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Letter re: Rates of Depreciation

Robert H. Montgomery

American Association of Public Accountants. Committee on Federal Legislation

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Dear Sir:—

In the administration of the Income Tax Law various points have arisen which directly affect accounting matters. Among these are rates of depreciation of various classes of assets, the handling of organization expenses and other deferred items, the treatment of depreciation where it has not been entered on the books, allowances for compensation to employees and similar items. A compilation of rates of depreciation claimed and or allowed will also be valuable.

Your committee feels that it would be helpful to accountants and of interest to the Treasury Department itself if we can secure a considerable number of specific instances where income tax inspectors have questioned the propriety of returns made by individuals and corporations. By having these sent to your committee, it will be possible to classify them and from such classification compile a memorandum for distribution among our members which should be valuable as reflecting what is and what is not proper accounting procedure.

It has been found that individual inspectors in various parts of the country have at times made suggestions and criticisms which do not seem to accord with proper accounting procedure nor with that procedure which is sanctioned by the officers of the Treasury Department. It is our belief that we can cooperate with the latter and that we can be mutually helpful.

Very truly yours,

R. H. MONTGOMERY,

Chairman.