

No. 434, S.]

[Published August 17, 1927.]

CHAPTER 539.

AN ACT to amend sections 71.01, 71.02, subsections (3), (4), and (5) of section 71.03, the introductory paragraph and subsections (1), (3), (4) and (6) of section 71.04; to repeal section 71.05; to create section 71.05; to amend section 71.06, subsection (2) of section 71.08; to repeal sections 71.09, 71.10, 71.11, 71.115, and 71.12; to create new sections to be numbered 71.09, 71.095, 71.10, 71.11, 71.12; to amend subsections (2), (3), and (4) of section 71.13, sections 71.14 and 71.15; to repeal section 71.155, subsection (1) of section 71.16, and section 71.17; to renumber subsection (2) of section 71.16; to create sections 71.16 and 71.17; to amend sections 71.18, 71.19, 71.195, 71.23, and 71.24; to renumber section 71.25; to create subsection (2) of section 71.25; to amend subsection (1) of section 74.26 and subsection (2) of section 73.04; to repeal section 71.26 and to renumber section 71.27 to be section 71.26, relating to income taxes and the powers of the tax commission.

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. Section 71.01 of the statutes is amended to read: 71.01 Persons and subjects taxable. There shall be assessed, levied, collected and paid a tax on all * * * *average net incomes as hereinafter provided*, by every person residing within the state *or by his personal representative in case of death*; and by every non-resident of the state, upon such income as is derived from property located or business transacted within the state, except as hereinafter exempted * * * . *Every natural person domiciled in the state of Wisconsin, and every other natural person who maintains a permanent place of abode within the state or spends in the aggregate more than seven months of the income year within the state, shall be presumed to be residing within the state for the purposes of determining liability for income taxes and surtaxes.* This section shall not be construed to prevent or affect the correction of errors or omissions in the assessment of income of former years * * * *in the manner provided in sections 71.10 and * * * 71.11.*

SECTION 2. Section 71.02 of the statutes is amended to read: 71.02 Definition of terms; what income taxable. (1) The term "person," as used in this act, shall mean and include natural

persons, fiduciaries and corporations, and the word "corporation" shall mean and include corporations, joint stock companies, associations or common law trusts organized or conducted for profit, * * * unless otherwise expressly stated. The term "net income" as used in this chapter shall mean "gross income" less allowable deductions. The term "average taxable income" as used in this chapter shall mean the average of the net incomes for the years specified.

(2) The term "gross income," as used in this act, shall include:

(a) All rent of Wisconsin real estate.

(b) All dividends derived from stocks and all interest derived from money loaned or invested in notes, mortgages, bonds or other evidence of debt of any kind whatsoever; provided, that the term "dividends" as used in this section shall be held to mean * * * all dividends derived from stocks whether paid to its shareholders in cash or property of the corporation.

1. For the purpose of this section every distribution is presumed to be made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits.

2. Any earnings or profits accumulated, or increase in value of property accrued, before January 1, 1911, may be distributed exempt from tax, after the earnings and profits accumulated after January 1, 1911, have been distributed, but any such tax-free distribution shall be applied against and reduce the cost or other income tax basis provided in section 71.02 (2) (d). If such or any similar tax-free distributions exceed such cost or other income tax basis, any excess shall be included in the gross income of the year in which received.

3. Amounts distributed in liquidation of a corporation shall be treated as payment in exchange for the stock, and the gain or loss to the distributee resulting from such exchange shall be determined under the provisions of this paragraph and section 71.02 (2) (d). No amounts received in liquidation shall be taxed as a gain until the distributee shall have received amounts in liquidation in excess of his cost or other income tax basis provided in section 71.02 (2) (d), and any such excess shall be taxed as gain in the year in which received. Losses upon liquidation shall be recognized only in the year in which the corporation shall have made its final distribution. For the purposes of this paragraph a corporation shall be considered to be liquidating

when it begins to dispose of the assets with which it carried on the business for which it was organized and begins to distribute the proceeds from the disposition of such assets, or the assets themselves, whether or not such disposition and distribution is made pursuant to resolution for dissolution, provided that any distribution of current earnings of a corporation shall not be considered to be a distribution in liquidation unless the corporation making such distribution has ceased or is about to cease carrying on the business for which it was organized.

