitable taxation of mutual thrift institutions, mutual casualty insurance companies, and cooperatives; the removal of much of the preferential treatment accorded foreign income; and the disallowance of certain travel and entertainment expenses. The Committee substituted for the withholding on dividends and interest a provision requiring the filing of information returns covering the payments of such income. Representatives of the Service attended both the public hearings and the executive sessions before the Committee and assisted in drafting changes proposed by the Committee. The Act was passed by the Senate and on October 16, 1962, it was signed by the President and became Public Law 87-834.

The President in his tax message to the Congress on January 24, 1963, recommended a reduction in individual and corporate income tax rates and also structural revision and reform. The reform program is directed toward the relief of hardship and encouragement of growth, base broadening and equity, and revision of capital gains taxation. The Service assisted the Treasury Department in developing the Administration's tax program. Work on this program included research, technical analyses, and the gathering of information regarding tax matters covered by sections of the Internal Revenue Code which are under consideration. Also, representatives of the Service attended both the public hearings and executive sessions before the House Committee on Ways and Means, and assisted in drafting legislative language to carry out tentative decisions of the Committee in regard to the President's recommendations, and the Committee report.

Representatives of the Service attended the public hearings and executive sessions of Congressional Committees on the enacted and pending bills listed below. They also rendered other technical assistance in drafting the legislation and related Committee reports.

Information reports, technical reports, drafts of bills and accompanying technical explanations, and other data relating to legislative matters were prepared for the Office of the Secretary of the Treasury. Included were 47 formal reports on Congressional bills which dealt with proposals to amend the Internal Revenue Code and other legislative matters, including private relief bills.

Eight technical memoranda on pending bills or legislative proposals were prepared and forwarded to the Secretary of the Treasury. These bills and legislative proposals included recommendations to amend the Internal Revenue Code in respect to liquor, tobacco products, and firearms, and to amend the customs laws, the Federal Firearms Act, and the Administrative Procedure Act, as well as private relief bills in the alcohol and tobacco tax area.

LEGISLATION ENACTED

Congress enacted a number of public laws relating to tax matters, the most important of which (other than the Revenue Act of 1962) are listed and summarized below:

Public Law 87-682 extends to fishermen the same treatment accorded farmers in relation to estimated income tax.

Public Law 87-710 provides a 7-year net operating loss carryover for certain regulated transportation corporations.

Public Law 87-768 modifies the application of the personal holding company tax in the case of consumer finance companies.

Public Law 87-792 extends many of the favorable tax benefits of qualified retirement plans established by employers for employees to plans established by and for self-employed persons.

Public Law 87-859 continues for an additional 3-year period the existing suspensions of the tax on the first domestic processing of coconut oil, palm oil, palm-kernel oil, and fatty acids, salts, combinations, or mixtures thereof.

Public Law 87-863 increases the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses. Another section of this Law provides that a State or political subdivision which operates retail liquor stores shall not be required to pay more than one special tax as a retail dealer in liquors, regardless of the number of such stores operated by the State or political subdivision. The provisions of this section of the Act were made retroactive to July 1, 1962, which necessitated the allowance of claims for refund of the special retail tax for additional stores, if already paid for the fiscal year which began July 1, 1962.

Public Law 87-870 provides for the elimination of certain tax inequities through the permissive

taxation of certain jointly owned railroad terminal and switching facility corporations as partnerships.

Public Law 87–876 provides for an increase in the retirement income credit.

Public Law 88–4 provides that the deduction for child care expense shall be available to a wife who has been deserted by and cannot locate her husband, on the same basis as a single woman.

Public Law 88–9 provides a deduction for payment of redeemable ground rent.

Public Law 88–31 provides for a reduction in the rate of the Federal unemployment tax for the calendar year 1963.

Public Law 88–36 repeals the silver purchase acts and the related transfer tax on silver bullion.

Public Law 88–52, the Tax Rate Extension Act of 1963, in general postpones until July 1, 1964, reductions in the corporate normal tax rate and certain excise tax rates, and termination of the excise taxes on general telephone service and transportation of persons by air, which would have become effective on July 1, 1963.

LEGISLATION PENDING

Tax bills passed by the House at the end of the fiscal year and awaiting action by the Senate were as follows:

H.R. 780, to provide a credit against the estate tax for Federal estate taxes paid on certain prior transfers in the case of decedents dying after December 31, 1947.

H.R. 3297, to exempt from income taxation certain nonprofit corporations and associations organized to provide reserve funds for domestic building and loan associations.

H.R. 6246, relating to the deductibility of accrued vacation pay. A bill containing tax provisions, S. 1, had been passed by the Senate at the close of the fiscal year and was awaiting House action. The purpose of the bill is to establish a youth conservation corps. H.R. 5131, a similar bill, has been reported to the House.

LEGISLATIVE IMPLEMENTATIONS

The Service developed and began carrying out plans for the implementation of tax legislation enacted during the year. These plans included the issuance of new and amendatory regulations, revisions of tax return forms and instructions, issuance of publicity primarily through news and technical information releases, revision of Service publications, and issuance of special instructions and procedures to field offices. In some instances immediate action, particularly publicity, was required to assist taxpayers to comply with requirements of legislative amendments or to take advantage of tax relief afforded.

Some of the more important publicity releases on tax legislation enacted during the fiscal year include:

TIR–413 (November 13, 1962) calling attention to the provision in Public Law 87–834 which requires certain persons who either create a foreign trust or transfer money or property to a foreign trust to file an information return on or before the 90th day after the creation or transfer takes place.

TIR–416 (November 16, 1962) calling attention to the provisions in Public Law 87–834 relating to the taxation of stockholders of foreign investment companies and to certain acts to be performed by such companies.

TIR–423 (December 17, 1962) reminding taxpayers of the provisions in Public Law 87–397 requiring them to use their identifying tax account numbers on Federal tax returns and related documents filed in 1963 and subsequently, and announcing a new information booklet entitled "Questions and Answers Regarding Identifying Numbers."

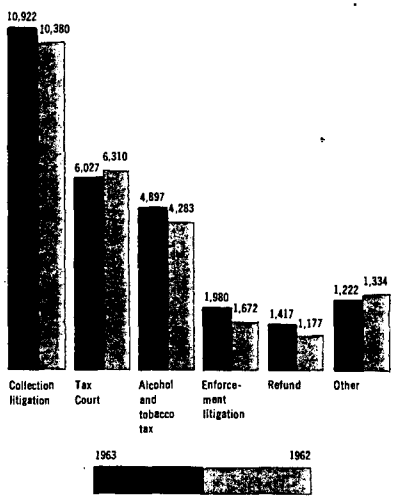
TIR–428 (December 24, 1962) calling attention to the provision in Public Law 87–863 which allows taxpayers a new option to deduct intangible drilling and development costs as expenses in the case of oil or gas wells.

TIR–443 (January 13, 1963) directing attention to the provision in Public Law 87–834 which reduces the exemption from income tax allowable under prior law with respect to persons qualifying under the "bona fide foreign residence" test.

TIR–481 (June 7, 1963) calling attention to Public Law 88–31 which reduces the rate of Federal unemployment tax for the calendar year 1963 from 3.5 percent to 3.35 percent.

7 Legal Activities

CASE DISPOSALS BY OFFICE OF THE CHIEF COUNSEL



CASELOAD DISPOSAL ACTIVITY

The total caseload disposals in the Office of the Chief Counsel increased to 26,465 from the total of 25,156 in 1962. At the close of the year the total caseload pending was 22,434, an increase of 496. Caseload receipts increased to 26,961, up 9.6 percent from the 24,600 received last year.

CIVIL LITIGATION

The Government won, in whole or in part, all of the 9 civil tax cases decided by the Supreme Court, compared with 5 of 7 in 1962. The Government also won, in whole or part, 271 of the 349 civil tax cases decided by courts of appeal (exclusive of bankruptcy, receivership, insolvency, lien, compromise, and liquor), compared with 301 of 414 such cases decided in 1962. In 1963 the Government's position was wholly or partially sustained in 77.7 percent of courts of appeal cases, compared with 72.7 percent in 1962.

In the trial courts (Tax Court, Court of Claims, and U.S. district courts) the record of Government wins, losses, and partial wins appears as follows:

Trial court cases won, lost, or partially won by the Government

Action	Tax Court		Court of Claims		District courts	
	1963	1962	1963	1962	1963	1962
Won	293	275	34	27	166	192
Lost	109	93	12	23	200	213
Partially won	159	163	18	6	56	44
Percent won or partially won	81	82	81	59	53	53

TAXES IN LITIGATION

Both at the beginning of the fiscal year and at the end there were nearly $1.5 billion involved in cases wherein taxpayers sought to contest their liabilities for taxes (and penalties). Actions for refunds of taxes and penalties are handled at the National Office level and actions for redetermination of proposed deficiencies in the Tax Court are handled by the 9 regional counsels.

In the trial or settlement of cases in the Federal district courts, the Court of Claims, and the Tax Court, $120.5 million was successfully defended in refund suits, and $171.8 million was successfully defended as proposed deficiency assessments, for a total of $292.3 million of revenue saved for the Government (see the table below).

Taxes in litigation
[In thousands of dollars]

Status	Total	Tax Court		Refund litigation
		Deficiencies	Overpayments	
Pending July 1	1,446,898	810,537	195,581	440,780
Received	570,598	439,173	12,782	118,643
Disposed of	547,846	323,291	66,941	157,614
Pending June 30	1,469,649	926,419	141,421	401,809
Amount saved	292,289	110,976	60,831	120,482

PERSONNEL

On June 30, 1963, the Office of the Chief Counsel had a total employment of 1,290 persons, composed of 644 attorneys and 646 nonattorney employees. This represented a slight decrease in staff from the preceding year. The 644 attorneys were assigned to the National Office and regions, as follows:

Office	*Number of attorneys*
National Office	263
Atlanta region	41
Boston region	22
Chicago region	42
Cincinnati region	42
Dallas region	32
New York City region	59
Omaha region	34
Philadelphia region	51
San Francisco region	58

TORT CLAIMS

The Service adjudicates all administrative claims under the Federal Tort Claims Act arising out of negligent acts of Service employees, and assists the Department of Justice in the defense of suits brought under that Act for damages caused by the negligence of Service employees. During the year 99 administrative claims (as compared with only 48 for 1962) and 14 suits were disposed of.

During the year also, the authority to recommend the institution of suits to recover for damage to Service property where the amount claimed does not exceed $1,000 and the incident from which the claim arises did not result in personal injuries was transferred to the regional offices in view of the decentralization of these suits by the Department of Justice to the United States attorneys.

SUMMARY

Legal services play a key role in all facets of tax administration and therefore are a vital part of many of the Internal Revenue Service's operations. Criminal prosecution cases, civil litigation cases, legal services in collection litigation, and work flow of cases in the Service and the courts are shown under Enforcement Activities. Detailed statistics on legal activities are shown in statistical tables 18–26 on pages 99–101, and the most important court decisions are included in the Appendix.

8 International Activities

GENERAL

As the world around us shrinks in size, the scope of the Service's responsibilities and operations overseas steadily enlarges. The overseas affairs of the Internal Revenue Service divide into three broad areas—furnishing technical assistance to developing countries in the strengthening and modernization of their tax systems; participation in the negotiation of tax conventions with foreign governments and the preparation of regulations under these pacts; and the administration of Federal tax laws affecting mainly U.S. citizens and business organizations abroad. The program for assisting the developing countries in strengthening their tax systems is carried out in the immediate office of the Commissioner of Internal Revenue through the Foreign Tax Assistance Staff; Service responsibility for tax treaties and regulations is assigned to the Assistant Commissioner (Technical); and responsibility for the overseas administration of Federal tax laws is in the Office of International Operations under the Assistant Commissioner (Compliance).

FOREIGN TAX ASSISTANCE STAFF

Following the pledge of the Secretary of the Treasury at Punta del Este in 1961, the Internal Revenue Service organized a program to extend technical assistance for tax administration modernization to developing foreign countries. Responsibility for the program is vested in the Foreign Tax Assistance Staff in the immediate Office of the Commissioner of Internal Revenue. The Staff's activities are conducted in close collaboration with the Agency for International Development of the U.S. Department of State. The Service's immediate efforts are oriented mainly to Latin America under the Alliance for Progress, although several countries in other hemispheres have requested and are receiving assistance in tax administration modernization.

The overall program is divided into two broad but integrated efforts. One deals with the selec-

tion of tax specialists, not only from within the Service, but also from selected State and local governments, for overseas assignment at the invitation of foreign countries. The second involves arrangements for foreign tax officials to observe and study in the United States the organization and operation of the Service.

The activities of Internal Revenue Service Tax Teams overseas range from broad surveys of existing tax administrations and recommendations for improvement, to long-term programs for assisting tax officials of foreign governments in devising and installing tax administration modernization on a broad front. The scope depends on the desire of each country. Activities include programs involving audit, collections, tax fraud, systems, training, data processing, organization and management, personnel and budget administration, etc. During the year 27 Service tax specialists were assigned to 10 countries in Latin America on short- and long-term tours.

Observation and study programs in the United States for visiting foreign tax officials range in time from one day to several months, and in scope from a single Internal Revenue program, to a study of the entire administrative structure and the major Service programs. Visits are made to the National, regional, and district offices. The status of foreign visitors range from those at high policy levels to technicians at the working level, although most occupy positions carrying supervisory and program responsibility. During 1963 the Service received over 200 foreign visitors from more than 35 countries.

TAX CONVENTIONS

Discussions took place abroad with four countries with a view to the conclusion of one new income tax convention and three conventions supplementing those already in existence. The texts of such agreements were in various stages of development at the close of the year.

A supplementary protocol to the Japanese income tax convention was signed on August 14, 1962, and an income tax convention with Luxembourg on December 18, 1962.

The proposed income tax conventions with India, Israel, the United Arab Republic, and Luxembourg, as well as the proposed supplementary protocols modifying the convention with Japan, were pending ratification in the United States Senate on June 30.

INTERNATIONAL OPERATIONS

In addition to the operation of the foreign posts at Paris, France; London, England; Ottawa, Canada; Mexico City, Mexico; São Paulo, Brazil; and Manila, Philippine Republic, the Office of International Operations conducted a taxpayer assistance and educational program with 21 revenue agents from its own and from district offices. This program involved the actual preparation of 3,583 returns reporting a total tax of $915,284. A total of 13,134 persons were assisted under the program. The agents traveled in excess of 110,000 miles, visiting 98 cities in 51 foreign countries. Agents also conducted 11 schools for military tax instructors who, in turn, assisted armed forces personnel stationed abroad.

The Director of the Office of International Operations consulted with foreign tax authorities in the disposition of 5 cases involving double taxation.

Representatives in foreign posts submitted a total of 143 collateral information requests, 72 for Intelligence Division, and 71 for other offices and divisions of the Service.

The Operational Research Staff continued studies on improvement of all phases of operations, including need for legislation, regulations, special studies, and dissemination of information in the foreign area.

Special studies regarding tax abuses in foreign tax areas resulted in several suggestions for changes in legislation, regulations, technical information releases, and manual supplements.

A study on the effectiveness of Section 6046, as revised by Congress in 1960, resulted in a further amendment of Section 6046 to require an "inventory" of foreign stockholdings under certain conditions. As a result of this legislation, by the end of 1963, the Service should have, for the first time, a complete and current picture of the number and amount of investments in controlled foreign corporations.

With the completion of the first full fiscal year of coordinated examinations of United States and foreign affiliated entities, the value of the efforts are shown by the following figures:

Cases referred to Office of International Operations	610
Cases accepted for coordinated examination	411
Examinations completed	342
Additional tax recommended	$145,000,000

The Office of International Operations now has a total of 80 audit specialists in Washington, New York, Chicago, and San Francisco. Three technical specialists comprise a special advisory group on problems of pricing and allocation under section 482 of the Code.

The Office of International Operations continued to render assistance to territorial, protectorate, commonwealth, and possession governments in regard to social security taxes and other tax administrative matters as requested. It also performs much of the administrative work connected with the exchange of information provisions of the tax treaties with foreign countries and also collects the income tax from nonresident alien individuals, partnerships, and foreign corporations. Income tax is withheld in accordance with the rates set forth in the treaties.

Taxes withheld by domestic withholding agents, taxes remitted by foreign governments, and the number of information documents filed are listed in the following table:

Tax withheld from payments to nonresident alien entities of treaty and nontreaty countries

	Number of information documents	Thousand dollars		
		Tax withheld by domestic withholding agents	Tax from foreign governments or withholding agents [1]	Total
Total	408,580	79,740	13,358	93,098
Australia	2,498	204		204
Austria	676	43		43
Belgium	8,559	2,138	167	2,305
Canada	153,585	14,471	833	15,304
Denmark	1,256	114		114
Finland	363	27		27
France	32,195	2,824	22	2,846
West Germany	7,889	1,335		1,335
Greece	1,775	177		177
Honduras	289	102		102
Ireland	2,847	290		290
Italy	4,923	517		517
Japan	1,283	392		392
Netherlands	4,742	4,774	228	5,002
Netherlands Antilles	2,659	1,956	6	1,962
New Zealand	542	47		47
Norway	3,019	209		209
Pakistan	95	24		24
Sweden	2,997	436		436
Switzerland	27,146	19,249	11,895	31,144
Union of South Africa	614	147		147
United Kingdom and overseas territories	41,278	17,327	207	17,534
Other:				
Nontreaty countries by Form 1042S	61,641	11,768		11,768
By coupon bond information documents:				
Tax treaty countries	40,232	699		699
Nontreaty countries	5,477	468		468

[1] Includes tax from coupon bond information documents; separate data not available.

Note.—Domestic withholding data distributed by country represents Form 1042S data for tax treaty countries only.

9 Planning Activities

GENERAL

Planning is an integral part of tax administration and is accomplished at every organizational level of the Service. The Long-Range Plan is the vehicle that translates all planning into a comprehensive system thereby producing a synthesis of program requirements, operational capabilities, and resources under different time frames which provide top management with a framework of carefully developed priorities for decision making.

The purpose of a tax system is to guarantee the long-run fiscal soundness of the policies and programs of Government. The purpose of tax administration is to fully implement the tax system. For the long-run, this means collecting all of the legislated taxes at least cost. In the short-run, it means optimizing the revenue collectible with the resources the Government makes available to the Administrator. Attainment of these objectives requires the development of an overall plan which includes both the strategy of long-range planning and tactical current-year operational plans or programs that are consistent with the long-range plan.

SHORT-RANGE OPERATIONAL PLANNING

Provision is made for short-range planning within the Long-Range Plan by developing specific program guidelines and priorities for the 2 years immediately ahead, which will enable the Service to progress toward its long-range objectives. Revisions to short-range guidelines and priorities are made after appropriation of funds for the next year's operations so that the final work-plans conform with available resources.

Detailed work-planning and control systems are employed in the Service's accounting, returns processing, delinquent accounts and delinquent returns activities for analyzing and appraising the work which must be done in determining short-range manpower requirements. These provide for the step-by-step listing of each operation, periodic evaluation of the various steps, assignment of

appropriate priorities to the various work phases, and the allocation of manpower to meet predetermined priorities.

The principal device for allocating manpower is the Financial Plan which translates annual appropriations into allotments for the Service's various offices and activities. This is the final step in the Service's budget cycle and represents the culmination of planning which begins with the Long-Range Plan and preparation of annual budget requests. The Plan is subject to modification during the year as needs arise and to the extent that compensating or supplementary resource changes are possible.

LONG-RANGE PLANNING

The Long-Range Plan is a coordinated action program designed by all components of the Service to eliminate operating deficiencies and anticipate and prepare for the future needs of an adequate Federal tax administration system. The Plan constitutes the Service's basic planning document and provides the foundation for the development of the Service's work plans and budget requests.

The Service's initial Long-Range Plan was developed in 1959 and is updated each year. The 1963 edition developed by the National Office in conjunction with regional and district officials, covers the 10-year period from 1961 through 1970. This plan includes objectives for all of the operational aspects of the Revenue Service, together with estimates of the manpower requirements and costs to reach desired objectives. It also includes estimated tax yields resulting from increased enforcement effort.

In order to develop the Plan most effectively, more detailed information must be obtained in a number of problem areas where information is lacking. These areas involve (1) the size and nature of the total tax administration workload; (2) the portion of the total tax administration job that is accounted for by current operations; (3) the portion of the total tax administration job that is left undone; or the gross tax administration gap; (4) the level of taxpayer compliance; (5) changes in the level of taxpayer compliance, and whether compliance is increasing or decreasing under existing programs; (6) the effectiveness with which current operations are being conducted; and (7) the net tax administration gap, or that portion of the gross tax administration gap that is worth closing.

To obtain data relating to these problem areas, the Service has developed a Taxpayer Compliance Measurement Program (TCMP), which will provide new information in at least 3 areas: (1) delinquent accounts, (2) delinquent returns, and (3) correctness of returns filed. Also, the informational aspects of TCMP include bringing together and coordinating into one comprehensive system all information required to measure the dimensions of Federal tax administration workloads, their trends and projections; the related requirements, such as manpower, training, equipment, and buildings; and the basic economics involved, such as costs, direct and indirect tax yields, and improvements in existing cost-yield ratios. TCMP is the Service's long-range research program designed to provide the information needed to implement the Service's Long-Range Plan and optimize Federal tax administration.

RESOURCES UTILIZATION

On December 17, 1962, the Committee on Resources Utilization submitted its report to the Commissioner. The report contained 72 recommendations relating to the organization and procedures of both National and field offices. By the close of the fiscal year, action had been taken on those recommendations which concerned the organization of field offices (see page 48). Evaluation of other suggestions of the Committee is to follow implementation of these field realignments.

The Service is currently making plans to establish a permanent resources utilization program with coordination responsibility centralized in the office of the Deputy Commissioner. Under this program, selected divisions of the National Office would undertake regular programs of research and analysis to assist the Commissioner in evaluating the activities and costs of the Service, and in allocating resources among them. Also, manpower utilization would receive increased emphasis in the National Office Review Program, and the several management development programs.

SYSTEMS REVIEW AND COORDINATION

Continuing attention was given to the modernization of tax administration through the planning

and design of total systems for implementing legislation and for improving current or proposed programs. Systems development projects during the past year included the following:

(1) *The Introduction of Advanced Equipment into the Service.*—Projects in this category relate both to the introduction of new types of advanced equipment into the Service as well as to the study of the equipment already scheduled as part of the automatic data processing system. Examples of the former are the development of specifications and the analysis of manufacturers' proposals for the procurement of a microfilm printer, the acquisition of a desk size computer for small, specialized, computational applications and preliminary studies of devices for electrical data transmission and optical character recognition.

Examples of the latter are the development of testimony for Congressional hearings on automatic data processing, studies of lease versus purchase of computers, and cooperative studies with operating personnel of computer components and procedural improvements in the Service's ADP system.

(2) *New Uses in Tax Administration for Advanced Equipment.*—The projects in this area include both consideration of the entire range of tax administration problems the solution of which might lie in the use of advanced equipment, as well as the achievement of new purposes from the Service's ADP system. Examples of the former include the use of information retrieval techniques in the legal and related administrative aspects of the Service's operations, an operations research system, a quality control system, and an integrated budgeting, personnel, and payroll data processing system.

Examples of the latter include ways of improving the identification of delinquent taxpayers under the ADP system, the conversion of Statistics of Income processing from Census Bureau equipment to Internal Revenue Service equipment, improved methods of classifying and selecting tax returns for audit examination, the use of information returns under the Service's ADP system, and orientation of the depositary receipt system in light of that system.

(3) *Systems Studies Not Involving Advanced Equipment.*—These studies include a number of systems design projects in which improvement may be achieved by readily available electrical or mechanical equipment.

(4) *Public Compliance Aspects of Tax Administration Systems.*—Projects in this area involve consideration of ways in which compliance by the taxpaying public may be directed toward maximum benefit to the systems used in tax administration.

The major projects in this area are the public compliance aspects of the taxpayer identifying number system and the expanded information return system enacted in 1961 and 1962. Other studies relate to the possibilities of receiving information returns in magnetic tape form from certain employers and payers of dividends and interest; and, in the alternative, of receiving such information in paper form readable by optical character recognition equipment.

(5) *Advisory and Educational Activities.*—These include consultation with tax administrators representing State taxing agencies or foreign countries, dissemination of systems information to Service officials, and exchanges of information with persons both in and out of the Service concerned with systems work.

CURRENT RESEARCH PROGRAM

Research activities were both accelerated and broadened in order to meet expanding demands. The needs for analysis of administrative facets of current legislative proposals continued, as in prior years, to absorb a major portion of research resources. This year, however, increasing consideration was given to internal management and operating problems, which stemmed from two sources: the planning necessary for following up various aspects of the 1962 tax legislation, and the problems encountered in the wake of expanded application of the automatic data processing system.

Numerous studies of the administrative impact of 1963 proposals for new tax legislation included such matters as changes in the treatment of deductions, optional tax tables, withholding methods, and averaging of fluctuating incomes.

Expanded information reporting for interest, dividends, and patronage dividends, required by the Revenue Act of 1962, focused attention on the need for new, integrated techniques for achieving more effective utilization of all information documents. An experimental program has been developed to provide streamlined techniques to

resolve apparent discrepancies resulting from mass computer comparisons of information documents and tax return data, and to furnish a comprehensive system of compliance follow-up. Additionally, plans are being developed for utilizing information returns from domestic owners of 5 percent or more of stock of foreign corporations.

Studies designed to provide information for dealing with operating and compliance problems included a survey of the nondistribution-of-income practices by complex trusts; a survey of the frequency and characteristic uses of different classes of tax returns within the Service; and the drafting of implementing regulations, together with designing of standard forms, to give effect to the recommendations made last year for simplification in the use of powers of attorney by taxpayer representatives.

STATISTICAL REPORTING

In preparing and publishing Statistics of Income reports as required by Section 6108 of the Internal Revenue Code of 1954, the Service during fiscal year 1963 continued to add to the statistical information available about the operation of our tax system. A planned byproduct of the measurements needed for fiscal policy determination was the financial profile of taxpayers drawn from tax return data. A list of Statistics of Income reports published during the year appears on page 72.

An increasing proportion of more complex returns characterizes taxpayer response to the operation of our tax system. Individuals itemized deductions on 41.1 percent of the returns they filed for 1961; the comparable figure was 33.7 percent for 1957. There is continued growth in the number of returns with schedules needed to summarize the varied aspects of business activity. The following tables reflect these and other characteristics of returns filed which, by adding to the complexity of the work, constitute one growth factor in the Service workload.

Under the terms of Sections 7515 and 7809 of the Internal Revenue Code as amended by Public Law 87–870 (87th Congress, Second Session) the Service was permitted to receive reimbursement for special studies and compilations furnished to private organizations and nonfederal government agencies. The Service may prepare special statistical studies and compilations involving data from tax returns and use the payments to reimburse the appropriation which bears the cost of such work. The authority to make these studies and compilations is evidence of Congressional recognition of the wealth of statistical information available on tax returns and related documents. Already 14 users availed themselves of the provisions of this new public law.

Individual income tax returns: Number of returns and sources of income

Item	Income year				
	1961	1960	1959	1958	1957
A. Number of returns	(Thousands)				
All individual returns, total	61,499	61,028	60,271	59,085	59,825
Taxable	48,583	48,061	47,497	45,652	46,865
Nontaxable	12,917	12,967	12,774	13,433	12,960
Returns with itemized deductions, total	25,262	24,083	22,510	20,811	20,155
Taxable	23,258	22,185	20,761	19,054	18,569
Nontaxable	2,004	1,898	1,749	1,758	1,586
Returns with standard deduction, total	36,238	36,945	37,761	38,274	39,670
Taxable	25,325	25,876	26,736	26,598	28,296
Nontaxable	10,913	11,069	11,026	11,675	11,374
B. Sources of income	(Million dollars)				
All individual returns:					
Adjusted gross income, total	329,861	315,466	305,095	281,154	280,321
Salaries and wages	266,902	257,918	247,370	227,551	228,077
Business or profession	22,630	21,072	21,431	20,674	20,339
Dividends received	9,890	9,530	9,356	8,741	9,124
Interest received	5,683	5,057	4,395	3,659	3,319
Rents and royalties	3,264	3,312	3,235	3,227	3,259
Other income	21,492	18,578	19,307	17,304	16,202

Note.—Returns classified as taxable are those reporting income tax after credits.

Receipts and profits reported by businesses

Item	Income year				
	1961–62	1960–61	1959–60	1958–59	1957–58
	(Thousands)				
A. Number of business returns					
Total business returns	11,371	11,172	11,165	10,744	10,649
Corporations	1,190	1,141	1,074	990	940
Sole proprietorships	9,242	9,090	9,142	8,800	8,738
Partnerships	939	941	949	954	971
Business returns with net profit	8,738	8,516	8,650	8,531	8,446
Corporations	716	670	671	611	573
Sole proprietorships	7,294	7,107	7,220	7,155	7,094
Partnerships	728	739	759	765	779
Business returns without net profit	2,633	2,656	2,515	2,213	2,203
	(Million dollars)				
B. Business receipts					
Total business returns	1,065,708	1,046,819	1,026,167	938,228	931,000
Corporations	820,773	802,791	772,915	696,594	684,883
Sole proprietorships	170,981	171,257	176,205	163,399	162,687
Partnerships	73,954	72,771	77,047	78,235	83,430
Business returns with net profit	n.a.	902,404	908,787	815,117	812,378
Corporations	n.a.	685,692	682,186	599,576	595,602
Sole proprietorships	151,761	151,837	156,773	147,452	145,357
Partnerships	n.a.	64,875	69,828	68,089	71,419
Business returns without net profit	n.a.	144,415	117,380	123,111	118,622
	(Million dollars)				
C. Business profits					
Net profit, less loss [1]					
Total business returns	76,918	72,932	77,159	67,417	73,454
Corporations	45,532	43,505	46,797	38,523	44,476
Sole proprietorships	22,697	21,067	21,517	20,778	20,220
Partnerships	8,689	8,360	8,845	8,116	8,758
Net profit [1]					
Business returns with net profit	87,616	84,024	86,081	75,916	80,983
Corporations	52,113	50,382	51,651	43,490	48,664
Sole proprietorships	25,757	24,269	24,709	23,339	22,806
Partnerships	9,746	9,373	9,721	9,087	9,513
Net loss [2]					
Business returns	10,698	11,092	8,922	8,499	7,529

[1] For corporations—net income.
[2] For corporations—net deficit.
n.a.—Not available.

Note.—The income year 1961–62 covers accounting periods ended July 1961 through June 1962. Other income years cover corresponding periods.

The Service awarded a contract to Dr. W. Edwards Deming, consultant in statistical services, Washington, D.C., for an evaluation of sampling procedures used by the Service to obtain tax return data and for his recommendations for improving the quality of estimates published in Statistics of Income. Dr. Deming completed his report in June 1963. The Service also awarded a contract to the National Planning Association, Washington, D.C., for developing the historical and projected economic series required for preparing projections of the number of returns to be filed in each State. The National Planning Association also provided detailed methodology useful in updating the projections of the economic series.

A library of computer tapes was expanded. This library makes available to research workers a flexible source of data to supply information on items, classes, and relationships that will vary from time to time. The library consists of a complete file of the Statistics of Income sample of returns. It will be maintained for a 3-year period and, in addition, a subsample of the Statistics of Income files which can be referred to as a model will be kept indefinitely.

The Treasury-Internal Revenue Service Committee on Statistics, established last year to advise

on the content of statistical publications, standards of quality, and timeliness of publication, was continued during 1963. The names and affiliations of the members of the group are listed in the 1962 Annual Report. The group met on four occasions: March 30–31, 1962; May 25–26, 1962; October 1, 1962; and April 29, 1963. At each meeting there was a careful review of the statistical program and an evaluation of proposed changes and recommendations regarding selected courses of action. In compliance with provisions of Executive Order 11007, the Committee terminated on June 30, 1963.

10 Management Activities

GENERAL

The goal of the Service during the year has been, in the words of President Kennedy, to operate "a lean, fit, and efficient" organization. Emphasis was placed on good management, with particular attention to economy, efficiency, and effectiveness. More specifically our efforts have been directed toward eliminating unnecessary overhead, shortening communication lines, and channeling maximum manpower to frontline enforcement and revenue producing activities.

MAJOR MANAGEMENT IMPROVEMENTS

Increased stimulation and leadership in management improvement efforts resulted in an alltime record of over $11.6 million in annual recurring savings in 1963. These savings reflect a cooperative effort spearheaded by top management officials actively supporting the objectives of the Management Improvement Program.

The Service also actively seeks to keep its managers in touch with new and improved methods by participating in management courses, seminars, and institutes conducted by other Government agencies, universities, and professional associations. In 1963 approximately 125 officials attended such outside training sessions. In addition, the Administrative Intern Program designed to recruit and train promising participants for future high-level duties, stresses the importance of management improvement in formal courses and on-the-job training.

Many management improvement actions result in improved operations rather than measurable savings. However, below are several of the more significant accomplishments initiated during 1963 which resulted in tangible savings and which are a partial indication of the vitality of the Management Improvement Program.

Realignment of Field Offices.—Secretary Dillon gave final approval on May 17, 1963 to the following field office realignment plan, effective January 1, 1964:

(1) Reduction in the number of regions from 9 to 8. This was accomplished by combining the Chicago and Omaha regions and redistributing certain districts to the Dallas, Cincinnati, and Philadelphia regions. The new lineup of States in the affected regions is—

(a) Chicago Region—Illinois, Iowa, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and Wisconsin;

(b) Cincinnati Region—Indiana, Kentucky, Michigan, Ohio, and West Virginia;

(c) Dallas Region—Arkansas, Colorado, Kansas, Louisiana, New Mexico, Oklahoma, Texas, and Wyoming;

(d) Philadelphia Region—Delaware, Maryland, New Jersey, Pennsylvania, Virginia, and the District of Columbia.

