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Coast-to-Coast

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which the husband was permitted to take the deduction because he proved that an agreement not mentioned in the decree actually was incident to the divorce or separation. The outcome of disputes on this point will depend entirely upon the facts in each case. In general, the sequence of events, actions of the parties and time elapsed between the signing of the agreement, filing suit and entry of a decree will be given considerable weight.^{20b}

CASH PAYMENTS

To qualify for the deduction, payments also must be in cash or its equivalent.²¹ For example, paying the divorced wife's income tax as part of the agreed settlement is deductible.²² But, the rental value of a house which the ex-wife is allowed to occupy rent-free does not qualify as cash or its equivalent.²³ Payments which are made a continuing obligation after death of the husband will still be taxable to the wife.²⁴

CITATIONS: *Taxable Status of Alimony and Support Payments.*

1. *Gould v. Gould* (1917) 245 U. S. 151, (rule under prior law).
2. Section 22 (k), Sections 22 (k) and 23 (u) I.R.C. (when taxable to wife and deductible by husband). See also: Section 171 (b) I.R.C. (periodic payments attributable to property of an estate or held in trust).
3. *Terrell v. Commissioner* (CA-7, 1950) 179 F(2d) 838, 50-1 U.S.T.C. Par. 9166; affg. T. C. Memo Opinion, Docket #15682, entered August 26, 1948; certiorari denied Sup. Ct., October 9, 1950; see also: *Joseph A. Fields* (June 20, 1950) 14 T. C. #136, pending on taxpayer's appeal to Second Circuit Court of Appeals. (Alimony pendente lite prior to entry of decree of separation in N. Y. not deductible).
4. *Frank J. Kalchthaler* (1946) 7 T. C. 625.
5. *Wick v. Commissioner* (CCA-3, 1947) 161 F(2d) 732 affg. (1946) 7 T. C. 723; Section 22 (k) and 23 (u) of Internal Revenue Code.
6. *Wick v. Commissioner*, supra; *Joseph A. Fields*, supra.
7. *Joseph A. Fields*, supra.
8. *Van Vlaenderau v. Commissioner* (CA-3, 1949) 175 F(2d) 389, affg. (1948) 10 T. C. 706.
- 8-a. *Dale E. Sharp* (August 29, 1950) 15 T. C., CCH Decision 17.812.
9. *Robert L. Davie* (1947) 9 T. C. 47, aff'd (CA-2, 1948) 168F (2d) 449.

10. (1948) 10 T. C. 406; See also; *Frank R. Casey* (1949) 12 T. C. 224; *John H. Lee* (1948) 10 T. C. 834; *Estate of Frank P. Orsatti* (1949) 12 T. C. 188; *Harold M. Fleming* (June 28, 1950) 14 T. C., #150 (\$1,200 yearly earmarked for child's support not deductible; final payments not deductible as alimony under 1937 separation agreement incorporated in divorce decree providing for five annual payments of \$2,400 each payable in monthly installments of \$200 each).
11. *Joseph D. Fox* (June, 1950) 14 T. C. #127.
12. *J. B. Steinel* (1948) 10 T. C. 409.
13. *Roland K. Young* (1948) 10 T. C. 724.
14. *Budd v. Commissioner* (CCA-6, 1947) 177 F(2d) 1948, affg. (1946) 7 T. C. 413; *Warren Leslie, Jr.* (1948) 10 T. C. 807; *Harold M. Fleming*, Supra; *Dora Maitera* (1946) 7 T. C. 640 (no distinct allocation; wife taxable on entire amount).
15. *Harold M. Fleming*, supra.
16. *Boies C. Hart*, Estate (1948) 11 T. C. 16. (Acquiesced, 1949—6 I.R.B. 13037); *Leon Mandel*, Docket #16280, T. C. Memo. Opinion, entered May 6, 1949.
17. *Meyer Blumenthal* (CA-3, 1950) 183 F (2d) 15, affg. (1949) 13 T. C. 28.
18. *Anita Quimby Stewart* (1947) 9 T. C. 195, Acq. 1947-2 C. B. 4.
19. *Lemuel A. Carmichael* (June 30, 1950) 14 T. C. 1356; Acq. 1950 I.R.B. -21-13446. See also: *William J. Gardner* (June 30, 1950) 14 T. C. #167 (Premiums paid on life insurance policies held by trustee under separation agreement as security for monthly support payments to ex-wife, not deductible) pending on taxpayer's appeal to Sixth Circuit Court of Appeals.
20. *Ben Meyerson* (1948) 10 T. C. 729; *Smith v. Commissioner* (1948 168 F (2d) 446, affg. Docket #12210, T. C. Memo. Opinion entered December 24, 1947; See also: *John R. Hopkins* (August 29, 1950) 15 T. C. #26, (anticipatory assignment of royalty-income without transfer of the income-producing property- to discharge alimony obligation does not relieve assignor of tax on such royalties.)
- 20-a. *Floyd W. Jefferson* (1949) 13 T. C. 1092; *Charles Campbell* (September 29, 1950 15 T. C., #52.
- 20-b. *Robert Wood Johnson* (1948) 10 T. C. 647; *Frederick S. Dauwalter* (1947) 9 T. C. 580; *Miriam Cooper Walsh* (1948) 10 T. C. 1093 (NA); *George T. Brady* (1948) 10 T. C. 1192; *Muriel Dodge Neeman* (1949) 13 T. C. 397; *Frank H. Short Estate* (1950) T. C. Memorandum Opinion, Docket #20676. (Deduction claimed even though not incorporated in decree because monthly payments were mentioned at the hearing in testimony of the parties.); Compare: *Joseph J. Lerner* (September 29, 1950) 15 T. C., #56 (Deduction disallowed where divorce was not discussed at time separation agreement was entered into about a year prior to divorce decree; agreement was not incorporated in decree, but was referred to in the hearing as providing for continuing support of ex-wife after divorce. Reviewed by Court, Judge Harron dissenting.)
21. *Jessie L. Fry* (1950) 13 T. C. 658; *Thomas E. Hogg* (1950) 13 T. C. 361. See also: Cases cited in note 20-a above.
22. *Mahana v. U. S.* (1950)F. Supp., Court of Claims; 50-1 USTC Par. 9164.
23. *Poppenheimer v. Allen* (1497) 71 F. Supp. 788.
24. *Helen S. Fairbanks* (July 31, 1950) 15 T. C., #10; on appeal to CA-9 by taxpayer.