4. *All dividends received by any person paid in any property other than cash shall be valued at the fair market value of such property on the date of the distribution.*

5. *A dividend paid by a corporation in its own capital stock shall not be subject to income tax as a dividend at the time of its receipt by a stockholder; but the sale of such stock may result in a gain or loss for income tax purposes, and the gain or loss from the sale of such stock and from the sale of the stock with respect to which it was issued, shall be determined as provided in this paragraph and in section 71.02 (2) (d). For the purpose of determining the profit or loss on the sale or other disposition of stock received as a stock dividend or of the stock with respect to which such stock dividend was issued, the cost or other basis of the old and of the new shares shall be such proportion of the previous cost or other basis of the old stock as is properly allocable to each, under regulations prescribed by the tax commission. If before or after the distribution of any stock dividend the corporation proceeds to cancel or redeem its stock at such time and in such manner as to make the distribution and cancellation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend, the amount so distributed in redemption or cancellation of the stock to the extent that it represents a distribution of earnings or profits accumulated after January 1, 1911, shall be treated as a taxable dividend as herein defined.*

(c) All wages, salaries or fees derived from services; provided, that compensation to public officers for public service shall not be computed as a part of the taxable income in such cases where the taxation thereof would be repugnant to the constitution.

(d) All profits derived from the transaction of business or from the sale of real estate or other capital assets; provided, that

for the purpose of ascertaining the gain or loss resulting from the sale or other disposition of property, real or personal, acquired prior to January 1, 1911, the fair market value of such property as of January 1, 1911, shall be the basis for determining the amount of such gain or loss; and, provided, further, that the basis for computing the profit or loss on the sale of property acquired by gift after 1922 shall be the same as it would have been had the sale been made by the last preceding owner who did not acquire it by gift; and in case the taxing officers are unable to ascertain the cost of the property to such prior owner, if acquired after January 1, 1911, then the basis shall be the value thereof at or about the time it was acquired by him, and such value shall be determined from the best information obtainable. In computing profit or loss on the sale of property acquired by descent or by will since January 1, 1911, the appraised value of such property in the administration of the estate of the deceased owner as of the date of his death shall be deemed to be the fair market value of said property at said date. *The basis mentioned above shall in cases of sale of property be diminished by the amount of the deduction for exhaustion, wear and tear and depletion which have, since the acquisition of the property, been allowed as deductions under all Wisconsin income tax laws; and such basis shall also be diminished by the amounts of all income deferred by the taxpayer and used to reduce property, and all anticipated losses on such property which have been deducted from taxable income.* If property, exclusive of inventories (as raw materials, goods in process and finished goods), as a result of its destruction in whole or in part by fire or other casualty, is involuntarily converted into money which is within one year in good faith, under regulations prescribed by the tax commission, expended in the replacement of the property destroyed or in the acquisition of other property similar or related in service or use to the property so destroyed, or in the establishment of a replacement fund which, within two years from the date of the fire or other casualty is actually expended to replace the property destroyed or in the acquisition of other property similar or related in service or use to the property destroyed, no gain * * * shall be recognized, and *in the case of gain* the property so replaced or acquired, for purposes of depreciation and all other purposes of taxation, shall be deemed to take the place of the property so destroyed. If any part of

the money is not so expended, the gain, if any, shall be recognized, but in an amount not in excess of the money which is not so expended. *A replacement of property by an insurance company shall be deemed to be an expenditure by the taxpayer of insurance moneys received by him from the insurance company for the purposes of this subsection.*

(e) All royalties derived from mines or the possession or use of franchises or legalized privileges of any kind.

