

216. GROSS INCOME AND EXCLUSIONS THEREFROM. The term "gross income" as used in this sub-title, includes gains, profits and income derived from salaries, wages or compensation for personal services of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce or sales or dealings in property, whether real or personal, growing out of the ownership, or use, or interest in such property (but income realized or loss sustained from the sale of property held by the taxpayer for two years or more other than property items customarily included in an inventory shall be ignored in computing income for the purposes of this sub-title); also from rent, royalties, interest, dividends, securities, or transactions of any business carried on for gain or profit, or gains or profits, and income derived from any source whatever, including gains or profits and income derived through estates or trusts by the beneficiaries thereof, whether as distributive or as distributable shares. The amount of all such items shall be included in the gross income for the taxable year in which received by the taxpayer, unless under the methods of accounting permitted herein, such amounts are to be properly accounted for as of a different period; but the term "gross income" does not include the following items which shall be exempt from taxation under this sub-title.

(a) The proceeds of life insurance policies paid by reason of the death of the insured, but interest thereon shall be assessed under the provisions of this sub-title.

(b) Amounts received (other than amounts paid by reason of the death of the insured) under life insurance, endowment or annuity contracts, either during the term or at maturity or upon surrender of the contract, equal to the total amount of premiums paid thereon; provided, however, that if in the case of annuities either for life or for a fixed term, the excess value thereof over amounts of premiums paid, derived through application of the life expectancy (under the Standard Experience Tables) or the number of years of the fixed term, shall not be exempt and shall for the purpose of computing the annual taxable income be divided by the number of years such annuities are payable. The annual income so computed shall be taxable as is other income.

(c) The value of property acquired by gift, bequest, devise or inheritance received during the year; but the income received by reason of such gifts, bequests, devises and inheritances shall be assessed under the provisions of this sub-title.

(d) Any amount received through accident or health insurance or under the Workmen's Compensation Act for personal injuries and the amount of any damages received, whether by suit or agreement on account of such injuries.