COAST-TO-COAST

HAZEL BROOKS SCOTT, Los Angeles, California

ATLANTA

Members of the Atlanta Chapter may not object to T. V. commercials so much after hearing Mrs. Cecil Fuller, Vice-president of Tucker-Wayne Advertising Co., explain at the February meeting that advertising is a force which has accomplished some amazing and wonderful things—not only in the distribution of manufactured products and services, but in the miracle of The American Way of Life.

CHICAGO

The speaker for the February meeting

was Mr. A. O. Turek, tax attorney for Sears, Roebuck & Co. Mr. Turek has specialized in taxes for 15 years and participates in the University of Chicago Annual Tax Conference. Grace Dimmer, C.P.A., and Adrienne Munroe, national president and national secretary, respectively, of ASWA, attended the March meeting and heard a discussion on "Hospital Accounting as It Affects Public Relations" by Mr. L. C. Mortrud, Administrator of Ingalls Memorial Hospital.

CINCINNATI

The chapter held its first public relations

meeting in March. Employers, members of the press, representatives of various other organizations, and members of the Indianapolis, Columbus, and Louisville chapters were invited as guests. Dr. Francis H. Bird, Dean of College of Business Administration at the University of Cincinnati, delivered an address on "Human Relations."

CLEVELAND

The annual closed meeting to discuss current chapter problems was held in February. "Twenty Years—What Then?" was an enlightening address presented at the March meeting by Mrs. Aryln Huston, Chairman of the Inter-Club Council. Mrs. Huston has her own insurance agency.

COLUMBUS

The mechanics of accounting were dealt with in a talk on "Summary Strip Accounting" presented at the February meeting by Mr. Robert L. Gregg of the McBee Company.

DES MOINES

A very successful public relations meeting was held in February, when an instructor and two women students from each of the Des Moines high schools and business colleges were guests of the chapter. "True Values" was the subject of a talk by Stella Barker, who is Chairman of the Y.W.C.A. Public Affairs Committee, State Civil Defense Chairman, and a past president of Business and Professional Women's Club. After the meeting the instructors expressed their appreciation of the chapter's interest in their students.

At the March meeting Mr. Sidney B. Smith, C.P.A., discussed the "Merits of Being a C.P.A. in Business." Mr. Smith is a member of NACA and of the Iowa Bar Association.

DETROIT

"The Accounting Concept of Income" was explained by Dr. George R. Husband, the speaker for the February meeting. Dr. Husband, author of two books and numerous articles on accounting, is a professor of accounting at Wayne University and at present a member of the Concepts and Standards Committee of the American Accounting Association.

At the March meeting the importance of a well-designed chart of accounts was stressed by Mr. Newman T. Halvorson, C.P.A., partner of Ernst & Ernst.