(f) * * * *If any transfer of a reserve or other account or portion thereof is in effect a transfer to surplus, so much of such transfer as had been accumulated through deductions from the gross or taxable income of the years open to audit under sections 71.10 and 71.11 shall be included in the gross or taxable income of such years, and so much of such transfer as has been accumulated through deductions from the gross or taxable income of the years following January 1, 1911, and not open to audit under sections 71.10 and 71.11 shall be included in the gross or taxable income of the year in which such transfer was effected.*

(g) Life insurance paid to the insured, and insurance paid to a corporation or partnership upon policies on the lives of its officers, partners or employes, * * * *after deducting from such insurance the cash surrender value thereof on January 1, 1911, and all net premiums paid thereafter and not deducted on Wisconsin income tax returns.*

(h) And all other gains, profits or income of any kind derived from any source whatever except such as hereinafter exempted.

(i) 1. *No gain or loss shall be recognized if stock or securities in a corporation a party to a reorganization are, in pursuance of the plan of reorganization, exchanged solely for stock or securities in such corporation or in another corporation a party to the reorganization.*

2. *No gain or loss shall be recognized if a corporation a party to a reorganization exchanges property, in pursuance of the plan of reorganization, solely for stock or securities in another corporation a party to the reorganization.*

3. *No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock in such corporation, and immediately after the exchange such person or persons are in control of the corporation; but in case of an exchange by two or more persons this paragraph shall apply only if the amount of the stock received by each is sub-*

stantially in proportion to his interest in the property prior to the exchange.

4. If there is distributed, in pursuance of a plan of reorganization, to a stockholder in a corporation a party to the reorganization, stock or securities in such corporation or in another corporation a party to the reorganization, without the surrender by such shareholder of stock or securities in such a corporation, no gain to the distributee from the receipt of such stock or securities shall be recognized.

5. The distribution, in pursuance of a plan of reorganization, by a corporation a party to the reorganization, of its stock or securities, or stock or securities in a corporation a party to the reorganization, shall not be considered a distribution of earnings or profits for the purpose of determining the taxability of subsequent distributions by the corporation.

6. The term "reorganization" means (A) a merger or consolidation (including the acquisition by one corporation of at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation, or substantially all the properties of another corporation), or (B) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its stockholders or both are in control of the corporation to which the assets are transferred, or (C) a recapitalization, or change in the form of capitalization, or (D) a mere change in identity, form or place of organization, however effected.

7. The term "a party to a reorganization" includes a corporation resulting from a reorganization and includes both corporations in the case of an acquisition by one corporation of at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation.

8. As used in this section the term "control" means the ownership of at least eighty per cent of the voting stock and at least eighty per cent of the total number of shares of all other classes of stock of the corporation.

(j) 1. If property involved in transactions described in section 71.02 (2) (i) 1 and 2 (other than stock or securities in a corporation a party to the reorganization) was acquired by a corporation in connection with a reorganization, and immediately after the transfer an interest or control in such property of eighty

per cent or more remained in the same persons or any of them, then the basis for determining gain or loss, depletion or depreciation shall be the same as it would be in the hands of the transferor. This paragraph shall be applicable only when the transaction involved was treated for income tax purposes as provided in section 71.02 (2) (i) 1 and 2.

2. If property (other than stock or securities in a corporation a party to a reorganization) was acquired by a corporation by the issuance of its stock or securities in connection with a transaction described in section 71.02 (2) (i) 3 the basis shall be the same as it would be in the hands of the transferor. This paragraph shall be applicable only when the transaction involved was treated for income tax purposes as provided in section 71.02 (2) (i) 3.

3. If the property consists of stock or securities distributed to a taxpayer in connection with a transaction described in section 71.02 (2) (i) 4, the basis in the case of the stock in respect of which the distribution was made shall be apportioned as in the case of stock dividends. This paragraph shall be applicable only when the transaction involved was treated for income tax purposes as provided in section 71.02 (2) (i) 4.

(3) (a) Persons who customarily estimate their incomes or profits on a basis other than cash receipts and disbursements may, with the consent and approval of the tax commission, return for assessment and taxation the income or profits earned during the income year, in accordance with the method of accounting regularly employed in keeping their books, except as hereinafter provided; but if no such method of accounting has been employed, or if the method used does not clearly reflect the * * * income taxable under this chapter, the computation shall be made upon such basis and in such manner as in the opinion of the tax commission will clearly reflect such income.