(2) Reduction in the number of districts from 62 to 58. This was accomplished by merging the Camden District into the Newark District, the Syracuse District into the Buffalo District, and the Kansas City District into the St. Louis District; and dividing the Scranton District between the Philadelphia and Pittsburgh districts.

When fully implemented the realignment of field offices is expected to yield recurring annual savings of approximately $3.5 million with no decrease in taxpayer services or overall effectiveness.

In addition, a program was initiated to reduce overhead supervisory and administrative costs in the districts—particularly the smaller districts—to minimum operating requirements. Under this program, each division or branch chief vacancy in a district office is to be examined for the essentiality of the position before it is filled.

Cathode Ray Tube Equipment.—A contract was awarded for procurement of an electronic microfilm printer and 75 associated high speed film viewers. By use of this equipment filmed registers and directories will be substituted for mechanically printed lists. Eventual savings are estimated at $600,000 per annum, $520,000 of which will be saved on equipment and supplies, when fully implemented.

Variable Key Punching of Data from Individual Returns.—A method of key punching tax data on a variable basis, as opposed to a "fixed field" technique, resulted in an estimated $250,000 savings to date. By 1967 it is anticipated that annual recurring savings of $1 million will accrue by use of this new method which utilizes the principle of punching only data reported by the taxpayer that is needed for processing purposes.

Streamlined Training Programs.—The Service continued to take a critical look at training programs with a view toward refining and improving them without diminishing their quality. As a result, numerous courses have been shortened to the extent that approximately $1.9 million will be diverted to productive enforcement activities each year.

Use of Technical Aids in Investigative Work.—A study was initiated to determine the use and value of technical aids such as portable photocopiers, tape recorders, microfilm readers and printers, portable microfilmers, handie talkies, and cameras. The study indicated that the Service is making extensive use of these aids thereby saving at least $688,000 annually. As a further benefit, technical aids in the investigation of cases assisted in securing evidence which otherwise would not have been obtainable.

Reports Program.—A continuing review of reporting requirements to insure quality reports at the least possible cost resulted in redirecting manpower worth $1.4 million from the preparation and use of reports to other operations. Changes in reporting ranged from modification of record cards to major revisions in some areas of the Service's reporting system.

The Reports Program is designed to take full advantage of mechanized and electronic systems, while keeping in mind that some types of reporting are more adaptable to manual processes.

Intangible Savings.—Many management improvement actions not readily adaptable to measurement of exact monetary savings nevertheless release substantial manpower and other resources for use in more critical areas. Noteworthy examples are the work planning and control systems in accounting, returns processing, delinquent accounts, and delinquent returns activities. These systems include a step-by-step listing of each operation, periodic evaluation of the various steps, assignment of priorities to phases of work, and allocation of manpower to meet the priorities. The constant review of these systems and subsequent improvements have led to standardized work achievements in all districts and regions and the channeling of available manpower to tasks of the highest priority.

A new program, known as the National Office Review Program, involves a shift in emphasis

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from "mass" team visits to field offices, to visits by a small group of top officials. In addition to improving management review and control of field operations, this new program is expected to result in substantial savings in manpower and travel funds, and will eliminate several lengthy, formal reports.

There has been an increased use of mass communications media to inform taxpayers of tax laws and regulations and to create confidence in the voluntary compliance system. Although difficult to measure, there is no doubt that this increased dissemination of information has led to increased voluntary compliance.

Disposition of Savings.—Savings resulting from management improvement projects, both tangible and intangible, are channeled into work areas where the application of additional manpower serves to strengthen the enforcement effort, reduce backlogs, and improve taxpayer service.

PERSONNEL

The personnel administration program was highlighted by efforts to improve manpower utilization and maintain the high level of employee morale. Significant changes and innovations were made in the incentive awards program, and continued progress was made in ADP redeployment, the summer student program, and employee-management relations.

Automatic Data Processing Staffing and Redeployment.—Considerable progress was made in the redeployment of employees affected by the conversion to automatic data processing. To date, 2,500 employees have been redeployed successfully out of an estimated 5,500 who will eventually be redeployed as a result of the installation of the ADP system. Of particular interest was the significant advance made in staffing the first regional data processing service center in Atlanta, which now has 754 permanent employees. Part-time employees reached a peak of 954 in February.

The Labor Department's Bureau of Labor Statistics completed a study of the "Impact of Office Automation in the Internal Revenue Service." The report describes in detail the initial stages of conversion to ADP, and comments favorably on the Service's redeployment program. It will be published later this year.

Attitude Survey.—An attitude survey, similar to one which proved successful in the Philadelphia District as a tool for highlighting areas requiring management attention, was conducted in the Milwaukee District. The survey showed that employees generally had a strong dedication to the mission of the Service and were satisfied with their work. It also spotlighted certain weaknesses in the promotion program and in first-line supervision. Actions have been initiated to deal with areas requiring further attention. Plans have been made for extension of the survey program to other offices.

Recruitment.—Emphasis continued in recruiting at colleges and universities for entrance-level professional positions. Recruiting brochures were mailed directly to about 60,000 students, in addition to those distributed by district and regional offices. These pamphlets describe the benefits and opportunities of a career in the Internal Revenue Service.

An earlier suggestion that district directors encourage schools to call on them for speakers before student groups and classes was reemphasized as a public service as well as a recruitment device.

The number of employees at the close of the year and the man-years realized are shown in the following table:

Personnel summary

Location and type	Man-years realized		Number on rolls at close of year	
	1963	1962	1963	1962
Service, total	59,711	56,481	59,486	56,510
Permanent	56,403	53,373	56,374	53,928
Temporary	3,308	3,109	3,112	2,582
National Office	[1] 3,657	[1] 3,401	3,561	3,357
Field service, total [2]	56,054	53,080	55,925	53,153
Data processing, total	15,855	15,323	15,468	14,546
Collection, total	10,022	9,143	10,263	9,448
Revenue officers	6,321	5,804	6,374	5,861
Other	3,701	3,339	3,889	3,587
Audit, total	19,775	18,599	19,843	18,987
Revenue agents	12,469	11,859	12,442	11,942
Office auditors and tax technicians	3,128	3,052	3,067	3,028
Other [3]	4,178	3,688	4,334	4,017
Intelligence, total	2,281	2,160	2,299	2,201
Special agents	1,687	1,606	1,691	1,624
Other	594	554	608	577
Alcohol and tobacco tax, total	2,844	2,819	2,811	2,848
Investigators	1,002	923	997	978
Inspectors	442	425	437	441
Storekeeper-gaugers	500	568	484	522
Other	900	903	893	907
Appellate, total	1,417	1,399	1,417	1,420
Technical advisors	625	617	628	625
Auditors	145	149	147	148
Other	647	633	642	647
Administration	2,485	2,364	2,456	2,361
Regional Counsel	770	756	760	776
Regional inspection	605	517	608	566

[1] Includes terminal leave man-years for entire Service.
[2] Includes Office of International Operations.
[3] Includes overseas employees hired locally (4 in 1963 and 3 in 1962).

Civil Service Commission Program Review.—The Civil Service Commission in its coordinated nationwide review of personnel management in the Internal Revenue Service, found that the Service's recruitment, ADP redeployment, program review and evaluation, and career planning and systematic employee development programs were noteworthy. It recommended classification changes in only 0.4 percent of the positions, compared with a governmentwide rate of 4.0 percent. Of special note was the Commission's overall summary that ". . . personnel management is woven into the total management fabric of the Internal Revenue Service to a remarkable degree, and it is characterized by a professional approach on the part of the responsible managers."

Executive Selection and Development Program.—The Service continued its well-established Executive Selection and Development Program as the source of appointments to all positions of assistant district director and assistant service center director. During the annual selection process, 424 qualified persons from the Service, as well as a number of managers from other agencies, were considered. Of these 10 were selected to participate in the program.

Summer Student Assistant Program.—The summer student program which proved successful last year was expanded this year to provide for increased participation in field offices. On the basis of faculty recommendations and scholastic records, 60 law and undergraduate students were selected to work in the National Office and over 100 in field offices.

Employee-Management Relations.—Primary emphasis was placed on strengthened employee-management relations, including relationships with organized employee groups. This program consisted, in part, in setting up an election process for handling requests for exclusive recognition from organized employee groups, and issuing a pamphlet for all employees explaining the features of the program. Also issued, and later refined, was the Service's policy and procedure to ensure an affirmative approach in dealing and consulting with organized employee groups. Under the established election process, elections have been held in 31 Internal Revenue Service offices. Through open elections, 29 chapters of the National Association of Internal Revenue Employees won the right to exclusively represent 146 units, made up of 13,038 employees in the 31 offices.

A department-wide training course for hearing officers was developed to insure that employee appeals of adverse action would be handled in accordance with new procedures prescribed by the President and the Civil Service Commission.

To give officials more personnel management responsibilities, Assistant Commissioners have been delegated authority to take final action in adverse action cases involving employees under their jurisdiction and to approve outstanding performance ratings.

Incentive Awards Program.—A major accomplishment was realized this year in strengthening administration of the Incentive Awards program. Approval of awards with intangible benefits, together with authority to take final action, was delegated to the lowest practicable level. Suggestions and award recommendations are now reviewed through functional, rather than administrative, channels. In addition, processing procedures were simplified and reporting requirements reduced. Another development was the establishment of the Commissioner's Award—the Service's first exclusive honor award.

Equal Employment Opportunity Program.—The Service has continued its emphasis on appointing and promoting qualified minority people to high level positions. In the South the number of Negro employees in professional and technical positions increased from 11 to 22. Albuquerque, Austin, Little Rock, Oklahoma City, Birmingham, Columbia, Jackson, and Jacksonville, have now been added to the list of offices that have Negroes in revenue agent, revenue officer, and tax technician positions.

Recruitment trips to predominantly minority group schools have succeeded in arousing interest in employment opportunities and have brought to the attention of school officials the Service's occupational requirements so that they may alter their curriculum to better qualify their graduates.

TRAINING

A new Law (Public Law 87-870) provides that representatives of local, State, and foreign governments may participate in Internal Revenue Service training courses. With the assistance of the National Association of Tax Administrators ex-

plorations were begun to determine to what extent and on what basis the Service can assist State governments in meeting their tax enforcement training needs.

A "Tax Administration Orientation for Foreign Tax Officials" program was launched to make official visits of foreign tax officials more meaningful and helpful. The program developed by the Foreign Tax Assistance Staff and the Training Division, includes presentations by the Commissioner and other top officials. Approximately 50 foreign tax officials from 25 nations participated during the year.

Plans for establishing experimental training centers were initiated by setting aside funds for installation of the first regional training center in the San Francisco Region in 1964. Establishment of an experimental national training center awaits only the selection and availability of an appropriate site.

The Commissioner's Committee, set up in 1962 to survey training needs in the collection enforcement area, completed its study and submitted a report proposing a comprehensive career training plan. Action was immediately begun to implement the Committee's recommendations.

Courses were planned or developed to train (1) alcohol and tobacco tax special investigators in laws, regulations, techniques, and procedures, (2) office audit group supervisors in functional management techniques, (3) audit personnel in revised standards and procedures used for determining depreciation for tax purposes, and (4) key punch supervisors in their management problems, and certain administrative personnel in specialized fields. Other new programs were launched (1) to familiarize collection personnel with the impact of automatic data processing on that activity, (2) to train special agents assigned to the Organized Crime Drive, (3) to train internal auditors in the effects of automatic data processing on their work, and (4) to train audit specialists in the examination of exempt organizations.

The 3 basic accounting correspondence courses (fundamental, constructive, and corporation) were converted to machine scoring to expedite the return of graded papers to the students and to accommodate the increased number of enrollments resulting from automatic data processing redeployment.

In June 1963, a committee of 4 distinguished training consultants, appointed by the Secretary of the Treasury to review the total training effort of the Service, submitted its report. It described the program as a whole as "very commendable," and made a number of recommendations for further improvements.

FACILITIES MANAGEMENT

Space.—Most regional and district offices are now in, or have firm commitments for, good space. Many of those offices having firm commitments for new space will move next fiscal year; others are awaiting the completion of new Federal office buildings and will move during the next 2 or 3 years. This progress is particularly gratifying and significant in retrospect. Approximately 2 years ago comparatively few Service offices were properly housed.

Additional space was obtained for 209 offices to relieve crowded conditions and accommodate staff expansion. The following offices were moved into new or modernized buildings: Birmingham, Toledo, Burlington, Hartford, Parkersburg, Philadelphia, and Jacksonville.

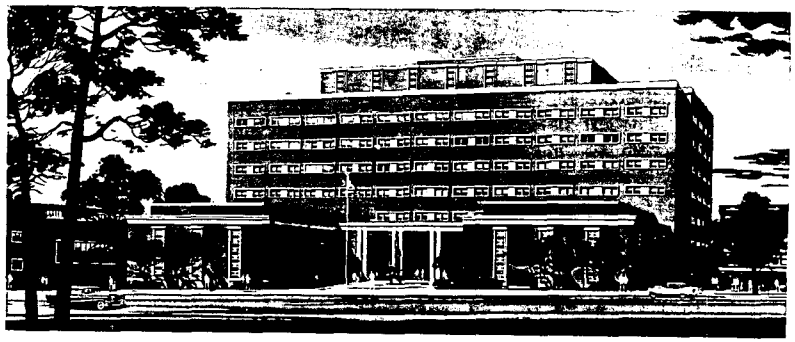
A significant accomplishment was the beginning of construction of a 21-story, 374,000 square foot leased building for the Manhattan District. The problem of proper housing for some 3,000 employees in Manhattan has been pressing for several years. Construction has proceeded rapidly and the building is expected to be ready for occupancy by November 1, 1963.

Progress is also being made toward correcting acute space problems of the offices in Chicago, Wilmington, Miami, Brooklyn, Cincinnati, Denver, San Francisco, Seattle, Dallas, Hollywood, and Aberdeen.

Construction was started on the regional service center buildings in Austin and Philadelphia. Each building, containing over 200,000 square feet of floor area designed for automatic data processing operations, will be ready for occupancy in early fiscal year 1964. Negotiations with the General Services Administration are nearing completion for the major renovation of an existing Government-owned building in Kansas City, Missouri, which will house the Chicago Regional Service Center. The GSA has requested Congressional approval to construct Federally-owned buildings for the Boston and Cincinnati regional service centers and the National Service Center to be located in Detroit.

MODERN OFFICE BUILDINGS PROVIDE MORE EFFICIENT FACILITIES FOR INTERNAL REVENUE SERVICE FIELD OFFICES

Internal Revenue Service Building
Birmingham, Ala.



U.S. courthouse and Federal office building, Hartford, Conn.

Federal office building, Toledo, Ohio

Working cooperatively with the GSA, the Service is revising and expanding its Space Occupancy Guide, to cover local and branch offices as well as regional and district offices. This publication, when reissued in fiscal year 1964, will also reflect significant changes in partitioning requirements for revenue agents and officers, office auditors, and special agents. The new bank-type partition cubicle concept, which has been adopted by the Service, will provide work privacy for a large number of technical employees as well as interview privacy for taxpayers.

Records and Paperwork.—This year's records and paperwork management activities were directed toward keeping abreast of the steadily increasing accumulation of tax returns, related working papers, and other documentary materials received and produced by increased returns processing and revenue enforcement workloads. More than 252,950 cubic feet of records were retired or destroyed, thus making available for reuse urgently needed space and equipment valued at more than $1 million. Because of this continuing emphasis on records disposition and vigorous controls applied to the creation of official records, there was a net increase of less than 1 percent in total records holdings, even though almost a million more tax returns were filed and records produced by IRS reached an all-time high with the installation of additional phases of the automatic data processing system. Records holdings and dispositions are shown in the following table:

Records holdings and disposition activities

Status	Volume of records (cubic feet)	
	1963	1962
In Internal Revenue Service custody, beginning of year	579,618	601,251
Disposed of, total	252,952	229,396
Destroyed	107,301	100,356
Retired to Federal Records Center	145,651	129,040
In Internal Revenue Service custody, end of year	583,687	579,618

Continued attention was given to the development and standardization of needed forms and form letters and the elimination of unnecessary ones. As a result, local forms and form letters have been completely eliminated in 18 district offices; district prescribed forms decreased by 7.0 percent, and regional standardized forms decreased by 0.9 percent; however, service center prescribed forms and National Office prescribed forms increased 25.0 percent and 19.0 percent, respectively. The Service-wide net increase of 3.5 percent in the forms inventory is directly attributable to the conversion to data processing and increased emphasis on taxpayer compliance.

The Internal Revenue Service Envelope Handbook, a first in the Federal Government, is receiving favorable comments by users throughout the Service as a valuable timesaving reference. This publication identifies and illustrates all Service standardized envelopes; specifies the form, form letter, correspondence, or document to be mailed in each envelope; designates usage points and lists sources of supply. Its development has eliminated many proximate sizes formerly used and has permitted centralized contracting for the standardized envelope sizes.

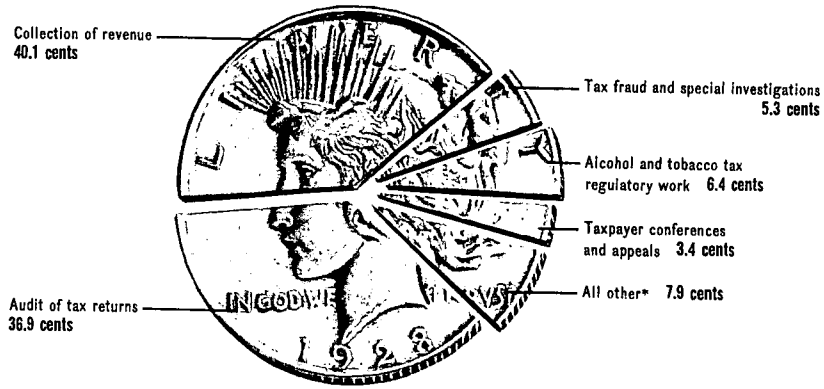
FISCAL MANAGEMENT

The Internal Revenue Service appropriation for 1963 amounted to $503.1 million, consisting of an initial appropriation of $486.0 million and a supplemental appropriation of $17.1 million. The supplement covered the major portion of the cost of the pay increase authorized by Congress in Public Law 87–793, about $1.4 million of which was absorbed by the Service. The Service also absorbed the added cost of postal rate increases, estimated at $400,000, authorized by Public Law 87–793.

The total amount appropriated was $51.1 million more than the 1962 appropriation. After current staff maintenance cost increases were provided for, the remaining funds were sufficient to finance only a portion of the planned increase scheduled for 1963 in the Service's Long-Range Plan. Provision was made in the Financial Plan for continuing the conversion of returns processing to the Master File ADP system (including activation of regional service centers at Cincinnati and Austin); for part of the initial requirements of the Taxpayer Compliance Measurement Program; and for some increase in enforcement and related staffs to keep up with the growing taxpayer population and workload.

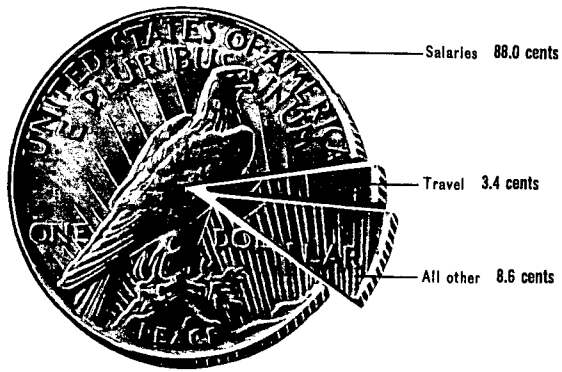
Total obligations in 1963 amounted to $501.7 million (including $0.9 million actual transfer to General Services Administration) compared with

OBLIGATIONS BY ACTIVITY



*Includes rulings, technical planning, and special technical services, 1.6; legal services, 2.5; inspection, 1.6; statistical reporting, 0.9; executive direction, 1.3.

OBLIGATIONS BY OBJECT OF EXPENDITURE



total obligations of $451.2 million in 1962 (including $1.1 million actual transfer to GSA). This is an increase of $50.5 million in actual obligations. Man-years realized totaled 59,711 compared with 56,481 in 1962. This is an increase of 3,230 in man-years actually realized. Table 27 on page 102 shows obligations by object of expenditure and by location. The distribution of expenditures by activity in fiscal year 1963 is shown in the following table:

Obligations incurred by the Internal Revenue Service

[In thousands of dollars]

Activity	Total		Personnel compensation and benefits		Other	
	1963	1962	1963	1962	1963	1962
Total	500,804	450,080	440,542	396,853	60,262	53,227
Rulings, technical planning, and special technical services	7,836	7,068	7,085	6,411	751	657
Collection of revenue	200,901	179,912	170,153	153,529	30,748	26,383
Audit of tax returns	184,867	165,631	171,429	152,921	13,438	12,710
Tax fraud and special investigations	26,577	23,989	22,815	20,616	3,762	3,373
Alcohol and tobacco tax regulatory work	32,139	29,943	26,395	24,821	5,744	5,122
Taxpayer conferences and appeals	17,101	15,677	16,087	14,904	1,014	773
Legal services	12,713	11,751	11,678	10,824	1,035	927
Inspection	7,750	6,610	6,348	5,444	1,402	1,166
Statistical reporting	4,320	3,455	3,256	2,718	1,064	737
Executive direction	6,600	6,044	5,296	4,665	1,304	1,379

Detailed studies were made of 2 significant budgetary programs of the Service. The first study was to determine whether present practices concerning per diem and related costs for employees in recruit training programs are in the best interests of the Government and are reasonable and equitable from the standpoint of new employees, or whether need exists for modification of present practices. The payment of per diem and related travel expenses to recruit trainees constitutes a sizable budgetary item, particularly during the period of staff expansion. Final decisions on the recommendations resulting from the study will be effected next year.

The second study had the objective of determining whether improvements could be made in the methods of estimating, budgeting, controlling, and reporting grade structure changes. This annual program, including advancement of trainees to the journeyman level, requires a substantial budgetary outlay. As a result of the study, a number of changes will be made in 1964 which will provide a more effective and uniform control to insure that an equitable structure, as funded by Congress, will be maintained.

INSPECTION ACTIVITIES

The Inspection activity provides for an independent review and appraisal of the effectiveness and efficiency of Service operations through its internal audit function, as well as an internal security program to assure maintenance of the highest standards of employee integrity.

Inspection was founded as an independent activity to assist top mangement with the problem of internal control by gathering and reporting facts pertaining to offices and individuals. Often these reported facts form the basis upon which management takes action to improve operations and the integrity of the Service.

Internal Audit.—An annual independent review and appraisal of Service operations as a protective and constructive service to the Commissioner and all other levels of management is carried out through the internal audit program. All field organizations and activities are covered by internal audit to determine whether policies, practices, procedures, and controls adequately protect the revenue and are being efficiently and effectively carried out. The expansion of the automatic data processing activity to the present National Computer Center and 5 service centers, which utilize high-speed electronic computers and related peripheral equipment, has increased the internal audit responsibilities of Inspection. Emphasis in Internal Audit is placed on examination of the Service functions which are most closely connected with collection of the revenues and enforcement of the tax laws, and on coordination with Internal Security to carry out the integrity program of the Service.

During the year 355 internal audit reports were issued, compared with 303 in 1962. The increase was caused primarily by the separate reporting on audits of the Organized Crime Drive functions of the Intelligence activities.

In addition, Internal Audit carried out a number of special assignments, including participation in the annual audit of the Treasury Department's Exchange Stabilization Fund, and provided follow-up assistance to the Tax Division of the Virgin Islands Department of Finance, which was reorganized as a result of the comprehensive survey completed in 1962.

Internal Security.—Successful administration of the voluntary self-assessment system of taxation depends a great deal on integrity of taxpayers and their representatives as well as integrity and impartiality among officials and employees of the Service. The Service continued the vigorous efforts started the previous year to promote understanding among its employees, taxpayers, and practitioners regarding the importance of integrity and the need to expose corruption wherever discovered.

Forty-six cases of actual or suspected bribery by taxpayers or their representatives were reported by Service employees to Inspection. Investigations resulted in indictments of 10 taxpayers or their representatives, and additional prosecutions are contemplated in a number of pending cases. This makes a total of 20 persons indicted for attempting to bribe Internal Revenue employees during the past 2 years. To date 15 have been convicted.

Investigations completed during the year totaled 10,011, which was 11.8 percent more than in the preceding fiscal year. This is the highest number completed in the 11-year history of Inspection. In addition, police checks were made on 3,413 employees given short-term temporary appointments.

A tabulation of the various types of investigations and disciplinary actions follows:

Investigations and disciplinary actions

Type of investigation and action	1963	1962
Total investigations closed	10,011	8,956
Personnel investigations		
Number of cases closed, total	8,626	7,701
Character and security investigations	5,036	5,017
Conduct investigations	771	665
Special inquiries	2,819	2,019
Actions taken by Service management officials as a result of personnel investigations		
Disciplinary actions, total	848	639
Separations, total [1]	271	215
Bribery, extortion, or collusion	16	5
Embezzlement or theft of Government funds or property	17	15
Failure of employee to pay proper tax	17	15
Falsification or distortion of Government reports, records, etc.	89	69
Unauthorized outside activity	11	8
Failure to discharge duties properly	9	14
Refusal to cooperate	13	
Divulgence of confidential information	1	2
Acceptance of fees or gratuities	3	4
Personal and other misconduct	95	83
Suspensions from duty and pay	42	34
Reprimands, warnings, reassignments, transfers, or demotions	535	390
Nondisciplinary actions	7,778	7,062
Other investigations		
Number of cases closed, total	1,385	1,255
Applications for admission to practice before the Internal Revenue Service	636	647
Charges against enrollees	117	98
Federal tort claims	168	153
Attempted bribery	47	19
Discrimination	2	3
Investigations for other Treasury bureaus	415	335

[1] Includes resignations, retirements, or other separations while employees were under investigation or before administrative decision was made on disciplinary action where investigation disclosed derogatory information.

ENROLLMENT OF PRACTITIONERS AND DISCIPLINARY ACTIONS

General.—The Office of Director of Practice continued its program of revitalization, which resulted in various changes in regulations governing practice, a modification of the Special Enrollment Program, and increased vigilance with respect to the ethics of all types of practitioners.

Amendments to Treasury Department Circular 230 (Revised 1958).—In order to conform the eligibility requirements for practice, as set forth in 31 CFR Part 10 (Circular 230), more closely with the various State rules governing qualification for the practice of law and accounting, amendments were made to Sections 10.3(d) (1) and (2); 10.4(d); 10.29; and 10.51(b)(28). Two basic changes were effected: (1) Attorneys and certified public accountants are no longer subject to the requirement that they be engaged in the active practice of their respective professions; and (2) the former

ineligibility of persons who are full-time employees of corporations, or of individuals or partnerships not engaged in the practice of law or accounting, was eliminated. In addition, the amendments clarified the provision in Circular 230 which relates to solicitation of practice in any unethical or unprofessional manner.

Enrollment and disciplinary cases

Type of cases	1963	1962
Enrollment applications:		
Approved, total	6,782	5,603
Attorneys	3,734	3,021
Agents	[1] 3,048	[2] 2,582
Withdrawn or abandoned:		
Attorneys	3	-------
Agents	3	5
Denied:		
Attorneys	1	4
Agents	3	-------
Renewal of enrollment cards, total	10,948	22,838
Attorneys	5,587	9,564
Agents	5,361	13,274
Disciplinary actions, total	19	28
Resignations accepted:		
Attorneys	2	4
Agents	1	12
Suspensions:		
Attorneys	1	1
Agents	3	4
Reprimands:		
Attorneys	1	1
Agents	11	6
Cases under investigation as of June 30, total	159	171
Applicant attorneys	21	[3] 57
Applicant agents	23	
Enrollee attorneys	42	[3] 114
Enrollee agents	73	
Cases under review as of June 30, total	237	82
Applicant attorneys	27	[3] 27
Applicant agents	57	
Enrollee attorneys	57	[3] 55
Enrollee agents	96	

[1] Includes 2,516 CPAs, 75 former IRS employees, and 457 Special Enrollment Examination candidates.
[2] Includes 1,971 CPAs, 141 former IRS emloyees, and 470 Special Enrollment Examination candidates.
[3] For 1962, there is no breakdown between attorneys and agents.

Special Enrollment Examination Program.—The annual cost to the Treasury Department of enrolling persons to practice before the Internal Revenue Service by means of the Special Enrollment Examination in recent years has been more than double the receipts obtained from examination candidates. By statutory enactment, Congress has decreed that programs of this nature shall be self-sustaining, insofar as possible, and that the fees charged shall be fair and equitable in relation to the costs involved and interests served.

After careful analysis, it was determined that an examination fee of $25 is an equitable charge to candidates who take the Special Enrollment Examination, authorized by Section 10.3(e) of Circular 230. Public announcement of this determination was made on April 17, 1963, and the $25 fee is applicable to candidates who take the examination to be held in September 1963.

This year, 457 persons were enrolled as a result of the Special Enrollment Examination, compared to 470 in 1962.

Renewal of Enrollment Cards.—The year showed a normal decrease in the total of renewed enrollment cards from 1962, which was the second peak year of the cycle established 10 years earlier for periodic renewal of enrollment cards at 5-year intervals. Of those who enrolled or who renewed their cards in 1958, there were approximately 3,200 who did not renew in 1963.

Approved Enrollment Applications.—Original applications for enrollment approved this year total 6,782, and exceed last year's total by more than 1,000, as shown in the table. At the end of the year approximately 73,500 persons were enrolled to practice before the Service, an increase of approximately 3,500 over the previous year's total.

Derogatory Information Cases.—After complete processing and closing of 223 derogatory information cases, the Office had pending 237 cases at the end of the year, or approximately three times the number of cases pending at the end of the preceding year. This increase is, again, an indication of continuing awareness of what is expected of the tax practitioner, and of the vigilance being exerted to properly regulate practice, especially with respect to the ethical behavior of practitioners.

Representation by Former Employees.—Enactment of Public Law 87-849, the so-called Conflicts of Interest Statute, effective January 21, 1963, and coded Title 18, U.S.C., 201-218, has made necessary certain changes in Treasury Department Circular 230, as it relates to practice before the Internal Revenue Service in particular matters by former officers and employees of the Service.

Pending issuance of amended regulations and pursuant to the provisions of the new law, a procedure was devised whereby a "declaration" is required to be filed by the former officer or employee, indicating (1) whether he ever participated personally and substantially in the matter at hand; and (2) whether the case was under his personal consideration within one year prior to the termination of his Service employment. After

investigation of the declaration, the former employee is no longer given or refused a "consent" to appear in the matter, but instead is advised whether or not any information in the Service indicates that his representation of the taxpayer might be violative of the new statute.

This temporary procedure has been of considerable value in maintaining a normal work-flow in this particular type of case, without detriment to the practitioner in the form of undue time-lags while steps required to revise Form 901 and to amend Circular 230 are in process.

Unenrolled Preparers.—Unenrolled preparers of tax returns—those preparers who, under limited circumstances, may represent their clients before revenue agents and office auditors without enrollment—have evidenced an increased awareness of the ethical conduct required of them. Persons exercising this limited privilege of practice are required to maintain the same level of compliance to ethical standards as that required of enrolled practitioners.

Authority to deny the privilege of limited practice to such individuals not so deporting themselves is vested in the various district directors, with the right of appeal to the Director of Practice. Adherence to a system of cooperative exchange of information between the district offices and the Office of Director of Practice has served to curb abuses in this area, and to increase compliance with, and regulate activity under, the rules governing activities of unenrolled preparers of tax returns.

ADVISORY GROUP

In keeping with the practice of periodically changing the membership, the Commissioner appointed a new Advisory Group in November 1962. The Group—whose purpose is to provide constructive criticism of Service policies, procedures, and programs and suggest ways in which the Service can improve its operations—met 3 times during the year: December 19-20, 1962, March 14-16, 1963, and June 6-8, 1963. The members of this Group are as follows:

Walter Blum
University of Chicago
Chicago, Ill.

Marvin K. Collie
Vinson, Elkins, Weems & Searls
Houston, Tex.

Louis Eisenstein
Arnold, Fortas & Porter
Washington, D.C.

Richard B. Goode
The Brookings Institution
Washington, D.C.

W. Croft Jennings
Roberts, Jennings, Thomas and Lumpkin
Columbia, S.C.

Hover T. Lentz
Dawson, Nagel, Sherman, & Howard
Denver, Colo.

Eugene J. Patton
Peat, Marwick, Mitchell Company
New York, N.Y.

Mark E. Richardson
Lybrand, Ross Bros. and Montgomery
New York, N.Y.

Wilbur J. Schraner
Van Nuys, Calif.

Louis Schreiber
E.I. du Pont de Nemours & Co.
Wilmington, Del.

Henry L. Shepherd
Shepherd, Murtha & Merritt
Hartford, Conn.

James F. Thornburg
Oare, Thornburg, McGill & Deahl
South Bend, Ind.

APPENDIX

Taxpayer Publications

Tax Forms—
New and Revised

Regulations

Executive Orders

Revenue Rulings
and Procedures

Announcements of
General Interest

Technical Information
Releases

Supreme Court Decisions

Actions of Lower Courts

Statistics of
Income Releases

APPENDIX

TAXPAYER PUBLICATIONS

Your Federal Income Tax, IRS Publication No. 17, is written for individual taxpayers. A new style of type, which allows more letters per line but does not detract from readability, was adopted for the 1963 edition in order to include latest changes in law, regulations, etc. without increasing the size of the booklet. In addition to covering in detail the run-of-the-mill problems of the average taxpayer, the 1963 edition furnished simplified explanations of the more complex problems which the average taxpayer may encounter and brief explanations of some new provisions of the laws. A filled-in sample of the individual return appears in the front of the book. All parts of the return are keyed to page numbers in the booklet where detailed explanations and examples can be found. The 1963 edition contains 144 pages and sold for 40 cents a copy by the Government Printing Office and local Internal Revenue offices. This book ranks among the best sellers of Government publications. Approximately 865,000 copies were sold this year, representing an increase of about 165,000 copies over last year. In addition, 90,000 copies were used in the Teaching Taxes Program, the Taxpayer Assistance Program, and in various training programs.