DISTRICT OF COLUMBIA

A talk on "Hotel and Restaurant Accounting" was presented in February by Mr. Elmer Kallio of Horwath & Horwath, public accountants. The chapter members received information in March about the "Problems Peculiar to Public Utilities" from Mr. W. H. Harrison, Jr., accountant and attorney with Potomac Electric Power Company.

GRAND RAPIDS

The idea of "Streamlining Our Minds" as presented in February by Mrs. Clayton Hoffman, teacher of "Effective Living," was particularly interesting to chapter members, most of whom had been "snowed under" with an avalanche of government paper work. "Navigating the Financial Seas" was the topic of an address at the March meeting by Mr. Abbott Norris of Norris and Alsover, investment counselors.

HOLLAND

At the February meeting Mr. Wendell A. Miles, County Prosecuting Attorney, spoke on the "Legal Aspects in Accounting." Mr. Miles is also a teacher of business law at Hope College. He pointed out how important it is for executors of estates to keep accurate books of account.

INDIANAPOLIS

The speaker at the February meeting was Mr. J. A. Raney, Superintendent of the State School for the Deaf, who told of the work of the school. At the March meeting Mr. Paul A. Stone, insurance specialist, chose as the subject of his talk, "We Bet Our Lives." The five lectures on Income Taxes and Wills scheduled by the Education Committee have been completed.

LONG BEACH

It was a real treat for the Long Beach members to hear Judge Roberta Butzbach, who spoke at the February meeting on the "Greatness of Faith." Judge Butzbach has served as Judge of the Municipal Court of Los Angeles and of the Superior Court of Riverside County. After the regular meeting there was a "Get Acquainted" meeting, planned by the Social Committee.

Eleven local bankers asked to attend the March meeting when the news reached them that the speaker was to be Mr. John Boyce-Smith, Assistant Cashier of the Loan Supervision Department of the Bank of America in Los Angeles. The subject of his address was "A Banker Looks at Financial Statements."

LOS ANGELES

At the February meeting the members learned "What an Accountant Should Know about General Insurance" from Mrs. Joan Wyman, who has been in the insurance business since 1929 and now has her own insurance office. Members again added to their knowledge of insurance in March when they learned "What Every Woman Should Know about Life Insurance" from Mrs. Frances Nowell, insurance broker with Massachusetts Mutual Life Insurance Company.

LOUISVILLE

The February meeting was the second annual birthday of the chapter, and Mr. Leo A. Meagher, Manager of the Better Business Bureau, was the speaker of the evening. Thirty-two members and guests were present in spite of extremely bad weather. "Financial Statements" were discussed at the March meeting by Mr. Hubbard Buckner, Vice-president of the First National Bank.

Sixteen members attended the January meeting of NACA, at which Edith Zimmerman introduced ASWA members and Esther M. Kachler stated the purposes of our organization.

MUSKEGON

Convinced that pensions are going to play a more and more important part in the future employment picture, the chapter decided to ask Mr. F. A. McCartney to explain "Modern Pension Planning" at the February meeting. Mr. McCartney, who is an Agency Group Supervisor for Equitable Life Assurance Society of United States, stated that there are some 11,000 different plans now in effect.

"Land Contracts" and "Negotiable Instruments" were subjects covered in the first two sessions of a series devoted by the study group to special points of business law.

NEW YORK

In February Mr. D. P. Sweetser, partner of Stevenson, Jordan & Harrison, illustrated his interesting talk on "Planning for Profits" with a "Visual Cast" projector. Mr. Harry E. Dieper of Lybrand, Ross Bros. & Montgomery spoke at the March meeting on "Stock Brokerage Accounting."

PITTSBURGH

The Charter Dinner, instituting the Pittsburgh Chapter of the American Soci-

ety of Women Accountants, was held at the Pittsburgh Athletic Association, on Saturday, March 31st.

Sponsored by the Cleveland Chapter, the Pittsburgh Chapter with fifty charter members, was inducted by Miss Marion A. Frye, C.P.A. of Cleveland, past national president of ASWA, and the charter was accepted by Miss Leona Robertson, Chapter President. Members of the Cleveland Chapter attended this meeting.

Guest speaker for the evening was Vincent Wesley Lanfear, Dean of the School of Business Administration of the University of Pittsburgh, other noted guests were: William W. Colledge, Penna Institute C.P.A.'s; W. H. Liddle Institute of Internal Auditors; L. J. Otis, National Association of Cost Accountants; and Ivan Hillman, National Association of Credit Managers.

