

3-1918

Announcements

American Institute of Accountants

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Recommended Citation

American Institute of Accountants (1918) "Announcements," *Journal of Accountancy*: Vol. 25: Iss. 3, Article 10.

Available at: <https://egrove.olemiss.edu/jofa/vol25/iss3/10>

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The Journal of Accountancy

information in relation thereto as will enable the commissioner of internal revenue to compute the amount of the tax properly due from each corporation on the basis of an equitable and lawful accounting.

For the purpose of this regulation two or more corporations will be deemed to be affiliated (1) when one such corporation owns directly or controls through closely affiliated interests or by a nominee or nominees, all or substantially all of the stock of the other or others, or when substantially all of the stock of two or more corporations is owned by the same individual or partnership, and both or all of such corporations are engaged in the same or a closely related business; or (2) when one such corporation (a) buys from or sells to another products or services at prices above or below the current market, thus effecting an artificial distribution of profits, or (b) in any way so arranges its financial relationships with another corporation as to assign to it a disproportionate share of net income or invested capital.

Art. 78. When affiliated corporations may be required to make consolidated return.—Whenever necessary to more equitably determine the invested capital or taxable income, the commissioner of internal revenue may require corporations classed as affiliated under article 77 to furnish a consolidated return of net income and invested capital. Where such consolidated return is required it may be made by any one or more of such corporations or by all of them acting jointly; but if such affiliated corporations, when requested to file such consolidated return, neglect or refuse to do so, the commissioner of internal revenue may cause an examination of the books of all such corporations to be made and a consolidated statement to be made from such examination. In cases where consolidated returns are accepted, the total tax will be computed in the first instance as a unit upon the basis of the consolidated return and will be assessed upon the respective affiliated corporations in such proportions as may be agreed among them. If no such agreement is made the tax will be assessed upon each such corporation in accordance with the net income and invested capital properly assignable to it.

ASSESSMENT AND COLLECTION

Art. 79. Assessment and collection governed by income tax regulations.—All excess profits taxes to which any taxpayer is subject shall be assessed and collected at the same times and in the same manner as provided with respect to income taxes in the income tax regulations in so far as the same are applicable.

Minnesota State Board of Accountancy

The governor of Minnesota has reappointed Julius J. Anderson a member of the Minnesota state board of accountancy for a three year term.

At the last meeting of the board certificates were authorized for the following, who passed the examinations in December: Arch A. Imus, Minneapolis; John Kelly Raglan, Minneapolis; Herman G. Brissman, St. Paul.

Iowa State Board of Accountancy

A. H. Hammarstrom, of Clinton, Iowa, has been appointed a member of the state board of accountancy to succeed Major E. C. Worthington, whose commission expired December 31, 1917. The board at a recent meeting organized as follows: E. G. Prouty, Davenport, chairman; A. H. Hammarstrom, Clinton, secretary-treasurer; P. L. Billings, Waterloo.