

UNITED STATES
STATUTES AT LARGE

CONTAINING THE

LAWS AND CONCURRENT RESOLUTIONS
ENACTED DURING THE FIRST SESSION OF THE
SEVENTY-SIXTH CONGRESS
OF THE UNITED STATES OF AMERICA

1939

AND

TREATIES, INTERNATIONAL AGREEMENTS OTHER
THAN TREATIES, AND PROCLAMATIONS

COMPILED, EDITED, INDEXED, AND PUBLISHED BY AUTHORITY OF LAW
UNDER THE DIRECTION OF THE SECRETARY OF STATE

VOLUME 53

PART 1

INTERNAL REVENUE CODE

APPROVED FEBRUARY 10, 1939



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1939

For sale by the
Superintendent of Documents
Government Printing Office, Washington, D. C.
Price \$5.00 (Buckram)

PREFACE

The Internal Revenue Code, approved February 10, 1939, and published in this volume as Public Act No. 1 of the Seventy-sixth Congress, is the first Federal act of its kind since the Revised Statutes of the United States, approved June 22, 1874. Title XXXV of the Revised Statutes embraces the general and permanent statutes relating exclusively to internal revenue, in force on December 1, 1873.

The internal revenue title, which comprises all of the Code except the preliminary sections relating to its enactment, is intended to contain all the United States statutes of a general and permanent nature relating exclusively to internal revenue, in force on January 2, 1939; also such of the temporary statutes of that description as relate to taxes the occasion of which may arise after the enactment of the Code. These statutes are codified without substantive change and with only such change of form as is required by arrangement and consolidation. The title contains no provision, except for effective date, not derived from a law approved prior to January 3, 1939.

The derivation of the title, in its textual sequence, is shown in the appendix, part I, table A. Conversely, the placement of the statutes in the title, cited in their chronological order, is shown in table B. The Revised Statutes of the United States and the Statutes at Large of the United States are the sources of the law codified. The Revised Statutes cover the period ended December 1, 1873. The Statutes at Large codified cover the period following December 1, 1873, and are published in the 35 volumes numbered 18 to 52, inclusive. The separate enactments carried into the internal revenue title, wholly or in part, from the Statutes at Large are 143 in number, exclusive of 93 statutes involving express amendment, reenactment, or repeal. The 277 Revised Statutes sections codified were derived from 21 basic statutes. The whole body of internal revenue law in effect on January 2, 1939, therefore, has its ultimate origin in 164 separate enactments of Congress. The earliest of these was approved July 1, 1862; the latest, June 16, 1938.

The Internal Revenue Code is an enactment without change of the 1939 edition of the Codification of Internal Revenue Laws prepared by Mr. Colin F. Stam and Mr. L. L. Stratton, of the staff of the Joint Committee on Internal Revenue Taxation, with the assistance of the Department of the Treasury and the Department of Justice. The bill embodying that codification, H. R. 2762, was introduced on January 18, 1939, by Mr. Doughton, of North Carolina, chairman of the Committee on Ways and Means of the House of Representatives and vice chairman of the Joint Committee on Internal Revenue Taxation. Mr. Doughton submitted the unanimously favorable report of the Committee on Ways and Means on January 20. Unanimous consent for consideration of the bill was requested and objected to on January 23. It was called up on the following Calendar Wednesday, January 25, and passed on that date by a vote of 350 to 16. On January 27, the bill was messaged to the Senate and referred to the Committee on Finance, before whom a hearing was held on the 30th. At the direction of Mr. Harrison, of Mississippi, chairman of the Joint Committee on Internal Revenue Taxation and of the Committee

on Finance, Mr. George, of Georgia, a member of both committees, submitted the unanimously favorable report of the Committee on Finance on February 1. The bill was considered by the Senate on the following day and passed without a record vote.

The 1939 codification was the fourth to be published by the staff of the Joint Committee on Internal Revenue Taxation. The first, published in 1930, embraced the general and permanent internal revenue laws in force on December 1, 1930; the second, published in 1933, the laws in force on July 16, 1932; and the third, published in 1938, the laws in force at the beginning of that year.

In the preparation of these codifications, invaluable assistance was received from the Department of the Treasury, the Department of Justice, and the Legislative Reference Service of the Library of Congress. To the Division of Research and Publication of the Department of State grateful acknowledgment is made of the index to this volume and of their expert aid in the revision of the proof of the appendix.

The appendix, published under the provisions of section 9 of the Internal Revenue Code, is divided into four parts. Part I consists of tables of reference to internal revenue statutes. Tables A and B have been described above. Table C cites the statutes expressly repealed, in whole or in part, together with the repealing statutes. Table D cites the statutes expressly amended or reenacted, with the amending or reenacting statutes. The derivation of the sections of the Revised Statutes relating to internal revenue is shown in table E. Mr. W. H. McClenon, of the Legislative Reference Service of the Library of Congress, rendered indispensable aid in the preparation of these tables, as well as of the Code generally.

Part II of the appendix contains the provisions of the Constitution of the United States relating to taxation.

Part III of the appendix, prepared by the Department of the Treasury, contains miscellaneous statutory and treaty provisions affecting the administration of internal revenue laws but omitted from the Code for the reason that they are of a temporary nature or do not relate exclusively to internal revenue.

Part IV of the appendix digests several court opinions construing the repeal provisions of the Revised Statutes. The similarity of the repeal provisions of the Revised Statutes and those of the Code suggests the possible applicability of these decisions to questions that may arise affecting the Code.

