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**Letter re: Urging support of amendment of the existing law
whereby corporations will be permitted to make their returns to
the Commissioner of Internal Revenue as of the close of their
individual fiscal years**

Robert H. Montgomery

American Association of Public Accountants. Committee on Federal Legislation

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American Association of Public Accountants

Committee on Federal Legislation
55 Liberty Street, New York



August 24th, 1911.

TO THE MEMBERS OF

THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

At the opening of the December Session of Congress, a bill will be introduced into Congress having for its object an amendment of the existing law whereby corporations will be permitted to make their returns to the Commissioner of Internal Revenue as of the close of their individual fiscal years.

There has been some delay in the preparation of the amending bill on account of the unwillingness of Congressmen to undertake anything not directly connected with the measures which have been engaging the attention of both the House and Senate. The matter has, however, made considerable progress, and everything will be in order by the beginning of the Fall Session, and, with reasonable co-operation of each member of this Association, the bill will pass unanimously.

It is gratifying to be able to report that the Treasury Department will not oppose any amending legislation of the sort suggested, if the provisions of such legislation are made in accordance with what the Department considers to be workable principles.

It is now suggested by the Committee that you approach your Senators and Representatives, urging upon them the necessity of facilitating the passage of the amending bill as soon as introduced, so that the act may be altered before the close of the current calendar year, when, under the present law, all corporate reports will have to be prepared.

It is further suggested and urged that you communicate with corporations which are among your clients and propose to them that they address the Representatives and Senators from their individual districts and States on this matter.

Enclosed herewith is copy of a form of letter which may be employed by such corporations in addressing Members of Congress.

Although it is some time before the opening of the next Session of Congress, the Committee feels that you should lose no time in bringing to the notice of your Members of Congress and your clients, the great importance of securing a speedy passage for the amending bill.

In order to facilitate the movement now on foot, the Committee, as you are aware, has been actively engaged in endeavoring to secure the support of commercial bodies throughout the country. You have already received copy of resolutions passed by the New York Chamber of Commerce. Similar resolutions have been passed by the following organizations:

Chicago Board of Trade
Hamilton Club of Chicago
Illinois Builders' Supply Association
Chicago Association of Credit Men
Chicago Typothetae
National Implement & Vehicle Association
Commercial Law League of America
Dallas Chamber of Commerce
Dallas Association of Credit Men
Milwaukee Bar Association
American Association of Refrigeration
Milwaukee Metal Trades & Founders' Association
Milwaukee Brewers' Association
Wisconsin & Upper Peninsula of Michigan Brewers' Association
Merchants and Manufacturers' Association
Milwaukee County Bar Association
Manufacturing Association of Racine
Calumet Club

Wisconsin Wholesale Grocers' Association
Milwaukee Club
Presno Chamber of Commerce
Spokane Chamber of Commerce
Oakland Chamber of Commerce
Chicago Garment Manufacturers' Association
National Shoe Wholesale Association
Southern Shoe Wholesale Association
Western Association of Shoe Wholesalers
Middle States Shoe Wholesalers' Association
Seattle Chamber of Commerce
Cleveland Chamber of Commerce
Illinois Manufacturers' Association
Pittsburgh Chamber of Commerce
Cincinnati Chamber of Commerce
Minneapolis Chamber of Commerce
St. Paul Association of Commerce
Milwaukee Foundrymen's Association

Letters have already been written by a large number of Members of the Association to Members of Congress, and almost without exception the recipients have promised to support a bill drafted on the lines proposed. In fact there has not been a single refusal to assist the aims of the Association.

Will you kindly give this matter your attention at your earliest convenience and hasten forward the reform with which the Committee is sure you are in entire sympathy.

Very truly yours,

ROBERT H. MONTGOMERY, Chairman,
J. PORTER JOPLIN,
PERLEY MORSE,

Committee.

HON.

United States Senate,
(House of Representatives,)
Washington, D. C.

DEAR SIR:—

The change in corporate accounting for purposes of Federal Corporation Tax is a matter which has the warm support of a very large number of commercial bodies and individual corporations throughout the country. You are no doubt aware that Chambers of Commerce and similar bodies in several of the principal cities have passed resolutions favoring such an alteration. There seems no reason why the purposes of the Government cannot be equally well served by permitting companies to make their returns as of the close of their individual fiscal years. It is certain that such permission would be of the utmost convenience to very many companies, and would tend to diminish the opposition to this form of taxation.

Owing to the exigencies of business, it is practically impossible for many firms and corporations to conclude their fiscal years on December 31st, and you will readily understand that, in the case of such companies, it is a great hardship to be compelled to make accurate inventories and furnish an accurate balance sheet at, what is to them, an unnatural fiscal period.

The only objection which has been raised by the Government, or its officials, is that it would be inconvenient to make another change now that the law fixing December 31st of each year has been put in effect. This objection by its weakness shows that there is no valid reason, from an administrative point of view, why December 31st should be maintained as the fixed termination of all fiscal years.

Adoption of the natural fiscal years of all corporations would spread the work of accounting more or less evenly throughout the twelve months, and it would work a considerable saving financially. Surely the corporations which pay the tax are entitled to as much consideration as can be given them without injury to the purposes of the Government.

Not only would there be a saving to corporations and accountants, but the administration of Government could be more easily and less expensively carried out. Under the present regulations, balance sheets and inventories from approximately 400,000 corporations have to be compiled and submitted to Washington between December 31st and March 1st. This involves an abnormal amount of clerical assistance, much of which cannot be as efficient as that of the regular staff of the department.

In every way, therefore, an amendment calls for commendation, and it is hoped that you will find it possible to assist in its passage through the Senate (House of Representatives) when the time comes.

This Company is strongly in favor of the amendment and urges its adoption.

Very truly yours,