

# Woman C.P.A.

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## Idea Exchange

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# The Idea Exchange

One of our members has brought to us the question of expediting the handling of purchase invoices—the old question of accounts payable ledger vs. voucher system being involved. She has practically solved her own problem, now, but would like to hear from others as to their experiences in the speeding up the approval and handling of invoices in small and medium-sized concerns. We shall be glad to forward to her any replies which we receive.

\* \* \* \* \*

A recent speaker at a meeting attended by the writer expressed the thought that in the future we will see neighborhood bookkeeping and accounting centers. His idea was that the bookkeeping for the small neighborhood merchants—the druggist, the grocer, the baker, etc.—could be handled speedily and efficiently on tabulating machines located in a centralized location. That such a service would not be expensive to the individual merchant but would give him, at the same time, the same kind of prompt and detailed accounting data which is now available only to large companies. It is an interesting idea and one which we consider worthy of thought and consideration.

\* \* \* \* \*

Should there be closer cooperation between our society and other professional women's societies—such as the organizations of women lawyers, of bank women, of credit women, etc.? What is the best manner of working out such cooperation? These are questions to which many of our members are giving considerable thought and they would very much like to have the expression of opinion from individual members. Certainly, there is much that such cooperation could do for all concerned both on strictly technical questions and on those questions which are peculiarly the problems of the professional woman.

One reader inquires as to the treatment of stock rights, for income tax purposes, with particular reference to capital gain or loss.

The regulations [Sec. 29.22 (a)-8] prescribe the method of arriving at the basis for determining gain or loss from the sale of (1) rights; (2) stock with respect to which the rights are issued; and (3) the stock acquired through exercise of the rights.

To determine gain or loss on their disposition, the bases of the rights and the old stock are determined by apportioning the cost of the old stock between the stock and rights in proportion to their respective value on the date the rights were issued. If there is no market quotation for the rights, their value is determined by following formula: "To the aggregate value of the number of shares entitling a shareholder to subscribe to one new share, add the price to be paid to acquire the new share and divide the sum by one plus the number of old shares. The quotient is the value attributable to one share of stock after issuance of rights, and the quotient less the subscription price is the value attributable to that number of rights which entitle a shareholder to subscribe to one new share of stock. The latter value divided by the number of rights involved is the value attributable to one right." (IT 2509, VIII-2. CB 78)

To determine whether the sale of rights or stock acquired through exercise of rights constitutes a long-term or short-term capital transaction, the following rules govern:

1. Where stock rights are sold, they are deemed to have been held from the date of acquisition of the stock in respect to which the rights were issued. (Paton—ACCOUNTANTS' HANDBOOK) This is based on the provision governing stock dividends. [Code Sec. 117 (h)]

2. Stock acquired through exercise of rights dates its holding period from the day on which the right to acquire such stock was exercised. [Code Sec. 117 (h)]