(b) The terms "paid" or "actually paid," as used in this chapter, are to be construed in each instance in the light of the method used in computing taxable income whether on the accrual or receipt basis; provided, that the deduction for federal income and excess profits taxes shall be confined to cash payments made within the year covered by the income tax return, and that reserves for contingent losses or liabilities shall not be deducted.

(c) *For the purposes of taxation* income from mercantile or manufacturing business, * * * *not requiring apportionment under paragraph 71.02 (3) (d)* shall follow the situs of

the * * * business from which derived. *Income derived from rentals and royalties from real estate or tangible personal property, or from the operation of any farm, mine or quarry, or from the sale of real property or tangible personal property shall follow the situs of the property from which derived.*

* * * All other income, including * * * *royalties from patents, income derived from personal services, professions and vocations and from land contracts, mortgages, stocks, bonds and securities or from the sale of similar intangible personal property, shall follow the residence of the recipient, except as provided in section 71.095.*

(d) Persons engaged in business within and without the state shall be taxed only on such income as is derived from business transacted and property located within the state. The amount of such income apportionable to Wisconsin may be determined by an allocation and separate accounting thereof, when, in the judgment of the tax commission, that method will reasonably reflect the income properly assignable to this state, but otherwise in the following manner: There shall first be deducted from the total net income of the taxpayer such part thereof (less related expenses, if any) as follows the situs of the property or the residence of the recipient; provided, that in the case of income which follows the residence of the recipient, the amount of interest and dividends deductible under this provision shall be limited to the total interest and dividends received which are in excess of the total interest (*or related expenses, if any*) paid and allowable as a deduction under section 71.03 * * * during the income year. The remaining net income shall be apportioned to Wisconsin on the basis of the ratio obtained by taking the arithmetical average of the following three ratios:

1. The ratio of the tangible property, real, personal, and mixed, owned and used by the taxpayer in Wisconsin in connection with his trade or business during the income year to the total of such property of the taxpayer owned and used by him in connection with his trade or business everywhere. Cash on hand or in bank, shares of stock, notes, bonds, accounts receivable, or other evidence of indebtedness, special privileges, franchises, good will, or property the income of which is not taxable or is separately allocated, shall not be considered tangible property nor included in the apportionment.

2. In the case of persons engaged in manufacturing or in

any form of collecting, assembling, or processing goods and materials within this state, the ratio of the total cost of manufacturing, collecting, assembling, or processing within this state to the total cost of manufacturing, or assembling, or processing everywhere. The term "cost of manufacturing, collecting, assembling, or processing within this state and everywhere," as used herein, shall be interpreted in a manner to conform as nearly as may be to the best accounting practice in the trade or business. Unless in the opinion of the tax commission the peculiar circumstances in any case justifies a different treatment, this term shall be generally interpreted to include as elements of cost within this state the following:

a. The total cost of all goods, materials, and supplies used in manufacturing, assembling, or processing within this state regardless of where purchased.

b. The total wages and salaries paid or incurred during the income year in this state in such manufacturing, assembling, or processing activities.

c. The total overhead or manufacturing burden properly assignable according to good accounting practice to such manufacturing, assembling, or processing activities within this state.

3. In the case of trading, mercantile, or manufacturing concerns the ratio of the total sales made through or by offices, agencies, or branches located in Wisconsin during the income year to the total net sales made everywhere during said income year.

4. Where, in the case of any person engaged in business within and without the state of Wisconsin and entitled to an apportionment of his income as herein provided, it shall be shown, to the satisfaction of the tax commission, that the use of any one of the three ratios above provided for gives an unreasonable or inequitable final average ratio because of the fact that such person does not employ, to any appreciable extent in his trade or business in producing the income taxed, the factors made use of in obtaining such ratio, this ratio may, with the approval of the tax commission, be omitted in obtaining the final average ratio which is to be applied to the remaining net income.

