That Should Be Carefully Preserved By Everyone Who Renders an Income Tax Return.

(Continued From Last Week.) PARTNERSHIPS

required to render annual income-tax and in behalf of his ward? returne?

September 8, 1916, as amended by section 1204 of the war revenue act provides that:

which a partner would be entitled so his cotate? if the same were divided or otherof this title.

be ascertained.

quired of a partnership for income-tax also be required of him for and in benal Revenue or any district collector cess of administration and its net inis authorized to request at any time come from the date of the decedent's that a true and accurate return of a death to December 31 equals or expartnership's earnings, profits, and in ceeds \$1,000 amended, which income is specified in him addresses of the individuals who | return? the distributive share of each

to possession in the returns of in Otherwise, no comes made by individuals for the it should be understood, however, ments. When a trustee holds trusts any other political sub-division of a calendar year, therefore, there should that this answer is applicable only in created by different persons for the State is not required to withhold any be included such income accruing case where all the benficiaries are same benficiary be should make re amount of income tax from interes from the business of the partnership oftizens or residents of the United turn for each trust separately on which it may pay upon its own oblifor its business or fiscal year as may States. If any portion of the net in Form 1041. This ruling is based in gations, even though such interest is have been definitely ascertained by come of an estate or trust is distri- the identity of the creator and the paid to non-resident alien individuals means of a book balance, whether buted to a non-resident alien benefi identity of the trustee if the various or foreign corporations. members of partnerships are required mal income tax of 2 per cent is to be beneficiary ship profits ascertained at the end of porations, joint-stock companies, etc., the business year falling within the subject to a like tax or has been sub-court costs attorneys' fees (execu. Most Accurate Planter on the Market. return is being rendered

July, 1913, and in 1917 one of its in additional tax assessed thereon, will estimated to have occurred in the val dividual members sold his interest the net income be subject to tax in us of property owned by the estate? therein and retired. How is he to de. the hands of the beneficiaries when retermine the amount of gain or profit ceived by them?

ducted the amount of capital he has ed to render retarns and pay the taxes physical property forming a part of actually invested in the partnership's assessed thereon and, these taxes the corpus of such estate has suffered assets and the difference reported un having once been paid, such income depreciation through it employment der "Gross Income

109. What forms of income, if any, beneficiaries who receive the same are subject to withholding of tax at ship?

As the income received by a part in the hands of the partnership, no tax is to be withheld from income paid to a partnership, either domestic provisions of section 28 of the act of or foreign

### FIDUCIARIES.

executors or administrators, to or in excess of. \$800 that holds in trust an estate of an amount of normal income tax?

be fiductary relationdenote a "fiduciary" within the meaning of the income-tax law.

A fiductory relationship for the pur required to render income-tax returns pose of the income tax can not be covering income received by him? created by a power of attorney. An Anancillory administrator is held to States is the recipient of trust income agent haveing entire charge of prop be merely the agent of the domicilary for which there is but one beneficiary execute leases with tenants entirely transmit to the latter all information alien, the fiduciary will be required on his own responsibility, and without as to income received by him in order to make full and complete return on in connection with the property out tire of the estate. of rente merely turning over the net | tate or trust a right to inspect incomely to his principal by virtue of author- covering the income of an estate Ry conferred upon him by power of trust in which they are interested? In all cases where no legal trust has the benficiaries of the estate of his 1046 or 1046 A for each nonresident created in the estate controlled principal; thereore, benficiaries are alien benficiary. the agent and attorney the liability not entitled, as such, to an inspection

107. Are partnerships subject, as estate of an incompetent person re- executed on Form 1041, is required. stock companies, a such, to the Federal income tax and quired to render personal returns for

> would the ward if competent to act for himself, and in so doing the perentitled may be claimed.

112. Is the duly appointed adminis-Persons carrying on business in trator of an estate of a deceased per- immediately after his discharge upon ations, joint-stock companies, associapartnership shall be liable for in- son, who died during the tax year, re- final accounting, file with the proper tions, or insurance companies, to forcome tax only in their individual ca- quired to render a personal return for collector of internal revenue a re- eign corporations, joint-stock companpacity, and the share of the profits to and in behalf of the deceased, and al- turn covering the income and deduc- ies, etc., having no office or place of

the income which is exempt from tax. to pay and will be held liable for

the items of "Gross income" and gen which is regularly distributed among or administrator

It is held that an income from a trust equals or exceeds \$1.000 Yes, income of the several trusts? partnership accrues to the individual also if all the benficiaries are mar. The trustee should make a single personal exemption is claimed and partner at the time his distributive ried and the distributive interest of return on Form 1641 for all the trusts then only from the amount paid in exinterest is determined and reducible any one equals or exceeds \$2.000 in his hands, notwithstanding the fact cess of the exemption claimed

tax at the source or any subsequent year are required ductary renders returns covering the thorself to render excess-profits tax returns income and deductions of the estate. 125. May a fiduciary claim as a de-108. A partnership was organized in and pays the amount of normal and duction the amount of depreciation

derived from the transaction which is. No. The cotate during administrareturnable for income-tax purposes? | tion is held to be a taxable entity, the diction provides for keeping the cor From the selling price should be de fiduciary having it in charge is requir pus of the estate intact and where is exempt from tax in the hands of the in business, a deduction from gross;

