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American Association of Public Accountants. Committee on Federal Legislation

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Recommended Citation

American Association of Public Accountants. Committee on Federal Legislation, "Enclosed with this circular letter are two copies of preamble and resolutions submitted at a meeting in the Chamber of Commerce of the State of New York, held on Thursday, May 4, 1911." (1911). *American Institute of Accountants*. 457.

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American Association of Public Accountants

COMMITTEE ON FEDERAL LEGISLATION

55 Liberty Street, New York

RM 5/10/11
Sms 12/11
2/16/11

May 5, 1911.

TO THE MEMBERS OF THE

AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS

Enclosed with this circular letter, which is being sent concurrently to all members of the American Association of Public Accountants, are two copies of preamble and resolutions submitted at a meeting in the Chamber of Commerce of the State of New York, held on Thursday, May 4, 1911. The matter referred to therein is of vital importance not only to accountants individually but also to their clients.

Your personal attention is directed to this question, and you are urgently requested to contribute by your efforts to make a success of the campaign which has been begun by your Committee on Federal Legislation.

The Committee's letter of January 26, 1911, set forth in some detail the objects which are sought in the enclosed resolution. Practically every accountant and corporation will admit the wisdom of a change of the law to permit of the making of returns at the close of the ordinary fiscal year of each corporation; but if the campaign now begun is to achieve the desired results, it will be necessary for each member of the Association to assist.

When you have read and approved the enclosed resolution, which will probably be passed by the New York Chamber and by various other commercial bodies in the great cities, it is requested that you approach every reputable organization of consequence in your district and endeavor to secure passage of a similar resolution.

There should be no difficulty in securing this. Prominent Government officials, Senators and Representatives, as well as leading business men throughout the country have expressed warm approval of the idea, and it is confidently hoped that an amendment may be introduced during the current session of Congress making the desired alterations in the law.

Such an amendment will almost certainly be passed by both Houses if sufficient interest in the movement can be aroused and maintained.

The first step towards that end is the passage of such resolutions as the enclosed by representative commercial organizations throughout the country.

The second step also calls for your personal assistance. This will be to approach the members of Congress from your district as suggested in the Committee's letter of January 26, present the merits of the case to them, pointing out the sanction given to the idea by chambers of commerce and similar bodies, and endeavor to secure their active sympathy and co-operation in securing the passage of the proposed amendment.

At a later date the Committee will send you copies of a model letter embodying the corporation arguments in favor of a change in the law. The Committee will ask that you hand a copy of that letter to each important corporation among your clientele, and request that a communication based upon that model be forwarded by each corporation to at least one Senator or Representative.

By this means the great mass of corporations and companies concerned will be reached and their aid secured. It is improbable that a movement for reform so widely endorsed will fail.

But it is absolutely imperative that each member of the Association do his part. There must be no broken links in the chain. The Committee feels that it can count upon the Association's members to take an active and personal interest in obtaining relief from provisions of a law which in its present form entails great expense, difficulty and unnecessary hardship upon accountants and corporations.

Will you consider this circular letter as much a personal matter as though it were written to you alone? If you will do that, the campaign will succeed.

Very truly yours,

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

WHEREAS: The special excise tax imposed by section 30 of the Act of Congress of August 5, 1909, on corporations, joint stock companies, associations and insurance companies, known as the "Corporation Tax," has been declared constitutional; and

WHEREAS: The provisions of the law relating to the making of returns demand that December 31 shall be the date at which all corporations and companies coming within the scope of the law shall conclude their fiscal years for the purposes of this assessment; and

WHEREAS: It is a recognized maxim of taxation that the effective administration of laws relating to taxation should involve as little inconvenience as possible upon those required to make returns thereunder; and

WHEREAS: A large percentage of the corporations and companies to be taxed have found it expedient to close their fiscal years when inventories are lowest, or when season business is at an end, and have determined their fiscal years in accordance with their several necessities at dates other than December 31, and cannot without great expense and a complete disorganization of their business and accounting alter their fiscal arrangements; and

WHEREAS: Many classes of business cannot present other than a rough estimate of their stocks and financial position except at the close of their logically fixed fiscal years; and

WHEREAS: It has been declared by the Attorney-General of the United States that in the future there shall be no elasticity in the application of the law, and that accurate returns as of December 31 must be made, and subscribed under oath; and

WHEREAS: The purposes of the Government can be served without detriment to itself by rendering the application of the law simple, practicable, and least onerous to the corporations and companies taxed; therefore be it

RESOLVED: That the Chamber of Commerce of the State of New York urges upon Congress the imperative need for an amendment of the "Corporation Tax Law," whereby it shall be made permissible for corporations and companies to make returns as of the close of their individual fiscal years, to the end that obedience to the law may be rendered least burdensome, and accurate compliance with its provisions possible, thereby conducing to the benefit of the Government and public; and be it further

RESOLVED: That the attention of Senators and Representatives from the State of New York be directed to the urgent necessity for instant action to obtain relief from those provisions of the law which entail great expense and inconvenience, and which can be changed without being destructive of the purposes of the law.

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