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**Letter from W. Sanders Davies, President, American Institute of Accountants, to Members and Associates of the AIA Re: Important Part of Form 1040 (Revised January, 1918) Issued by the United States Bureau of Internal Revenue for Individual Income Tax Return for the Calendar Year 1917.**

W. Sanders Davies

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AMERICAN INSTITUTE OF ACCOUNTANTS  
20 Vesey Street, New York.

February 2, 1918.

To the Members and Associates  
of the American Institute of Accountants:

Gentlemen:-

I desire to draw the attention of members and associates of the American Institute of Accountants to an important part of form 1040 (Revised January, 1918) issued by the United States Bureau of Internal Revenue for individual income tax return for the calendar year 1917.

On page 4 of the form you will find the following questions:

14. Is this return made from books kept on other than a cash basis?
15. If so, were such books audited by a public accountant?
16. By whom?
17. Is this return based on that accountant's report?

So far as I am aware the questions quoted above constitute the first official recognition of this kind of the importance of an independent audit by a public accountant, and I feel that everyone connected with the national organization of the profession should pay particular attention to these questions and in preparing the returns of clients should see that these questions are clearly and fully answered.

The Journal of Accountancy recently pointed out in an editorial the great responsibility which rests on the accounting profession to see that tax returns are absolutely true and complete. Now comes the official form for individual income tax return, giving an opportunity for the accountants to make known their readiness to shoulder the responsibility.

Permit me to quote the following paragraph from the editorial which I have mentioned:

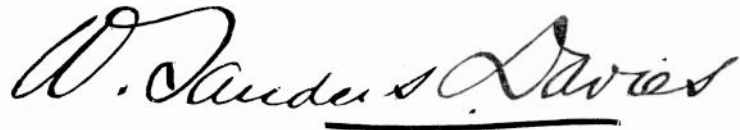
"An obligation rests upon every accountant to acquaint himself as thoroughly as possible with the provisions of the law, the regulations of the treasury department and the interpretations which have been or will be placed upon taxation laws by the courts. With this information firmly established in his

mind he can guide his client intelligently. His opinions may be at variance with those of the treasury and there may be re-assessments on many statements of condition, but if the accountant honestly and conscientiously tells the truth in all financial returns, no blame can attach to him or his client if his findings are not in accord with those of government officers. It is presumed that the intention of officers of the government is to administer the tax fairly. It should be even more certain that the accountant will report for his client honestly."

The forms of return for corporations and partnerships have not yet been issued, but presumably they will follow in this particular form 1040 to which I have referred.

I earnestly urge that each member and associate of the Institute keep in mind the fact that an opportunity is now afforded to the profession which it has not had in the past and that each and all do as much as possible to establish the profession on a firm basis in the eyes of the government and the tax paying public.

Yours sincerely,

A handwritten signature in cursive script that reads "W. Sanders Davis". The signature is written in dark ink and is positioned above a horizontal line.

President