The income of estates in process of the source when paid to a partner, administration or in trust for accumu lation of income is taxed as for an unmarried person

115. Is any other than a return of turn of income income required of a fiduciary?

September 8, 1916, as amended by - section 1211 of the war-revenue act and will be required to render to the ists, or when actual depreciation oc-110. Who are classed as fiduciaries? Commissioner of Internal Revenue a curs the amount thereof, and that The term "fiduciary" is one that return of information, if during the the same has been or will be preapplies to all persons or corporations tax year any income has been paid to served and applied as such. All amthat occupy positions of peculiar con an individual, partnership, corpora ounts paid by fiduciaries to beneficifidence toward others, such as trustion, joint-stock company, etc., equal aries of trust estates from income of

116. is a fiduciary required to deperson or corporation duct and withhold at the source any

> Yes If any distribution or ment of fixed or determinable gain. to be deducted and withheld

117. In an ancillary administrator

paying taxes that the domiciliary administrator other charges may make a return covering the eg. may be, for this trust income on be-

118. Have the benficiaries of an esprofits from the property periodical tax returns rendered by a fiduciary An executor, administrator or trus. 1041 for and in behalf of the trust es-

the law rests with the pricipal of returns of income filed by such a

guired of me?

cuted on Form 1940, for and in behalf similar obligations of

Yes, under the same conditions as prior to the close of the calendar year panies, associations, or insurance in a case when the estate is finally companies having no office or place distributed and he is discharged from of business in the United States. sonal exemption to which the ward is and relieved of his trust during that When dividends are paid upon the

If the net income of the deceased January 1, to the date of his dis tax at the rate of 2 per cent is to be wise, shall be returned for taxation from January 1 of the year during charge. To such a return there should withheld. and the tax paid under the provisions which he died to the date of his death be attached a certificate, under seal. No amount of tax is to be withheld distributive share of partnership ears. in the case of a married person, the intrator or executor, and the tax as foreign ings or profits, which is taxable in the administrator should file a personal sessed against that return may be. The normal income tax is not to be hands of the individual member, is to return, executed on Form 1948, for paid immediately after receipt from deducted and withheld from any pay and in behalf of the deceased, and a the collector of a notice of the amount ment of income made to a citizen or

purposes, the Commissioner of Inter. half of the estate, if it remains in pro- held a life insurance policy in which mortgage, or other obligation issued icy subject to income tax?

come shall be made, excepting only The administrator will be required cies payable to the estate of the federal income, tax law upon dent when received by his executor the obligee or to reimburse the obli ation under the provisions of section amount of tax which may be asses or administrator are in the amount gee for any portion of the tax which 4 of the act of September 8, 1916, as against any such return rendered by by which such proceeds exceed the the obligor may be required or per premium or premiums paid by the mitted to pay thereon, or to retain the answer to the eighteenth question | 113. to the trustee having charge decedent income to the estate and are therefrom, under any law of the Un-The required return shall set forth all of a trust estate, the net income of to be accounted for by the executor ited States. That is, if interest is

eral deductions, and the names and the beneficiaries, required to render a 123. Where, in the case of more the or resident corporation, joint-stock than one trust, the creator in each in company, etc., which contains a so would be entitled to the net earnings. Yes, if any one of the beneficiaries stance is the same person, and the called "tax-free" of "no deduction" profits, or income, of distributed, and is unmarried and his or her distributed in each instance in the same, clause to a citizen or resident of the live interest in the net income of the how will the trustee account for the linited States normal tax at the rate

that they arise from different instru A State, county, municipality, or distributed or not in other words, ctary a return is required and the nor. trusts and not upon the identity of the

to make returns of income like other deducted and withheld from so much 124. May the expenses of administraindividuals for the calendar year, and of the amount remitted to such bened ton estate be claimed by the fir ... International Corn Plantersshould include in their returns he net fictaries as was not derived from div. duciary so deductions in computing proceeds of their interests to partner idends or from the net carnings of cor. the cotate's liability for income tas?

