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Announcements

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is an intrusion upon its processes, whereas a legacy tax is not imposed until the process is complete. An analogy is sought in the difference between the attempt of a state to tax commerce among the states and its right after the goods have become mingled with the general stock in the state. A consideration of the parallel is enough to detect the fallacy. A tax that was directed solely against goods imported into the state and that was determined by the fact of importation would be no better after the goods were at rest in the state than before. It would be as much an interference with commerce in one case as in the other.—*I. M. Darnell & Son Co. v. Memphis* (208 U. S., 113); *Welton v. Missouri* (91 U. S., 275). Conversely, if a tax on the property distributed by the laws of a state, determined by the fact that distribution has been accomplished, is valid, a tax determined by the fact that distribution is about to begin is no greater interference and is equally good.

Knowlton v. Moore (178 U. S., 41) dealt, it is true, with a legacy tax. But the tax was met with the same objection, that it usurped or interfered with the exercise of state powers, and the answer to the objection was based upon general considerations and treated the "power to transmit or the transmission or receipt of property by death" as all standing on the same footing (178 U. S., 57, 59). After the elaborate discussion that the subject received in that case we think it unnecessary to dwell upon matters that in principle were disposed of there. The same may be said of the argument that the tax is direct and therefore is void for want of apportionment. It is argued that when the tax is on the privilege of receiving, the tax is indirect because it may be avoided, whereas here the tax is inevitable and therefore direct. But that matter also is disposed of by *Knowlton v. Moore,* not by an attempt to make some scientific distinction, which would be at least difficult, but on an interpretation of language by its traditional use—on the practical and historical ground that this kind of tax always has been regarded as the antithesis of a direct tax; "has ever been treated as a duty or excise, because of the particular occasion which gives rise to its levy" (178 U. S., 81-83). Upon this point a page of history is worth a volume of logic.

The inequalities charged upon the statute, if there is an intestacy, are all inequalities in the amounts that beneficiaries might receive in case of estates of different values, of different proportions between real and personal estate, and of different numbers of recipients; or if there is a will affect legatees. As to the inequalities in case of a will they must be taken to be contemplated by the testator. He knows the law and the consequences of the disposition that he makes. As to intestate successors the tax is not imposed upon them but precedes them and the fact that they may receive less or different sums because of the statute does not concern the United States.

There remains only the construction of the act. The argument against its constitutionality is based upon a premise that is unfavorable to the contention of the plaintiffs in error upon this point. For if the tax attaches to the estate before distribution—if it is a tax on the right to transmit, or on the transmission at its beginning, obviously it attaches to the whole estate except so far as the statute sets a limit. "Charges against the estate" as pointed out by the court below are only charges that affect the estate as a whole, and therefore do not include taxes on the right of individual beneficiaries. This reasoning excludes not only the New York succession tax but those paid to other states, which can stand no better than that paid in New York. What amount New York may take as the basis of taxation and questions of priority between the United States and the state are not open in this case. Decree affirmed.

Edwin S. Doubleday announces that Herbert G. Farquhar and Edwin C. Doubleday are now associated with him as members of the firm of Doubleday, Farquhar & Doubleday, with offices at 293 Bridge street, Springfield, Massachusetts.

Case No. 1 is clearly wrong. Selling and administrative expenses must be absorbed as operating expenses, and no portion of them can properly be included in the cost of manufacture. Your two illustrations show why Case No. 1 is wrong: because of the inflation of the inventory and of the profits.

The question as to "how the overhead expenses for finished product and work in process should be figured when same are inventoried in Cases 1 and 2" cannot be answered in full. Case No. 1 is wrong and can be excluded. As to Case No. 2, all that can be said is that a good cost system should be installed to make an apportionment of the overhead on one of the several well-known bases, and that the goods in process and finished goods should be valued in accordance with the findings of the cost system.

It is coming to be recognized that the cost or market rule in the valuation of inventories of manufactured products applies to the labor element of cost as well as to the material element thereof.

Charles P. Rupp and Walter B. Bailey announce the consolidation of their practices under the firm name of Rupp & Bailey with offices at 255 California street, San Francisco, California.

R. G. Rankin & Co. announce that they have removed their offices to 61 Broadway, New York.

MacHugh, Hill & Co., San Francisco, announce that Neil E. Larkin has become a member of the firm. The firm also announces the opening of offices in the W. P. Story building, Los Angeles.

William Bryden and L. C. Fauble announce the formation of a partnership under the firm name of William Bryden & Co., with offices at 1817 Douglas street, Omaha, Nebraska.

Lewis M. Sternrich and Louis Siegel announce that they have formed a partnership under the firm name of Sternrich & Siegel, with offices at 31 Clinton street, Newark, New Jersey.

