Tax News

Louise A. Sallmann
So this is the “count-down-year” on T & E expenses. We have been warned in 1958 by the Line 6(a) approach. This approach is slightly reminiscent of the penalties imposed in 1948 for failure to file an estimate and penalties for underestimation of current year income taxes. The former penalties were never really imposed but the latter since 1952 have become a reality.

We as accountants and our clients have been blissfully complacent with reliance upon the “Cohan Rule.” After all, what have we had to lose beyond the 50% line of safety?

And now in 1960, we have new rules and this time fortunately or unfortunately as the case may be, they are rules which we and our clients and employers are going to have to face tax-wise and record-wise this year. We cannot hope for another relaxation upon the part of the Internal Revenue Service as we did in 1958 and 1959 because the movement for stringent regulations on T & E in 1960 are not only highly publicized but are being reinforced legislatively in mid-1960.

As in all movements of this kind, preparedness is essential to survival. The Internal Revenue Service will rely upon the “red-flags” which will be required on 1960 Tax Returns. They will require a completely new method of reporting. It behooves us if we are in the public accounting profession to advise our clients of the necessity to maintain the required records. And if we are employed in private industry we might as well gear our accounting system in mid-year to meet the end-of-the-year-1960 requirements.

And what are these requirements? For the first time in the history of tax-law a filed tax return will of necessity include the following information:

1. Every corporation, partnership and proprietorship will have to list on a schedule any deductions for expense account allowances paid to or for certain key employees.

An expense account allowance covers not only amounts advanced or reimbursed to, or paid directly for, an officer, partner, employee or proprietor. (Credit-card charges of all types are also included.)

Corporations will have to list such payments for the 25 highest paid officers, based on compensation plus the expense account allowance.

Partnerships will have to do likewise for the highest paid partners and the sole-proprietorship will not only have to account for the proprietor but his five highest paid and compensated employees.

Additional information in the form of a “yes and no” questionnaire dealing with the maintenance of permanent installations such as a hunting or fishing lodge, hotel suite, yacht and etc., will be included in the form for reporting.

Another form of check will be the nebulous question of “acceptable business practices.” More and more detailed records will be necessary, such as the “why, who, what, when, and where.”

Your Editor has only this to say, “Good luck, in wabbling through the ‘w’s’ during this year of 1960.”

ANNUAL MEETING AMERICAN SOCIETY OF WOMEN ACCOUNTANTS

In accordance with ARTICLE X, Section 1. of the National By-Laws of the American Society of Women Accountants, notice is hereby provided that the 20th Annual Meeting of the Society will be held in conjunction with that of the American Woman’s Society of Certified Public Accountants at the Warwick Hotel, Philadelphia, Pennsylvania, September 22-24, 1960. The annual business meeting of the American Society of Women Accountants has been called for 3:00 P.M. on Thursday, September 22, 1960.

Pauline R. Cady, National Secretary