The Pittsburgh Chapter, the 28th in the national organization is headed by Leona Robertson as President. Other officers include, S. Marion Campbell, First vice president; Elizabeth D. Walters, C.P.A., Second vice president; Sally Turner, Treasurer; Ruth S. Sundin of Peat, Secretary.

PHILADELPHIA

The chapter was fortunate in having Mr. George E. Chambers, Second Vice-president of Commerce Clearing House, Inc., speak at their February meeting on "Federal Taxes", a subject he knows so thoroughly. Mr. Chambers, in sketching a background of present tax laws, said that the first income tax became a law in 1913. In 1915 Congress appointed a commission to codify laws regarding assessing and collecting tax. This was twenty years in process. Between 1870 and 1939 there had been two hundred forty separate and distinct acts. In 1939 the Internal Revenue Code was created. All acts since only supplement or amend the 1939 code.

RICHMOND

"As the champion of democracy, America must do more preaching abroad and more practicing at home", Judge Burnita Shelton Matthews of Washington told the Richmond Chapter and their guests at the public relations meeting in March. Judge Matthews, the first woman ever to serve as a Judge of the United States District Court, spoke on "The Rights and Obligations of the Woman of Today."

"As true inheritors of inalienable rights, we have inalienable duties", Judge Matthews declared. "Among these are the duties to pass the heritage of freedom on to pos-

terity, to aid in the liberation of the mind of man everywhere and in the establishment of free societies." Also she stated that with increased privilege has come greater responsibilities for women, and she urged that they exercise their voting right, for in this country the ballot box is the means of self-government. She quoted a Supreme Court Justice who said recently: "It is not the function of our government to keep the citizen from falling into error; it is the function of the citizen to keep the government from falling into error."

SAN DIEGO

Mr. Byron Lindsley, attorney, spoke on "Contracts" at the February meeting. "Differences in State and Federal Income Tax" were explained in March by Mr. Hirsch Segal, C.P.A., of the Franchise Tax Board of California.

The Public Relations Committee has been authorized to send subscriptions for THE WOMAN C.P.A. to the San Diego Library, San Diego State College, San Diego Vocational School, and Balboa University.

SAN FRANCISCO

"Legal Aspects of Accounting" was the interesting topic chosen by the February guest speaker, Mr. Robert W. Scott, attorney. The speaker at the March meeting was Mr. Maurice C. Ulmer, and his subject, "Changing Trends in Credit." Mr.

Ulmer is a past president of the Credit Managers' Association and an instructor of credits and collections for the University of California Extension Division.

SEATTLE

In February Mr. Adlore Kehoe, attorney, presented an interesting and informative lecture on the "Excess Profits Tax Act of 1950." Highlighting the March meeting was an explanation by Mr. Robinson C. Jenner of "Siwash Economics" (State of Washington economics). Pauline A. King led the discussion of "Accounting for the Construction Industry" in the March study session.

TERRE HAUTE

In February Mr. J. Ellis Overlade, Warden at the United States Penitentiary in Terre Haute, talked about accounting procedures and forms used at that institution. An insight into banking was obtained in March from Mr. Nelson Schroeder, Assistant Trust Officer of Terre Haute First National Bank.

TOLEDO

"Accountants' Responsibility for Property Accounts" was the interesting topic presented in February at a joint meeting with NACA by Mr. Wm. Armstrong, Vice-president of the American Appraisal Company.

HOTEL ACCOUNTING

By CHARLOTTE ANN LAWRENCE *

The procedures used in hotel accounting are basically the same as other accounting procedures; however, this field is a specialized one as it is devised to meet the needs of an industry which operates 24 hours a day and 365 days a year.

Most hotels use the "Uniform System of Accounts for Hotels" which was prepared during 1925 and 1926 by a group of accountants for the Hotel Association of New York City.

This system was organized in such a way that it could be adapted by all hotels whether large or small, European or American plan, as well as apartment and resort hotels. The use of this system makes possible comparisons between several hotels or groups of hotels. The different hotel accounting firms supply statistics showing comparisons between hotel operations all over the United States.

Under this "Uniform System of Accounts," the records include a general ledger, accounts receivable ledgers (such as city, banquet, and delinquent ledgers) books of original entry comprising cash books, earnings record book, allowance record book, room statistics, restaurant and beverage statistics, a general journal and a monthly journal. Some hotels do not carry an accounts payable ledger but use the voucher register both as a journal and

* Charlotte Ann Lawrence is a member of the New York Chapter of ASWA. This article was the basis of a talk given by Mrs. Lawrence before the New York Chapter, ASWA. Mrs. Lawrence is employed with the public accounting firm of Harris, Kerr, Forster Co. and presently is resident auditor for a large hotel.