Tax Guide for Small Business, IRS Publication No. 334, is written especially for sole proprietorships, partnerships, and corporations. This booklet, like *Your Federal Income Tax*, is an important segment of the Commissioner's program for more effective taxpayer assistance and education. Income, excise, and employment taxes are explained and numerous examples are used to illustrate the application of the laws. A check list, of particular interest to new businessmen, shows, at a glance, the taxes for which different kinds of business organizations and business activities may be liable and what the business should do about them. A tax calendar for 1963 is also provided to assist businessmen in keeping track of when various actions should be taken during the year with respect to all their Federal taxes. As in the case of *Your Federal Income Tax*, a new style of type which allows more letters per line but does not detract from readability was adopted for the 1963 edition in order to include the latest changes in law, regulations, etc., without increasing the size of the booklet. Brief explanations of new laws taking effect during the current year, were included in this edition, so that the businessmen could make necessary preparations for filing their 1963 returns. The booklet contains 144 pages and is sold for 40 cents a copy by the Government Printing Office and local Internal Revenue offices. This year over 275,000 copies were sold and 40,000 copies were used by the Service.

Farmer's Tax Guide, IRS Publication No. 225, explains the tax problems of farmers. This booklet features a tax calendar devised especially for farmers, to help them keep track of their tax obligations throughout the year. The booklet discusses income, employment, and self-employment taxes and contains numerous examples illustrating the rules. It contains 64 pages, and 1,250,000 copies were distributed through Internal Revenue offices and agricultural extension agents of the Department of Agriculture.

Tax Guide for U.S. Citizens Abroad, IRS Publication No. 54, a 31-page pamphlet written especially for U.S. citizens residing or working abroad, explains their obligations under the Internal Revenue laws. It tells the conditions under which income earned abroad may be exempt from taxation, the requirements for filing Federal income tax returns, and methods of determining whether earned income is wholly or partially exempt from tax. U.S. consulates, embassies, and Office of International Operations distributed approximately 76,000 copies.

U.S. Tax Guide for Aliens, IRS Publication No. 433 (also known as Information Guide No. 9) is a 28-page pamphlet which explains the U.S. tax provisions applicable to both resident and nonresident aliens. It contains a general discussion of the provisions of the U.S. tax treaties and the basis for determining whether or not an alien is engaged in trade or business in the United States. Approximately 32,000 copies were sent for free distribution to U.S. embassies, consulates, and district offices.

Tax Return Filing Requirements for U.S. Citizens Abroad, IRS Document 5357, a 6-page pamphlet outlining briefly the requirements for filing tax returns by U.S. citizens abroad, was published for distribution to U.S. citizens through U.S. consulates and embassies abroad.

Information Guides—International Operations

No. 1—Fulbright Grants and U.S. Income Tax

No. 2—Income Tax Deductions of Members of the Foreign Service Department of State

No. 3—Dual-Status Tax Years of Alien Taxpayers (Formerly known as Change of Status Year for Nonresident Alien Taxpayers)

No. 4—Claims for Recovery of Manufacturer's Excise Tax on Exported Articles

No. 5—Social Security Coverage for Clergymen and Religious Workers Abroad

No. 6—Preparation of Form 1040B

No. 7—Tax Advice for Foreign Scholars and Visitors on Official Educational and Cultural Exchange Programs (Formerly known as Foreign Scholars and U.S. Income Tax)

No. 9—U.S. Tax Guide for Aliens (Described above as IRS Publication No. 433)

Motor Fuel Tax Pamphlets explain the latest rules in regard to the various Federal motor fuel taxes. There are 3 such pamphlets:

Federal Use Tax on Highway Motor Vehicles, IRS Publication No. 349

Federal Gasoline Tax Refund for Nonhighway and Transit Use, IRS Publication No. 378

Farmer's Gasoline Tax Refund, IRS Publication No. 308

Teaching Taxes, IRS Publications Nos. 19, 21, 22, and 27, is a program to acquaint high school and college students, and others with the basic principles and rules underlying the Federal self-assessment system of taxation. Over 2,250 thousand students participated in the program last year.

Decedents, IRS Document No. 5446, is a new 4-page pamphlet which has been added to other free taxpayer assistance material available to the public. Published for the benefit of surviving widows, widowers, and others charged with the responsibility of handling the affairs of the deceased, the pamphlet provides information needed for filing the final return of the decedent. It explains when and by whom the final return must be filed and what income must be included. It also discusses the taxability of income received by a survivor in respect of a decedent, and explains how to determine the basis of inherited property..

Investment Income and Expenses, IRS Document No. 5448, is a new free pamphlet for the assistance of taxpayers. This 24-page document brings together all of the information needed by an individual whose income is derived from stocks, bonds, or other investment property. Included are discussions of fully taxable, partially taxable, and tax exempt interest; dividends and the dividends exclusion and credit; gains and losses on sales of investment property; the basis of the property; the special treatment afforded investors in small business investment company stock; the tax treatment of investment clubs; and the deductibility of expenses incurred in connection with investment property.

Miscellaneous Taxpayer Assistance Documents

	Document No.
Personal Exemptions and Dependents	5013
Employee Expenses, Educational Expenses	5014
Sick Pay	5016
Selling Your Home	5017
Retirement Income and Credit	5018
Medical and Dental Expenses	5020
What Is Income	5045
Tax Calendar and Check List for 1963	5046
Self-Employment Tax	5047
Sales and Exchanges of Assets	5048
Travel, Entertainment, and Gift Expenses	5049
Depreciation, Investment Credit, Amortization, Depletion	5050
Business Expenses	5051
Child Care	5052
Contributions	5053
Retailers' Excise Tax	5054
Manufacturers' Excise Tax	5055
Excise Tax on Communications	5056
Occupational Stamp Taxes	5057
Tax on Admissions and Dues	5059
Rents and Royalties Income	5060
Losses from Operating a Business	5062
Interest Deductions	5074
Taxes	5075
Filing Your Tax Return	5107
Installment and Deferred-Payment Sales	5108
Alimony	5109
"Page 2" Deductions	5110
Estimated Tax and Tax Withholding	5111
Casualties, Storms, Floods, Hurricanes, Other Disasters, and Thefts	5174
Accounting Periods and Methods	5175
Bad Debts	5176
Withholding From Wages by Employer	5177
Repairs and Improvements	5178

Miscellaneous Taxpayer Assistance Documents—Continued

	Document No.
Partnerships	5179
Corporations	5180
Sale of a Business	5181
Community Property	5192
If Your Return Is Examined	5202
Documentary Stamp Taxes	5286
Condemnations of Private Property for Public Use	5383

NEW AND REVISED TAX FORMS ISSUED

New forms with instructions:

Form No.	Title
3435	Notice of Identifying Number
3468	Computation of Investment Credit
3491	Exemption Application
3520	United States Information Return (With Respect to the Creation of or Transfers to Certain Foreign Trusts)

Revised forms resulting from legislative, administrative, or regulation changes:

Form No.	Title
941	Employer's Quarterly Federal Tax Return
959	United States Information Return (With Respect to the Organization or Reorganization of a Foreign Corporation and Acquisition of its Stock)
990A	Return of Organization Exempt from Income Tax (Section 501(c)(3) of the Internal Revenue Code)
1041A	U.S. Information Return on Trust Accumulations
1087	Nominee's Information Return
1096	U.S. Annual Information Return (Summary Report of Forms 1099, 1099L, and 1087 filed with this return)
1099	U.S. Information Return for Calendar Year 1963

SELECTED REGULATIONS PUBLISHED

Income Tax Regulations

Treasury Decision 6604 contains the amendment to regulations issued under section 213 of the Code, which provides that a capital expenditure directly relating to medical care is deductible as a medical expense to the extent that the expenditure exceeds the increase in the value of the related property. Published July 24, 1962.

Treasury Decision 6606 contains the regulations, issued under Public Law 87–397, which provide for the requesting and furnishing of identifying numbers, and the inclusion of identifying numbers in returns, statements, and other documents made with respect to most taxes. Published August 25, 1962.

Treasury Decision 6621 contains the regulations, issued under sections 318 and 6038, which require all U.S. persons in control of a foreign corporation or a chain of foreign corporations to submit an annual information return for each controlled foreign corporation, the annual accounting period of which begins after December 31, 1962. Published December 1, 1962.

Treasury Decision 6623 contains the regulations, issued under section 6046, which require an information return on Form 959 from each U.S. citizen or resident who on or after January 1, 1963, is an officer or director of a foreign corporation, if 5 percent or more in value of the stock of such foreign corporation is owned by a U.S. person, and from a U.S. person who on or after January 1, 1963, owns or acquires 5 percent or more in value of the stock of a foreign corporation, for each additional 5 percent interest acquired. Published December 1, 1962.

Treasury Decision 6628 contains amendments to the regulations, issued under sections 6041, 6042, 6044, 6049, 6652, and 6678, as amended or added by section 19 of the Revenue Act of 1962. These amendments provide for the filing of information returns with the Service with respect to payments of interest, dividends, and patronage dividends, and to the furnishing of statements concerning such payments to recipients. Published December 28, 1962.

Treasury Decision 6630 contains the regulations, issued under section 274(d) of the Code, as added by the Revenue Act of 1962, which provide that travel, entertainment, and gift expenses must be substantiated by adequate records or by sufficient evidence corroborating the taxpayer's own statement in order for such expenses to be allowed as a deduction under section 162 or 212; and which provide specific rules for substantiating such expenses. Published December 29, 1962.

Treasury Decision 6631 contains the amendment to the regulations, issued under section 37, as amended by sections 1 and 2 of Public Law 87–876, which provides for an increase in the maximum amount of retirement income with respect to which the retirement income credit is allowable from $1,200 to $1,524. Published January 15, 1963.

Treasury Decision 6643 contains the regulations, issued under sections 1381 through 1388 of the Code, as added by the Revenue Act of 1962, which provide rules with respect to the tax treatment of cooperatives and their shareholders. Published April 2, 1963.

Treasury Decision 6645 contains the amendments to the regulations, issued under sections 6033 and 6104, which require the submission of additional information by certain exempt organizations and provide for fuller and more convenient disclosure of information to the public. Published April 2, 1963.

Treasury Decision 6659 contains the regulations, issued under section 274 of the Code (other than subsection (d)), as added by the Revenue Act of 1962, which provide substantive rules for determining whether travel, entertainment, and gift expenses which meet the requirements of section 162 or 212 will or will not be disallowed as deductions. Published June 25, 1963.

Temporary Regulations

Treasury Decision 6619 contains the temporary regulations, issued under section 46 of the Code, as added by the Revenue Act of 1962, which provide rules as to the apportionment of the $25,000 investment credit limitation among members of an affiliated group; and rules pertaining to the election of a lessor of new "section 38 property" to treat the lessee as the purchaser. Published November 20, 1962.

Employment Tax Regulations

Treasury Decision 6654 amends the regulations relating to the withholding of income tax from wages, to conform to the Foreign Service Act Amendments of 1960, the Mutual Educational and Cultural Exchange Act of 1961, the Peace Corps Act, and the Self-Employed Individuals Retirement Act of 1962. Published May 28, 1963.

Treasury Decision 6658 amends the regulations relating to the Federal Unemployment Tax Act to conform to legislation enacted during and before the fiscal year. Of particular importance were the provisions of the Social Security Amendments of 1960 under which a taxpayer's credit against the Federal unemployment tax may be reduced if advances made to a State under title XII of the Social Security Act are not repaid by the State within a specified time. Published June 27, 1963.

Excise Tax Regulations

Treasury Decision 6612 contains the regulations, issued under section 4021 of the Code, and relates to the application of the retailers' excise tax on the sale of toilet preparations. Published October 11, 1962.

Treasury Decision 6618 contains the regulations, issued under sections 4261 through 4264 of the Code, as amended by the Tax Rate Extension Act of 1962 (Public Law 87–508). These regulations relate to the application of the tax on the transportation of persons by air which transportation begins after November 15, 1962. These regulations also contain rules relating to the exemption from tax on the U.S. portion of air transportation which is part of uninterrupted international air transportation. Published November 14, 1962.

Treasury Decision 6635 contains the regulations, issued under section 4216(f) of the Code, as added by section 1 of Public Law 86–781. These regulations relate to the exclusion of charges for local advertising for purposes of determining the price on which the manufacturers' excise tax is to be computed. Published February 7, 1963.

Treasury Decision 6650 contains the regulations, issued under section 6416 of the Code, providing rules of special application relating to credits and refunds of the retailers' and manufacturers' excise taxes. Published May 2, 1963.

Alcohol and Tobacco Regulations

Treasury Decision 6606 amended regulations in 26 CFR Parts 179, 194, 196, 197, 201, and 245 to authorize the requirement of employer identification numbers in connection with special tax returns.

Treasury Decisions 6607 and 6608 amended regulations in 26 CFR Parts 201, 240, 245, 270, and 285 to require identification numbers on commodity tax returns.

Treasury Decision 6634 amended regulations in 26 CFR Part 212 to provide for the use of alternate denaturants in completely denatured alcohol and in specially denatured alcohol Formula No. 40, and to authorize the use of certain specially denatured alcohol formulas in the manufacture of synthetic resins.

Treasury Decision 6644 amended regulations in 26 CFR Part 251 to eliminate specific sizes for barrels and kegs of imported beer, and to make it clear that the tax must be computed on the quantity actually imported.

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EXECUTIVE ORDERS

Number	*Subject matter*	*Date published*
E.O. 41055	Relating to inspection of returns by the House Select Committee on Small Business.	10/11/62
E.O. 11065	Inspection of returns by the Senate Committee on Foreign Relations.	11/27/62
E.O. 11071	Designating certain foreign countries as economically less developed.	12/29/62
E.O. 11080	Inspection of returns by Senate Committee on Foreign Relations.	1/31/63
E.O. 11082	Inspection of returns by Senate Committee on Government Operations.	2/6/63
E.O. 11083	Inspection of returns by House Committee on Government Operations.	2/8/63
E.O. 11099	Inspection of returns by House Committee on Public Works.	3/19/63
E.O. 11102	Inspection of returns by tax officials of possessions of U.S.	4/6/63
E.O. 11109	Inspection of returns by House Committee on Un-American Activities.	5/30/63

SIGNIFICANT REVENUE RULINGS AND PROCEDURES

The Service has outlined the deductibility, under section 162 of the Code, of "payola" payments made to disc jockeys of radio or television musical programs (Rev. Rul. 62-133, C.B. 1962-2, 45).

One free meal per day furnished an employee by his employer represents an appreciable part of the employee's remuneration, the value of which is "wages" for Federal employment tax purposes (Rev. Rul. 62-150, C.B. 1962-2, 213).

The Service has discussed the deductibility, as business expenses under section 162 of the Code, of expenditures for advertising designed to encourage employees or the general public to register and vote or to contribute to campaign funds of a political candidate or party, or for sponsoring a public debate by candidates for an office, etc. (Rev. Rul. 62-156, C.B. 1962-2, 47).

For purposes of the manufacturers' excise tax on automobile "parts or accessories," the restoration of unserviceable automobile bumpers is a "rebuilding" (manufacturing) operation (Rev. Rul. 62-162, C.B. 1962-2, 241).

Based upon the current situation in the industry, a new administrative test has been established for presumptively determining the applicability of the manufacturers' excise tax to gas water heaters (Rev. Rul. 62-168, C.B. 1962-2, 242).

The Service has set forth guidelines and some examples for computing deductions which an employee may claim for expenses attributable to the portion of his personal residence which he is required to use in the performance of his services as an employee (Rev. Rul. 62-180, C.B. 1962-2, 52).

The documentary stamp tax on conveyances of realty sold applies to the transfer of real property by a company to the trustee of its pension plan for the purpose of funding the past service costs under the plan (Rev. Rul. 62-186, C.B. 1962-2, 279).

Kickback payments made in violation of a Federal or State law or regulation are not deductible by the payer (Rev. Rul. 62-194, C.B. 1962-2, 57).

The Service has discussed the tax treatment of losses arising from the confiscation by the Government of Cuba of properties in Cuba owned by United States citizens or corporations (Rev. Rul. 62-197, C.B. 1962-2, 66).

An "exclusive club or organization" may be a "social, athletic, or sporting club or organization" for purposes of the tax on club dues even though it is privately owned and operated for profit (Rev. Rul. 63-3, I.R.B. 1963-1, 15).

Guidelines have been furnished for determining whether reimbursement arrangements and per diem or mileage allowance practices of employers satisfy the substantiation requirements of the income tax regulations (Rev. Rul. 63-13, I.R.B. 1963-4, 20).

The Service has set forth criteria for determining whether obligations by a corporation, formed under the general nonprofit corporation laws of a State to stimulate industrial development in a political subdivision thereof, are issued "on behalf of" that subdivision (Rev. Rul. 63-20, I.R.B. 1963-5, 7).

The Service has explained the rules for the special tax treatment of losses suffered by property owners as the result of major disasters and has identified the 1962 disasters which give rise to such treatment (Rev. Rul. 63-21, I.R.B. 1963-8, 12).

In order to provide guidance in the uniform application of the manufacturers' excise tax on automobile "parts or accessories," the Service has set forth taxable and nontaxable lists containing

brief descriptions of numerous articles not specifically covered by previously published rulings (Rev. Rul. 63-23, I.R.B. 1963-9, 7).

A merger may qualify as a reorganization under section 368(a)(1)(C) of the Code even though the business conducted by the acquiring corporation after the merger is not the same as it had conducted prior thereto (Rev. Rul. 63-29, I.R.B. 1963-10, 9).

A list of countries which have been found by the Secretary of Commerce to allow or not allow substantially reciprocal privileges in respect of aircraft registered in the United States, for purposes of exemption from the manufacturers' excise taxes and certain retailers' excise taxes, has been updated (Rev. Rul. 63-62, I.R.B. 1963-14, 14).

Interview expense allowances paid to an individual by a prospective employer are not subject to the withholding of income tax and, to the extent that they cover actual expenses, are not includible in gross income (Rev. Rul. 63-77, I.R.B. 1963-19, 18).

The maximum limitation for medical expenses provided by section 213(g) of the Code is available to a taxpayer age 65 or over and disabled, even though he has never been engaged in any substantial gainful activity (Rev. Rul. 63-101, I.R.B. 1963-22, 11).

The Service published new depreciation guidelines, rules, and illustrative questions and answers (Rev. Proc. 62-21, C.B. 1962-2, 418).

The Service revised its procedures relating to the issuance of rulings and determination letters, furnishing technical advice to district directors, processing requests for exemption under sections 501 and 521 of the Code, and processing requests for the qualification of pension, annuity, profit-sharing, and stock bonus plans under section 401(a) of the Code and the exemption of related trusts under section 501(a) of the Code (Rev. Procs. 62-28, 62-29, 62-30, and 62-31, C.B. 1962-2, 496, 507, 512, and 517).

SIGNIFICANT ANNOUNCEMENTS OF GENERAL INTEREST

A self-cover pamphlet, IRS Publication No. 456, which contains the new guidelines and rules for depreciation, has been prepared and made available for purchase from the Superintendent of Documents, Washington, D.C., 20402 (Announcement 62-69, I.R.B. 1962-30, 51).

Three complete tables have been prepared for use in the application of Revenue Procedure 62-21, relating to the new depreciation guidelines and rules (Announcement 62-82, I.R.B. 1962-38, 12).

Additional questions and answers were issued to serve as an aid in applying the new depreciation guidelines and rules outlined in Revenue Procedure 62-21 (Announcement 62-84, I.R.B. 1962-40, 33).

1962 income tax returns reflect recent tax law revisions—also many improvements both in the forms and their instructions (Announcement 62-103, I.R.B. 1962-48, 74).

Good record-keeping practices will be vital to the allowance of business travel, entertainment, and gift expenses (Announcement 63-8, I.R.B. 1963-4, 35).

"Your Federal Income Tax," "Tax Guide for Small Business," and the "Farmer's Tax Guide" have been prepared for 1963 (Announcement 63-15, I.R.B. 1963-5, 46).

The index to administrative and procedural matters, other than those related to the alcohol, tobacco, and firearms taxes and those prescribed by regulations, which have been published in the Internal Revenue Bulletin since 1952, has been brought up to date (Announcement 63-21, I.R.B. 1963-7, 5).

The Service has listed all taxpayer information pamphlets and other publications on specific tax subjects which are available from local offices of the Service (Announcement 63-25, I.R.B. 1963-8, 22).

The Service announced the availability of Document No. 5049, containing an explanation of the rules regarding the substantiation requirements of travel, entertainment, and gift expenses claimed as deductions on income tax returns (Announcement 63-37, I.R.B. 1963-13, 25).

A brief summary of the various records required to be retained for Federal tax purposes has been published in the Federal Register as the current Guide to Record Retention Requirements (Announcement 63-43, I.R.B. 1963-15, 21).

A new series of supplements to the Cumulative List of Exempt Organizations has been established for bimonthly cumulative publication in pamphlet form (Announcement 63-60, I.R.B. 1963-23, 32).

SIGNIFICANT TECHNICAL INFORMATION RELEASES

A new form has been prepared for the use of business and financial institutions in requesting tax identifying numbers from depositors and investors (T.I.R. 401, 9–26–62).

There will be a reduction in the amount of credit against the Federal unemployment tax to be allowed to employers of 4 or more with respect to 1962 wages for services performed in Alaska and Michigan (T.I.R. 421, 11–29–62).

The Service will apply existing provisions of the regulations in its consideration of the qualification of deferred compensation plans under new provisions of section 401(a) (7) and (8) of the Code (T.I.R. 425, 12–18–62).

Amendments to the regulations have been proposed to require additional information from certain exempt organizations and to provide for a fuller and more convenient disclosure of information to the public (T.I.R. 435, 12–30–62).

Commercial fishermen are now treated the same as farmers with respect to the filing of estimated income tax returns and the payment of estimated tax for taxable years beginning after 1962 (T.I.R. 440, 1–4–63).

Proposed regulations under section 964(c) of the Code would impose certain record-keeping requirements on U.S. shareholders with respect to each controlled foreign corporation; requirements explained (T.I.R. 461, 3–23–63).

For years after April 10, 1963, Maryland redeemable ground rents will be treated as mortgages for purposes of acquisition, holding, and transfer of property subject thereto; for 1962 and subsequent years, rental payments under such a redeemable ground rent are deductible as interest (T.I.R. 465, 4–10–63).

Rulings and determination letters will not be issued with respect to the tax status of professional service organizations pending the issuance of amendments now being drafted to the applicable regulations (T.I.R. 471, 5–8–63).

SUPREME COURT DECISIONS

Civil Cases

In *Braunstein* v. *Commissioner*, decided on June 10, 1963, 374 U.S. 65, the Supreme Court rejected an argument by the taxpayers that section 117(m) of the 1939 Code did not require that gain from the sale of stock of a collapsible corporation be treated as ordinary income where, if the shareholders had not operated in corporate form, gain on the sale of the underlying assets (apartments) would have been treated as capital gain. The Court acknowledged that the purpose of section 117(m) was to close a loophole that had been used to convert ordinary income to capital gain, but said the plain meaning of the statute covered the transaction precisely. Neither the language of the statute nor its legislative history supported the additional requirement which taxpayer sought to impose on the Courts of determining in each case whether the corporate form had been used for tax avoidance purposes.

On January 7, 1963, the Court, in *United States* v. *Buffalo Savings Bank*, 371 U.S. 228, reversed the decision of the New York Court of Appeals and remanded the case for further proceedings. The Court of Appeals had held that local property taxes were "expenses of sale" in a foreclosure action brought by the mortgagee, and consequently the local tax liens, which accrued later than the federal tax liens, were accorded priority in the distribution of proceeds of the foreclosure sale. The Supreme Court rejected this contention, and held that the case was governed by the doctrine enunciated in *United States* v. *New Britain*, (1954) 347 U.S. 81, that "first in time is first in right." Since federal tax liens were prior in time to the local tax liens, the federal taxes were entitled to payment ahead of the local property taxes. The Court also indicated that the State may not avoid the priority of the federal tax lien by the formalistic device of characterizing subsequently accruing local tax liens as expenses of sale.

In *Riddell* v. *Monolith Portland Cement Company*, decided January 14, 1963, 371 U.S. 537, the Court overruled a number of lower court opinions holding that manufacturers of cement using their own raw materials could, for years prior to 1961, compute percentage depletion on gross income from the sale of cement. By upholding the Government's contention that a uniform test of the first commercially marketable product must be applied to determine the cutoff point in the treatment process of each general mineral classification, the Court's decision assured that manufacturers with captive sources of minerals would not get larger depletion deductions than would be allowable in the case of extraction and sale of the crude minerals. This

case is proving dispositive of similar outstanding controversies involving salt, brick and tile clay, dimension stone, and minerals used in the manufacture of light weight aggregates. It appears to have checked a trend in some jurisdictions toward the judicial erosion of the principles enunciated in *United States* v. *Cannelton Sewer Pipe Company* (1960) 364 U.S. 76.

On February 18, 1963, the Supreme Court issued similar opinions in 2 tax cases, and considered a third.

In *United States* v. *Gilmore*, 372 U.S. 39, the Court held that legal expenses incurred by a taxpayer in defense of a divorce action were not deductible as expenses incurred for the conservation of income-producing property. The taxpayer's primary concern was the protection of his controlling interest in 3 corporations from which an all but negligible amount of his income was derived in the form of corporate salary and dividends. The Court thus set forth the test for deductibility of legal expenses as the origin and character of the claim in connection with which the expense was incurred, rather than the potential consequences should the claim not be successfully resisted. The Court also found that the legal expenses at issue were not connected with the taxpayer's profit-seeking activities even though the wife's claims might have been paid out of income-producing properties.

On the same date, in *United States* v. *Patrick*, 372 U.S. 53, the Court held that legal fees relating to a property settlement incident to divorce were nondeductible. The Court believed that the principles of the *Gilmore* case governed. Such fees were nondeductible since they arose from the marital relationship, even though they were paid for arranging transfers of stock, leasing property, and creating a trust, rather than for litigation.

In *Schlude* v. *Commissioner*, 372 U.S. 128, the Court again considered the problem of an accrual basis taxpayer's attempt to defer reporting of prepaid income. Under the taxpayer's method of accounting, only "earned income" (computed on the hours of dance instructions given to students) and income from cancellation of contracts was reported currently. The Commissioner determined that the method of accounting used did not clearly reflect income and he included all advance payments received in cash and the full face amount of notes and contracts executed by students. He retreated somewhat from this position in the Supreme Court and conceded that the contracts should not be included at face value but only the amounts that became due in the taxable years or for which dance instructions had been furnished. In a five to four opinion the Court sustained the Commissioner's position, stating that the issue was squarely controlled by *American Automobile Association* v. *United States* (1961), 367 U.S. 687.

In *Maximov* v. *United States*, 373 U.S. 49, decided on April 29, 1963, the Court held that a United States trust, all of whose beneficiaries are British subjects and residents, cannot be considered a "resident of the United Kingdom" for purposes of determining whether its retained capital gains are exempt from United States income tax by virtue of Article XIV of the Income Tax Convention between the two countries, which Convention exempts capital gains of United Kingdom residents. The decision overrules *American Trust Company* v. *Smyth* (C.A. 9th 1957), 247 F. 2d 149, and adopts the long-standing rule that a trust is a separate taxable entity from its beneficiaries.

In *Whipple* v. *Commissioner*, 373 U.S. 193, decided on May 13, 1963, the Court held that although the taxpayer devoted his fulltime to the affairs of several corporations, such activities did not constitute a trade or business. Accordingly, it was held that bad debts resulting from loans by the taxpayer to his controlled corporation were not deductible as business bad debts. However, the case was remanded to the Tax Court to determine whether the bad debt was proximately related to the taxpayer's real estate business.

On June 10, 1963, the Court decided the case of *United States* v. *Pioneer American Insurance Co., et al.*, 374 U.S. 84, reversing The Supreme Court of Arkansas and remanding the case for further proceedings. The Arkansas Supreme Court had held that the attorney's fee incurred by the mortgagee in foreclosing its mortgage was prior to the federal tax lien. The mortgage itself was conceded to be prior to the federal tax lien. The Arkansas court reasoned that under the Arkansas statute the attorney's fee was enforceable as a contract of indemnity and therefore the right to the attorney's fee became choate prior to the date of the filing of the first notice of tax lien since the default entitling the mortgagee to enforce the indemnity contract occurred prior to that date. The U.S. Supreme Court rejected this argument and held that, since the amount of the claim for the attorney's fee was

undetermined and indefinite when the notices of tax lien were filed, the claim for the attorney's fee was inchoate at the date of the filing of these notices. The Court once again applied the federal rule for determining the specificity of a lien competing with the federal tax lien and stated that, although the lienholder and the property subject to the lien were definite, the amount of the lien was not since such amount must be established by court decree in the foreclosure proceedings. That being the case, the attorney's lien was inchoate and inferior to the tax liens.

Criminal Cases

In the case of *Shotwell Manufacturing Company* v. *United States*, 371 U.S. 341, decided January 14, 1963, the Supreme Court held, with respect to an alleged voluntary disclosure made prior to the revocation of the Treasury's voluntary policy, that the taxpayer defendants were not entitled to any benefit from their alleged disclosure because they had not acted in good faith. The income tax evasion convictions for all defendants were upheld. In December 1962, 368 U.S. 946, the Court had granted certiorari to review the findings of the lower court that the original conviction of the defendants for failure to report black market receipts was not vitiated by their alleged voluntary disclosure.

In *Namet* v. *United States*, 373 U.S. 179, decided May 13, 1963, the petitioner and his co-defendants had been charged with violating the federal wagering tax law. Co-defendants after pleading guilty were called as government witnesses to testify concerning their relationship with the petitioner, although the prosecutor had advance notice they would claim their constitutional privilege against self-incrimination. The trial court sustained their privilege as to certain questions asked them. The Supreme Court held that there had been no reversible error under the circumstances involved, including the fact that the prosecutor had a bona fide belief that because of the pleas of guilty the witnesses could not assert privilege.

On May 27, 1963, the Court, in *Lopez* v. *United States*, 373 U.S. 427, affirmed the conviction of the defendant for attempted bribery of a revenue agent by holding that evidence of conversations recorded by an electronic device concealed on the person of a Government agent was properly admissible and that the revenue agent's apparent feigned willingness to accept the bribe did not constitute entrapment as a matter of law.

In the alcohol and tobacco tax field the Court refused to review all 7 of the cases in which writs of certiorari had been sought by convicted defendants.

In 3 cases the refusal of the lower court to suppress evidence resulting from an allegedly illegal search was urged as the grounds for review, *Wiggs* v. *United States* (C.A. 5th), 371 U.S. 904 (also involving the Government's refusal to disclose identity of informer); *Denton* v. *United States* (C.A. 6th), 371 U.S. 923 (question of entrapment also raised); and *Lee* v. *United States* (C.A. 9th), 372 U.S. 907.

In 2 cases the sufficiency of the Government's evidence to support the conviction was challenged (i.e., *Ragland* v. *United States* (C.A. 4th), 371 U.S. 949; *Lemons et al.* v. *United States* (C.A. 4th), 371 U.S. 968).

In *Hall* v. *United States* (C.A. 5th), 371 U.S. 952, the admission into evidence of a tape recording of a telephone conversation made with the consent of one of the parties to the conversation was urged as a basis for the Court's review. The District Court's reliance on the statutory presumption that defendant's unexplained presence at the moonshine still as sufficient evidence to support his conviction for possessing an unregistered still (26 U.S.C. 5601(b)(1)) was challenged in *Ivey* v. *United States* (C.A. 4th), 372 U.S. 929.

No petitions for certiorari were filed by the Government in alcohol and tobacco tax cases this year.

Actions of Lower Courts

In *Metro M. Holovachka*, the Court of Appeals for the Seventh Circuit affirmed the defendant's conviction for evading over $39,000 in income taxes for the years 1955 to 1957, inclusive, based on a net worth-expenditure determination. It held that the jury was warranted in rejecting such defense claims as cash on hand, funds given or borrowed, and that money he disbursed for loans and political purposes was not his. Holovachka had been prosecuting attorney of Lake County, Indiana, from January 1953 through December 1958, and had served as Gary city comptroller during 1952.

The Court of Appeals for the Second Circuit, in *United States* v. *Woodner*, affirmed the conviction of Ian Woodner for evading income taxes for 2 years. It held, in view of the indicia of fraud, that the jury reasonably could reject Woodner's defense argument that because of the size of his operations and the large amounts of money necessarily involved he could not have had intent to evade his taxes. The Court referred to the use of nominees and currency, the lack of usual business records, the commingling of funds, and the personal use of funds as pointing to a scheme of evasion.

Joseph Conforte, Wadsworth, Nevada, following a mistrial due to a hung jury, and thereafter pleading guilty to a charge of income tax evasion, was sentenced to a term of 3 years. Conforte has been publicly referred to as a "former Nevada vice lord."

In *Gorin* v. *United States*, 313 F. 2d 641, the Court of Appeals for the First Circuit reversed the convictions of a former Service employee and 2 practicing attorneys on conspiracy and bribery charges and remanded the case for a new trial. The case involved an attempt to bribe Service employees to recommend against criminal prosecution of Nathaniel Bergman, an attorney, for tax evasion. The Court held that an erroneous charge on the issue of claimed entrapment had been given at the trial. The appellants' petition for certiorari on the ground that the evidence established entrapment as a matter of law has recently been denied by the Supreme Court. Bergman, who had been convicted with the employee and the 2 other defendants, dismissed his appeal and subsequently pleaded guilty to evading his taxes. As a result of these prosecutions he received prison sentences.

