

2-1921

Announcements

American Institute of Accountants

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Recommended Citation

American Institute of Accountants (1921) "Announcements," *Journal of Accountancy*. Vol. 31: Iss. 2, Article 9.

Available at: <https://egrove.olemiss.edu/jofa/vol31/iss2/9>

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The Journal of Accountancy

tained by selling drafts on a foreign city, only the income of the partner resident within the United States is income from sources within the United States and subject to income tax.

6. A foreign corporation, having its home office abroad, which operates a line of steamships between the United States and foreign ports, consigns its steamships to an American firm, who handle them as agents and brokers, seeing to the entry and clearance of each steamer, the discharge and loading of cargo and supplies, collecting such part of the freight as is prepayable in this country, deducting the amount of its disbursements and charges and remitting the balance to the foreign corporation, derives income from sources within the United States to the extent that it derives income from traffic originating within the United States and is taxable upon such income.

(T. D. 3112, January 10, 1921)

Income tax

Concerning federal taxation as income of amounts withheld from the salaries of government employees, and of annuities paid to retired employees

The amounts deducted and withheld from the basic salary, pay or compensation paid to employees in the civil service of the United States, in accordance with the provisions of the act approved May 22, 1920, should be reported by such employees for income-tax purposes. The total compensation of the employees should be reported in gross income, and no corresponding deduction can be taken for the amounts withheld, inasmuch as such amounts are payments made toward the purchase of annuities provided for in the act and are not allowable deductions for income-tax purposes.

The annuities paid to retired employees are subject to tax to the extent that the aggregate amount of the payments exceeds the amounts withheld from the compensation of the employee.

Wallace A. Salmon announces the removal of his office to 412 Native Sons building, Sacramento, California.

David Levin announces the opening of an office in North American building, Philadelphia, Pennsylvania.

Arthur F. Thayer announces the removal of his office to 821 Smith building, Detroit, Michigan.

Lewis Wintermute announces the removal of his office to 325 Guardian building, Cleveland, Ohio.

Arthur P. Monk & Co. announce the removal of their offices to 16 Exchange place, New York.

Marwick, Mitchell & Co. announce that Thomas Ritchie has retired from partnership in the firm.

Students' Department

If an attempt were made to make the entry for \$140.00 x 500, or \$70,000.00, the debit to salaries would be offset by a credit to treasury stock of \$45,000.00 and a credit to surplus of \$25,000.00. The extra charge to salaries and credit to surplus would offset each other without accomplishing anything. While the president would receive securities worth more than \$45,000.00, the extra value is not paid by the corporation, but is the result of, or rather results in, a reduction of the book value of all common shares to an amount less than \$140.00.

INCOME TAX AND BONUS

On pages 231 to 234 of the September, 1920, issue of THE JOURNAL OF ACCOUNTANCY there appears a letter from a reader of the *Students' Department* explaining a short method of computing the amount of a bonus to be paid to an employee of a corporation when the federal income and excess profits taxes are to be considered an expense before arriving at the basis of the tax. One sentence of this letter is misleading and should be corrected. This sentence is on page 233, and reads as follows:

"When the bonus comes out of the 40% bracket the amount of the bonus before figuring taxes plus 4.8217813% of itself will give the final bonus."

The sentence should read as follows:

"When the bonus comes out of the 40% bracket, the amount of the bonus after figuring taxes as though the bonus were not an allowable deduction, plus 4.8217813% of itself will give the final bonus."

Pace & Pace, New York, announce that Charles T. Bryan has been admitted to the firm.

August J. Saxer announces the removal of his office to suite 802 La Salle building, St. Louis.

Edward Clifton Smith announces the removal of his New York office to 15 Park Row.

Charles Frost announces the opening of an office at 1482 Broadway, New York.

George K. Hyslop announces the opening of an office at 42 Broadway, New York.

William Topper announces the removal of his office to 29 Broadway, New York.

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Marwick, Mitchell & Co. announce the opening of an office in the Horter building, Plaza de Armas, Obispo and Oficios streets, Havana, under the supervision of S. L. G. Sutherland, with R. J. Austin as resident manager.

William D. Brash and M. L. Blanchard announce the formation of a partnership under the name of Brash & Blanchard, with offices at 18 Asylum street, Hartford, Connecticut, and World Tower building, New York.

Scovell, Wellington & Co. announce that the following have been admitted to partnership in the firm: J. Chester Crandell, F. Richmond Fletcher, William A. Schick, Harold S. Morse, Horace G. Crockett.

E. L. Bundy, M. A. Bundy and H. A. Raun announce the formation of a partnership under the designation Commercial Accounting Association, with offices at 842 Book building, Detroit, Michigan.

William Dillon, 67 Milk street, Boston, Massachusetts, announces that Schuyler Dillon has been admitted to the firm, which will continue in practice under the name of William Dillon & Son.

Snyder & Co. and Richter & Co. announce the consolidation of their practices under the firm name of Richter & Co., with offices in the Farmers' Bank building, Pittsburgh, Pennsylvania.

James F. Welch announces that he has admitted James J. Hastings to partnership. The firm name will be Welch & Hastings, with offices in Paterson, New York and Washington.

Smith & Scheuring Audit Company, of Green Bay, Wisconsin, announce the admission to partnership of Frank J. Jonet and the change of the firm name to Smith, Scheuring & Jonet.

MacHugh, Hill & Co., 277 Pine street, San Francisco, California, announce that they have succeeded to the practice formerly conducted by MacHugh & Garretson.

Arthur Young & Co. announce the opening of an office at 416 Pacific Finance building, Los Angeles, California, under the direction of George E. Dell, resident partner.

Frederick B. Emerson announces the opening of an office at 522-523 North American building, Philadelphia, Pennsylvania.