Flack & Flack announce that they have taken into partnership in their Sydney (Australia) office George Lormer, associate of the American Institute of Accountants.

Wells & Miller Co., Inc., announces that it has succeeded the firm of Wells, Elkins & Miller, Inc., with offices in the Allison building, Richmond, and the Krise building, Lynchburg, Virginia.

C. Herbert Johnson and Floyd B. Slabaugh announce the formation of a partnership under the firm name of Johnson & Slabaugh, with offices at 315 Monger building, Elkhart, Indiana.

that congress was no more successful in drafting the transportation act clearly and coherently than it was in the case of the income-tax laws.

W. H. LAWTON.

MUNICIPAL ACCOUNTS, by JOHN ALLCOCK. *Gee & Company*, London. 232 pp.

In the first ninety-seven pages of this compact little book (it is small enough to slip into an overcoat pocket) the author has accomplished the rather difficult task of outlining a complete set of accounts for an ordinary English municipality. The rest of the book contains all the forms for the accounts, reports, vouchers, etc., etc. According to the introduction (p. xii), the primary purpose of the book is to enable a borough treasurer, or the chief executive financial officer by whatever name known, to "give the maximum information" in as concise a form as possible to the members of the town council. It will be remembered that Mr. Oakey's book on state and municipal accounting, reviewed in these pages a short time ago, had the same object. Both serve a much more practical purpose in furnishing authoritative texts for the accountant, student and practising.

Owing to the similarity of municipal governments of this country to those of Great Britain, students who wish to acquire the fundamental elements of municipal accounting will find Mr. Allcock's little manual very helpful. Due regard, however, must be paid to differences in terminology and usage, e.g., "corporation redeemable stock" for municipal bonds, reversed debit and credit sides of accounts, etc.

W. H. LAWTON.

Marwick, Mitchell & Co. announce the opening of an office at 507 Main street, Worcester, Massachusetts.

John C. Stell announces the opening of an office at 280 Broadway, New York.

George E. Holmes, Ross W. Lynn, Randolph E. Paul and Valentine B. Havens announce the formation of a partnership, practising under the firm name of Holmes, Lynn, Paul & Havens, with offices at 15 William street, New York.

Charles L. Hughes announces the opening of offices at 110 William street, New York.

Lybrand, Ross Bros. & Montgomery announce that George Roscoe Keast has been admitted to membership in their firm in charge of their Pittsburgh office.

Arthur Young & Co. announce that A. O. Cushny has been admitted as a partner in association with Edward Fraser in the management of their office at 1105 Commerce building, Kansas City, Missouri.

Bishop, Brissman & Co. announce that Thomas J. Shannon of St. Paul, Minnesota, and J. A. Cull of Fargo, North Dakota, have been admitted as partners of the firm.

Joseph N. Tropp announces the dissolution of the firm of Laskey & Tropp and the continuation of his practice under the firm name of Joseph N. Tropp Co., with offices in the World building, New York.

T. A. Andrews & Co., Memphis, Tennessee, announce the opening of an office at 810 Stahlman building, Nashville, Tennessee.

West & Flint announce that William H. West has retired from the firm and that the practice hereafter will be continued under the name of West, Flint & Co., by the following partners: John Flint, Benedict F. Buhle, Philip S. Suffern, Max Frederich, William J. Buzby and Alexander B. Neill. The office since January 1st has been at 40 Rector street, New York.

Ernest E. Wooden announces that he has resigned from the vice-presidency of the Baltimore Audit Company and has opened an office at 1015 Munsey building, Baltimore, Maryland.

Hadfield & Rothwell, Hartford, Connecticut, announce that Charles Floyd Coates has been admitted to the firm.

George H. Bowers and Philip S. Suffern announce the discontinuance of the firm of Bowers & Suffern.

Perine & Nichols announce the admission to partnership of George H. Bowers, formerly of Bowers & Suffern, and the withdrawal from the firm of Frederick Fischer, Jr.

Frederick Fischer, Jr., announces the opening of an office in the Guaranty Trust building, 522 Fifth avenue, New York.

Orlando C. Moyer and Russell E. Briggs announce the dissolution of partnership. Orlando C. Moyer announces the continuance of his accounting practice under the firm name of Orlando C. Moyer & Co., with offices at 1737 Broadway, New York, and 201 Devonshire street, Boston, Massachusetts.

Hutchison & Smith, Praetorian building, Dallas, Texas, announce that Joseph C. Harris and James Hamilton Nance have been admitted to partnership in the firm.

William H. Mannix announces that he is entering into partnership with William L. Litle, Albert H. Schietinger and Thomas Dwight Goodwin under the firm name of Litle, Schietinger & Goodwin with offices at 110 State street, Boston, Massachusetts.