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NOTICE

The original of every act and joint resolution printed in this volume has the following heading:

SEVENTY-SIXTH CONGRESS OF THE UNITED STATES OF AMERICA;

AT THE FIRST SESSION

Begun and held at the City of Washington on Tuesday, the third
day of January, one thousand nine hundred and thirty-nine

All bills and joint resolutions presented to the President of the United States bear the signatures of the Speaker (or of the Speaker *pro tempore*) of the House of Representatives and of the Vice President of the United States and President of the Senate (or of the President of the Senate *pro tempore*); those signatures accordingly appear on the originals of all acts and joint resolutions.

The signature of the President of the United States appears on the originals of all approved acts and joint resolutions.

The original of every act and joint resolution has endorsed thereon a certificate of origin, signed, as the case may be, by the Clerk of the House of Representatives or by the Secretary of the Senate and reading "I certify that this Act (or Joint Resolution) originated in the House of Representatives (or Senate)." The origin of the act contained in this part of the volume, as indicated by "H. R. 2762" in the headnote on page 1, was in the House of Representatives.

INTERNAL REVENUE CODE

FEBRUARY 10, 1939
[H. R. 2762]
[PUBLIC, No. 1]
Chapter 2

INTERNAL REVENUE CODE

Intended to Include All General and Permanent Laws of the United States and Parts of Such Laws, Relating Exclusively to Internal Revenue, in Force on January 2, 1939, and All Internal Revenue Laws Relating to Temporary Internal Revenue Taxes the Occasion for Which Arises After the Effective Date of the Code

FIRST SESSION OF THE SEVENTY-SIXTH CONGRESS
OF THE
UNITED STATES OF AMERICA

AN ACT

To consolidate and codify the internal revenue laws of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the laws of the United States hereinafter codified and set forth as a part of this act under the heading "Internal Revenue Title" are hereby enacted into law.

SEC. 2. CITATION.—This act and the internal revenue title incorporated herein shall be known as the Internal Revenue Code and may be cited as "I. R. C."

SEC. 3. EFFECTIVE DATE.—Except as otherwise provided herein, this act shall take effect on the day following the date of its enactment.

SEC. 4. REPEAL AND SAVINGS PROVISIONS.—(a) The Internal Revenue Title, as hereinafter set forth, is intended to include all general laws of the United States and parts of such laws, relating exclusively to internal revenue, in force on the 2d day of January 1939 (1) of a permanent nature and (2) of a temporary nature if embraced in said Internal Revenue Title. In furtherance of that purpose, all such laws and parts of laws codified herein, to the extent they relate exclusively to internal revenue, are repealed, effective, except as provided in section 5, on the day following the date of the enactment of this act.

(b) Such repeal shall not affect any act done or any right accruing or accrued, or any suit or proceeding had or commenced in any civil cause before the said repeal, but all rights and liabilities under said acts shall continue, and may be enforced in the same manner, as if said repeal had not been made; nor shall any office, position, employment, board, or committee, be abolished by such repeal, but the same shall continue under the pertinent provisions of the Internal Revenue Title.

(c) All offenses committed, and all penalties or forfeitures incurred under any statute hereby repealed, may be prosecuted and punished in the same manner and with the same effect as if this act had not been passed.

(d) All acts of limitation, whether applicable to civil causes and proceedings, or to the prosecution of offenses, or for the recovery of penalties or forfeitures, hereby repealed shall not be affected thereby, but all suits, proceedings, or prosecutions, whether civil or criminal, for causes arising, or acts done or committed, prior to said repeal, may be commenced and prosecuted within the same time as if this act had not been passed.

(e) The authority vested in the President of the United States, or in any officer or officers of the Treasury Department, by the law as it existed immediately prior to the enactment of this act, hereafter to give publicity to tax returns required under any internal revenue law in force immediately prior to the enactment of this act or any information therein contained, and to furnish copies thereof and to prescribe the terms and conditions upon which such publicity may be given or such copies furnished, and to make rules and regulations with respect to such publicity, is hereby preserved. And the provisions of law authorizing such publicity and prescribing the terms, conditions, limitations, and restrictions upon such publicity and upon the use of the information gained through such publicity and the provisions of law prescribing penalties for unlawful publicity of such returns and for unlawful use of such information are hereby preserved and continued in full force and effect.

SEC. 5. CONTINUANCE OF EXISTING LAW.—Any provision of law in force on the 2d day of January 1939 corresponding to a provision contained in the Internal Revenue Title shall remain in force until the corresponding provision under such Title takes effect.

SEC. 6. ARRANGEMENT, CLASSIFICATION, AND CROSS REFERENCES.—The arrangement and classification of the several provisions of the Internal Revenue Title have been made for the purpose of a more convenient and orderly arrangement of the same, and, therefore, no inference, implication or presumption of legislative construction shall be drawn or made by reason of the location or grouping of any particular section or provision or portion thereof, nor shall any outline, analysis, cross reference, or descriptive matter relating to the contents of said Title be given any legal effect.

SEC. 7. EFFECT UPON SUBSEQUENT LEGISLATION.—The enactment of this act shall not repeal nor affect any act of Congress passed since the 2d day of January 1939, and all acts passed since that date shall have full effect as if passed after the enactment of this act; but, so far as such acts vary from, or conflict with, any provision contained in this act, they are to have effect as subsequent statutes, and as repealing any portion of this act inconsistent therewith.

SEC. 8. COPIES AS EVIDENCE OF ORIGINAL.—Copies of this act printed at the Government Printing Office and bearing its imprint shall be conclusive evidence of the original Internal Revenue Code in the custody of the Secretary of State.

SEC. 9. PUBLICATION.—The said Internal Revenue Code shall be published as a separate part of a volume of the United States Statutes at Large, with an appendix and index, but without marginal references; the date of enactment, bill number, public and chapter number shall be printed as a headnote.

SEC. 10. INTERNAL REVENUE TITLE.—The Internal Revenue Title, heretofore referred to, and hereby and herein enacted into law, is as follows:

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