George Chacharis and *Harold Zweig*, respectively mayor and city engineer of Gary, Indiana, and *Willmar Chulock*, an accountant, were indicted on various charges of income tax evasion and conspiring to defraud the Service in the operation of its functions, such charges stemming from construction payoffs. In December 1962, Chacharis interrupted his trial to plead guilty to conspiracy. Chulock was later found guilty by a jury of the same charge. Zweig pleaded nolo contendere to evading his income tax for the year 1956. All three were given prison sentences.

The authority of the Service to deny alcoholic beverage permits to persons who had previously associated with racketeers has recently received decisive judicial support. In *Seaway Beverages, Inc.* v. *Dillon et al.* (decided April 11, 1963, 319 F. 2d 722), the Court of Appeals for the District of Columbia decided in the Government's favor an issue under the Federal Alcohol Administration Act which has not been heretofore judicially resolved. The Court held that evidence as to the former association of an applicant with a racketeer (the notorious Tony Accardo) supplied a sufficient basis for denying the permits sought.

In the alcohol and tobacco tax field, action at the court of appeals level was generally favorable to the Government, with the notable exceptions of: (1) *Russell* v. *United States*, 306 F. 2d 402, in which the Ninth Circuit Court upset the defendant's conviction for failing to register a firearm on the ground that the registration requirement of the statute infringed on his constitutional right against self-incrimination (see however *Starks* v. *United States*, 316 F. 2d 45, and *Frye* v. *United States*, 315 F. 2d 491, in the same circuit, which narrowly limit the scope of this decision to the particular offense charged); (2) *Williamson* v. *United States*, 311 F. 2d 441, where the Fifth Circuit Court reversed the defendant's conviction of possessing liquor in unstamped containers and selling liquor without paying the special occupational tax on the testimony of an informer who had been hired by the Government on a contingent fee basis to obtain evidence against him; and (3) *Blumenfield* v. *United States*, 306 F. 2d 892, where the Eighth Circuit Court reversed the defendant's conviction of abetting in the making of a false retail liquor tax return (Form 11) by reporting as "owners" persons held by the Court to be nominal and partial owners of the retail businesses.

In the search and seizure and forfeiture areas, which are of particular importance in illicit liquor enforcement, several decisions favorable to the Government have been reached by the courts of appeals. For example, where state troopers discovered illicit liquor in the trunk of the defendant's car after arresting her for reckless driving, in checking her statement that the erratic behavior of the car resulted from a trunkload of furniture, the Sixth Circuit upheld the search as reasonable in that it was incident to the valid arrest (*United States* v. *Stokely*, (C.A. 6th) 311 F. 2d 593). Similarly, where the defendant's car was wrecked, disclosing the moonshine, in defendant's attempt to elude pursuing state

troopers, the same Court held that no search was involved nor was there an arrest until after the liquor was exposed to public view (*United States* v. *Williams*, 314 F. 2d 795).

As to forfeitures, the Fifth Circuit Court, in a decision of great importance to the success of the Service's program to curtail the flow of raw materials to moonshiners, upheld the judicial forfeiture of a tractor and trailer on the evidence that they had been used to deliver some 12 loads of sugar (383,500 pounds) for approximately $32,000 in cash sales, where a fictitious consignee had been reported to the Service after defendant had been served with a demand letter. The Court, however, ordered the return of the sugar contained in the trailer at the time of seizure on the ground that there was no evidence that it was intended for an illegal use (*Utley Wholesale Co.* v. *United States* (1962), 308 F. 2d 157).

In the field of petitions for the remission of forfeiture of seized vehicles, the Tenth Circuit Court reversed the judicial granting of a petition filed by a bank on the ground that, when it financed the purchase of the vehicle, the bank should have made an inquiry as to the record and reputation of the true owner of the vehicle whose identity it knew and who was a reputed liquor law violator even though title to the vehicle was taken by a straw purchaser of good repute (*United States* v. *One 1958 Pontiac Sedan* (1962), 308 F. 2d 893; see also *United States* v. *One 1959 Pontiac Bonneville 2-Door Sedan* (U.S.D.C. 1962), 206 Fed. Supp. 892).

STATISTICS OF INCOME RELEASES

- Sales of Capital Assets reported on Individual Income Tax Returns, 1959, Supplemental Report (21 pp., 25 cents)
- Individual Income Tax Returns, 1960, Preliminary (22 pp., 20 cents)
- Individual Income Tax Returns, 1960 (165 pp., $1)
- Corporation Income Tax Returns with accounting periods ended July 1959–June 1960 (334 pp., $1.75)
- Corporation Income Tax Returns with accounting periods ended July 1960–June 1961, Preliminary (35 pp., 30 cents)
- U.S. Business Tax Returns with accounting periods ended July 1959–June 1960, Sole Proprietorships, Partnerships, and Corporations (182 pp., $1)
- U.S. Business Tax Returns with accounting periods ended July 1960–June 1961, Sole Proprietorships, Partnerships, and Corporations, Preliminary (29 pp., 25 cents)

Statistics of Income publications are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402.

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NOTES: *All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1963" pertain to the fiscal year ended June 30, 1963, and "July 1" inventory items under this heading reflect inventories as of July 1, 1962.*

In many tables and charts, figures have been rounded and may not add to the totals which are based on unrounded figures.

Internal revenue districts are listed in this section by the names of headquarters cities. Each district is identical with the boundaries of the State in which the headquarters city is located except for the States recapitulated at the bottom of tables 1, 5, 6, and 14. A map of the districts appears on page xiv.

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Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas

[In thousands of dollars. See table 3, p. 86, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total internal revenue collections (1)	Corporation income tax [2] [3] (2)	Individual income and employment taxes: Total (3)	Income tax not withheld [4] [5] (4)	Income tax withheld and old-age and disability insurance [5] [4] [4] (5)	Railroad retirement [6] (6)	Unemployment insurance (7)
United States, total	**105,825,395**	**22,836,134**	**67,992,067**	**15,204,971**	**51,268,988**	**571,844**	**948,484**
Atlanta region	**7,945,545**	**1,383,702**	**4,728,788**	**1,807,825**	**3,227,443**	**23,955**	**79,435**
Atlanta (Georgia)	1,281,093	259,022	857,051	198,925	638,215	4,676	15,234
Birmingham (Alabama)	691,490	133,667	527,944	133,423	381,240	4,966	8,315
Columbia (South Carolina)	461,642	90,148	336,819	81,417	248,657	108	6,636
Greensboro (North Carolina)	2,666,672	443,572	869,684	216,061	635,750	408	17,465
Jackson (Mississippi)	307,962	35,652	252,048	76,260	171,273	402	4,113
Jacksonville (Florida)	1,573,357	245,460	1,179,416	406,056	745,308	11,994	16,057
Nashville (Tennessee)	963,329	176,182	715,797	195,781	507,000	1,401	11,615
Boston region	**5,859,315**	**1,136,288**	**4,174,462**	**939,899**	**3,158,482**	**14,671**	**61,400**
Augusta (Maine)	254,660	38,680	197,739	50,823	141,274	2,481	3,182
Boston (Massachusetts)	3,046,777	619,780	2,151,917	442,962	1,673,450	3,459	32,046
Burlington (Vermont)	110,219	14,162	85,455	22,500	60,950	845	1,160
Hartford (Connecticut)	1,807,154	352,266	1,243,629	318,583	900,331	7,732	16,983
Portsmouth (New Hampshire)	221,425	31,962	180,542	41,852	135,855	42	2,792
Providence (Rhode Island)	429,080	79,436	315,181	63,279	246,633	13	5,256
Chicago region	**18,179,435**	**4,712,685**	**10,033,481**	**1,951,743**	**7,835,163**	**91,909**	**154,668**
Chicago (See (b) below)	6,826,428	1,494,670	4,550,413	862,121	3,535,172	84,550	68,570
Detroit (Michigan)	8,275,202	2,607,336	3,572,124	606,220	2,900,112	6,331	59,462
Milwaukee (Wisconsin)	1,822,494	404,105	1,207,093	261,731	926,967	313	18,082
Springfield (See (b) below)	1,255,311	206,575	703,852	221,670	472,911	715	8,555
Cincinnati region	**12,254,857**	**2,187,947**	**7,812,661**	**1,492,312**	**5,463,589**	**62,181**	**96,578**
Cincinnati (See (f) below)	2,193,514	524,856	1,410,311	299,130	1,090,179	907	20,095
Cleveland (See (f) below)	3,985,600	826,050	2,588,074	424,899	2,100,623	27,959	34,593
Indianapolis (Indiana)	2,382,663	402,505	1,588,317	314,666	1,255,587	804	17,761
Louisville (Kentucky)	1,746,485	152,876	520,059	155,511	344,481	13,017	7,050
Parkersburg (West Virginia)	357,459	47,642	281,253	72,500	204,139	66	4,548
Richmond (Virginia)	1,589,136	234,018	924,847	225,607	666,581	19,428	13,031
Dallas region	**6,114,149**	**1,015,447**	**4,206,243**	**1,356,988**	**2,765,411**	**21,452**	**58,193**
Albuquerque (New Mexico)	233,259	22,127	199,409	56,445	140,666	6	2,291
Austin (See (h) below)	2,264,597	338,912	1,332,662	418,387	887,544	8,126	18,604
Dallas (See (h) below)	1,707,490	315,975	1,250,159	424,332	796,780	12,004	17,043
Little Rock (Arkansas)	319,748	37,406	255,692	96,601	154,991	181	3,919
New Orleans (Louisiana)	827,640	143,605	594,235	196,019	388,992	773	8,451
Oklahoma City (Oklahoma)	961,416	157,422	574,086	165,203	400,437	362	8,084
New York City region	**19,166,639**	**5,889,392**	**11,386,105**	**2,112,240**	**9,019,476**	**78,142**	**176,248**
Albany (See (e) below)	1,158,927	301,318	817,621	103,010	700,778	2,490	11,344
Brooklyn (See (e) below)	2,161,832	267,336	1,706,388	514,034	1,164,249	4,847	23,259
Buffalo (See (e) below)	1,245,688	326,409	815,230	173,549	629,787	48	11,846
Manhattan (See (e) below)	13,902,393	4,879,484	7,557,435	1,221,055	6,143,202	70,733	122,445
Syracuse (See (e) below)	697,799	114,845	489,431	100,592	381,460	25	7,354
Omaha region	**7,834,303**	**1,379,836**	**5,704,193**	**1,421,046**	**4,092,586**	**121,838**	**68,742**
Aberdeen (South Dakota)	147,600	16,467	121,505	48,251	71,913	2	1,344
Cheyenne (Wyoming)	97,512	7,973	76,095	30,172	45,110	6	806
Denver (Colorado)	1,273,365	129,968	1,017,857	158,011	847,574	4,778	7,495
Des Moines (Iowa)	819,958	152,885	615,029	226,123	380,937	537	7,432
Fargo (North Dakota)	121,189	11,418	104,594	44,843	58,697	23	1,031
Kansas City (See (c) below)	791,936	157,576	549,244	133,443	403,586	4,051	8,164
Omaha (Nebraska)	644,900	104,107	469,420	139,784	300,102	24,025	5,509
St. Louis (See (c) below)	1,639,753	341,943	1,053,798	214,276	792,777	31,220	15,524
St. Paul (Minnesota)	1,645,092	343,399	1,146,006	235,781	863,243	31,093	15,889
Wichita (Kansas)	712,797	114,200	550,642	190,362	328,628	26,104	5,547
Philadelphia region	**13,447,652**	**2,675,851**	**9,084,817**	**1,914,879**	**6,926,678**	**137,377**	**126,888**
Baltimore (Maryland and D.C.)	2,513,655	327,395	1,867,319	373,405	1,438,457	37,430	18,027
Camden (See (d) below)	621,343	108,358	472,758	132,837	333,746	28	6,147
Newark (See (d) below)	2,738,850	584,909	1,790,052	440,857	1,318,703	3,721	26,770
Philadelphia (See (g) below)	3,459,794	588,054	2,371,572	482,607	1,800,029	54,846	34,090
Pittsburgh (See (g) below)	2,475,795	391,627	1,694,436	281,059	1,379,322	6,580	27,475
Scranton (See (g) below)	654,767	129,117	485,499	78,907	383,562	14,770	8,260
Wilmington (Delaware)	983,458	546,432	403,280	125,307	272,859	2	5,112
San Francisco region	**13,423,101**	**1,927,544**	**10,070,853**	**2,664,839**	**7,336,133**	**45,856**	**123,678**
Anchorage (Alaska)	77,074	4,641	69,770	13,077	55,963	----------	730
Boise (Idaho)	188,672	27,745	153,995	42,359	109,054	246	2,337
Helena (Montana)	174,675	25,522	140,954	50,326	88,840	294	1,494
Honolulu (Hawaii)	271,153	39,544	215,879	52,051	161,140	158	2,531
Los Angeles (See (a) below)	5,596,709	868,324	4,182,076	1,037,718	3,089,619	731	54,007
Phoenix (Arizona)	401,223	47,335	332,276	108,720	219,405	124	4,027
Portland (Oregon)	664,041	84,278	542,984	146,606	386,766	2,605	7,007
Reno (Nevada)	205,072	32,514	156,056	49,160	104,953	(*)	1,943
Salt Lake City (Utah)	301,967	46,042	235,894	50,924	181,167	1,118	2,685
San Francisco (See (a) below)	4,210,061	571,624	3,004,029	766,379	2,164,289	39,926	33,436
Seattle (Washington)	1,332,453	179,576	1,036,588	247,519	774,937	654	13,479
Office of International Operations	**326,531**	**27,784**	**239,365**	**142,901**	**92,325**	**697**	**3,442**
Puerto Rico	94,677	42	49,672	3,796	42,479	----------	3,396
Other	231,854	27,722	189,694	139,105	49,846	697	46
Undistributed:							
Depositary receipts [7]	1,034,015	----------	971,474	----------	977,808	−6,334	----------
Transferred to Government of Guam	−3,817	−61	−3,756	----------	−3,756	----------	----------
Withheld taxes of Federal employees	73,661	----------	73,661	----------	73,661	----------	----------
Totals for States not shown above							
(a) California	9,806,770	1,439,948	7,186,105	1,804,097	5,253,908	40,657	87,443
(b) Illinois	8,081,740	1,701,245	5,254,264	1,083,791	4,008,083	85,265	77,125
(c) Missouri	2,431,689	499,518	1,603,042	347,719	1,196,363	35,271	23,688
(d) New Jersey	3,360,192	693,267	2,262,810	573,694	1,652,449	3,750	32,918
(e) New York	19,166,639	5,889,392	11,386,105	2,112,240	9,019,476	78,142	176,248
(f) Ohio	6,179,114	1,350,906	3,998,385	724,029	3,190,801	28,866	54,689
(g) Pennsylvania	6,590,357	1,108,798	4,551,508	842,573	3,562,913	76,195	69,826
(h) Texas	3,972,087	654,888	2,582,821	842,719	1,684,324	20,131	35,647

Footnotes on p. 88.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 86, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Estate tax (8)	Gift tax (9)	Excise taxes, total (sum of columns 11, 26, 31, 35, 43, 48, and 67) (10)	Alcohol taxes: Total (11)	Distilled spirits taxes: Total (12)	Imported (collected by Customs) (13)	Domestic [1] (14)	Rectification [1] (15)	Occupational [1] (16)	Other [10] (17)
United States, total	**1,971,614**	**215,843**	**13,409,737**	**3,441,656**	**2,507,063**	**459,157**	**2,006,375**	**25,530**	**14,034**	**1,993**
Atlanta region	**170,974**	**15,067**	**1,637,103**	**59,676**	**36,000**	**18,966**	**14,830**	**33**	**555**	**1,557**
Atlanta (Georgia)	21,775	2,368	140,877	8,925	4,437	1,281	2,955	27	88	87
Birmingham (Alabama)	10,714	1,190	17,974	986	881	785	35	.....	32	29
Columbia (South Carolina)	15,092	1,301	18,282	1,036	674	566	(*)	.....	56	51
Greensboro (North Carolina)	41,754	1,866	1,309,796	1,426	1,160	749	58	.....	25	329
Jackson (Mississippi)	4,894	532	14,836	202	119	.....	10	.....	62	47
Jacksonville (Florida)	55,376	5,408	87,698	33,691	15,447	14,874	238	7	237	92
Nashville (Tennessee)	21,368	2,342	47,640	13,409	13,282	711	11,594	.....	55	922
Boston region	**186,494**	**21,790**	**370,573**	**174,766**	**147,286**	**28,941**	**116,341**	**1,893**	**983**	**7**
Augusta (Maine)	11,578	1,828	5,835	1,543	1,268	4	1,226	12	25	1
Boston (Massachusetts)	74,012	10,336	190,732	89,583	75,404	15,862	58,289	801	448	4
Burlington (Vermont)	2,490	192	7,920	6,275	6,216	6,190	.....	.....	26	.....
Hartford (Connecticut)	60,302	9,565	141,392	64,366	62,128	5,563	56,020	267	276	2
Portsmouth (New Hampshire)	5,149	484	3,289	181	138	.....	107	3	27	.....
Providence (Rhode Island)	12,873	386	21,205	12,818	2,131	1,323	699	9	100	(*)
Chicago region	**219,178**	**28,188**	**3,185,903**	**590,157**	**399,561**	**110,658**	**282,109**	**4,002**	**2,758**	**35**
Chicago (See (b) below)	110,020	10,212	661,113	76,513	50,260	29,721	19,463	140	932	3
Detroit (Michigan)	55,237	11,467	2,029,039	131,568	94,496	78,995	14,438	258	778	27
Milwaukee (Wisconsin)	31,709	2,525	177,063	106,386	2,708	1,941	.....	5	762	(*)
Springfield (See (b) below)	22,213	3,984	318,688	275,690	252,098	.....	248,207	3,598	286	6
Cincinnati region	**177,422**	**21,786**	**2,555,042**	**1,011,555**	**939,515**	**21,162**	**907,710**	**9,113**	**1,442**	**89**
Cincinnati (See (f) below)	55,151	10,682	192,515	133,333	120,102	.....	118,351	1,392	358	2
Cleveland (See (f) below)	47,534	5,289	518,654	31,049	10,392	6,197	3,510	28	650	7
Indianapolis (Indiana)	28,175	1,500	362,166	272,986	252,798	5,237	241,688	5,589	272	12
Louisville (Kentucky)	14,627	860	1,058,062	562,939	548,169	8,415	537,502	2,104	125	23
Parkersburg (West Virginia)	10,815	757	16,993	2,763	2,255	.....	2,219	.....	25	11
Richmond (Virginia)	21,121	2,699	406,652	8,486	5,799	1,313	4,441	.....	12	33
Dallas region	**129,894**	**17,483**	**945,982**	**77,042**	**25,997**	**16,150**	**9,076**	**1**	**635**	**75**
Albuquerque (New Mexico)	2,870	310	8,544	82	79	(*)	.....	.....	77	2
Austin (See (h) below)	39,978	7,090	545,955	40,271	10,490	10,331	20	.....	136	3
Dallas (See (h) below)	43,035	5,750	92,570	1,899	1,776	.....	1,676	(*)	98	3
Little Rock (Arkansas)	4,716	402	21,532	375	60	.....	2	.....	43	15
New Orleans (Louisiana)	24,157	2,913	62,723	33,568	13,506	5,819	7,378	1	292	17
Oklahoma City (Oklahoma)	15,139	1,011	213,758	847	86	.....	(*)	.....	50	35
New York City region	**335,555**	**36,882**	**1,518,604**	**346,401**	**230,342**	**155,066**	**72,721**	**950**	**1,572**	**33**
Albany (See (e) below)	17,193	1,297	21,497	10,303	3,428	.....	3,141	15	269	2
Brooklyn (See (e) below)	75,717	5,344	107,047	60,815	3,292	.....	2,804	52	411	25
Buffalo (See (e) below)	21,690	1,991	80,367	34,833	9,071	8,784	3	.....	283	1
Manhattan (See (e) below)	204,261	27,100	1,234,113	213,141	192,777	124,726	66,773	882	392	4
Syracuse (See (e) below)	16,694	1,250	75,580	27,309	21,774	21,556	.....	(*)	216	2
Omaha region	**157,129**	**9,882**	**642,942**	**172,116**	**28,595**	**11,003**	**16,096**	**395**	**1,080**	**20**
Aberdeen (South Dakota)	5,258	221	6,344	98	58	.....	.....	.....	58	.....
Cheyenne (Wyoming)	3,294	93	10,057	57	44	.....	.....	.....	44	1
Denver (Colorado)	17,266	1,592	106,682	29,753	1,884	1,730	.....	.....	154	.....
Des Moines (Iowa)	15,424	672	35,948	1,633	1,134	.....	1,045	.....	89	.....
Fargo (North Dakota)	1,517	103	3,557	123	57	1	.....	.....	56	.....
Kansas City (See (c) below)	12,913	780	71,423	12,860	3,786	.....	3,645	6	135	(*)
Omaha (Nebraska)	14,206	893	56,268	8,614	104	.....	.....	.....	98	6
St. Louis (See (c) below)	36,054	1,512	206,446	76,285	13,937	6,067	7,529	134	199	10
St. Paul (Minnesota)	36,779	2,401	116,508	42,229	7,221	3,205	3,589	255	171	1
Wichita (Kansas)	16,619	1,629	29,708	368	368	.....	288	.....	77	3
Philadelphia region	**280,724**	**41,754**	**1,364,176**	**583,515**	**427,886**	**32,985**	**385,835**	**6,733**	**2,185**	**151**
Baltimore (Maryland and D.C.)	50,693	3,660	264,588	188,278	164,349	13,388	147,099	3,525	330	7
Camden (See (d) below)	16,296	610	23,320	8,823	5,722	.....	5,322	142	208	49
Newark (See (d) below)	65,373	3,740	294,776	170,415	103,110	.....	102,177	405	497	31
Philadelphia (See (g) below)	67,905	7,362	424,901	122,470	88,770	12,811	74,178	1,387	386	7
Pittsburgh (See (g) below)	44,579	20,281	324,872	88,803	65,683	6,782	57,058	1,274	514	55
Scranton (See (g) below)	10,943	465	28,744	4,682	211	.....	.....	.....	211	.....
Wilmington (Delaware)	24,935	5,636	3,176	44	42	.....	.....	.....	39	3
San Francisco region	**321,413**	**22,483**	**1,082,558**	**188,889**	**234,268**	**64,230**	**165,051**	**2,230**	**2,844**	**25**
Anchorage (Alaska)	167	1	2,496	148	146	102	.....	.....	44	.....
Boise (Idaho)	1,829	125	4,978	74	33	.....	(*)	.....	33	(*)
Helena (Montana)	2,785	167	5,247	1,983	88	1	.....	.....	87	.....
Honolulu (Hawaii)	5,823	495	9,411	1,825	1,339	1,203	73	(*)	62	.....
Los Angeles (See (a) below)	146,186	10,178	389,945	106,743	62,387	28,038	33,356	175	808	10
Phoenix (Arizona)	12,039	987	8,585	1,515	164	6	.....	.....	157	1
Portland (Oregon)	14,404	1,014	21,361	6,020	3,479	1,789	1,585	.....	105	(*)
Reno (Nevada)	3,179	1,401	11,922	70	65	.....	.....	.....	65	.....
Salt Lake City (Utah)	3,094	305	16,633	2,628	6	.....	.....	.....	6	.....
San Francisco (See (a) below)	110,235	6,130	518,042	225,459	153,238	21,039	129,035	2,034	1,120	10
Seattle (Washington)	21,672	1,679	92,937	42,404	13,415	12,051	1,002	.....	357	5
Office of International Operations	**12,721**	**468**	**46,213**	**37,558**	**37,525**	(*)	**36,546**	**979**	.....	**1**
Puerto Rico	.....	28	44,935	37,557	37,524	.....	36,545	979	.....	.....
Other	12,721	440	1,278	1	1	(*)	(*)	.....	.....	1
Undistributed depositary receipts [7]	.....	.....	62,541	.....	.....	.....	.....	.....	.....	.....
Totals for States not shown above										
(a) California	256,421	16,309	907,988	332,202	215,625	49,077	162,391	2,210	1,928	19
(b) Illinois	132,233	14,196	979,802	352,203	302 357	29,721	267,671	3,739	1,218	8
(c) Missouri	48,967	2,292	277,869	89,145	17,724	6,067	11,174	140	333	10
(d) New Jersey	81,669	4,350	318,096	179,238	108,832	.....	107,499	547	705	80
(e) New York	335,555	36,982	1,518,604	346,401	230,342	155,066	72,721	950	1,572	33
(f) Ohio	102,684	15,970	711,169	164,383	130,495	6,197	121,861	1,420	1,008	9
(g) Pennsylvania	123,428	28,107	778,516	215,955	154,663	19,593	131,237	2,661	1,111	61
(h) Texas	83,013	12,840	638,525	42,170	12,266	10,331	1,696	(*)	234	6

Footnotes on p. 88.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 86, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Alcohol taxes—Continued: Wines, cordials, etc., taxes: Total (18)	Imported (collected by Customs) (19)	Domestic (20)	Occupational taxes [11] (21)	Beer taxes: Total (22)	Imported (collected by Customs) (23)	Domestic [9] (24)	Occupational taxes [12] (25)
United States, total	**103,733**	**7,951**	**93,920**	**1,862**	**830,855**	**4,651**	**820,761**	**5,443**
Atlanta region	**3,955**	**342**	**3,115**	**498**	**21,720**	**182**	**20,878**	**683**
Atlanta (Georgia)	425	17	367	51	4,053	5	4,002	47
Birmingham (Alabama)	13	12	.....	1	93	18	.....	74
Columbia (South Carolina)	256	8	167	80	106	8	.....	98
Greensboro (North Carolina)	135	12	1	122	131	16	.....	115
Jackson (Mississippi)	6	.....	.....	6	77	.....	.....	77
Jacksonville (Florida)	1,107	288	580	238	17,138	115	16,873	149
Nashville (Tennessee)	4	4	.....	.....	123	(*)	.....	123
Boston region	**2,808**	**446**	**2,305**	**56**	**24,673**	**146**	**24,342**	**185**
Augusta (Maine)	195	1	194	.....	81	13	.....	67
Boston (Massachusetts)	1,019	316	699	4	13,159	101	13,055	3
Burlington (Vermont)	52	(*)	.....	52	7	1	.....	6
Hartford (Connecticut)	1,377	90	1,287	(*)	862	15	783	64
Portsmouth (New Hampshire)	1	.....	1	.....	42	.....	.....	42
Providence (Rhode Island)	165	39	125	1	10,522	16	10,504	2
Chicago region	**7,438**	**1,134**	**6,129**	**167**	**183,165**	**663**	**182,243**	**260**
Chicago (See (b) below)	5,518	795	4,720	2	20,736	255	20,425	56
Detroit (Michigan)	1,743	220	1,361	162	35,329	352	34,956	21
Milwaukee (Wisconsin)	165	119	44	2	103,513	55	103,298	159
Springfield (See (b) below)	4	.....	3	1	23,588	.....	23,563	25
Cincinnati region	**4,204**	**268**	**3,406**	**532**	**67,836**	**105**	**67,394**	**337**
Cincinnati (See (f) below)	500	.....	429	71	12,731	.....	12,709	22
Cleveland (See (f) below)	1,103	198	759	146	19,554	71	19,458	25
Indianapolis (Indiana)	123	13	.....	110	20,064	.....	20,031	34
Louisville (Kentucky)	966	31	935	.....	13,804	.....	13,733	71
Parkersburg (West Virginia)	16	.....	16	.....	492	.....	407	86
Richmond (Virginia)	1,497	25	1,283	189	1,190	34	1,058	99
Dallas region	**1,577**	**278**	**1,051**	**250**	**48,467**	**135**	**48,556**	**777**
Albuquerque (New Mexico)	2	(*)	2	(*)	1	(*)	.....	1
Austin (See (h) below)	1,162	185	784	193	28,619	96	28,102	422
Dallas (See (h) below)	37	.....	.....	37	85	.....	.....	85
Little Rock (Arkansas)	273	.....	254	19	42	.....	(*)	42
New Orleans (Louisiana)	103	91	11	(*)	19,959	39	19,814	107
Oklahoma City (Oklahoma)	(*)	.....	.....	(*)	761	.....	640	121
New York City region	**16,395**	**3,774**	**12,610**	**11**	**99,564**	**2,614**	**96,283**	**896**
Albany (See (e) below)	269	.....	269	(*)	6,606	.....	6,496	110
Brooklyn (See (e) below)	2,154	.....	2,150	4	55,370	.....	54,935	435
Buffalo (See (e) below)	8,450	97	8,352	1	17,312	549	16,665	98
Manhattan (See (e) below)	5,522	3,677	1,838	6	14,842	1,776	12,904	162
Syracuse (See (e) below)	1	(*)	(*)	(*)	5,534	189	5,254	91
Omaha region	**2,092**	**179**	**1,896**	**17**	**141,429**	**12**	**139,587**	**1,831**
Aberdeen (South Dakota)	(*)	.....	.....	(*)	40	.....	.....	40
Cheyenne (Wyoming)	.....	.....	.....	.....	13	.....	.....	13
Denver (Colorado)	171	24	145	2	27,698	7	27,651	40
Des Moines (Iowa)	107	.....	94	13	392	.....	272	120
Fargo (North Dakota)	(*)	(*)	.....	.....	66	(*)	.....	66
Kansas City (See (c) below)	632	.....	631	1	8,442	.....	8,185	257
Omaha (Nebraska)	.....	.....	.....	.....	8,509	.....	8,471	38
St. Louis (See (c) below)	931	91	839	1	61,417	2	61,333	81
St. Paul (Minnesota)	252	64	187	1	34,756	2	33,975	778
Wichita (Kansas)	.....	.....	.....	.....	98	.....	.....	98
Philadelphia region	**11,078**	**558**	**10,488**	**31**	**144,553**	**215**	**144,001**	**338**
Baltimore (Maryland and D.C.)	1,090	294	766	30	22,839	108	22,665	65
Camden (See (d) below)	595	.....	594	1	2,507	.....	2,493	14
Newark (See (d) below)	5,749	.....	5,749	.....	61,555	.....	61,537	18
Philadelphia (See (g) below)	3,639	264	3,375	(*)	30,062	106	29,861	94
Pittsburgh (See (g) below)	1	(*)	.....	1	23,119	(*)	23,007	112
Scranton (See (g) below)	4	.....	4	(*)	4,467	.....	4,436	31
Wilmington (Delaware)	.....	.....	.....	.....	2	.....	.....	2
San Francisco region	**56,193**	**977**	**54,918**	**298**	**98,216**	**699**	**97,179**	**438**
Anchorage (Alaska)	(*)	(*)	.....	.....	2	(*)	.....	2
Boise (Idaho)	.....	.....	.....	.....	42	.....	.....	42
Helena (Montana)	(*)	(*)	(*)	.....	1,894	(*)	1,871	23
Honolulu (Hawaii)	20	18	.....	2	467	102	362	2
Los Angeles (See (a) below)	6,487	515	5,972	(*)	37,869	370	37,369	130
Phoenix (Arizona)	23	(*)	.....	23	1,327	1	1,314	11
Portland (Oregon)	131	20	19	92	2,410	12	2,350	48
Reno (Nevada)	.....	.....	.....	.....	5	.....	.....	5
Salt Lake City (Utah)	.....	.....	.....	.....	2,623	.....	2,590	33
San Francisco (See (a) below)	48,346	373	47,791	181	23,875	182	23,603	111
Seattle (Washington)	1,185	50	1,134	.....	27,804	51	27,720	33
Office of International Operations	(*)	.....	(*)	.....	**32**	.....	**32**	.....
Puerto Rico	(*)	.....	(*)	.....	32	.....	32	.....
Other	.....	.....	.....	.....	.....	.....	.....	.....
Totals for States not shown above								
(a) California	54,833	888	53,764	181	61,744	532	60,972	240
(b) Illinois	5,522	795	4,724	3	44,323	255	43,988	80
(c) Missouri	1,562	91	1,470	1	69,859	2	69,518	339
(d) New Jersey	6,344	.....	6,343	1	64,062	.....	64,030	32
(e) New York	16,395	3,774	12,610	11	99,564	2,614	96,253	896
(f) Ohio	1,603	198	1,188	217	32,285	71	32,166	48
(g) Pennsylvania	3,644	264	3,379	1	57,648	106	57,305	237
(h) Texas	1,199	185	784	230	28,704	96	28,102	507