5. As used in this section the word "sales" shall extend to and include exchange, and the word "manufacturing" shall extend to and include mining and all processes of fabricating or of curing raw materials. If the income of any such person properly

assignable to the state of Wisconsin cannot be ascertained with reasonable certainty by either of the foregoing methods, then the same shall be apportioned and allocated under such rules and regulations as the tax commission may prescribe.

* * *

(e) A foreign corporation whose principal business is carried on or transacted in Wisconsin shall be deemed a resident of this state for income tax purposes, and its income shall be determined and assessed as if it were incorporated under the laws of Wisconsin, notwithstanding its domicile is elsewhere.

* * * (4) Whenever in the opinion of the commission the use of inventories is necessary in order to clearly determine the income of any person, inventory shall be taken by such person upon such basis as the commission may prescribe, conforming as nearly as may be to the best accounting practice in the trade or business and most clearly reflecting the income.

* * * (5) (a) Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity. There shall be included in computing the * * * income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the * * * income year, or if his * * * net income for such * * * income year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the fiscal or calendar year upon the basis of which the partner's income is computed. *The assessor of incomes may require a partner to file his individual return on the basis of a fiscal or calendar year which coincides with that upon which the partnership income is based if in the opinion of such assessor such basis will reflect more accurately the net income of such person.*

(b) The net income of the partnership shall be computed in the same manner and on the same basis as provided for computation of the * * * income of persons other than corporations
* * *

SECTION 3. Subsections (3), (4) and (5) of section 71.03 of the statutes are amended to read: (71.03) (3) Losses actually sustained within the year and not compensated by insurance or otherwise, provided that no loss resulting from the operation of business conducted without the state, or the ownership or prop-

erty located without the state, may be allowed as a deduction, and provided further that no loss may be allowed on the sale of property purchased and held for pleasure or recreation and which was not acquired or used for profit, but this proviso shall not be construed to exclude losses due to theft or to the destruction of property by fire, flood or other casualty. *No deduction shall be allowed under this paragraph for any loss claimed to have been sustained in any sale or other disposition of shares of stock or securities where it appears that within thirty days before or after the date of such sale or other disposition the taxpayer has acquired (otherwise than by bequest or inheritance) or has entered into a contract or option to acquire substantially identical property, and the property so acquired is held by the taxpayer for any period after such sale or other disposition.*

(4) Taxes other than special improvement taxes paid during the year upon the business or property from which the income taxed is derived, including therein taxes imposed by the state of Wisconsin and the government of the United States as income, excess or war profits and capital stock taxes, *provided that such portion of the deduction for federal income and excess profits taxes as may be allowable shall be confined to cash payments made within the year covered by the income tax return and provided further that income taxes imposed by the state of Wisconsin shall accrue for the purpose of this subsection only in the year in which such taxes are assessed.*

(5) * * * *Dividends, except those provided in section 71.02 (2) (b) 2 and 3, received from any corporation conforming to all of the requirements of this subsection. Such corporation must have filed income tax returns as required by law and the income of such corporation must be subject to the income tax law of this state. The principal business of the corporation must be attributable to Wisconsin and for the purpose of this subsection any corporation shall be considered as having its principal business attributable to Wisconsin if fifty per cent or more of the entire net income or loss of such corporation after adjustment for tax purposes (for the year preceding the payment of such dividends) was used in computing the average taxable income provided by chapter 71, except that deductibility of dividends received in the year 1926 shall be governed by the assessment of the income of the year 1925. If the net incomes of several affiliated corporations have been combined for the purpose of deter-*

mining the amount of income subject to taxation under the statute, the location of the principal business of such group shall determine the taxable status of dividends paid, but inter-company dividends passing between affiliated corporations whose incomes are included in the taxable income of the group, shall not be assessed as group income.

