

TAX ON TRANSPORTATION OF PROPERTY

000626

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE April 6, 1944

TO : Mr. David White

FROM: Milton Sargoy

Re : Tax on transportation of property
and reference thereto from the
Office of the Chief Clerk

Section 3475(a) of the Internal Revenue Code [26 U.S.C. 3475(a)] imposes a tax equal to 3% of the amount paid for the transportation for hire of property from one point in the United States to another by rail, motor vehicle, water, or air. Originally and by amendment, amounts paid for the transportation of property to or from the United States or any agency or instrumentality thereof, or any State, Territory, or political subdivision thereof, or the District of Columbia were made exempt from the tax, as were amounts paid to the Post Office Department for that purpose.

The Revenue Act of 1943 [Public Law 235, February 25, 1944, Sec. 307] has eliminated the exemption in favor of the United States, its agencies and instrumentalities, and at the same time has broadened the exemption to exempt amounts paid by or to the War Shipping Administration for the transportation of property in certain instances and amounts paid for the transportation of property to or from any corporation created by act of Congress to act in matters of relief under the Treaty of Geneva of August 22, 1864.

Should the Board have occasion to arrange for the transportation of property by rail, etc., then commencing June 1, 1944 (the effective date of the amendments contained in the Revenue Act of 1943) it will be subject to the 3% tax on the amounts paid for such transportation.

The reference from the Chief Clerk does not refer to the transportation tax on the carriage of persons by rail, motor vehicle, water, or air imposed by Section 3469(a) of the Internal Revenue Code [26 U.S.C. 3469(a)]. This tax has been increased

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by the Revenue Act of 1943 from 10% to 15% of the amount paid for such transportation. As in the case of the transportation tax on property, the exemption which heretofore ran in favor of the United States, its agencies, or instrumentalities has been removed Revenue Act of 1943, Section 307 and the Board commencing June 1, 1944 will be subject to the tax upon all amounts paid by it for the transportation of persons.

I am returning to you Mr. Bergfeld's reference with the suggestion that the notation "No action was necessary for this activity" be crossed out, leaving intact the notation "That the necessary action will be taken by this activity", since we are not in a position at this time to determine whether the Board will ever be subject to the tax.

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M. S. Goy
MBargoy:dk 4/6/44

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