Footnotes on p. 88.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 86, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Tobacco taxes: Total (26)	Tobacco taxes: Cigarettes [8] (27)	Tobacco taxes: Cigars [8] (28)	Tobacco taxes: Manufactured tobacco [8] (29)	Tobacco taxes: Other [13] (30)	Stamp taxes on documents, other instruments, and playing cards: Total (31)	Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance: Sales by postmasters (32)	Issues and transfers ...: Sales by district directors (33)	Playing cards, silver bullion transfers (34)
United States, total	**2,079,237**	**2,010,524**	**50,232**	**16,381**	**2,100**	**149,869**	**45,687**	**94,625**	**8,633**
Atlanta region	**1,283,212**	**1,263,168**	**13,118**	**6,293**	**633**	**8,030**	**6,637**	**1,391**	**2**
Atlanta (Georgia)	668	-	668	(*)	-	1,450	1,151	298	1
Birmingham (Alabama)	1,271	-	1,271	-	(*)	730	655	76	-
Columbia (South Carolina)	1,984	-	1,984	-	(*)	515	413	102	(*)
Greensboro (North Carolina)	1,268,316	1,263,144	(*)	4,620	552	984	943	41	-
Jackson (Mississippi)	-	-	-	-	-	393	309	84	-
Jacksonville (Florida)	9,140	23	9,098	-	19	2,873	2,307	566	(*)
Nashville (Tennessee)	1,833	-	98	1,673	62	1,085	860	224	(*)
Boston region	**252**	(*)	**240**	**9**	**3**	**5,806**	**2,497**	**3,268**	**41**
Augusta (Maine)	1	(*)	(*)	-	1	189	180	9	-
Boston (Massachusetts)	22	(*)	12	8	2	3,658	1,081	2,538	39
Burlington (Vermont)	-	-	-	-	-	97	75	22	-
Hartford (Connecticut)	225	-	225	1	(*)	1,351	828	521	2
Portsmouth (New Hampshire)	(*)	-	(*)	-	-	193	135	57	(*)
Providence (Rhode Island)	3	-	3	(*)	(*)	319	198	120	1
Chicago region	**2,591**	(*)	**672**	**1,895**	**23**	**16,012**	**3,775**	**10,131**	**2,107**
Chicago (See (b) below)	1,165	-	12	1,146	7	10,704	1,496	7,968	1,240
Detroit (Michigan)	1,368	(*)	623	734	10	2,718	1,258	1,459	1
Milwaukee (Wisconsin)	57	-	36	15	6	2,275	1,021	388	866
Springfield (See (b) below)	1	-	1	(*)	-	315	-	315	-
Cincinnati region	**759,671**	**747,317**	**6,180**	**6,162**	**12**	**13,286**	**4,278**	**3,561**	**5,447**
Cincinnati (See (f) below)	141	-	124	17	-	8,366	1,556	1,366	5,444
Cleveland (See (f) below)	2,440	-	1,964	468	8	1,250	-	1,248	2
Indianapolis (Indiana)	779	-	779	(*)	-	1,064	780	283	1
Louisville (Kentucky)	391,504	387,270	1,426	2,808	(*)	785	388	397	(*)
Parkersburg (West Virginia)	1,060	(*)	223	837	-	274	243	31	-
Richmond (Virginia)	363,747	360,047	1,664	2,032	4	1,547	1,311	236	(*)
Dallas region	**916**	(*)	**914**	(*)	**2**	**8,600**	**4,196**	**4,404**	(*)
Albuquerque (New Mexico)	-	-	-	-	-	343	193	150	(*)
Austin (See (h) below)	103	(*)	102	(*)	(*)	1,842	-	1,842	(*)
Dallas (See (h) below)	-	-	-	-	-	3,454	2,041	1,413	(*)
Little Rock (Arkansas)	-	-	-	-	-	439	313	125	(*)
New Orleans (Louisiana)	813	-	811	-	1	1,418	908	509	(*)
Oklahoma City (Oklahoma)	-	-	-	-	-	1,104	740	365	(*)
New York City region	**558**	**33**	**185**	**64**	**276**	**55,199**	**1,824**	**53,094**	**280**
Albany (See (e) below)	45	-	45	-	-	185	-	91	94
Brooklyn (See (e) below)	22	-	21	1	-	472	-	438	33
Buffalo (See (e) below)	2	-	1	(*)	(*)	652	-	647	5
Manhattan (See (e) below)	453	33	118	35	267	53,628	1,824	51,656	149
Syracuse (See (e) below)	36	-	1	28	8	262	-	262	-
Omaha region	**906**	-	**12**	**894**	(*)	**8,394**	**4,987**	**2,652**	**756**
Aberdeen (South Dakota)	-	-	-	-	-	173	155	18	-
Cheyenne (Wyoming)	-	-	-	-	-	119	99	19	-
Denver (Colorado)	(*)	-	-	-	(*)	1,204	769	436	(*)
Des Moines (Iowa)	(*)	-	-	(*)	-	837	832	5	(*)
Fargo (North Dakota)	(*)	-	-	-	(*)	139	126	13	-
Kansas City (See (c) below)	-	-	-	-	-	551	-	520	31
Omaha (Nebraska)	-	-	-	-	-	661	400	261	-
St. Louis (See (c) below)	905	-	11	894	(*)	1,706	1,405	295	6
St. Paul (Minnesota)	(*)	-	(*)	(*)	(*)	2,317	668	930	719
Wichita (Kansas)	-	-	-	-	-	687	532	155	-
Philadelphia region	**26,070**	**5**	**23,953**	**1,033**	**1,079**	**10,530**	**4,214**	**6,358**	**20**
Baltimore (Maryland and D.C.)	51	-	30	1	20	1,939	1,015	922	1
Camden (See (d) below)	900	-	900	-	-	194	-	189	5
Newark (See (d) below)	816	-	41	727	48	2,437	1,944	480	13
Philadelphia (See (g) below)	9,545	(*)	8,247	287	1,010	2,957	-	2,956	1
Pittsburgh (See (g) below)	16	-	15	(*)	(*)	1,895	1,227	668	1
Scranton (See (g) below)	14,743	5	14,720	18	-	132	-	132	-
Wilmington (Delaware)	-	-	-	-	-	1,037	28	1,009	-
San Francisco region	**131**	(*)	**28**	**30**	**72**	**23,066**	**13,193**	**9,829**	**43**
Anchorage (Alaska)	(*)	-	-	-	(*)	76	73	3	-
Boise (Idaho)	-	-	-	-	-	219	184	34	(*)
Helena (Montana)	-	-	-	-	-	219	200	18	-
Honolulu (Hawaii)	15	(*)	-	-	15	386	17	364	4
Los Angeles (See (a) below)	48	(*)	21	3	23	5,473	-	5,442	31
Phoenix (Arizona)	(*)	-	-	(*)	(*)	838	262	574	3
Portland (Oregon)	(*)	-	(*)	-	(*)	909	724	185	(*)
Reno (Nevada)	-	-	-	-	-	490	347	143	-
Salt Lake City (Utah)	-	-	-	-	-	331	109	222	-
San Francisco (See (a) below)	63	(*)	7	26	29	12,230	10,713	1,513	4
Seattle (Washington)	5	-	-	-	5	1,895	565	1,330	1
Office of International Operations	**4,930**	-	**4,930**	(*)	-	**86**	**86**	-	-
Puerto Rico	4,930	-	4,930	(*)	-	-	-	-	-
Other	-	-	-	-	-	86	86	-	-
Totals for States not shown above									
(a) California	110	(*)	28	30	52	17,703	10,713	6,955	35
(b) Illinois	1,166	-	13	1,146	7	11,019	1,496	8,283	1,240
(c) Missouri	905	-	11	894	(*)	2,256	1,405	815	37
(d) New Jersey	1,715	-	940	727	48	2,630	1,944	669	18
(e) New York	558	33	185	64	276	55,199	1,824	53,094	280
(f) Ohio	2,581	-	2,088	485	8	9,616	1,556	2,614	5,446
(g) Pennsylvania	24,304	5	22,982	306	1,011	4,984	1,227	3,756	1
(h) Texas	103	(*)	102	(*)	(*)	5,297	2,041	3,255	(*)

Footnotes on p. 88.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 86, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Manufacturers' excise taxes: Total (35)	Gasoline (36)	Lubricating oil, etc. (37)	Tires (wholly or in part of rubber), inner tubes, and tread rubber (38)	Motor vehicles, chassis, bodies, parts, and accessories (39)	Radio and television sets, phonographs, components, etc. (40)	Refrigerators, freezers, air conditioners, etc.; electric, gas, and oil appliances (41)	Other [14] (42)
United States, total	**5,610,309**	**2,497,316**	**74,410**	**398,860**	**2,087,162**	**184,220**	**129,669**	**238,672**
Atlanta region	**86,818**	**46,833**	**490**	**9,057**	**11,364**	**9,222**	**6,419**	**3,434**
Atlanta (Georgia)	9,698	5,608	77	1,031	2,058	28	76	820
Birmingham (Alabama)	7,120	2,668	(*)	1,223	2,917	15	145	152
Columbia (South Carolina)	7,934	6,960	107	2	168	8	332	357
Greensboro (North Carolina)	19,250	16,179	84	2	2,196	44	280	466
Jackson (Mississippi)	10,515	2,270	(*)	6,642	462	3	1,001	137
Jacksonville (Florida)	8,289	5,812	82	57	1,557	197	118	466
Nashville (Tennessee)	24,013	7,335	140	100	2,006	8,928	4,467	1,035
Boston region	**80,346**	**22,722**	**217**	**14,098**	**8,484**	**2,266**	**5,165**	**27,394**
Augusta (Maine)	1,747	1,437	-	47	79	(*)	3	180
Boston (Massachusetts)	26,380	14,057	207	31	2,482	2,071	202	7,330
Burlington (Vermont)	372	322	-	(*)	15	-	-	35
Hartford (Connecticut)	46,373	4,672	10	13,776	3,907	182	4,937	18,889
Portsmouth (New Hampshire)	1,246	552	-	63	46	13	13	558
Providence (Rhode Island)	4,228	1,682	-	181	1,954	-	9	402
Chicago region	**2,314,580**	**321,400**	**7,098**	**400**	**1,821,128**	**72,808**	**56,052**	**36,494**
Chicago (See (b) below)	415,755	255,017	6,487	71	63,074	54,831	14,057	22,218
Detroit (Michigan)	1,828,103	28,362	412	316	1,744,973	12,134	34,123	7,782
Milwaukee (Wisconsin)	40,538	21,055	161	8	11,833	39	5,316	2,128
Springfield (See (b) below)	30,184	16,966	39	5	1,249	5,005	2,557	4,365
Cincinnati region	**591,772**	**168,331**	**4,717**	**263,792**	**88,387**	**7,071**	**26,019**	**33,455**
Cincinnati (See (f) below)	25,788	3,323	80	48	8,103	240	4,825	9,169
Cleveland (See (f) below)	418,656	74,602	1,808	263,704	52,100	823	4,973	20,645
Indianapolis (Indiana)	51,159	16,769	333	11	25,801	3,127	2,213	2,903
Louisville (Kentucky)	87,418	66,701	2,313	16	1,277	2,866	13,906	339
Parkersburg (West Virginia)	2,339	2,037	108	13	151	1	27	2
Richmond (Virginia)	6,413	4,898	74	(*)	955	14	74	398
Dallas region	**743,430**	**700,980**	**20,881**	**5,548**	**10,138**	**3,311**	**1,586**	**885**
Albuquerque (New Mexico)	4,077	4,041	(*)	(*)	33	-	(*)	2
Austin (See (h) below)	472,494	451,687	14,312	3,477	1,444	44	1,193	336
Dallas (See (h) below)	47,846	35,704	166	2,070	6,025	3,190	324	367
Little Rock (Arkansas)	14,863	14,414	27	(*)	329	9	40	44
New Orleans (Louisiana)	3,694	2,452	284	(*)	715	18	25	200
Oklahoma City (Oklahoma)	200,457	192,682	6,092	(*)	1,592	50	4	36
New York City region	**721,000**	**440,287**	**16,017**	**65,184**	**31,231**	**60,084**	**9,936**	**98,261**
Albany (See (e) below)	3,991	1,974	-	-	1,057	724	124	113
Brooklyn (See (e) below)	24,494	2,701	122	1,812	5,712	4,841	4,961	4,345
Buffalo (See (e) below)	31,322	4,447	38	5,425	2,636	72	699	18,005
Manhattan (See (e) below)	623,901	426,344	15,856	57,945	20,842	36,409	2,073	64,432
Syracuse (See (e) below)	37,292	4,821	1	3	983	18,037	2,080	11,367
Omaha region	**175,236**	**122,001**	**2,480**	**16,374**	**19,053**	**2,895**	**7,425**	**5,008**
Aberdeen (South Dakota)	3,506	3,377	4	(*)	125	-	(*)	(*)
Cheyenne (Wyoming)	7,027	7,012	8	(*)	6	-	-	(*)
Denver (Colorado)	17,925	5,723	3	9,154	2,862	17	(*)	166
Des Moines (Iowa)	22,202	9,618	60	5,963	1,730	960	2,584	1,286
Fargo (North Dakota)	1,482	1,380	20	2	42	4	-	35
Kansas City (See (c) below)	24,537	20,228	478	(*)	1,968	137	1,538	186
Omaha (Nebraska)	5,430	4,505	246	1	466	12	181	17
St. Louis (See (c) below)	31,005	23,055	561	1,096	4,483	66	841	903
St. Paul (Minnesota)	45,519	31,993	849	156	6,508	1,696	1,955	2,363
Wichita (Kansas)	16,604	15,109	252	1	863	3	325	50
Philadelphia region	**553,873**	**392,906**	**14,066**	**21,808**	**73,080**	**21,079**	**13,141**	**17,792**
Baltimore (Maryland and D.C.)	32,478	13,425	158	15,219	328	2,640	78	629
Camden (See (d) below)	6,548	5,418	73	4	510	31	25	487
Newark (See (d) below)	76,067	5,355	680	617	55,405	6,458	1,186	6,366
Philadelphia (See (g) below)	212,233	179,440	5,315	4,432	10,211	6,241	4,720	1,874
Pittsburgh (See (g) below)	222,462	185,824	7,840	1,537	6,290	5,703	7,128	8,139
Scranton (See (g) below)	3,671	3,139	-	(*)	309	6	3	214
Wilmington (Delaware)	414	305	(*)	(*)	27	(*)	(*)	82
San Francisco region	**343,240**	**281,856**	**8,444**	**2,599**	**24,296**	**6,272**	**3,828**	**15,847**
Anchorage (Alaska)	12	3	-	-	7	1	-	1
Boise (Idaho)	1,757	1,514	(*)	1	142	(*)	(*)	101
Helena (Montana)	169	121	-	-	39	-	(*)	8
Honolulu (Hawaii)	229	10	-	20	127	22	7	43
Los Angeles (See (a) below)	196,392	159,841	4,363	1,681	11,211	5,598	3,711	9,986
Phoenix (Arizona)	216	21	2	(*)	139	14	7	32
Portland (Oregon)	4,503	78	-	(*)	4,159	15	68	183
Reno (Nevada)	237	171	-	(*)	13	49	-	3
Salt Lake City (Utah)	2,350	946	(*)	(*)	295	4	-	1,105
San Francisco (See (a) below)	126,464	113,971	4,054	894	2,979	511	45	4,009
Seattle (Washington)	10,911	5,179	25	2	5,183	57	87	377
Office of International Operations	**12**	-	-	-	(*)	**10**	-	**2**
Puerto Rico	1	-	-	-	-	-	-	1
Other	12	-	-	-	(*)	10	-	1
Totals for States not shown above								
(a) California	322,856	273,813	8,417	2,576	14,191	6,110	3,756	13,995
(b) Illinois	445,939	271,983	6,525	76	64,322	59,836	16,613	26,583
(c) Missouri	55,542	43,283	1,039	1,096	6,451	203	2,380	1,090
(d) New Jersey	82,615	10,773	753	620	55,914	6,489	1,211	6,854
(e) New York	721,000	440,287	16,017	65,184	31,231	60,084	9,936	98,261
(f) Ohio	444,444	77,926	1,888	263,752	60,203	1,063	9,798	29,814
(g) Pennsylvania	438,366	368,403	13,155	5,969	16,811	11,950	11,852	10,227
(h) Texas	520,340	487,391	14,478	5,547	7,469	3,234	1,517	703

Footnotes on p. 88.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 86, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Retailers' excise taxes: Total (43)	Luggage, etc. (44)	Jewelry, etc. (45)	Furs (46)	Toilet preparations (47)	Miscellaneous excise taxes: Total (48)	Admissions: Theaters, concerts, athletic contests, etc. [4] (49)	Roof gardens, cabarets, etc. (50)	Club dues and initiation fees (51)
United States, total	**443,558**	**74,019**	**181,902**	**29,287**	**158,351**	**1,619,656**	**42,789**	**39,794**	**71,097**
Atlanta region	**38,189**	**6,663**	**17,019**	**1,641**	**11,856**	**159,433**	**2,492**	**3,222**	**7,015**
Atlanta (Georgia)	6,377	1,258	2,917	246	1,955	97,484	323	313	1,010
Birmingham (Alabama)	4,006	610	2,016	277	1,103	5,616	59	88	604
Columbia (South Carolina)	2,585	416	1,190	98	880	4,644	73	52	504
Greensboro (North Carolina)	7,206	955	3,736	308	2,206	14,642	312	110	1,146
Jackson (Mississippi)	1,740	308	736	74	623	2,713	18	71	281
Jacksonville (Florida)	10,392	1,797	4,853	322	3,420	27,061	1,531	2,475	2,296
Nashville (Tennessee)	5,874	1,316	2,472	316	1,770	7,273	176	112	1,173
Boston region	**26,793**	**4,006**	**11,057**	**1,658**	**10,171**	**82,406**	**2,242**	**1,800**	**4,798**
Augusta (Maine)	955	144	485	53	274	1,399	64	139	151
Boston (Massachusetts)	15,275	2,653	6,737	951	4,934	55,826	1,409	1,011	2,147
Burlington (Vermont)	363	50	217	16	80	812	4	38	97
Hartford (Connecticut)	7,330	709	2,221	396	4,003	21,736	239	351	1,909
Portsmouth (New Hampshire)	662	101	342	25	194	1,006	195	22	140
Providence (Rhode Island)	2,207	349	1,055	118	686	1,627	330	238	355
Chicago region	**56,024**	**10,672**	**22,221**	**5,881**	**18,051**	**206,241**	**4,257**	**5,039**	**9,171**
Chicago (See (b) below)	32,083	7,045	12,405	3,349	9,283	124,624	2,440	2,390	4,484
Detroit (Michigan)	15,367	2,393	5,964	1,099	5,910	49,896	1,258	1,547	2,994
Milwaukee (Wisconsin)	5,585	837	2,403	513	1,832	22,218	450	670	958
Springfield (See (b) below)	2,989	396	1,448	120	1,025	9,503	109	492	735
Cincinnati region	**37,415**	**5,610**	**17,188**	**1,897**	**12,719**	**141,295**	**2,419**	**2,803**	**7,533**
Cincinnati (See (f) below)	10,015	1,964	4,110	476	3,465	14,851	457	670	1,375
Cleveland (See (f) below)	9,604	1,242	4,264	572	3,526	55,651	836	1,013	2,369
Indianapolis (Indiana)	7,449	916	3,990	362	2,181	28,724	339	645	1,152
Louisville (Kentucky)	3,039	458	1,485	149	947	12,374	368	291	797
Parkersburg (West Virginia)	1,956	283	919	89	665	8,600	244	98	428
Richmond (Virginia)	5,352	748	2,419	249	1,936	21,096	175	87	1,412
Dallas region	**34,753**	**4,425**	**17,659**	**1,551**	**11,116**	**80,248**	**1,283**	**1,934**	**6,648**
Albuquerque (New Mexico)	1,163	122	484	33	524	2,873	117	286	224
Austin (See (h) below)	9,886	1,309	4,881	376	3,320	21,310	370	475	2,009
Dallas (See (h) below)	13,146	1,444	7,956	600	3,146	26,229	436	409	2,196
Little Rock (Arkansas)	2,015	307	912	67	728	3,840	101	173	381
New Orleans (Louisiana)	4,950	712	1,955	327	1,957	18,262	173	579	923
Oklahoma City (Oklahoma)	3,591	531	1,472	147	1,441	7,725	86	12	854
New York City region	**103,778**	**19,503**	**33,928**	**7,523**	**42,824**	**291,527**	**14,382**	**4,901**	**10,650**
Albany (See (e) below)	2,026	316	920	154	636	4,941	379	469	658
Brooklyn (See (e) below)	8,280	1,687	3,159	705	2,729	12,957	3,085	772	2,741
Buffalo (See (e) below)	4,779	766	1,991	376	1,646	8,777	437	508	1,205
Manhattan (See (e) below)	83,085	16,278	23,480	6,113	37,214	259,780	10,273	2,851	5,506
Syracuse (See (e) below)	5,609	456	4,378	175	600	5,072	208	300	539
Omaha region	**37,156**	**7,719**	**15,207**	**2,478**	**11,751**	**249,031**	**1,945**	**3,183**	**6,925**
Aberdeen (South Dakota)	807	83	395	34	296	1,760	45	42	70
Cheyenne (Wyoming)	469	52	238	13	167	2,382	4	93	46
Denver (Colorado)	3,123	395	1,467	270	991	54,616	309	828	822
Des Moines (Iowa)	3,394	476	1,627	151	1,141	7,880	85	143	691
Fargo (North Dakota)	681	83	333	38	228	1,131	11	59	44
Kansas City (See (c) below)	5,415	728	2,218	321	2,148	28,041	189	333	586
Omaha (Nebraska)	2,432	362	977	129	963	39,128	171	209	352
St. Louis (See (c) below)	10,129	4,052	2,916	841	2,320	86,418	369	351	1,125
St. Paul (Minnesota)	7,931	1,140	3,837	570	2,384	18,505	708	959	1,247
Wichita (Kansas)	2,774	348	1,199	113	1,114	9,171	55	164	941
Philadelphia region	**40,478**	**6,289**	**17,229**	**3,499**	**13,470**	**148,958**	**5,219**	**4,889**	**9,145**
Baltimore (Maryland and D.C.)	10,223	1,442	4,435	760	3,586	29,708	1,566	1,266	1,982
Camden (See (d) below)	2,255	297	1,133	191	633	5,086	1,380	1,027	591
Newark (See (d) below)	8,248	1,333	3,231	858	2,826	36,264	280	726	1,843
Philadelphia (See (g) below)	10,591	1,697	4,536	1,175	3,183	57,080	864	584	2,293
Pittsburgh (See (g) below)	6,737	1,109	2,831	346	2,452	14,797	373	298	1,757
Scranton (See (g) below)	1,866	341	771	139	614	3,950	397	151	415
Wilmington (Delaware)	558	71	282	30	175	1,172	360	37	285
San Francisco region	**68,982**	**9,130**	**29,602**	**4,058**	**26,292**	**257,824**	**8,549**	**12,763**	**10,272**
Anchorage (Alaska)	433	28	185	53	167	1,828	19	97	3
Boise (Idaho)	1,089	107	432	28	522	1,839	9	136	84
Helena (Montana)	842	99	367	46	331	2,035	32	207	110
Honolulu (Hawaii)	1,624	273	847	19	485	5,333	106	728	183
Los Angeles (See (a) below)	31,086	4,483	12,591	2,347	11,664	50,795	4,968	3,591	4,367
Phoenix (Arizona)	2,259	264	1,076	51	869	3,749	180	504	512
Portland (Oregon)	3,124	399	1,354	95	1,276	6,785	192	681	529
Reno (Nevada)	1,059	112	550	48	350	10,063	53	3,282	74
Salt Lake City (Utah)	1,935	223	732	63	916	9,385	93	73	340
San Francisco (See (a) below)	19,811	2,279	8,671	1,078	7,784	134,032	1,939	2,772	3,157
Seattle (Washington)	5,720	864	2,698	230	1,927	31,989	957	692	914
Office of International Operations	**1**		**1**		**1**	**3,591**	(*)	(*)	**1**
Puerto Rico						2,448			
Other	1		1		1	1,143	(*)	(*)	1
Totals for States not shown above									
(a) California	50,897	6,763	21,261	3,425	19,448	184,828	6,907	6,363	7,524
(b) Illinois	35,072	7,442	13,853	3,469	10,308	134,127	2,550	2,882	5,219
(c) Missouri	15,544	4,780	5,134	1,162	4,467	114,459	558	684	1,712
(d) New Jersey	10,502	1,630	4,364	1,048	3,460	41,350	1,660	1,752	2,433
(e) New York	103,778	19,503	33,928	7,523	42,824	291,527	14,382	4,901	10,650
(f) Ohio	19,619	3,205	8,374	1,048	6,991	70,501	1,293	1,682	3,744
(g) Pennsylvania	19,195	3,146	8,138	1,660	6,250	75,827	1,634	1,033	4,465
(h) Texas	23,032	2,753	12,837	976	6,466	47,540	806	884	4,205

Footnotes on p. 88.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 86, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Miscellaneous excise taxes—Continued: Toll telephone service, telegraph, cable, radio, etc. (52)	Wire mileage service, wire and equipment service (53)	General telephone service (54)	Transportation of persons [11] (55)	Use of safe deposit boxes (56)	Coconut and other vegetable oils processed (57)	Sugar (58)	Diesel and special motor fuels (59)
United States, total	**339,246**	**25,372**	**515,987**	**233,928**	**6,514**	**12**	**99,903**	**113,012**
Atlanta region	**39,842**	**1,294**	**84,649**	**21,821**	**87**	**3**	**5,099**	**9,149**
Atlanta (Georgia)	31,672	851	43,043	11,754	70	(*)	4,842	1,351
Birmingham (Alabama)	722	135	496	412	−61	(*)	5	1,474
Columbia (South Carolina)	400	50	508	175	13	3	6	1,281
Greensboro (North Carolina)	2,529	90	5,190	1,395	34	(*)	11	1,374
Jackson (Mississippi)	90	5	112	10	−22	(*)	1	665
Jacksonville (Florida)	3,671	118	4,321	7,879	191	(*)	234	1,472
Nashville (Tennessee)	758	47	970	196	−137	(*)	(*)	1,532
Boston region	**21,630**	**1,357**	**32,979**	**6,410**	**467**		**2,743**	**2,671**
Augusta (Maine)	132	26	122	42	30			225
Boston (Massachusetts)	15,422	314	24,731	4,184	244		2,743	1,103
Burlington (Vermont)	80	10	62	118	12			177
Hartford (Connecticut)	5,943	953	8,011	1,907	122			880
Portsmouth (New Hampshire)	53	21	48	37	21			150
Providence (Rhode Island)	(*)	32	4	121	39			136
Chicago region	**35,964**	**2,615**	**71,194**	**49,448**	**945**	**4**	**1,347**	**10,671**
Chicago (See (b) below)	18,451	1,155	34,856	48,556	427	4	16	6,659
Detroit (Michigan)	10,135	971	23,274	613	258	(*)	1,194	1,879
Milwaukee (Wisconsin)	5,285	344	9,968	193	148	(*)	137	1,201
Springfield (See (b) below)	2,094	44	3,096	87	111		(*)	932
Cincinnati region	**30,330**	**1,668**	**52,147**	**12,832**	**657**	(*)	**175**	**13,845**
Cincinnati (See (f) below)	3,104	173	5,529	184	114			954
Cleveland (See (f) below)	13,084	441	21,581	6,347	208	(*)	175	4,812
Indianapolis (Indiana)	6,841	271	10,825	780	146			3,049
Louisville (Kentucky)	1,143	36	1,746	3,677	56		(*)	2,212
Parkersburg (West Virginia)	1,487	214	3,958	39	43			732
Richmond (Virginia)	4,671	532	8,506	1,604	91			2,087
Dallas region	**5,132**	**463**	**5,251**	**9,951**	**463**	(*)	**15,643**	**19,733**
Albuquerque (New Mexico)	117	18	116	92	22			1,421
Austin (See (h) below)	542	101	462	1,129	136		3,454	9,123
Dallas (See (h) below)	3,646	190	3,691	7,571	130			3,726
Little Rock (Arkansas)	289	24	443	98	37	(*)	(*)	882
New Orleans (Louisiana)	195	27	198	788	64		12,188	883
Oklahoma City (Oklahoma)	343	103	341	271	74			3,697
New York City region	**59,114**	**11,926**	**76,844**	**56,166**	**1,080**	(*)	**35,231**	**12,289**
Albany (See (e) below)	657	31	724	431	67			536
Brooklyn (See (e) below)	22	14	4	3,375	222	(*)	(*)	521
Buffalo (See (e) below)	1,378	94	2,660	114	107			764
Manhattan (See (e) below)	56,657	11,785	73,008	50,777	628		35,231	9,885
Syracuse (See (e) below)	401	3	448	1,469	55	(*)		583
Omaha region	**62,294**	**2,797**	**88,175**	**44,996**	**738**	**1**	**13,659**	**11,356**
Aberdeen (South Dakota)	150	15	259	65	25			426
Cheyenne (Wyoming)	37	6	28	15	12			1,659
Denver (Colorado)	12,569	767	17,969	5,211	65		13,109	1,219
Des Moines (Iowa)	1,348	124	1,675	53	131	(*)		1,734
Fargo (North Dakota)	145	2	280	11	19			285
Kansas City (See (c) below)	280	23	417	23,751	83			788
Omaha (Nebraska)	13,648	341	19,838	2,053	69			1,106
St. Louis (See (c) below)	32,006	1,429	45,205	1,926	112		450	1,569
St. Paul (Minnesota)	913	39	1,266	9,598	128	1		1,285
Wichita (Kansas)	1,199	52	1,240	2,314	93			1,285
Philadelphia region	**29,503**	**1,788**	**60,977**	**11,677**	**828**	**1**	**4,382**	**12,374**
Baltimore (Maryland and D.C.)	5,214	293	9,610	4,151	123	(*)	(*)	1,333
Camden (See (d) below)	31	84	4	302	80	(*)		376
Newark (See (d) below)	11,658	224	14,827	1,430	221	3	(*)	2,043
Philadelphia (See (g) below)	10,855	1,050	23,708	5,176	258	(*)	4,379	3,250
Pittsburgh (See (g) below)	1,306	133	2,303	382	167	(*)		4,754
Scranton (See (g) below)	439	4	524	220	55	(*)	2	520
Wilmington (Delaware)	1	(*)	1	14	22	(*)	1	99
San Francisco region	**55,438**	**1,965**	**83,781**	**19,678**	**1,133**	**1**	**19,277**	**20,916**
Anchorage (Alaska)	515	13	400	426	25			11
Boise (Idaho)	68	7	98	51	23		(*)	679
Helena (Montana)	138	33	113	73	32			613
Honolulu (Hawaii)	660	33	1,919	1,106	20		16	71
Los Angeles (See (a) below)	9,901	318	9,827	7,956	287	(*)		5,227
Phoenix (Arizona)	111	48	62	77	42		(*)	1,360
Portland (Oregon)	384	15	661	221	81	(*)		1,757
Reno (Nevada)	81	8	56	546	14			806
Salt Lake City (Utah)	114	6	95	46	20		6,677	931
San Francisco (See (a) below)	34,334	833	56,005	7,789	476	(*)	12,584	8,607
Seattle (Washington)	9,129	252	14,546	1,289	134	(*)	(*)	853
Office of International Operations				**1,048**			**2,448**	**9**
Puerto Rico							2,448	
Other				1,048				9
Totals for States not shown above								
(a) California	44,236	1,150	65,832	15,745	763	(*)	12,584	13,834
(b) Illinois	20,544	1,199	37,952	48,642	538	4	16	7,591
(c) Missouri	32,286	1,452	45,622	25,677	195		450	2,357
(d) New Jersey	11,689	308	14,831	1,733	301	3	(*)	2,419
(e) New York	59,114	11,926	76,844	56,166	1,080	(*)	35,231	12,289
(f) Ohio	16,189	615	27,111	6,531	321	(*)	175	5,766
(g) Pennsylvania	12,600	1,187	26,534	5,779	480	(*)	4,381	8,523
(h) Texas	4,188	291	4,152	8,701	266		3,454	12,849

Footnotes on p. 88.