SECTION 4. The introductory paragraph and subsections (1), (3), (4) and (6) of section 71.04 of the statutes are amended to read: (71.04) Deductions from incomes of persons other than corporations. Persons other than corporations, * * * in reporting incomes for purposes of taxation, shall be allowed the following deductions:

(1) Payments made within the year for wages or other compensation for services actually rendered *in carrying on the profession, occupation or business from which the income is derived*. But no deductions shall be made for any amount paid for * * * services actually rendered *in the carrying on of the profession, occupation or business from which the income is derived* unless there be reported the name and address and amount paid each person to whom a sum of seven hundred dollars or more shall have been paid for services during the assessment year. *No deduction shall be allowed under this section for any amounts expended for personal, living or family expenses.*

(3) Losses * * * *actually sustained within the year and not compensated by insurance or otherwise, provided that no loss resulting from the operation of business conducted without the state, or the ownership of property located without the state, may be allowed as a deduction, and provided further that no loss may be allowed on the sale of property purchased and held for pleasure or recreation and which was not acquired or used for profit, but this proviso shall not be construed to exclude losses due to theft or to the destruction of the property by fire, flood or other casualty. No deduction shall be allowed under this paragraph for any loss claimed to have been sustained in any sale or other disposition of shares of stock or securities where it appears that within thirty days before or after the date of such sale or other disposition the taxpayer has acquired (otherwise than by bequest or inheritance) or has entered into a contract or option to acquire substantially identical property and the property so acquired is held by the taxpayer for any period after such sale or other disposition.*

(4) * * * *Dividends, except those provided in section 71.02 (2) (b) 2 and 3, received from any corporation conforming to all of the requirements of this subsection. Such corporation must have filed income tax returns as required by law and the income of such corporation must be subject to the income tax law of this state. The principal business of the corporation must be attributable to Wisconsin and for the purpose of this subsection any corporation shall be considered as having its principal business attributable to Wisconsin if fifty per cent or more of the entire net income or loss of such corporation after adjustment for tax purposes (for the year preceding the payment of such dividends) was used in computing the average taxable income provided by chapter 71, except that deductibility of dividends received in the year 1926 shall be governed by the assessment of the income of the year 1925. If the net incomes of several affiliated corporations have been combined for the purpose of determining the amount of income subject to taxation under the statute, the location of the principal business of such group shall determine the taxable status of dividends paid, but inter-company dividends passing between affiliated corporations whose incomes are included in the taxable income of the group, shall not be assessed as group income.*

(6) *Taxes other than inheritance and special improvement taxes upon the property or business from which the income hereby taxed is derived paid by such persons during the year, including therein taxes imposed by the state of Wisconsin or the United States government as income taxes; provided that such portion of the deduction for federal income taxes as may be allowable shall be confined to cash payments made within the year covered by the income tax return and provided further that income taxes imposed by the state of Wisconsin shall accrue for the purposes of this subsection only in the year in which such taxes are assessed.*

SECTION 5. Section 71.05 of the statutes is repealed and a new section is created to be numbered and to read: 71.05 Exemptions. (1) There shall be exempt from taxation under this chapter income as follows, to wit:

(a) Dividends received from state banks, national banks, mutual savings banks and trust companies subject to taxation by this state.

(b) Pensions received from the United States.

(c) All inheritance, devises, bequests and gifts received during the year.

(d) All insurance received by any person or persons in payment of a death claim by any insurance company, fraternal benefit society or other insurer, except insurance paid to a corporation or partnership upon the policies on the lives of its officers, partners or employees.

(e) Income of state banks, national banks, mutual savings banks, trust companies, mutual loan corporations, building and loan associations, and corporations or associations organized under sections 185.01 and 185.22, and of all religious, scientific, educational, benevolent or other corporations or associations of individuals not organized or conducted for pecuniary profit.

(f) Incomes derived from property and privileges by persons now required by law to pay taxes or license fees directly into the treasury of the state in lieu of taxes, and such persons shall continue to pay taxes and license fees as heretofore.

(g) Income received by the United States, the state and all counties, cities, villages, school districts or other political units of this state.

(2) There shall be deducted from the tax after the same shall have been computed according to the rates in section 71.06, a personal exemption for natural persons as follows:

(a) For an individual, eight dollars.