Expenses of administration, such as calendar year for which the individual ject to the withholding of the normal tor's commissions, etc. are charges ble against the corpus of the estate All domestic partnerships having a 114. In a case where an estate is in and are not allowable as deductions net income of \$6,000 or more for 1917. process of administration and the 6. to the estate or the beneficiaries

decree of a court of competent juris income for the purpose of caring for this depreciation, where the deduction is applied or held by the fiduciary for making good such depreciation, may be claimed by the fiduciary in his re-

Fiduciaries when making such a Yes Piduciaries come within the claim should set forth in connection) with their returns the provisions of law, trust, or decree requiring such depreciation deduction where any exsuch trust estates, whether from retreated for income tax purposes accordance with the provisions of law and regulations applicable to the in-

come of such beneficiaries 126. What returns are required from a fiduciary in the United States where the beneficiaries of the trust

are non-resident alien individuals? Where a fiductory in the United The former should and that beneficiary a non-resident income tax Form 1949 A. as the case half of the nonresident alien and pay any and all tax shown by such return to be due. Where there are two or more beneficiaries, one whom are nonresident aliens, the fiduciary shall render a return on Form the income-tax law, tee acts for his principal, and not for tate and a personal return on Form.

> WITHHOLDING OF TAX. 127. At what rates and from what ncome is the normal income tax new

121. May an executor or administ surance companies, when paid to fortrator render his fiduciary returns eign corporations, joint-stock com-

capital stock or from the net earnings An administrator or executor may, of domestic or other resident corportions of the estate for the period of business in the United States, normal

equalled or exceeded \$1,000, in the setting forth the fact of the final ac- from any payment of income made to This section further states how the case of an unmarried person, or \$2,000 counting and discharge of the admin- a partnership, whether domestic or

While annual returns are not re return executed on the same form will assessed and a demand therefor. resident of the United States except 122. An individual, now deceased, when derived from interest on a bond. QUEEN ANNE'S NATIONAL BANK his estate was named as the benefit by a domestic or resident corpora ciary. Are the proceeds of this pol- tion which contains a contract or provision by which the obligor agrees to The proceeds of life insurance poli pay any portion of the tax imposed by paid upon any obligation of a domesof 2 per cent is to be withheld, unless

(Continued Next Week.)

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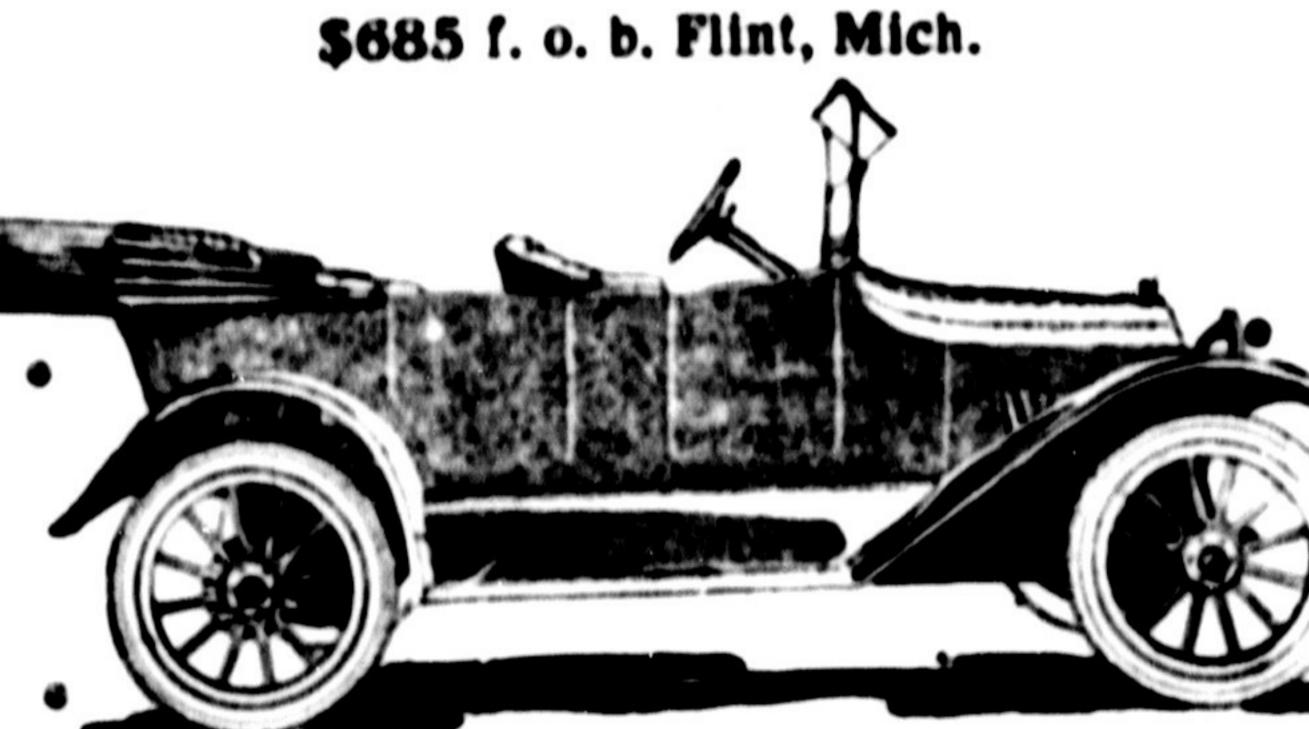
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