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 86, for tax rates and further breakdown of national totals by sources]

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Miscellaneous excise taxes—Continued: Narcotics and marihuana, including occupational taxes (60)	Coin-operated amusement and gaming devices (61)	Bowling alleys, pool tables, etc. (62)	Wagering taxes: Occupational (63)	Wagering taxes: Wagers (64)	Use tax on highway motor vehicles (65)	Other [17] (66)	Unclassified excise taxes (67)
United States, total	**1,153**	**20,253**	**4,697**	**531**	**5,167**	**99,481**	**520**	**64,251**
Atlanta region	**69**	**2,425**	**457**	**25**	**501**	**11,182**	**102**	**3,755**
Atlanta (Georgia)	10	505	72	4	60	1,605	1	10,276
Birmingham (Alabama)	7	46	51	3	69	1,488	17	−1,756
Columbia (South Carolina)	7	569	39	1	43	846	75	−416
Greensboro (North Carolina)	11	77	85	4	15	2,245	2	−2,028
Jackson (Mississippi)	4	352	28	3	30	1,064	(*)	−728
Jacksonville (Florida)	20	146	105	3	141	2,448	9	−3,748
Nashville (Tennessee)	10	730	67	7	142	1,486	4	−5,847
Boston region	**37**	**314**	**218**	**59**	**61**	**4,434**	**40**	**2**
Augusta (Maine)	2	30	18	(*)	1	416	1	1
Boston (Massachusetts)	19	165	163	46	20	2,096	8	−12
Burlington (Vermont)	1	11	19	1	----	182	(*)	(*)
Hartford (Connecticut)	9	55	72	6	25	1,223	30	10
Portsmouth (New Hampshire)	2	31	26	4	13	244	1	1
Providence (Rhode Island)	3	22	21	1	3	322	----	2
Chicago region	**79**	**1,165**	**773**	**24**	**342**	**13,290**	**44**	**257**
Chicago (See (b) below)	34	400	236	11	172	4,319	13	270
Detroit (Michigan)	27	191	258	7	76	5,193	21	19
Milwaukee (Wisconsin)	11	271	179	2	6	2,391	6	3
Springfield (See (b) below)	7	302	100	4	89	1,297	5	6
Cincinnati region	**99**	**2,406**	**831**	**70**	**1,399**	**12,247**	**35**	**48**
Cincinnati (See (f) below)	13	262	115	3	98	1,795	4	22
Cleveland (See (f) below)	16	312	190	14	161	4,080	11	4
Indianapolis (Indiana)	39	593	123	31	791	3,089	8	7
Louisville (Kentucky)	7	609	71	10	153	994	6	2
Parkersburg (West Virginia)	3	463	30	10	138	710	1	2
Richmond (Virginia)	20	166	102	2	58	1,578	4	12
Dallas region	**58**	**1,891**	**429**	**85**	**423**	**11,093**	**49**	**183**
Albuquerque (New Mexico)	2	40	18	3	14	379	2	6
Austin (See (h) below)	21	130	121	9	86	3,133	10	47
Dallas (See (h) below)	13	57	122	1	3	4,020	18	−4
Little Rock (Arkansas)	4	348	39	6	64	970	(*)	(*)
New Orleans (Louisiana)	10	865	60	61	219	920	8	19
Oklahoma City (Oklahoma)	7	150	70	6	37	1,672	2	34
New York City region	**319**	**421**	**409**	**9**	**141**	**7,603**	**42**	**140**
Albany (See (e) below)	64	78	52	1	15	775	5	6
Brooklyn (See (e) below)	143	111	141	(*)	37	1,762	6	8
Buffalo (See (e) below)	33	81	94	3	48	1,250	(*)	2
Manhattan (See (e) below)	73	65	61	2	37	2,920	21	124
Syracuse (See (e) below)	7	85	60	3	4	896	10	1
Omaha region	**102**	**1,319**	**607**	**26**	**153**	**11,818**	**34**	**103**
Aberdeen (South Dakota)	2	151	31	1	4	475	1	----
Cheyenne (Wyoming)	1	116	17	6	18	325	(*)	4
Denver (Colorado)	11	107	57	2	1	1,570	2	60
Des Moines (Iowa)	8	111	104	1	12	1,658	3	2
Fargo (North Dakota)	1	25	19	1	9	217	1	(*)
Kansas City (See (c) below)	5	92	64	(*)	2	1,423	3	19
Omaha (Nebraska)	17	87	60	4	53	1,103	17	4
St. Louis (See (c) below)	48	184	51	6	15	1,570	1	−1
St. Paul (Minnesota)	9	122	97	5	19	2,104	5	7
Wichita (Kansas)	6	323	105	2	19	1,373	(*)	7
Philadelphia region	**250**	**3,875**	**650**	**49**	**494**	**12,857**	**80**	**1,792**
Baltimore (Maryland and D.C.)	14	2,416	101	8	47	1,576	8	1,912
Camden (See (d) below)	7	132	58	1	12	1,000	1	−485
Newark (See (d) below)	158	118	145	6	15	2,567	2	530
Philadelphia (See (g) below)	54	313	118	16	226	3,889	46	10,024
Pittsburgh (See (g) below)	13	735	173	14	150	2,218	20	−9,839
Scranton (See (g) below)	4	149	45	3	18	1,003	2	−300
Wilmington (Delaware)	1	11	10	2	25	303	2	−49
San Francisco region	**135**	**6,637**	**622**	**184**	**1,652**	**15,215**	**96**	**−564**
Anchorage (Alaska)	(*)	152	15	4	39	109	(*)	−1
Boise (Idaho)	3	31	16	(*)	6	627	1	(*)
Helena (Montana)	1	106	19	28	45	477	6	----
Honolulu (Hawaii)	4	156	22	1	4	306	(*)	(*)
Los Angeles (See (a) below)	59	192	208	1	85	3,780	30	−592
Phoenix (Arizona)	4	148	32	1	12	654	3	7
Portland (Oregon)	6	346	48	3	23	1,828	10	19
Reno (Nevada)	1	4,151	14	4	743	229	(*)	2
Salt Lake City (Utah)	5	223	28	35	85	603	11	4
San Francisco (See (a) below)	41	220	146	7	14	5,075	33	−16
Seattle (Washington)	10	912	74	100	597	1,526	2	12
Office of International Operations	(*)	----	----	----	**1**	**84**	**1**	**35**
Puerto Rico	----	----	----	----	1	84	1	35
Other	(*)	----	----	----	----	----	----	62,541
Undistributed depositary receipts [7]	----	----	----	----	----	----	----	----
Totals for States not shown above								
(a) California	100	412	354	8	98	8,855	63	−608
(b) Illinois	41	702	336	15	261	5,616	17	276
(c) Missouri	53	277	116	6	17	2,994	4	19
(d) New Jersey	164	250	203	7	27	3,567	3	45
(e) New York	319	421	409	9	141	7,603	42	140
(f) Ohio	29	574	305	18	259	5,875	15	25
(g) Pennsylvania	70	1,198	336	33	395	7,111	68	−115
(h) Texas	35	187	242	10	89	7,153	28	43

Footnotes on p. 88.

Table 2.—Internal revenue collections by sources and by quarters

[In thousands of dollars]

Source of revenue	Quarter ended— Sept. 30, 1962 (1)	Dec. 31, 1962 (2)	Mar. 31, 1963 (3)	June 30, 1963 (4)
Grand total	23,584,939	20,832,143	29,011,153	32,497,160
Corporation income tax [2,3]	4,488,766	4,321,528	7,021,033	6,504,806
Individual income and employment taxes, total	15,234,246	12,650,665	18,220,860	21,886,296
Income tax not withheld [4,5]	2,559,976	762,972	4,099,965	7,782,057
Income tax withheld and old-age and disability insurance [2,4,5]	12,522,433	11,747,539	13,054,973	13,947,043
Railroad retirement [6]	148,821	142,284	138,501	142,038
Unemployment insurance	3,016	2,870	927,421	15,158
Estate tax	458,296	442,790	531,549	538,979
Gift tax	7,246	5,954	20,637	182,006
Excise taxes, total	3,396,385	3,411,205	3,217,074	3,385,073
Alcohol taxes, total	836,624	968,565	736,568	899,899
Distilled spirits [8]	576,492	756,173	536,259	638,144
Wines, cordials, etc.	22,822	28,931	24,401	27,578
Beer [9]	237,310	183,460	175,908	234,177
Tobacco taxes, total [10]	516,010	523,402	488,469	551,356
Cigarettes	498,544	504,945	474,310	532,725
Cigars	12,906	13,704	9,813	13,808
Other	4,559	4,753	4,347	4,822
Stamp taxes on documents, other instruments, and playing cards, total	36,220	35,520	37,444	39,885
Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance:				
Sales by postmasters	11,008	10,797	12,979	10,902
Sales by district directors	23,383	22,420	22,066	26,816
Playing cards, silver bullion transfers	1,829	2,303	2,398	2,168
Manufacturers' excise taxes, total	1,433,487	1,301,308	1,497,756	1,377,757
Gasoline	640,207	658,545	620,652	577,912
Lubricating oil, etc.	19,994	19,951	16,705	17,760
Tires (wholly or in part of rubber), inner tubes, and tread rubber	106,152	100,338	99,260	93,109
Motor vehicles, chassis, bodies, parts, and accessories	532,597	384,528	618,353	551,583
Radio and television sets, phonographs, components, etc.	38,940	49,081	48,894	47,305
Refrigerators, freezers, air-conditioners, etc.; electric, gas, and oil appliances	37,607	28,272	28,016	35,775
Other [14]	57,990	60,593	65,876	54,213
Retailers' excise taxes, total	101,130	93,644	156,832	91,953
Luggage, etc.	19,032	15,592	25,529	13,865
Jewelry, etc.	40,966	36,510	68,246	36,179
Furs	3,751	5,364	13,489	6,683
Toilet preparations	37,380	36,178	49,566	35,227
Miscellaneous excise taxes, total	457,597	419,022	378,014	365,024
Admissions:				
Theaters, concerts, athletic contests, etc. [15]	10,971	13,090	9,154	9,574
Pool gardens, cabarets, etc.	9,624	10,506	9,912	9,752
Club dues and initiation fees	19,775	15,111	14,871	21,339
Toll telephone service, telegraph, cable, radio, etc.; wire mileage service, wire and equipment service	92,471	96,660	86,799	88,687
General telephone service	129,871	134,550	125,532	128,036
Transportation of persons [16]	73,070	76,533	54,351	29,974
Use of safe deposit boxes	1,622	1,608	1,557	1,727
Coconut and other vegetable oils processed	4	2	7	−1
Sugar	24,557	28,287	23,264	23,775
Diesel and special motor fuels	27,654	27,493	30,825	27,040
Narcotics and marihuana, including occupational taxes	275	209	174	486
Coin-operated amusement and gaming devices	13,222	1,281	1,150	4,601
Bowling alleys, pool tables, etc.	2,962	443	299	1,193
Wagering taxes:				
Occupational	227	103	57	144
Wagers	1,398	1,230	1,328	1,210
Use tax on highway motor vehicles	49,768	11,747	18,624	19,341
Other [17]	125	167	82	136
Unclassified excise taxes:				
Unapplied collections	944	883	124	1,759
Undistributed depositary receipts [7]	14,377	68,859	−78,133	57,438

Footnotes on p. 88.

Table 3.—Internal revenue collections by sources, fiscal years 1963 and 1962

[In thousands of dollars]

Source of revenue	Fiscal year 1963 (1)	Fiscal year 1962 (2)
Grand total, all sources	105,925,395	99,440,339
Corporation income taxes, total [15]	22,336,134	21,295,711
Regular	22,334,205	21,293,717
Exempt organization business income tax	1,929	1,994
Individual income and employment taxes, total	67,992,067	63,357,765
Income tax not withheld [4 & 19]	15,204,971	15,317,377
Income tax withheld and old-age and disability insurance, total [5 & 6 & 20]	51,266,988	47,018,448
Received with returns	50,289,180	r 46,308,529
Undistributed depositary receipts [7]	977,808	709,919
Railroad retirement, total	571,644	564,311
Railroad employment compensation tax; employers' tax 7¼ percent, employees' tax 7¼ percent (prior to January 1, 1962, 6¼ percent each); both imposed on taxable portion of wages:		
Received with returns	577,957	547,330
Undistributed depositary receipts [7]	−6,334	16,960
Railroad employees' representative tax, 14½ percent on taxable portion of wages (prior to January 1, 1962, 13½ percent)	21	21
Unemployment insurance, employers of 4 or more persons taxed 3.35 percent on taxable portion of wages, effective January 1, 1963 (for calendar years 1962 and 1961, 3.5 and 3.1 percent, respectively); credit allowed up to 90 percent of tax for contributions to State unemployment funds	948,464	457,629
Estate tax, graduated rates from 3 percent on first $5,000 of net estate in excess of $60,000 exemption to 77 percent on portion over $10,000,000; credit allowed for State death taxes	1,971,614	1,796,227
Gift tax, graduated rates from 2¼ percent on first $5,000 of net gifts in excess of $30,000 exemption to 57¾ percent on portion over $10,000,000; $3,000 annual exclusion for each donee	215,843	238,960
Excise taxes, total	13,409,737	12,752,176
Alcohol taxes, total	3,441,656	3,341,282
Distilled spirits taxes, total	2,507,068	2,423,330
Imported (collected by Customs, rates same as domestic)	459,157	431,047
Domestic, $10.50 per proof gallon or wine gallon when below proof [8]	2,006,375	1,954,355
Rectification, 30 cents per proof gallon [9]	25,510	23,010
Occupational taxes:		
Nonbeverage manufacturers of spirits, $25, $50, $100 per year	77	87
Rectifiers:		
Less than 20,000 proof gallons, $110 per year	8	5
20,000 proof gallons or more, $220 per year	23	20
Retail dealers in liquor or medicinal spirits, $54 per year	13,236	12,990
Wholesale liquor dealers, $255 per year	685	715
Manufacturers of stills, $55 per year	5	5
Seizures, penalties, etc.	1,989	1,085
Stills or condensers manufactured, $22 each	4	12
Wines, cordials, etc., taxes, total	103,733	99,922
Imported (collected by Customs, rates same as domestic)	7,951	7,658
Domestic (Still wines, 17 cents, 67 cents, $2.25 per wine gallon; sparkling wines, $3.40; artificially carbonated wines, $2.40; liqueurs, cordials, $1.92)	93,920	90,365
Occupational taxes:		
Retail dealers in wines or in wines and beer, $54 per year	1,718	1,538
Wholesale dealers in wines or in wines and beer, $255 per year	144	331
Beer taxes, total	830,855	818,030
Imported (collected by Customs, rates same as domestic)	4,651	4,036
Domestic, $9 per barrel of 31 gallons [8]	820,761	809,426
Occupational taxes:		
Brewers:		
Less than 500 barrels, $55 per year	53	40
500 barrels or more, $110 per year	21	108
Retail dealers in beer, $24 per year (includes limited retail dealers in wines or beer, $2.20 per month)	4,489	3,510
Wholesale dealers in beer, $123 per year	880	890
Tobacco taxes, total	2,079,237	2,025,736
Cigarettes, total	2,010,524	1,956,527
Class A (small), $4 per thousand	2,010,524	1,956,527
Class B (large), $8.40 per thousand [3]	(*)	1
Prepayments	(*)	(*)
Cigars, total	50,232	49,726
Large cigars, classified by intended retail prices, total [8]	50,094	49,584
Class A (Retailing at not over 2½ cents each), $2.50 per thousand	55	88
Class B (Over 2½ cents, not over 4 cents each), $3 per thousand	1,081	1,052
Class C (Over 4 cents, not over 6 cents each), $4 per thousand	10,773	10,606
Class D (Over 6 cents, not over 8 cents each), $7 per thousand	6,516	7,076
Class E (Over 8 cents, not over 15 cents each), $10 per thousand	25,126	24,508
Class F (Over 15 cents, not over 20 cents each), $15 per thousand	3,692	3,742
Class G (Over 20 cents each), $20 per thousand	2,852	2,515

Footnotes on p. 88.

Table 3.—Internal revenue collections by sources, fiscal years 1963 and 1962—Continued

[In thousands of dollars]

Source of revenue	Fiscal year 1963 (1)	Fiscal year 1962 (2)
Excise taxes total—Continued		
Tobacco taxes, total—Continued		
Cigars, total—Continued		
Small cigars, 75 cents per thousand	137	124
Prepayments	(*)	17
Tobacco materials, tobacco products, and cigarette papers and tubes (Customs) [21]	1,434	2,052
Manufactured tobacco, 10 cents per pound [8]	16,381	16,696
Cigarette papers and tubes, papers ½ cent per 50; tubes 1 cent per 50	662	735
Tobacco materials—Violations, sec. 5731, Internal Revenue Code of 1954	4	1
Stamp taxes on documents, other instruments, and playing cards, total	149,069	159,319
Issues and transfers of bonds of indebtedness or capital stock, foreign insurance policies, and deeds of conveyance: [22]		
Sales by postmasters	45,687	42,327
Sales by district directors	94,685	108,313
Playing cards, 13 cents per pack	8,574	8,625
Silver bullion transfers, 50 percent of profit	124	55
Manufacturers' excise taxes, total [23]	5,610,309	5,132,949
Gasoline, 4 cents per gallon	2,497,316	2,412,714
Lubricating oil, etc., 6 cents per gallon; cutting oil, 3 cents	74,410	73,012
Tires (wholly or in part of rubber), inner tubes, and tread rubber:		
Tires, highway type, 10 cents per pound, other, 5 cents per pound, except laminated tires (other than type used on highway vehicles), 1 cent per pound	355,767	322,381
Inner tubes, 10 cents per pound	19,478	17,112
Tread rubber, 5 cents per pound	23,615	22,068
Motor vehicles, chassis, bodies, parts, and accessories:		
Passenger automobiles, chassis, bodies, etc., 10 percent	1,559,510	1,300,440
Trucks and buses, chassis, bodies, etc., 10 percent	303,144	257,200
Parts and accessories for automobiles, trucks, etc., 8 percent	224,507	198,077
Radio and television sets, phonographs, components, etc., 10 percent	184,220	173,024
Refrigerators, freezers, air-conditioners, etc., 5 percent; self-contained air-conditioning units, 10 percent	61,498	54,638
Electric, gas, and oil appliances, 5 percent	68,171	66,435
Pistols and revolvers, 10 percent	1,618	1,774
Phonograph records, 10 percent	27,421	24,342
Musical instruments, 10 percent	20,175	19,081
Sporting goods (other than fishing rods, creels, etc.), 10 percent	18,099	15,541
Fishing rods, creels, etc., 10 percent	6,300	6,090
Business and store machines, 10 percent	74,845	81,719
Cameras, lenses, film, etc., 10 percent; household type projectors, 5 percent	25,205	25,307
Electric light bulbs and tubes, 10 percent	35,998	33,998
Firearms (other than pistols and revolvers), shells, and cartridges, 11 percent	16,235	14,915
Mechanical pencils, pens, 10 percent; lighters 10 cents per lighter ($1 or more); 10 percent (less than $1)	8,674	8,413
Matches, 2 cents per thousand (but not to exceed 10 percent of selling price); fancy wooden or colored stems, 5½ cents per thousand	4,102	4,667
Retailers' excise taxes, total [23]	443,558	421,163
Luggage, etc., 10 percent	74,019	69,384
Jewelry, etc., 10 percent	181,902	176,023
Furs, 10 percent	29,287	31,163
Toilet preparations, 10 percent	158,351	144,594
Miscellaneous excise taxes, total [23]	1,619,656	1,570,258
Admissions taxes, total	82,583	74,775
Theaters, concerts, athletic contests, etc.:		
Admissions, 1 cent for each 10 cents or major fraction thereof of the amount paid in excess of $1 [24]	41,688	38,100
Ticket brokers' sales, 10 percent of amounts in excess of box office price [24]	552	582
Leases of boxes or seats, 10 percent of the amount for which similar accommodations are sold [24]	422	304
Admissions sold by proprietors in excess of established price, 50 percent of such excess	127	183
Roof gardens, cabarets, etc., 10 percent of total paid for admissions, services, etc.	39,794	35,606
Club dues and initiation fees, 20 percent (if dues or fees are in excess of $10 per year)	71,097	69,452
Toll telephone service, telegraph, cable, radio, etc., 10 percent	339,246	325,111
Wire mileage service, 10 percent; wire and equipment service, 8 percent	25,372	25,455
General telephone service, 10 percent	515,987	492,912
Transportation of—		
Oil by pipeline, 4½ percent; repealed, effective Aug. 1, 1958	9	49
Persons, 10 percent; repealed, effective Nov. 16, 1962, except on air transportation which was reduced to 5 percent	233,928	262,760
Property, 3 percent of amount paid, except coal which is 4 cents per ton; repealed, effective Aug. 1, 1958	451	568
Use of safe deposit boxes, 10 percent	6,514	6,679
Coconut and other vegetable oils processed, 2 cents per pound	12	6
Sugar, approximately ½ cent per pound	99,903	96,636
Diesel and special motor fuels, 4 cents per gallon (in some instances 2 cents per gallon)	113,012	105,178
Narcotics and marihuana, total [24]	1,153	1,089
Narcotics	1,085	1,040
Marihuana	68	49
Coin-operated amusement and gaming devices, $10 and $250 per device, per year	20,253	19,617
Bowling alleys, pool tables, etc., $20 per alley or table, per year	4,897	4,184
Wagering taxes:		
Occupational tax, $50 per year	531	580
Wagers, 10 percent of amount wagered	5,167	5,349
Use tax on highway motor vehicles weighing over 26,000 pounds, $3.00 per 1,000 pounds per year (installment privileges permitted)	99,481	79,761
Adulterated and process or renovated butter, filled cheese, unadulterated butter and oleomargarine (domestic and imported) [25]	7	32
Firearms transfer and occupational taxes [27]	54	66
Unclassified excise taxes:		
Unapplied collections [23]	3,710	3,117
Undistributed depositary receipts [7]	62,541	98,351

Footnotes on p. 88.

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1963

(In thousands of dollars)

Fiscal year ended June 30	Total internal revenue collections	Income and profits taxes			Employment taxes [4]	Estate and gift taxes	Alcohol taxes [6]	Tobacco taxes [8]	Manufacturers' excise taxes	All other taxes
		Total	Corporation income and profits taxes [2]	Individual income taxes [3] [4]						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1963	105,925,395	75,323,714	22,336,134	52,987,581	15,004,486	2,187,457	3,441,656	2,079,237	5,610,309	2,278,536
1962	99,440,839	71,945,305	21,295,711	50,649,594	12,708,171	2,035,187	3,341,282	2,025,736	5,120,340	2,264,817
1961	94,401,086	67,917,941	21,764,940	46,153,001	12,502,451	1,916,392	3,212,801	1,991,117	4,896,802	1,963,582
1960	91,774,803	67,125,126	22,179,414	44,945,711	11,158,589	1,626,348	3,193,714	1,931,504	4,735,129	2,004,394
1959	79,797,973	58,826,254	18,091,509	40,734,744	8,853,744	1,352,982	3,002,096	1,806,816	3,958,789	1,997,292
1958	79,978,476	59,101,874	20,533,316	38,568,559	8,644,386	1,410,925	2,946,461	1,734,021	3,974,135	2,166,675
1957	80,171,971	60,560,425	21,530,653	39,029,772	7,580,522	1,377,999	2,973,195	1,674,050	3,761,925	2,243,856
1956	75,112,649	56,636,164	21,298,522	35,337,642	7,295,784	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380
1955	66,288,692	49,914,826	18,264,720	31,650,106	6,219,665	936,267	2,742,840	1,571,213	2,885,016	2,018,866
1954	69,919,991	54,360,014	21,546,322	32,813,691	5,107,623	935,121	2,783,012	1,580,229	2,689,133	2,464,059
1953	69,686,535	54,130,732	21,594,515	32,536,217	4,718,403	891,284	2,780,925	1,654,911	2,862,788	2,647,492
1952	65,009,586	50,741,017	21,466,910	29,274,107	4,464,264	833,147	2,549,120	1,565,162	2,348,943	2,507,933
1951	50,445,686	37,384,879	14,387,569	22,997,309	3,627,479	729,730	2,546,808	1,380,396	2,383,677	2,392,719
1950	38,957,132	28,007,659	10,854,351	17,153,308	2,644,575	706,227	2,219,202	1,328,464	1,836,053	2,214,951
1949	40,463,125	29,605,491	11,553,669	18,051,822	2,476,113	796,538	2,210,607	1,321,875	1,771,533	2,280,969
1948	41,864,542	31,172,191	10,174,410	20,997,781	2,381,342	899,345	2,255,327	1,300,280	1,649,234	2,206,823
1947	39,108,386	29,019,756	9,676,459	19,343,297	2,024,365	779,291	2,474,762	1,237,768	1,425,260	2,147,184
1946	40,672,097	31,258,138	12,553,602	18,704,536	1,700,828	676,832	2,526,165	1,165,519	922,671	2,421,944
1945	43,800,388	35,061,526	16,027,213	19,034,313	1,779,177	643,055	2,309,866	932,145	782,511	2,292,108
1944	40,121,760	33,027,802	14,766,796	18,261,005	1,738,372	511,210	1,618,775	988,483	503,462	1,733,655
1943	22,371,386	16,298,888	9,668,956	6,629,932	1,498,705	447,496	1,423,646	923,857	504,746	1,274,048
1942	13,047,869	8,006,884	4,744,083	3,262,800	1,185,362	432,540	1,048,517	780,982	771,902	821,682
1941	7,370,108	3,471,124	2,053,469	1,417,655	925,856	407,058	820,056	698,077	617,373	430,164
1940	5,340,452	2,129,609	1,147,592	982,017	833,521	360,071	624,253	608,518	447,088	337,292

See footnotes below.

Footnotes for tables 1-4

NOTE.—Calendar year figures, by regions, districts, States, and other areas, for selected types of taxes, may be obtained from the Public Information Division, Internal Revenue Service, Washington, D.C., 20224. Floor stocks taxes are reported separately only during the periods in which the collections are of significant amounts. Relatively small amounts collected in subsequent periods are merged with the amounts shown for the related class of tax.

*Less than $500.

r Revised.

[1] The receipts in the various States do not indicate the Federal tax burden of each, since in many instances, taxes are collected in one State from residents of another State. For example, withholding taxes reported by employers located near State lines may include substantial amounts withheld from salaries of employees who reside in neighboring States.

[2] Includes tax on unrelated business income of exempt organizations.

[3] Beginning with fiscal year 1957, the United States total is adjusted to exclude withheld individual income and corporation taxes transferred to the Government of Guam in accordance with the provisions of Public Law 630, approved Aug. 1, 1950 (64 Stat. 392). This adjustment amounted to $3,816,961 for 1963.

[4] Collections of individual income tax not withheld include old-age and disability insurance taxes on self-employment income. Similarly, the collections of income tax withheld are reported in combined amount with old-age and disability insurance taxes on salaries and wages. Estimated separate national totals for individual income tax and for old-age and disability insurance taxes are shown in the text table on p. 9 and in table 4. Amounts of old-age and disability insurance tax collections, classified by States, are compiled by the Social Security Administration as a by-product of its wage and income record-keeping operations and are published periodically in the Social Security Bulletin.

[5] Effective for taxable years beginning after 1960, self-employment tax and taxes imposed by the Federal Insurance Contributions Act are applicable with respect to Guam and American Samoa. Amounts of such taxes collected in Guam and American Samoa are combined with similar taxes reported for Office of International Operations—Other.

[6] Includes railroad employment compensation tax and tax on railroad employee representatives.

[7] Tax payments made to banks, under the depositary receipts system, are included in internal revenue collections for the period in which the depositary receipts are issued. However, such payments are not classified by internal revenue districts (nor by tax subclasses to which excise tax payments relate) until the depositary receipts are received in internal revenue offices with tax returns. Accordingly, the items shown as "Undistributed depositary receipts" represent the amount of depositary receipts issued, less the amount of depositary receipts received with returns and distributed by district and tax class.

[8] Amounts of taxes collected on Puerto Rican products coming into the United States are covered into the Treasury of Puerto Rico under the provisions of sec. 7652(a)(3) of the Internal Revenue Code of 1954. Such amounts are included in overall collections results (tables 1 through 4), beginning with 1955, and are shown separately in table 7.

[9] Includes occupational tax on manufacturers of stills, rectifiers, wholesale liquor dealers, retail dealers in liquor or medicinal spirits, and nonbeverage manufacturers of spirits.

[10] Includes seizures, penalties, etc., and tax on stills or condensers manufactured.

[11] Includes occupational taxes on wholesale and retail dealers in wines or in wines and beer.

[12] Includes occupational taxes on brewers and wholesale and retail beer dealers.

[13] Includes taxes on cigarette papers and tubes, court fines, penalties, and taxes on leaf tobacco sold or removed in violation of sec. 5731, Internal Revenue Code.

[14] Includes taxes on pistols and revolvers; phonograph records; musical instruments; sporting goods; fishing rods, creels, etc.; business and store machines; cameras, lenses, film, and projectors; electric light bulbs and tubes; firearms, shells, and cartridges; mechanical pencils, pens, and lighters; and matches.

[15] Includes taxes on ticket brokers' sales, on leases of boxes or seats, and on admissions sold by proprietors in excess of established prices, as well as general admissions tax.

Footnotes for tables 1-4—Continued

[16] Transportation of persons: Rate 10 percent; repealed, effective November 16, 1962, except on air transportation which was reduced to 5 percent.

[17] Includes taxes on transportation of property and oil by pipeline (repealed, effective August 1, 1958); adulterated and process or renovated butter, filled cheese, and imported adulterated butter and oleomargarine; firearms transfer; and occupational taxes.

[18] Corporation income tax rates: First $25,000 of net income, normal tax of 30 percent; net income in excess of $25,000, combined normal tax and surtax of 52 percent. Normal tax and surtax rates also apply to net income derived by certain exempt organizations from unrelated trade or business.

[19] Rates of tax are as follows:

Individual income tax: Graduated rates from 20 percent on first $2,000 of net income in excess of exemptions to 91 percent on amount over $200,000.

Old-age and disability insurance taxes on self-employment taxable income, 5.4 percent for taxable year 1963, and 4.7 percent for taxable year 1962.

[20] Rates of tax are as follows:

Income tax withheld: 18 percent on wages in excess of exemptions.

Old-age and disability insurance taxes on salaries and wages: Employers' and employees' tax each 3⅝ percent beginning January 1, 1963, 3⅛ percent for 1962, and 3 percent for 1961, both imposed on taxable portion of wages.

[21] Collected by Customs beginning October 1, 1961, as authorized by Part 275.62 of Title 26, Code of Federal Regulations. Prior to October 1, 1961, Customs collections were divided into (1) those paid direct to the U.S. Treasury Department and (2) those cleared through the various Internal Revenue Service district offices. Collections in the first instance, which were relatively small, were included in domestic class E cigars. In the second instance they were reported in the applicable classes of tobacco tax as part of the districts' collection data.

[22] Issues of stock: 10 cents per $100 or major fraction thereof of actual value, except that such rate shall be 4 cents per $100 if issued after April 8, 1960, by a corporation which qualifies as a regulated investment company or a real estate investment trust. Issues of bonds: 11 cents per $100 face value. Transfers of stock: 4 cents per $100 or major fraction thereof of actual value; transfers of bonds, 5 cents per $100 face value. Foreign insurance policies: 1 cent or 4 cents per $1 of premium. Deeds of conveyance: $100 to $500, 55 cents; each additional $500 or fraction thereof, 55 cents.

[23] Revised to allocate unapplied collections pending as of June 30, 1962.

[24] In the case of certain racetracks, the following rates apply:

Admissions: 1 cent for each 5 cents of amount paid.

Ticket brokers' sales: 20 percent of excess charges.

Leases of boxes or seats: 20 percent.

[25] Narcotics, 1 cent per ounce; narcotics order blanks, $1 per hundred. Marihuana, $1 per ounce; marihuana order blanks, 2 cents each. Amounts shown also include occupational taxes levied on manufacturers, dealers, and practitioners. For classes and rates of occupational taxes see table 14.

[26] Adulterated butter: 10 cents per pound. Process or renovated butter: ¼ cent per pound. Domestic filled cheese: 1 cent per pound. Imported filled cheese: 8 cents per pound. Imported adulterated butter and oleomargarine: 15 cents per pound. Occupational taxes are levied on manufacturers or dealers in these products and are included in the amounts shown.

[27] Transfers of machineguns, short-barreled firearms, silencers, etc., $200 each; certain guns with combination shotgun and rifle barrels, and other special types of firearms, $5 each. Occupational taxes are levied on manufacturers, importers, or dealers in firearms and are included in the amounts shown.

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Table 5.—Internal revenue refunds including interest

[In thousands of dollars]

Internal revenue regions, districts, States, and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total (1)	Corporation income (2)	Individual income and employment taxes: Excessive prepayments (3)	Individual income and employment taxes: Other (4)	Estate (5)	Gift (6)	Excise [1] (7)
United States, total [2]	[2] 6,609,442	804,958	[2] 5,353,389	213,409	21,888	1,357	216,070
Atlanta region	571,288	41,467	494,085	16,435	2,190	63	16,928
Atlanta (Georgia)	87,309	5,903	74,057	2,299	242	20	4,787
Birmingham (Alabama)	73,587	10,723	60,010	1,897	61	9	887
Columbia (South Carolina)	44,605	2,768	40,062	801	23	(*)	951
Greensboro (North Carolina)	94,767	5,669	81,795	1,958	258	4	5,083
Jackson (Mississippi)	34,490	1,482	30,387	1,119	19	----------	1,483
Jacksonville (Florida)	158,481	10,342	139,231	6,116	1,418	24	1,349
Nashville (Tennessee)	78,049	4,781	68,462	2,245	169	4	2,388
Boston region	391,322	22,699	339,859	10,289	1,749	52	6,664
Augusta (Maine)	27,876	2,419	24,140	736	247	1	333
Boston (Massachusetts)	203,237	17,843	177,603	4,036	494	38	3,224
Burlington (Vermont)	10,076	581	8,880	269	85	1	260
Hartford (Connecticut)	97,675	6,492	83,959	3,767	822	11	2,624
Portsmouth (New Hampshire)	20,846	2,263	17,562	709	19	1	92
Providence (Rhode Island)	31,791	3,102	27,724	752	82	1	130
Chicago region	843,856	116,394	568,492	22,689	2,112	68	34,102
Chicago (See (b) below)	338,211	67,626	249,681	10,278	742	36	9,848
Detroit (Michigan)	296,569	31,835	246,238	7,928	796	23	9,749
Milwaukee (Wisconsin)	129,757	11,615	109,372	2,611	412	2	5,744
Springfield (See (b) below)	79,319	5,318	63,200	1,872	162	7	8,761
Cincinnati region	746,890	63,804	623,722	31,972	1,815	478	25,099
Cincinnati (See (f) below)	132,197	10,977	111,295	2,355	433	331	6,806
Cleveland (See (f) below)	249,505	25,944	199,252	20,812	305	7	3,185
Indianapolis (Indiana)	137,072	10,214	115,300	2,935	443	3	8,178
Louisville (Kentucky)	67,079	3,798	57,556	2,208	375	129	3,013
Parkersburg (West Virginia)	41,583	3,581	37,015	523	99	(*)	365
Richmond (Virginia)	119,454	9,290	103,305	3,139	161	9	3,551
Dallas region	655,840	95,724	414,493	21,665	1,625	276	11,942
Albuquerque (New Mexico)	28,958	1,155	26,005	1,387	58	(*)	352
Austin (See (h) below)	193,900	60,459	121,993	7,308	480	12	3,647
Dallas (See (h) below)	139,401	18,881	106,081	9,677	743	253	3,765
Little Rock (Arkansas)	35,072	1,553	30,930	1,286	33	1	1,269
New Orleans (Louisiana)	83,753	8,135	71,221	3,065	99	(*)	1,234
Oklahoma City (Oklahoma)	74,456	5,542	58,179	8,940	111	9	1,675
New York City region	881,392	175,058	581,886	19,294	4,412	69	20,682
Albany (See (e) below)	55,633	5,692	47,778	1,046	152	1	964
Brooklyn (See (e) below)	251,534	14,386	226,519	3,212	1,098	5	6,312
Buffalo (See (e) below)	94,308	6,785	82,768	1,848	660	1	2,245
Manhattan (See (e) below)	339,923	143,711	173,472	12,040	2,343	48	8,309
Syracuse (See (e) below)	59,995	4,482	51,349	1,148	159	5	2,853
Omaha region	586,770	44,466	449,949	18,625	1,444	73	53,113
Aberdeen (South Dakota)	17,231	544	11,926	686	72	6	3,997
Cheyenne (Wyoming)	10,892	707	8,746	799	11	(*)	630
Denver (Colorado)	69,380	5,470	58,764	2,634	161	27	2,324
Des Moines (Iowa)	78,718	6,902	59,009	2,163	125	1	10,518
Fargo (North Dakota)	16,161	427	11,068	622	5	7	4,033
Kansas City (See (c) below)	55,919	4,383	44,789	2,180	152	9	4,406
Omaha (Nebraska)	38,148	2,974	28,859	2,212	156	7	3,940
St. Louis (See (c) below)	89,525	9,990	68,388	2,143	243	6	8,755
St. Paul (Minnesota)	128,084	10,026	105,821	3,319	200	5	8,712
Wichita (Kansas)	62,712	3,042	51,679	1,866	320	6	5,799
Philadelphia region	831,483	106,764	673,849	19,373	3,023	138	28,324
Baltimore (Maryland and D.C.)	153,890	12,004	128,262	4,236	427	74	8,888
Camden (See (d) below)	66,576	2,876	60,788	1,661	438	9	804
Newark (See (d) below)	186,661	23,234	147,967	3,874	818	6	10,761
Philadelphia (See (g) below)	227,248	42,427	174,167	5,030	604	4	5,015
Pittsburgh (See (g) below)	139,870	19,739	114,984	3,333	681	44	1,039
Scranton (See (g) below)	40,640	2,005	36,638	724	41	(*)	1,232
Wilmington (Delaware)	16,475	4,479	11,133	515	14	----------	334
San Francisco region	1,267,052	126,652	1,080,424	39,539	2,291	189	18,038
Anchorage (Alaska)	8,679	427	7,777	332	(*)	----------	143
Boise (Idaho)	20,908	1,743	16,851	672	53	----------	1,589
Helena (Montana)	18,401	740	15,446	832	29	1	1,354
Honolulu (Hawaii)	28,924	3,194	24,394	956	38	7	336
Los Angeles (See (a) below)	565,079	43,071	501,404	16,002	868	144	3,590
Phoenix (Arizona)	49,308	2,760	44,034	1,880	53	(*)	580
Portland (Oregon)	66,303	5,033	55,122	4,875	161	7	1,106
Reno (Nevada)	16,488	933	14,875	488	28	(*)	163
Salt Lake City (Utah)	34,858	1,304	32,365	795	14	2	379
San Francisco (See (a) below)	348,695	58,378	273,093	8,665	739	13	7,208
Seattle (Washington)	110,009	8,970	95,064	4,042	308	15	1,610
Office of International Operations	32,643	970	27,534	3,549	520	(*)	2
Puerto Rico	4,636	6	4,350	278	----------	----------	2
Other	28,005	965	23,243	3,271	520	(*)	6
Bureau of Customs	1,350	----------	----------	----------	----------	----------	1,350
Totals for States not shown above							
(a) California	913,174	101,449	774,496	24,667	1,606	157	10,797
(b) Illinois	417,530	72,944	312,881	12,149	904	43	18,609
(c) Missouri	145,444	14,374	113,177	4,323	395	15	13,161
(d) New Jersey	253,237	26,110	208,755	5,535	1,257	15	11,566
(e) New York	801,392	175,058	581,886	19,294	4,412	60	20,682
(f) Ohio	381,702	36,921	310,547	23,167	737	338	9,992
(g) Pennsylvania	407,759	64,171	325,789	9,087	1,326	49	7,336
(h) Texas	333,300	79,339	228,074	16,985	1,223	266	7,413

[1] Includes drawbacks and stamp redemptions.

[2] Figures have not been reduced to reflect reimbursements from the Federal Old-Age and Survivors and Federal Disability Insurance Trust Funds amounting to $139,425,000 in 1963 and $141,668,000 in 1962; from the Highway Trust Fund amounting to $126,319,000 in 1963 and $131,303,000 in 1962; and from the Unemployment Trust Fund amounting to $3,097,000 in 1963 and $4,991,000 (revised) in 1962.

[3] Net of 51,662 undeliverable checks totaling $2,799,000. *Less than $500.

Table 6.—Number of returns filed, by internal revenue regions, districts, States, and other areas

Internal revenue regions, districts, States, and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total (1)	Individual income tax [1] (2)	Corporation income tax (3)	Partnership (4)	Declarations of estimated tax and all other income taxes (5)	Employment taxes (6)	Estate tax (7)	Gift tax (8)	Excise taxes (9)
United States, total	97,832,977	62,859,213	1,291,039	978,236	7,430,892	21,139,735	79,426	100,020	3,954,416
Atlanta region	11,352,028	7,190,502	138,422	104,073	843,587	2,858,790	7,438	10,857	188,319
Atlanta (Georgia)	1,760,791	1,076,067	18,754	14,935	103,241	475,664	855	1,768	69,507
Birmingham (Alabama)	1,296,907	837,803	11,146	10,794	56,813	322,846	549	1,100	55,856
Columbia (South Carolina)	936,624	627,050	10,631	7,316	48,138	255,695	484	711	46,699
Greensboro (North Carolina)	2,106,006	1,350,900	24,266	18,655	111,043	511,249	1,154	2,042	86,697
Jackson (Mississippi)	742,782	442,973	7,203	8,605	37,042	198,740	357	498	47,364
Jacksonville (Florida)	2,782,980	1,681,661	51,592	25,927	202,857	703,757	3,272	3,684	110,230
Nashville (Tennessee)	1,665,938	1,084,048	14,830	17,841	84,453	390,939	767	1,094	71,966
Boston region	6,234,978	4,107,223	102,905	88,673	543,348	1,256,939	5,627	8,290	221,795
Augusta (Maine)	538,183	344,796	6,297	3,330	38,618	120,530	440	492	23,680
Boston (Massachusetts)	3,080,795	2,044,563	53,968	15,312	277,769	584,918	2,655	3,988	97,622
Burlington (Vermont)	221,095	132,818	2,781	2,195	14,671	57,279	157	196	10,994
Hartford (Connecticut)	1,579,854	1,013,930	24,832	12,814	151,553	314,286	1,679	2,818	57,942
Portsmouth (New Hampshire)	375,404	242,420	5,295	2,226	27,612	81,869	325	312	15,345
Providence (Rhode Island)	489,339	328,696	9,732	2,792	33,125	98,057	371	394	16,172
Chicago region	11,915,990	7,854,684	138,180	125,123	953,540	2,350,142	9,370	12,899	472,432
Chicago (See (b) below)	4,242,277	2,835,820	58,255	43,734	375,406	797,170	3,908	5,583	122,401
Detroit (Michigan)	3,913,426	2,613,155	39,335	40,726	266,011	777,634	2,227	3,393	170,885
Milwaukee (Wisconsin)	2,233,261	1,420,749	28,988	20,836	192,241	452,949	1,403	2,290	113,805
Springfield (See (b) below)	1,527,026	984,960	11,522	19,827	119,882	322,329	1,832	1,333	65,341
Cincinnati region	11,543,994	7,645,626	129,153	101,373	793,997	2,377,320	7,905	10,177	458,503
Cincinnati (See (f) below)	2,012,765	1,347,357	21,298	14,037	163,375	397,160	1,645	2,006	70,387
Cleveland (See (f) below)	3,041,258	2,019,153	40,336	24,725	226,749	596,740	2,084	2,585	128,886
Indianapolis (Indiana)	2,361,267	1,585,137	26,534	21,741	161,016	470,158	1,816	2,373	92,492
Louisville (Kentucky)	1,354,660	871,363	11,714	17,194	83,619	311,945	875	981	56,969
Parkersburg (West Virginia)	799,807	525,906	8,708	8,637	42,550	172,202	401	519	40,884
Richmond (Virginia)	1,974,737	1,321,610	20,603	15,039	116,688	429,115	1,084	1,713	68,885
Dallas region	8,711,389	5,321,809	93,226	103,591	556,973	2,123,685	4,956	9,269	477,860
Albuquerque (New Mexico)	436,082	284,881	4,232	4,291	26,436	95,777	198	363	19,904
Austin (See (h) below)	2,596,792	1,605,497	27,202	30,740	169,667	624,582	1,516	2,731	130,857
Dallas (See (h) below)	2,357,140	1,414,907	26,020	35,762	167,328	603,909	1,497	2,927	104,790
Little Rock (Arkansas)	791,120	480,663	7,399	8,582	38,838	207,990	333	773	46,542
New Orleans (Louisiana)	1,350,144	856,703	17,517	12,528	77,237	316,442	452	939	68,326
Oklahoma City (Oklahoma)	1,180,091	745,158	10,856	11,688	77,467	274,985	960	1,536	57,441
New York City region	10,835,442	6,659,425	245,778	104,602	1,023,871	2,414,897	9,714	13,988	363,247
Albany (See (e) below)	940,351	618,756	12,857	8,339	66,836	191,934	1,038	712	39,879
Brooklyn (See (e) below)	3,605,751	2,421,452	72,201	33,023	277,659	694,116	3,340	3,756	100,204
Buffalo (See (e) below)	1,376,331	928,796	18,541	11,500	105,677	253,898	1,351	1,396	55,172
Manhattan (See (e) below)	3,953,391	2,050,822	131,821	42,509	513,190	1,079,118	3,138	7,341	125,452
Syracuse (See (e) below)	959,618	639,599	10,358	9,231	60,509	195,831	847	703	42,540
Omaha region	9,714,357	6,120,157	108,668	125,908	723,479	2,157,739	9,797	10,734	457,881
Aberdeen (South Dakota)	371,745	228,595	3,538	5,598	17,988	92,964	349	355	22,358
Cheyenne (Wyoming)	198,653	115,530	2,535	3,007	14,387	48,629	149	304	14,112
Denver (Colorado)	1,039,320	651,604	13,910	14,154	88,920	221,855	873	1,338	46,666
Des Moines (Iowa)	1,541,173	943,350	13,699	25,625	134,181	350,862	2,316	1,662	71,478
Fargo (North Dakota)	333,756	209,209	3,095	4,655	15,568	82,962	279	330	17,658
Kansas City (See (c) below)	1,005,656	644,473	11,818	12,320	72,480	217,544	645	861	45,515
Omaha (Nebraska)	843,616	520,072	8,701	12,025	59,020	195,552	1,156	1,413	45,677
St. Louis (See (c) below)	1,323,746	841,312	20,252	12,172	95,033	300,091	999	1,381	52,506
St. Paul (Minnesota)	2,587,778	1,211,619	21,058	22,442	129,397	378,908	1,644	1,028	81,682
Wichita (Kansas)	1,206,914	754,393	10,054	13,910	96,505	268,372	1,387	2,064	60,229
Philadelphia region	12,422,941	8,173,038	165,391	101,352	984,928	2,533,626	9,889	11,314	463,403
Baltimore (Maryland and D.C.)	2,455,249	1,624,785	30,599	15,997	182,353	514,266	1,680	2,355	83,214
Camden (See (d) below)	1,030,059	669,847	16,461	8,938	68,944	223,054	1,039	942	40,834
Newark (See (d) below)	2,645,446	1,710,815	58,110	23,589	218,216	545,539	2,309	2,741	84,127
Philadelphia (See (g) below)	3,204,784	2,115,002	31,772	23,369	268,292	640,246	2,707	2,755	120,641
Pittsburgh (See (g) below)	2,024,525	1,356,940	16,364	20,233	148,337	395,398	1,448	1,534	84,271
Scranton (See (g) below)	794,612	532,033	6,368	7,694	54,432	151,065	500	612	41,908
Wilmington (Delaware)	268,266	163,616	5,717	1,532	24,354	64,058	206	375	8,408
San Francisco region	14,612,779	9,485,776	167,595	173,376	1,204,483	2,955,719	12,846	12,709	690,275
Anchorage (Alaska)	98,825	66,694	1,431	1,453	3,475	19,390	19	35	6,328
Boise (Idaho)	350,433	217,381	3,993	4,731	21,255	83,125	179	338	19,431
Helena (Montana)	386,933	232,597	4,902	5,641	24,159	89,556	474	575	29,029
Honolulu (Hawaii)	360,180	243,095	4,328	3,344	29,387	84,267	162	331	15,266
Los Angeles (See (a) below)	5,576,025	3,714,740	69,078	60,334	459,418	1,088,946	5,190	3,536	174,783
Phoenix (Arizona)	691,797	445,193	8,693	7,104	49,776	149,108	439	671	30,813
Portland (Oregon)	1,015,494	638,717	12,019	14,325	77,725	222,565	773	1,414	47,956
Reno (Nevada)	716,408	439,007	7,885	2,647	14,896	41,145	117	170	15,541
Salt Lake City (Utah)	460,353	307,141	6,121	5,286	29,294	86,875	214	470	24,952
San Francisco (See (a) below)	3,872,733	2,464,351	34,833	51,500	375,586	783,155	4,123	4,079	155,106
Seattle (Washington)	1,583,598	1,016,860	19,312	17,011	119,512	327,587	1,156	1,090	81,070
Office of International Operations	439,487	391,973	1,763	165	22,686	110,876	1,884	211	741
Puerto Rico	174,852	63,502	85	4	220	104,475	3	5	558
Other	264,555	231,571	1,684	161	22,466	6,403	1,881	206	183
Totals for States not shown above									
(a) California	9,448,758	6,179,091	103,911	111,834	835,004	1,872,101	9,313	7,615	329,889
(b) Illinois	5,769,303	3,820,780	69,777	63,561	495,288	1,119,499	5,740	6,916	187,742
(c) Missouri	2,329,402	1,485,785	32,070	24,492	167,513	517,635	1,644	2,242	98,021
(d) New Jersey	3,675,505	2,380,662	74,571	32,527	287,160	768,593	3,348	3,683	124,981
(e) New York	10,835,442	6,659,425	245,778	104,602	1,023,871	2,414,897	9,714	13,908	363,247
(f) Ohio	5,053,523	3,361,510	61,634	38,762	390,124	993,900	3,729	4,591	199,273
(g) Pennsylvania	6,023,921	4,003,975	54,504	51,296	471,061	1,186,709	4,655	4,901	246,820
(h) Texas	4,953,932	3,024,404	53,222	66,502	336,995	1,228,491	3,013	5,658	235,647

[1] Includes 80,274 forms 1040 B, NB, NBA, PR, and VI which are included in "All other individual and fiduciary" returns in the table on p. 13.

Table 7.—Internal revenue tax collected in Puerto Rico on manufactured products coming into the United States, by objects of taxation

[In thousands of dollars]

Objects of taxation	1963	1962
Total	42,465	33,328
Distilled spirits	36,524	28,424
Distilled spirits rectification tax	979	743
Wines	----	(*)
Beer	32	30
Cigars, large:		
Class A	(*)	----
Class B	1	1
Class C	467	435
Class D	7	7
Class E	2,869	2,076
Class F	1,480	1,503
Class G	107	110
Cigars, small	----	----
Cigarettes, large	----	(*)
Cigarettes, small	----	----
Manufactured tobacco (chewing, smoking, and snuff)	(*)	(*)

*Less than $500.

Note.—Amounts of taxes collected in Puerto Rico on tobacco and liquor manufactures coming into the United States are covered into the Treasury of Puerto Rico under the provisions of section 7652(e)(3) of the Internal Revenue Code of 1954. Such amounts are included in overall collections results (tables 1 through 4), beginning with 1955.

Table 8.—Establishments qualified to engage in the production, distribution, storage, or use of alcohol and alcoholic liquors

Class of establishment	As of June 30— 1963	1962
Distilled spirits plants:		
Plants (net number)	360	362
Facilities:		
Production	188	192
Warehousing	267	259
Bottling in bond	59	56
Denaturing	48	45
Taxpaid bottling	144	139
Rectifying	125	121
Denatured and tax-free products (dealers, users, etc.):		
Dealers in specially denatured alcohol and denatured rum	42	43
Users of specially denatured alcohol and denatured rum	3,685	3,725
Reprocessors, rebottlers, etc., of specially denatured alcohol articles	1,122	1,128
Users of tax-free alcohol	7,476	7,467
Beer: Breweries	198	213
Wines:		
Bonded wine cellars	448	458
Taxpaid wine bottling houses	103	106
Vinegar: Vinegar factories using vaporizing process	4	4
Beverage dealers:		
Importers	1,806	1,723
Wholesale dealers in liquors	3,772	3,783
Wholesale dealers in beer	7,133	7,293
Retail dealers in liquors	282,351	276,650
Retail dealers in beer	145,051	145,142
Other:		
Manufacturers of nonbeverage products (drawback)	918	942
Fruit-flavor concentrate plants	46	42
Bottle manufacturers	107	111

Table 9.—Establishments qualified to handle tobacco materials, or to engage in the production or exportation of tobacco products and cigarette papers and tubes

Class of establishment	As of June 30— 1963	1962
Manufacturers of tobacco products	505	553
Manufacturers of cigarette papers and tubes	4	4
Dealers in tobacco materials	2,112	2,169
Tobacco export warehouses	128	118

Table 10.—Permits relating to distilled spirits under Chapter 51, Internal Revenue Code, 1954

Status	Total	Section 5171, I.R. Code	Section 5271, I.R. Code			
		Distilled spirits plants	Dealers in specially denatured alcohol	Users of— Specially denatured alcohol	Specially denatured rum	Tax-free alcohol
	(1)	(2)	(3)	(4)	(5)	(6)
In effect July 1, 1962	11,439	203	43	3,698	28	7,467
Issued	532	33	1	266	2	230
Terminated, total	558	27	2	304	4	221
Revoked	1	----	----	1	----	----
Otherwise terminated	557	27	2	303	4	221
In effect June 30, 1963	11,413	209	42	3,660	26	7,476
Amended	512	36	5	199	----	272

Table 11.—Permits for operations relating to alcoholic beverages under the Federal Alcohol Administration Act

Status	Grand total	Distilled spirits plants [1]				Wine producers and blenders	Wine blenders	Importers	Wholesalers
		Total [2]	Distillers	Warehousing and bottling	Rectifiers				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
In effect July 1, 1962	r 13,750	r 506	209	212	r 147	387	60	1,723	11,074
Issued	1,420	41	16	24	19	23	6	261	1,089
Terminated, total	1,541	62	21	24	19	33	10	178	1,258
Revoked	8	----	----	----	----	----	----	1	7
Otherwise terminated	1,533	62	21	24	19	33	10	177	1,251
In effect June 30, 1963	13,629	485	204	212	147	377	56	1,806	10,905
Amended	1,432	276	----	----	----	75	12	236	833

[1] Excludes permits for Customs manufacturing bonded warehouses since such establishments are not required to qualify as distilled spirits plants.
[2] Column (2) does not represent the sum of (3), (4), and (5) since one permit may cover more than one activity.
r Revised.

Table 12.—Permits relating to tobacco under chapter 52, Internal Revenue Code, 1954

Status	Total	Manufacturers of tobacco products	Export warehouse proprietors
	(1)	(2)	(3)
In effect July 1, 1962	671	553	118
Issued	78	39	39
Terminated, total	116	87	29
Revoked	1	----	1
Otherwise terminated	115	87	28
In effect June 30, 1963	633	505	128
Amended	71	54	17

Table 13.—Label activity under Federal Alcohol Administration Act

Type of label	Application acted upon			
	Total	Certificates issued		Disapproved
		Approvals	Exemptions	
	(1)	(2)	(3)	(4)
Grand total	46,949	45,819	222	908
Distilled spirits, total	19,943	19,486	9	448
Domestic	17,662	17,319	9	334
Imported	2,281	2,167	----	114
Wines, total	25,090	24,457	213	420
Domestic	7,411	7,098	213	100
Imported	17,679	17,359	----	320
Malt beverages, total	1,916	1,876	----	40
Domestic	1,485	1,466	----	19
Imported	431	410	----	21

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1963, or portion thereof, by class of tax and by internal revenue regions, districts, and States[1]

Internal revenue regions, districts, and States		Total number of occupational tax stamps issued	Distilled spirits									
(States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)			Manufacturers of stills, $55	Rectifiers		Wholesale dealers, $255	Retail dealers			Manufacturers of nonbeverage products		
				Less than 20,000 proof gallons, $110	20,000 proof gallons or more, $220		Retail dealers, $54	At large, $54	Medicinal spirits, $54	Not exceeding 25 gallons, $25	Not exceeding 50 gallons, $50	More than 50 gallons, $100
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
United States, total		**1,168,642**	**128**	**38**	**94**	**2,865**	**252,287**	**465**	**1,416**	**73**	**95**	**796**
Atlanta region		**114,882**	---	**1**	**2**	**197**	**9,582**	---	**10**	**6**	**6**	**53**
Atlanta	(Georgia)	14,811	---	---	1	32	1,394	---	---	2	2	12
Birmingham	(Alabama)	10,039	---	---	---	3	620	---	3	---	1	5
Columbia	(South Carolina)	13,853	---	---	---	14	977	---	---	---	---	3
Greensboro	(North Carolina)	16,799	---	---	---	45	310	---	6	3	---	8
Jackson	(Mississippi)	11,262	---	---	---	23	1,105	---	---	1	---	3
Jacksonville	(Florida)	29,341	---	1	1	43	4,449	---	---	---	3	---
Nashville	(Tennessee)	18,777	---	---	---	37	727	---	1	---	---	22
Boston region		**65,072**	**4**	**5**	**11**	**170**	**16,058**	**2**	**720**	**7**	**8**	**67**
Augusta	(Maine)	6,302	---	1	1	1	442	---	---	---	1	2
Boston	(Massachusetts)	28,007	4	2	5	113	7,570	---	680	2	6	47
Burlington	(Vermont)	3,064	---	---	---	1	561	---	---	1	---	---
Hartford	(Connecticut)	18,093	---	1	3	32	5,163	1	---	1	---	8
Portsmouth	(New Hampshire)	4,339	---	---	1	1	541	---	---	---	---	3
Providence	(Rhode Island)	5,267	---	1	1	22	1,781	1	40	3	1	7
Chicago region		**161,540**	**6**	**6**	**7**	**495**	**50,314**	**12**	**369**	**10**	**9**	**127**
Chicago	(See (b) below)	46,472	1	1	3	159	15,403	---	2	5	6	75
Detroit	(Michigan)	51,879	3	4	2	180	16,174	11	12	2	2	33
Milwaukee	(Wisconsin)	44,313	---	1	---	82	13,576	1	350	1	1	10
Springfield	(See (b) below)	18,876	2	---	2	74	5,161	---	5	2	---	9
Cincinnati region		**136,633**	**16**	**5**	**22**	**444**	**27,289**	**41**	**7**	**11**	**29**	**51**
Cincinnati	(See (f) below)	23,018	8	---	2	137	6,355	13	---	7	21	4
Cleveland	(See (f) below)	39,722	3	1	1	198	12,445	8	3	4	4	17
Indianapolis	(Indiana)	24,993	---	1	3	21	5,457	---	---	---	1	15
Louisville	(Kentucky)	15,918	2	3	16	79	2,021	20	1	---	1	3
Parkersburg	(West Virginia)	13,722	2	---	---	1	648	---	1	---	1	1
Richmond	(Virginia)	19,260	1	---	---	8	363	---	2	---	1	11
Dallas region		**108,490**	**9**	**1**	---	**185**	**12,112**	**4**	**5**	**6**	**11**	**24**
Albuquerque	(New Mexico)	4,603	---	---	---	33	1,373	---	---	1	---	---
Austin	(See (h) below)	38,614	7	---	---	35	2,180	---	1	1	---	12
Dallas	(See (h) below)	16,943	2	---	---	27	1,659	4	2	1	10	---
Little Rock	(Arkansas)	9,360	---	---	---	10	745	---	1	1	---	---
New Orleans	(Louisiana)	25,504	---	1	---	62	5,232	---	---	1	1	11
Oklahoma City	(Oklahoma)	13,466	---	---	---	18	923	---	1	1	---	1
New York City region		**130,398**	**26**	**2**	**4**	**154**	**29,298**	**32**	**1**	**12**	**11**	**144**
Albany	(See (e) below)	16,914	11	1	1	10	4,970	18	---	---	---	10
Brooklyn	(See (e) below)	39,779	4	1	2	36	7,555	14	1	4	2	56
Buffalo	(See (e) below)	20,589	7	---	---	18	5,363	---	---	3	1	14
Manhattan	(See (e) below)	37,281	3	---	1	77	7,324	---	---	3	7	56
Syracuse	(See (e) below)	15,835	1	---	---	13	4,086	---	---	2	1	8
Omaha region		**118,228**	**4**	**1**	**3**	**200**	**19,196**	**245**	**248**	**5**	**7**	**70**
Aberdeen	(South Dakota)	5,573	---	---	---	23	935	---	---	---	---	1
Cheyenne	(Wyoming)	2,979	---	---	---	1	689	---	---	---	---	---
Denver	(Colorado)	11,737	---	---	---	18	2,754	48	205	---	---	7
Des Moines	(Iowa)	17,329	---	---	---	3	1,800	---	---	1	---	5
Fargo	(North Dakota)	3,918	---	---	---	11	1,038	---	---	---	---	---
Kansas City	(See (c) below)	11,427	---	1	---	34	2,282	86	1	1	---	7
Omaha	(Nebraska)	9,834	---	---	---	15	1,775	69	7	---	1	2
St. Louis	(See (c) below)	18,393	4	---	2	23	3,843	36	3	---	5	30
St. Paul	(Minnesota)	23,032	---	---	1	39	2,832	6	31	3	1	14
Wichita	(Kansas)	14,006	---	---	---	33	1,248	---	1	---	---	4
Philadelphia region		**155,380**	**53**	**7**	**21**	**182**	**42,209**	**127**	**5**	**7**	**6**	**161**
Baltimore	(Maryland and D.C.)	30,560	1	4	4	52	5,756	79	1	2	---	17
Camden	(See (d) below)	12,188	3	---	3	20	4,027	1	---	---	---	5
Newark	(See (d) below)	28,986	41	1	6	51	9,763	17	---	2	2	69
Philadelphia	(See (g) below)	37,280	6	2	7	47	8,744	2	1	2	4	54
Pittsburgh	(See (g) below)	30,288	1	---	1	3	8,691	2	3	1	---	8
Scranton	(See (g) below)	13,809	1	---	---	1	4,426	---	---	---	---	8
Wilmington	(Delaware)	2,269	---	---	---	8	802	26	---	---	---	---
San Francisco region		**178,019**	**10**	**10**	**24**	**838**	**46,229**	**2**	**51**	**9**	**8**	**99**
Anchorage	(Alaska)	2,227	---	---	---	12	766	---	---	---	---	1
Boise	(Idaho)	5,449	---	---	---	1	761	---	---	---	---	---
Helena	(Montana)	6,786	---	---	---	1	1,764	---	---	---	---	---
Honolulu	(Hawaii)	3,827	---	3	---	26	1,062	---	1	---	1	---
Los Angeles	(See (a) below)	54,696	1	2	9	229	15,955	---	1	4	4	44
Phoenix	(Arizona)	8,820	---	---	---	58	2,610	---	---	---	---	---
Portland	(Oregon)	13,659	---	---	---	76	1,557	---	---	---	---	4
Reno	(Nevada)	4,718	---	---	---	21	1,284	---	49	---	---	---
Salt Lake City	(Utah)	5,966	---	---	---	1	198	1	---	1	---	1
San Francisco	(See (a) below)	49,041	7	4	14	271	14,518	1	---	2	1	45
Seattle	(Washington)	22,830	2	1	1	142	5,754	---	---	2	2	4
Totals for States not shown above												
(a) California		103,737	8	6	23	500	30,473	1	1	6	5	89
(b) Illinois		65,348	3	1	5	233	20,564	---	7	7	6	84
(c) Missouri		29,820	4	1	2	57	6,125	122	4	1	5	37
(d) New Jersey		41,174	44	1	9	71	13,790	18	---	2	2	74
(e) New York		130,398	26	2	4	154	29,298	32	1	12	11	144
(f) Ohio		62,740	11	1	3	335	18,800	21	3	11	25	21
(g) Pennsylvania		81,377	8	2	8	51	21,861	4	4	3	4	70
(h) Texas		55,557	9	---	---	62	3,839	4	3	2	10	12

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1963, or portion thereof, by class of tax and by internal revenue regions, districts, and States—Continued

Internal revenue regions, districts, and States		Wines				Beer					
(States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Wholesale dealers		Retail dealers		Brewers		Wholesale dealers, $123	Retail dealers, $24	Retail dealers at large, $24	Temporary dealers in liquor (wines or beer), $2.20 per month
		Wines, $255	Wines and beer, $255	Wines, $54	Wines and beer, $54	Less than 500 barrels, $55	500 barrels or more, $110				
		(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
United States, total		**106**	**499**	**185**	**30,491**	**8**	**271**	**10,370**	**141,467**	**214**	**8,078**
Atlanta region		**11**	**155**	**99**	**8,138**	**5**	**63**	**3,082**	**21,303**	---	**70**
Atlanta	(Georgia)	---	18	23	817	---	1	59	1,645	---	2
Birmingham	(Alabama)	4	---	---	---	---	62	2,649	---	---	---
Columbia	(South Carolina)	1	26	---	1,376	---	---	40	3,807	---	38
Greensboro	(North Carolina)	3	28	73	1,802	---	---	75	4,074	---	---
Jackson	(Mississippi)	3	---	3	95	---	---	59	3,016	---	8
Jacksonville	(Florida)	---	83	---	4,048	5	---	113	4,169	---	---
Nashville	(Tennessee)	---	---	---	---	---	---	87	4,592	---	22
Boston region		**1**	**35**	**3**	**995**	**2**	**7**	**184**	**6,595**	---	**481**
Augusta	(Maine)	---	---	---	---	---	---	58	2,510	---	---
Boston	(Massachusetts)	---	4	---	78	2	5	32	131	---	203
Burlington	(Vermont)	---	29	3	903	---	---	2	175	---	4
Hartford	(Connecticut)	1	---	---	6	---	1	52	2,156	---	274
Portsmouth	(New Hampshire)	---	---	---	---	---	---	31	1,588	---	---
Providence	(Rhode Island)	---	2	---	8	---	1	9	35	---	---
Chicago region		**9**	**109**	**5**	**2,809**	---	**54**	**1,014**	**5,120**	**1**	**1,882**
Chicago	(See (b) below)	1	1	---	6	---	10	270	288	---	661
Detroit	(Michigan)	7	103	5	2,783	---	10	148	185	---	293
Milwaukee	(Wisconsin)	1	4	---	6	---	30	455	4,370	1	570
Springfield	(See (b) below)	---	1	---	14	---	4	141	277	---	358
Cincinnati region		**11**	**71**	**18**	**9,142**	---	**24**	**719**	**11,403**	**1**	**673**
Cincinnati	(See (f) below)	4	13	4	1,329	---	4	69	596	---	265
Cleveland	(See (f) below)	2	2	6	2,142	---	8	111	579	---	288
Indianapolis	(Indiana)	---	8	6	2,066	---	4	229	348	---	72
Louisville	(Kentucky)	1	---	---	1	---	5	111	2,377	1	47
Parkersburg	(West Virginia)	1	---	---	358	---	1	119	3,575	---	---
Richmond	(Virginia)	3	48	2	3,246	---	2	80	3,928	---	1
Dallas region		**2**	**29**	**6**	**4,133**	---	**10**	**808**	**27,755**	**11**	**470**
Albuquerque	(New Mexico)	---	---	1	2	---	---	3	18	---	---
Austin	(See (h) below)	---	6	4	3,283	---	6	414	14,448	---	37
Dallas	(See (h) below)	---	---	---	617	---	---	146	3,135	11	28
Little Rock	(Arkansas)	2	23	---	221	---	---	36	1,552	---	3
New Orleans	(Louisiana)	---	---	1	3	---	3	107	3,818	---	388
Oklahoma City	(Oklahoma)	---	---	---	7	---	1	102	4,784	---	14
New York City region		**41**	**1**	**20**	**158**	---	**18**	**681**	**25,646**	**63**	**921**
Albany	(See (e) below)	1	---	---	12	---	2	94	3,227	7	124
Brooklyn	(See (e) below)	4	---	5	59	---	5	250	8,766	56	20
Buffalo	(See (e) below)	4	---	---	8	---	6	132	3,819	---	294
Manhattan	(See (e) below)	30	1	15	72	---	3	108	6,830	---	104
Syracuse	(See (e) below)	2	---	---	7	---	2	97	3,004	---	379
Omaha region		**4**	**2**	**8**	**237**	---	**26**	**1,049**	**23,856**	**31**	**782**
Aberdeen	(South Dakota)	---	---	---	---	---	---	53	1,345	---	8
Cheyenne	(Wyoming)	---	---	---	---	---	---	55	124	---	31
Denver	(Colorado)	---	---	---	30	---	3	64	1,184	10	12
Des Moines	(Iowa)	---	---	---	203	---	1	178	4,422	---	11
Fargo	(North Dakota)	---	---	---	---	---	1	49	331	---	8
Kansas City	(See (c) below)	1	---	3	---	---	2	68	1,524	5	19
Omaha	(Nebraska)	---	---	---	---	---	2	86	1,195	---	5
St. Louis	(See (c) below)	2	1	2	1	---	4	81	2,832	10	416
St. Paul	(Minnesota)	1	1	3	3	---	13	323	7,394	6	235
Wichita	(Kansas)	---	---	---	---	---	---	92	3,505	---	37
Philadelphia region		**7**	**6**	**3**	**544**	---	**39**	**2,159**	**4,005**	**105**	**1,661**
Baltimore	(Maryland and D.C.)	---	1	---	541	---	8	114	2,111	10	679
Camden	(See (d) below)	1	2	1	---	---	2	76	56	91	372
Newark	(See (d) below)	2	---	---	---	---	4	109	229	2	541
Philadelphia	(See (g) below)	1	---	---	---	---	14	788	853	---	4
Pittsburgh	(See (g) below)	2	---	1	3	---	7	813	471	---	1
Scranton	(See (g) below)	1	---	1	---	---	4	251	274	---	6
Wilmington	(Delaware)	---	3	---	---	---	---	8	11	2	58
San Francisco region		**20**	**91**	**23**	**4,335**	**1**	**30**	**674**	**15,784**	**2**	**1,138**
Anchorage	(Alaska)	---	---	---	---	---	---	10	25	---	---
Boise	(Idaho)	---	1	---	1	---	---	65	1,539	---	10
Helena	(Montana)	---	---	---	---	---	3	78	546	---	31
Honolulu	(Hawaii)	---	1	2	32	1	4	8	33	---	2
Los Angeles	(See (a) below)	---	---	---	---	---	6	135	5,417	---	140
Phoenix	(Arizona)	---	1	---	382	---	1	10	381	---	2
Portland	(Oregon)	---	16	---	1,804	---	1	60	1,708	---	94
Reno	(Nevada)	---	---	---	---	---	---	17	139	---	7
Salt Lake City	(Utah)	---	1	---	---	---	2	37	1,229	2	8
San Francisco	(See (a) below)	20	71	21	2,116	---	7	190	3,514	---	815
Seattle	(Washington)	---	---	---	---	---	6	64	1,253	---	29
Totals for States not shown above											
(a) California		20	71	21	2,116	---	13	325	8,931	---	955
(b) Illinois		1	2	---	20	---	14	411	565	---	1,019
(c) Missouri		3	1	5	1	---	6	149	4,356	15	435
(d) New Jersey		3	2	1	---	---	6	185	285	93	913
(e) New York		41	1	20	158	---	18	681	25,646	63	921
(f) Ohio		6	15	10	3,471	---	12	180	1,175	---	553
(g) Pennsylvania		4	---	2	3	---	25	1,852	1,598	---	11
(h) Texas		---	6	4	3,900	---	6	560	17,583	11	65

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1963, or portion thereof, by class of tax and by internal revenue regions, districts, and States—Continued

Internal revenue regions, districts, and States (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Narcotics: Manufacturers, importers, and compounders of opium, etc., $24 (22)	Wholesale dealers, $12 (23)	Retail dealers, $3 (24)	Practitioners, $1 (25)	Dealers in unlaxed preparations, $1 (26)	Laboratories, etc., $1 (27)	Marihuana: Manufacturers, $24 (28)	Dealers, $3 (29)	Producers and millers, $1 (30)	Practitioners, $1 (31)	Laboratories, $1 (32)
United States, total	145	1,085	56,221	298,459	1,631	382	6	9	1	62	16
Atlanta region	5	138	7,185	29,456	131	29				1	
Atlanta (Georgia)		35	1,212	4,494	9	5					
Birmingham (Alabama)		12	948	3,195	11	3				1	
Columbia (South Carolina)	2	11	647	2,367	5	1					
Greensboro (North Carolina)		13	1,040	4,855	122	7					
Jackson (Mississippi)		9	606	2,090	11						
Jacksonville (Florida)		27	1,634	7,770	10	4					
Nashville (Tennessee)	4	31	1,098	4,685	23	9					
Boston region	5	68	3,977	21,508	67	20				9	3
Augusta (Maine)		5	262	1,442	1	1					
Boston (Massachusetts)	3	36	2,081	11,365	14	14				6	2
Burlington (Vermont)		2	111	671	1	2					
Hartford (Connecticut)		16	953	5,561	11	10				3	1
Portsmouth (New Hampshire)	1	3	164	961	2	1					
Providence (Rhode Island)	1	6	336	1,508	38	2					
Chicago region	27	135	6,632	13,903	109	36	1	1			2
Chicago (See (b) below)	8	38	2,473	12,570	19	13					2
Detroit (Michigan)	13	59	2,289	12,169	54	14		1			
Milwaukee (Wisconsin)	3	19	1,171	5,968	11	3	1				
Springfield (See (b) below)	3	19	699	3,196	25	6					
Cincinnati region	26	136	6,164	21,234	287	43		2		7	2
Cincinnati (See (f) below)	4	29	1,110	5,872	24	10		1		3	
Cleveland (See (f) below)	9	37	1,618	8,881	27	15		1		2	
Indianapolis (Indiana)	6	34	1,341	5,976	26	8				1	
Louisville (Kentucky)		16	813	3,448	8	4				1	2
Parkersburg (West Virginia)	1	9	367	2,078							
Richmond (Virginia)	6	11	915	4,979	202	6					
Dallas region	4	100	5,693	24,682	67	16				2	1
Albuquerque (New Mexico)		3	298	1,084	11	1					
Austin (See (h) below)	1	26	1,569	7,219	15	4					
Dallas (See (h) below)	2	31	1,363	6,473	18	3					
Little Rock (Arkansas)		6	598	2,002	3	1					
New Orleans (Louisiana)	1	20	1,024	4,448	8	6				2	
Oklahoma City (Oklahoma)		14	841	3,376	12	1					1
New York City region	18	84	6,114	41,492	534	54	1	2		8	1
Albany (See (e) below)	1	7	585	3,048	62	5					
Brooklyn (See (e) below)	5	22	2,537	14,510	130	9					
Buffalo (See (e) below)	1	10	779	4,955	157	6				4	
Manhattan (See (e) below)	10	37	1,925	16,206	137	32	1	2		4	1
Syracuse (See (e) below)	1	8	488	2,773	98	2					
Omaha region	13	132	5,757	26,565	97	30	1	2	1	27	2
Aberdeen (South Dakota)		3	244	737	2	1					
Cheyenne (Wyoming)		4	128	432							
Denver (Colorado)		23	677	3,548	6	2					1
Des Moines (Iowa)		28	803	3,791	27	7				5	
Fargo (North Dakota)		4	199	710							
Kansas City (See (c) below)	1	17	604	2,911	20	2					
Omaha (Nebraska)	1	8	573	2,161	5	4	1	2	1	22	1
St. Louis (See (c) below)	9	15	777	3,966	27	12					
St. Paul (Minnesota)	1	23	992	5,429	6	2					
Wichita (Kansas)	1	7	760	2,880	4						
Philadelphia region	31	111	6,952	38,743	125	80	1	1		11	3
Baltimore (Maryland and D.C.)	2	26	1,065	7,314	5	10				4	
Camden (See (d) below)		3	582	3,006	3	2		1		1	
Newark (See (d) below)	8	23	1,396	7,921	34	30					
Philadelphia (See (g) below)	20	38	2,042	11,842	65	27	1			1	3
Pittsburgh (See (g) below)	1	11	1,264	5,948	8	8					
Scranton (See (g) below)		8	474	2,071	6					5	
Wilmington (Delaware)		2	129	641	4	3					
San Francisco region	15	181	7,827	50,956	104	64		1		3	2
Anchorage (Alaska)		1	41	195							
Boise (Idaho)		2	240	921	1						
Helena (Montana)		4	260	965	1	1					
Honolulu (Hawaii)		9	91	938	23	2					
Los Angeles (See (a) below)	10	71	2,551	21,138	42	33				3	1
Phoenix (Arizona)		9	462	2,112		6					1
Portland (Oregon)	2	17	578	3,382	8	2					
Reno (Nevada)		4	127	475	1						
Salt Lake City (Utah)		11	278	1,462	1	1					
San Francisco (See (a) below)	2	37	1,952	14,432	22	15		1			
Seattle (Washington)	1	16	1,047	4,936	5	4					
Totals for States not shown above											
(a) California	12	108	4,503	35,570	64	48		1		3	1
(b) Illinois	11	57	3,172	15,766	44	19					2
(c) Missouri	10	32	1,381	6,877	47	14					
(d) New Jersey	8	26	1,978	10,927	37	32		1		1	
(e) New York	18	84	6,314	41,492	584	54	1	2		8	1
(f) Ohio	13	66	2,728	14,753	51	25		2		5	
(g) Pennsylvania	21	57	3,780	19,861	79	35	1			6	3
(h) Texas	3	57	2,932	13,692	33	7					

Table 14.—Number of occupational tax stamps issued, covering fiscal year 1963, or portion thereof, by class of tax and by internal revenue regions, districts, and States—Continued

Internal revenue regions, districts, and States (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	National Firearms Act: Manufacturers or importers, Class 1, $500 (33)	Manufacturers or importers, Class 2, $25 (34)	Pawnbrokers, Class 3, $300 (35)	Dealers, other than pawnbrokers, Class 4, $200 (36)	Dealers, Class 5, $10 (37)	Coin-operated devices, billiard, pool, and bowling alley premises: Billiard or pool room and bowling alley premises, $20 per table or alley (38)	Amusement device premises, $10 per device (39)	Gaming device premises, $250 per device (40)	Adulterated, process or renovated butter, and filled cheese (41)	Wagering $50 (42)
United States, total	17	6	1	52	98	42,964	278,185	31,827	65	7,450
Atlanta region				2	20	3,799	25,046	5,832	11	403
Atlanta (Georgia)					2	543	3,549	893		61
Birmingham (Alabama)						364	2,112		1	45
Columbia (South Carolina)						405	2,455	1,646		32
Greensboro (North Carolina)					4	904	3,394	19		14
Jackson (Mississippi)				2		275	2,895	964		94
Jacksonville (Florida)					9	682	6,180	58	10	42
Nashville (Tennessee)					5	626	4,461	2,232		115
Boston region	6			1	3	1,989	11,732	232		157
Augusta (Maine)	1				3	205	1,356	8		2
Boston (Massachusetts)	1					930	4,350	204		117
Burlington (Vermont)						107	489	1		1
Hartford (Connecticut)	4			1		472	3,346	3		13
Portsmouth (New Hampshire)						169	841	16		16
Providence (Rhode Island)						106	1,350			8
Chicago region	1	1		7	7	9,783	47,727	837	3	248
Chicago (See (b) below)				3	3	1,689	12,421	271		70
Detroit (Michigan)	1	1		2	1	4,212	13,008	22		76
Milwaukee (Wisconsin)				1	2	2,675	14,983	3	1	13
Springfield (See (b) below)				1	1	1,127	7,325	341	2	81
Cincinnati region	4	2		3	22	6,414	36,053	6,889	23	1,245
Cincinnati (See (f) below)	1	1			3	656	5,798	616	14	45
Cleveland (See (f) below)	1	1			9	1,804	11,031	309	3	152
Indianapolis (Indiana)					5	944	6,383	1,456	4	578
Louisville (Kentucky)				1		696	4,229	1,838	1	172
Parkersburg (West Virginia)						489	4,477	1,331	1	261
Richmond (Virginia)	2			2	5	825	4,135	439		37
Dallas region			1	3	17	3,381	24,668	3,961	20	694
Albuquerque (New Mexico)					4	128	1,600	31		12
Austin (See (h) below)	3	1		1		1,192	8,002	37	16	98
Dallas (See (h) below)			1			485	2,914			11
Little Rock (Arkansas)						388	2,814	830	3	121
New Orleans (Louisiana)				1	9	524	6,663	2,825		345
Oklahoma City (Oklahoma)					4	464	2,575	218	1	107
New York City region	2			7	1	1,653	22,688	7		49
Albany (See (e) below)	1					212	4,502			3
Brooklyn (See (e) below)	1					406	5,319			
Buffalo (See (e) below)						492	4,477	6		33
Manhattan (See (e) below)				7	1	314	3,969			1
Syracuse (See (e) below)						429	4,421	1		12
Omaha region				2	9	6,331	30,984	2,029	3	269
Aberdeen (South Dakota)						348	1,569	287		17
Cheyenne (Wyoming)						137	1,040	233		105
Denver (Colorado)						440	2,536	168		1
Des Moines (Iowa)					1	1,259	4,697	76		11
Fargo (North Dakota)						357	1,187	12		11
Kansas City (See (c) below)						590	3,156	80		12
Omaha (Nebraska)				1		809	2,900	139		49
St. Louis (See (c) below)				1	3	627	5,197	456	2	6
St. Paul (Minnesota)					1	789	4,822	48		13
Wichita (Kansas)					4	975	3,880	530	1	44
Philadelphia region	1	2		11	8	6,769	43,786	6,917		830
Baltimore (Maryland and D.C.)	1			7	1	1,047	7,568	4,068		62
Camden (See (d) below)						622	3,233	72		3
Newark (See (d) below)				2		1,765	6,946	17		5
Philadelphia (See (g) below)		1		1	2	1,316	10,759	541		82
Pittsburgh (See (g) below)		1		1	5	1,236	9,546	1,948		303
Scranton (See (g) below)						722	5,257	267		26
Wilmington (Delaware)						52	477	4		39
San Francisco region	3	1		17	11	3,934	35,591	6,263	5	3,863
Anchorage (Alaska)						73	608	330		165
Boise (Idaho)					1	245	1,657		1	3
Helena (Montana)						207	2,022	298		605
Honolulu (Hawaii)						189	1,147	249		3
Los Angeles (See (a) below)	3	1		17		998	7,856	15	3	7
Phoenix (Arizona)					2	201	2,318	248	1	15
Portland (Oregon)					2	427	3,003	897		22
Reno (Nevada)						63	1,066	1,317		148
Salt Lake City (Utah)					3	182	1,259	616		672
San Francisco (See (a) below)					2	821	10,122	13		5
Seattle (Washington)					1	528	4,534	2,280		2,218
Totals for States not shown above										
(a) California	3	1		17	2	1,819	17,978	28	3	12
(b) Illinois				4	4	2,816	19,746	612	2	151
(c) Missouri				1	3	1,217	8,353	536	2	18
(d) New Jersey				2		2,387	10,179	89		8
(e) New York	2			7	1	1,853	22,688	7		49
(f) Ohio	2	2			12	2,460	16,828	925	17	197
(g) Pennsylvania		2		2	7	3,274	25,562	2,756		421
(h) Texas			1	1		1,677	10,916	37	16	109

Table 15.—Appellate Division receipts and dispositions of protested income, profits, estate, and gift tax cases prior to issuance of statutory notice of deficiency (pre-90-day cases)

A. Progress of work

Status	Number of cases	Amount stated in revenue agent's report (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
	(1)	(2)	(3)	(4)
Pending July 1	10,732	729,693	37,793	108,248
Received	17,774	607,632	29,438	151,958
Disposed of, total	15,853	501,064	25,183	100,735
By agreement with taxpayers	11,849	329,520	16,220	95,040
Unagreed overassessments and claim rejections	537	213	7	1,676
By issuance of statutory notices—transferred to 90-day status	3,467	171,330	8,956	4,018
Pending June 30	12,653	836,261	42,048	159,471

B. Results obtained in dispositions

Method	Number of cases	Appellate determination (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
	(1)	(2)	(3)	(4)
Disposed of, total	15,853	312,505	15,012	96,837
By agreement with taxpayers	11,849	123,886	6,357	95,016
Unagreed overassessments and claim rejections	537	68	7	884
By issuance of statutory notices—transferred to 90-day status	3,467	188,551	8,648	937

Table 16.—Appellate Division receipts and dispositions of protested income, profits, estate, and gift tax cases in which statutory notices of deficiency were outstanding (90-day cases)

A. Progress of work

Status	Number of cases	Amount stated in statutory notice (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
	(1)	(2)	(3)	(4)
Pending July 1	1,073	70,550	4,380	128
Received, total	4,019	204,957	10,919	883
Statutory notices issued by Appellate Division[1]	3,348	192,546	9,808	880
Statutory notices issued by district directors and received during 90-day period	671	12,411	1,111	3
Disposed of, total	3,933	223,337	10,933	745
By agreement with taxpayers	808	14,935	120	86
By taxpayer default	985	35,001	2,616	183
By petition to the Tax Court—transferred to docketed status	2,140	173,401	8,197	476
Pending June 30	1,159	52,170	4,366	266

[1] Difference from table 15—transferred to 90-day status—is caused by cases being combined or split for the purpose of issuing the statutory notice, cases in transit, etc.

B. Results obtained in dispositions

Method	Number of cases	Appellate determination (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
	(1)	(2)	(3)	(4)
Disposed of, total	3,933	219,086	10,857	791
By agreement with taxpayers	808	10,684	44	132
By taxpayer default	985	35,001	2,616	183
By petition to the Tax Court—transferred to docketed status	2,140	173,401	8,197	476

Table 17.—Appellate Division receipts and dispositions of income, profits, estate, and gift tax cases petitioned to the Tax Court (docketed cases)

A. Progress of work

Status	Number of cases	Amount petitioned (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
	(1)	(2)	(3)	(4)
Pending July 1	8,965	813,815	83,429	10,119
Received, total	5,247	455,942	41,992	443
Petitions filed in response to—				
District directors' statutory notices	3,303	319,845	35,035	333
Appellate Division's statutory notices[1]	1,944	136,097	6,957	110
Disposed of, total	5,581	317,710	30,740	1,178
By stipulated agreement with taxpayers	4,407	260,672	24,258	938
By dismissal by the Tax Court or taxpayer default	237	5,292	1,486	(*)
Tried before the Tax Court on the merits	937	51,747	4,996	240
Pending June 30	8,631	952,047	94,681	9,384

[1] Difference from table 16—transferred to docketed status—is caused by excluding district directors' statutory notices considered by Appellate in 90-day status, cases in transit, etc.

*Less than $500.

B. Results obtained in dispositions

Method	Number of cases	Appellate determination (thousand dollars)		
		Deficiency in tax	Penalty	Overassessment
	(1)	(2)	(3)	(4)
Disposed of, total	5,581	138,246	13,630	7,018
By stipulated agreement with taxpayers	4,407	81,222	7,154	6,778
By dismissal by the Tax Court or taxpayer default	237	5,277	1,480	(*)
Tried before the Tax Court on the merits[1]	937	51,747	4,996	240

[1] Represents amounts petitioned. Results as to decisions rendered by Tax Court during the year are shown in table 19.

*Less than $500.

Table 18.—Office of Chief Counsel—Processing of income, profits, estate, and gift tax cases in the Tax Court

Status	Number of cases	Amount in dispute (thousand dollars)		
		Deficiency		Overpayment
		Tax	Penalty	
	(1)	(2)	(3)	(4)
Pending July 1	10,298	719,752	90,785	195,581
Filed or reopened	5,376	405,469	33,704	12,782
Disposed of[1]	5,726	295,732	27,559	66,941
Pending June 30	9,948	829,489	96,930	141,421

[1] For analysis of disposals, see table 19.

Table 19.—Office of Chief Counsel—Results obtained in income, profits, estate, and gift tax cases disposed of in the Tax Court

Basis of closing	Number	Amount in dispute		Amount approved		Percent saved or recovered	
		Deficiency and penalty	Overpayment	Deficiency and penalty	Overpayment	Deficiency and penalty	Overpayment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		(Thousand dollars)					
Total	5,726	323,291	66,941	110,976	6,110	34.3	90.9
Dismissed	266	4,242	18,049	4,163	(*)	98.1	100.0
Decision on merits	1,089	59,284	5,913	25,536	799	43.1	86.5
Agreed settlement	4,371	259,765	42,979	81,276	5,311	31.3	87.6

*Less than $500.

Table 20.—Office of Chief Counsel—Receipt and disposal of Tax Court cases in courts of appeals and in Supreme Court

Status	In courts of appeals					In Supreme Court				
	Number of cases	Amount in dispute (thousand dollars)		Amount approved (thousand dollars)		Number of cases	Amount in dispute (thousand dollars)		Amount approved (thousand dollars)	
		Deficiency and penalty	Overpayment	Deficiency and penalty	Overpayment		Deficiency and penalty	Overpayment	Deficiency and penalty	Overpayment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pending July 1, total	487	32,636	18,384			6	r 142			
Appealed by Commissioner	149	2,971	4,283			1	(*)			
Appealed by taxpayers	323	21,698	r 13,585			5	142			
Appealed by both	15	7,967	r 517							
Appealed, total	390	16,414	212			4	516			
By Commissioner	66	4,263	66							
By taxpayers	302	11,068	132			4	516			
By both	22	1,084	14							
Disposed of, total	284	17,331	17,158	8,818	4,280	7	162		76	
Favorable to Commissioner	141	8,054	53	7,983	1	2	20		20	
Favorable to taxpayers	67	3,795	4,334		4,279	2	29			
Modified	8	1,102	(*)	314		3	113		57	
Settled	10	1,339	2	521						
Dismissed	58	3,041	13,470							
Pending June 30, total	593	31,719	738			3	496			
Appealed by Commissioner	155	3,174	3							
Appealed by taxpayers	411	20,589	205			3	496			
Appealed by both	27	7,956	530							

*Less than $500.
r Revised.

Table 21.—Office of Chief Counsel—Receipt and disposal of suits filed by taxpayers in Federal courts and actions by the United States for recovery of erroneous refunds

Status	Total	Refund suits (other than alcohol, tobacco, and firearms taxes) [1]		Perpetuation of testimony and damage actions	Erroneous refunds
		Court of Claims	District courts		
	(1)	(2)	(3)	(4)	(5)
Pending July 1:					
Cases ... number	3,242	494	2,693	11	44
Amount in dispute ... thousand dollars	440,780	234,098	205,072	12	1,598
Received:					
Cases ... number	1,424	150	1,257	5	12
Amount in dispute ... thousand dollars	118,643	51,247	67,224	47	125
Disposed of:					
Cases ... number	1,417	173	1,203	9	32
Amount in dispute ... thousand dollars	157,614	52,237	105,034	47	296
Refunded:					
Amount ... thousand dollars	37,132	11,413	25,719		
Percent of amount disposed of	23.56	21.85	24.49		
Pending June 30:					
Cases ... number	3,249	471	2,747	7	24
Amount in dispute ... thousand dollars	401,809	233,108	167,262	12	1,427

[1] The number of cases disposed of does not agree with the number of cases in which decisions were rendered by these courts during the year, due to settlement by stipulation, dismissals, and time required for retrial, recomputation of tax, etc. In the Court of Claims, the number of decisions was 64, of which 34 were for the Government, 12 against the Government, and 18 partly for and partly against the Government. In the district courts 422 decisions were rendered, of which 166 were for the Government, 200 against the Government, and 56 partly for and partly against the Government. For decisions by the courts of appeals and Supreme Court, see table 22.

Table 22.—Office of Chief Counsel—Decisions of courts of appeals and Supreme Court in civil tax cases

Court	Total	For the Government	Against the Government	Partly for and partly against the Government
	(1)	(2)	(3)	(4)
Total	358	237	78	43
By courts of appeals, total	349	229	78	42
Originally tried in—				
Tax Court	204	119	52	33
District courts	145	110	26	9
By Supreme Court, total	9	8		1
Originally tried in—				
Tax Court	3	2		1
District courts	3	3		
Court of Claims	1	1		
State courts	2	2		

Note.—Except for Supreme Court cases, the cases covered by tables 24 and 25 are not included.

Table 23.—Office of Chief Counsel—Receipt and disposal of collection, injunction, summons, and disclosure cases

Status	Number of cases
Pending July 1	1,389
Received	1,737
Total	3,126
Disposed of	1,659
Pending June 30	1,467

Note.—This table includes cases handled at national and regional levels which are under consideration for suit or are in suit in Federal and State courts. It does not include cases relating to alcohol, tobacco, and firearms taxes, nor to insolvency and debtor proceedings (table 24), or appeal and other cases which are included in table 25.

Table 24.—Office of Chief Counsel—Receipt and disposal of insolvency and debtor proceedings

Status	Total	Reorganizations proceedings [1]	Bankruptcy and receivership proceedings [2]	Miscellaneous insolvency proceedings [3]
	(1)	(2)	(3)	(4)
Pending July 1	1,738	897	434	407
Received	3,296	1,658	1,033	605
Total	5,034	2,555	1,467	1,012
Disposed of	2,955	1,385	983	587
Pending June 30	2,079	1,170	484	425

[1] Proceedings instituted under the following section or chapters of the Bankruptcy Act: Sec. 77 (railroad reorganizations) and chs. X (corporate reorganizations), XI (arrangements as to unsecured indebtedness), XII (real property arrangements), and XIII (wage earners' plans), which involve tax claims and other rights and interests of the United States.
[2] Bankruptcy liquidation proceedings and Federal or State receivership proceedings which involve tax claims of the United States.
[3] Proceedings relating to corporate dissolutions, insolvent banks, assignments for the benefit of creditors, or administration of estates of decedents, which involve tax claims of the United States.

Note.—Includes cases handled at national and regional levels.

Table 25.—Office of Chief Counsel—Receipt and disposal of miscellaneous court cases, lien cases not in court, noncourt collection litigation cases, and appeal cases

Status	Total	Miscellaneous court cases [1]	Lien cases not in court [2]	Noncourt collection litigation cases [3]	Appeal cases [4]
	(1)	(2)	(3)	(4)	(5)
Pending July 1	[5] 1,258	299	126	664	169
Received	6,333	755	2,119	3,110	349
Total	7,591	1,054	2,245	3,774	518
Disposed of	6,308	761	2,135	3,069	343
Pending June 30	1,283	293	110	705	175

[1] Includes suits for foreclosure by mortgagees or other secured creditors, and suits to quiet title to which the United States is made a party.
[2] Primarily applications for discharge of property from tax liens.
[3] Primarily memorandums on collection litigation matters from regional counsel to district directors which are not related to court proceedings or lien cases.
[4] Includes cases in Federal and State appellate courts relating to insolvency and debtor proceedings, lien cases in court, and collection, summons, and injunction cases.
[5] Includes appeal cases formerly shown in a separate table.

Note.—Includes cases handled at national and regional levels.

Table 26.—Office of Chief Counsel—Caseload report

Activity	Pending July 1	Receipts	Disposals	Pending June 30
	(1)	(2)	(3)	(4)
Total	[1] 21,938	26,961	26,465	22,434
Administration [2]	31	72	1	102
Alcohol and Tobacco Tax	399	4,961	4,897	463
National Office	95	1,112	1,115	92
Field	304	3,849	3,782	371
Collection Litigation	4,385	11,366	10,922	4,829
National Office	499	953	857	595
Field	3,886	10,413	10,065	4,234
Enforcement	2,813	2,123	1,980	2,956
National Office	120	134	174	80
Field	2,693	1,989	1,806	2,876
Interpretative Division	195	706	699	202
Joint Committee Division	82	529	522	89
Refund Litigation Division	3,242	1,424	1,417	3,249
Tax Court [3]	10,791	5,780	6,027	10,544
National Office	493	403	300	596
Field	10,298	5,377	5,727	9,948

[1] Revised to include Administration cases.
[2] Partial year.
[3] Nondocketed cases not included.

Table 27.—Obligations incurred by the Internal Revenue Service

[In thousands of dollars]

Internal revenue office, district, or region	Total (1)	Personnel compensation and benefits (2)	Travel (3)	Equipment (4)	Other (5)
A. National Office and regional totals (including district directors' offices and service centers)					
Total Internal Revenue Service [1]	500,804	440,542	16,926	6,349	[2] 36,987
National Office	54,129	31,235	2,316	1,797	18,780
Atlanta region	49,250	43,481	2,223	752	2,794
Boston region	30,415	27,394	756	360	1,905
Chicago region	48,227	45,362	1,147	298	1,420
Cincinnati region	47,539	43,842	1,774	453	1,470
Dallas region	35,220	32,112	1,648	294	1,166
New York City region	55,685	52,513	753	563	1,856
Omaha region	42,362	38,340	1,666	343	2,014
Philadelphia region	55,763	52,280	1,212	687	1,585
San Francisco region	64,563	58,219	2,194	656	3,494
Regional counsel	7,502	6,991	165	58	288
Regional inspection	6,166	5,170	845	12	139
Office of International Operations	3,984	3,604	228	76	76
B. Regional commissioners' offices (excluding district directors' offices and service centers)					
Atlanta region	8,752	7,181	480	88	1,003
Boston region	3,661	3,191	115	36	320
Chicago region	5,774	5,273	130	38	333
Cincinnati region	9,032	8,134	306	53	539
Dallas region	4,200	3,726	172	43	259
New York City region	6,394	5,744	107	43	410
Omaha region	4,407	3,904	209	56	238
Philadelphia region	8,013	7,223	266	95	429
San Francisco region	6,880	6,177	289	119	295
C. Regional costs undistributed					
Atlanta region	370		370		
Boston region	142		142		
Chicago region	139		139		
Cincinnati region	241		241		
Dallas region	252		226		26
New York City region	85		85		
Omaha region	239		239		
Philadelphia region	161		161		
San Francisco region	450		417		33
D. Districts directors' offices and service centers					
Atlanta:					
Atlanta	5,491	5,060	199	41	191
Birmingham	3,856	3,567	133	37	119
Columbia	2,637	2,449	95	15	77
Greensboro	5,921	5,449	231	75	166
Jackson	2,300	2,109	107	17	67
Jacksonville	9,116	8,304	399	116	297
Nashville	4,964	4,605	172	47	140
Regional Service Center	5,842	4,757	36	316	733
Boston:					
Augusta	1,694	1,574	63	18	39
Boston	10,193	9,710	196	53	234
Burlington	884	814	40	7	22
Hartford	5,877	5,476	125	165	112
Portsmouth	1,237	1,155	41	10	32
Providence	1,963	1,873	25	19	47
Northeast Service Center	4,764	3,603	9	52	1,100
Chicago:					
Chicago	17,377	16,520	206	139	512
Detroit	13,759	13,050	315	77	317
Milwaukee	6,211	5,884	166	24	137
Springfield	4,968	4,636	191	20	121
Cincinnati:					
Cincinnati	6,940	6,554	202	39	144
Cleveland	11,051	10,379	293	101	278
Indianapolis	7,181	6,784	206	46	144
Louisville	4,512	4,204	169	28	111
Parkersburg	2,890	2,578	130	81	102
Richmond	5,460	5,088	215	20	137
Regional Service Center	231	121	12	84	15
Dallas:					
Albuquerque	1,805	1,632	82	17	74
Austin	8,705	8,073	352	42	238
Dallas	8,545	7,942	335	54	213
Little Rock	2,536	2,265	175	21	75
New Orleans	4,901	4,581	136	38	146
Oklahoma City	4,070	3,790	137	29	115
Regional Service Center	205	102	33	50	20
New York City:					
Albany	3,381	3,172	95	28	86
Brooklyn	13,661	13,138	121	70	332
Buffalo	4,644	4,406	91	34	112
Manhattan	23,925	22,564	150	367	845
Syracuse	3,559	3,373	97	20	69
Puerto Rico	125	116	7	(*)	2

See footnotes at end of table.

Table 27.—Obligations incurred by the Internal Revenue Service—Continued

[In thousands of dollars]

Internal revenue office, district, or region	Total (1)	Personnel compensation and benefits (2)	Travel (3)	Equipment (4)	Other (5)
D. Districts directors' offices and service centers—Continued					
Omaha:					
Aberdeen	1,283	1,165	88	7	23
Cheyenne	965	864	66	6	30
Denver	3,742	3,501	103	21	116
Des Moines	4,442	4,134	185	24	99
Fargo	1,165	1,045	80	6	34
Kansas City	3,876	3,617	145	21	92
Omaha	2,725	2,528	103	14	81
St. Louis	4,634	4,412	109	29	83
St. Paul	5,874	5,483	162	67	162
Wichita	3,928	3,646	162	22	98
Midwest Service Center	5,082	4,038	17	70	957
Philadelphia:					
Baltimore	9,294	8,862	130	134	168
Camden	4,080	3,885	96	14	85
Newark	9,951	9,559	99	59	233
Philadelphia	10,667	10,082	215	173	197
Pittsburgh	7,609	7,273	136	33	167
Scranton	2,776	2,634	62	16	64
Wilmington	1,424	1,364	20	14	26
Regional Service Center	1,787	1,398	26	149	215
San Francisco:					
Anchorage	759	669	49	3	38
Boise	1,409	1,300	57	4	47
Helena	1,532	1,391	80	19	43
Honolulu	1,459	1,385	27	9	38
Los Angeles	18,733	17,516	381	154	683
Phoenix	2,460	2,285	73	20	82
Portland	3,852	3,614	118	23	97
Reno	1,616	1,296	216	12	91
Salt Lake City	1,623	1,539	35	9	40
San Francisco	12,930	12,085	286	74	485
Seattle	5,871	5,306	149	173	243
Western Service Center	4,989	3,655	16	39	1,279

[1] Includes $398,460 financed from reimbursements.
[2] Does not include $930,172 rental transfer to General Services Administration.
*Less than $500.

Table 28.—Quantity and cost statistics for printing

Class of Work	1963 Quantity (thousands) Items or sets (1)	1963 Quantity (thousands) Packages (2)	1963 Cost (thousand dollars) (3)	1962 Quantity (thousands) Items or sets (4)	1962 Quantity (thousands) Packages (5)	1962 Cost (thousand dollars) (6)
Total			8,849			8,289
Packages of tax returns and instructions for major mailings to taxpayer, total	411,597	69,918	1,207	394,664	68,888	1,122
Package 1 (Form 1040 and instructions—16 pages)	50,145	16,715	218	36,765	12,255	163
Package 2 (Form 1040, Schedules B, D, 1040ES, and instructions—28 pages)	136,320	17,040	400	119,640	14,955	348
Package 3 (Form 1040, Schedules B, C, D, 1040ES, and instructions—40 pages)	77,726	7,066	257	77,605	7,055	258
Package 4 (Form 1040, Schedules B, D, F, 1040ES, and instructions—40 pages)	31,625	2,875	102	34,540	3,140	112
Package 5 (Form 1065, Schedule D, and instruction—16 pages)	5,180	1,036	15	5,225	1,045	15
Package 6 (Form 1120, Schedule D, and instruction—24 pages)	5,625	1,125	28	5,405	1,081	26
Package 7 (Form 1040A, instructions, and return envelope)	40,000	20,000	95	50,604	25,302	120
Employment tax package—Pub. 393 (Forms 7018, 941a, W-2, W-4, and Pub. 213—28 pages)	64,976	4,061	93	64,880	4,055	80
Other tax returns, instructions, public-use forms, and pamphlets	[1] 1,283,354		3,982	915,756		3,720
Administrative forms and pamphlets	531,863		2,452	473,500		2,155
Field printing	100,300		368	98,901		363
Excise tax stamps	1,944,922		840	1,918,832		929

[1] New forms 3435 and 3227 account for more than half of increase over 1962 quantity.

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