(b) For husband and wife or head of a family, seventeen dollars and fifty cents. For the purposes of this chapter, the term "head of a family" means a natural person who maintained a household and supported therein himself and one or more persons who were dependent upon him for support; but no additional exemption shall be allowed for those dependent upon the head of a family except in case of a widow or widower supporting children under the age of eighteen years.

(c) For each child under the age of eighteen years who is actually supported by and dependent upon the taxpayer for his support, an additional three dollars.

(d) For each additional person who is actually supported by and entirely dependent upon the taxpayer for his support an additional three dollars, except in case of head of a family. In computing taxes and the amount of taxes payable by persons residing together as members of a family, the income of the wife and the income of each child under eighteen years of age

shall be added to that of the husband or father, or if he be not living, to that of the head of the family and assessed to him except as hereinafter provided. The taxes levied shall be payable by such husband or head of the family but if not paid by him may be enforced against any person whose income is included within the tax computation.

(e) The personal exemptions provided by this section shall be determined by the personal status of a taxpayer on the last day of the last year included in the computation of average income except as otherwise provided in this chapter.

SECTION 6. Section 71.06 of the statutes is amended to read: 71.06 Rates of Taxation. (1) The tax to be assessed, levied and collected upon the *average taxable* incomes of all persons, * * * *other than corporations* * * * shall be computed at the following rates, to wit:

(a) On the first one thousand dollars of *average taxable* income or any part thereof, at the rate of one per cent.

(b) On the second one thousand dollars or any part thereof, one and one-fourth per cent.

(c) On the third one thousand dollars or any part thereof, one and one-half per cent.

(d) On the fourth one thousand dollars or any part thereof, one and three-fourths per cent.

(e) On the fifth one thousand dollars or any part thereof, two per cent.

(f) On the sixth one thousand dollars or any part thereof, two and one-half per cent.

(g) On the seventh one thousand dollars or any part thereof, three per cent.

(h) On the eighth one thousand dollars or any part thereof, three and one-half per cent.

(i) On the ninth one thousand dollars or any part thereof, four per cent.

(j) On the tenth one thousand dollars or any part thereof, four and one-half per cent.

(k) On the eleventh one thousand dollars or any part thereof, five per cent.

(l) On the twelfth one thousand dollars or any part thereof, five and one-half per cent.

(m) On any sum of *average taxable* income in excess of twelve thousand dollars, six per cent.

(2) The taxes to be assessed, levied and collected upon the *average taxable* incomes of corporations, * * * shall be computed at the following rates, to wit:

(a) On the first one thousand dollars of *average taxable income* or any part thereof, two per cent.

(b) On the second one thousand dollars or any part thereof, two and one-half per cent.

(c) On the third one thousand dollars or any part thereof, three per cent.

(d) On the fourth one thousand dollars or any part thereof, three and one-half per cent.

(e) On the fifth one thousand dollars or any part thereof, four per cent.

(f) On the sixth one thousand dollars or any part thereof, five per cent.

(g) On the seventh one thousand dollars or any part thereof, six per cent.

(h) On all *average taxable* income in excess of seven thousand dollars, six per cent.

(3) (a) In assessing back taxes interest shall be added to such taxes at the rate of * * * six per cent per annum from the twenty-second day of March following the year they first became assessable to the * * * date on which such back taxes when subsequently assessed will become delinquent, if unpaid, except that in assessing back taxes on incomes which have been averaged under the provisions of this chapter interest shall be added to such taxes at the rate of six per cent per annum from the date on which such back taxes if originally assessed would have become delinquent if unpaid, to the date on which such back taxes when subsequently assessed will become delinquent if unpaid.

(b) In crediting overpayments of income and surtaxes against underpayments or against taxes to be subsequently collected and in certifying refunds of such taxes, interest shall be added at the rate of six per cent per annum from the twenty-second day of March following the date of the payment of such taxes until the date on which such overpayment was certified on the tax roll, except that in crediting overpayments of taxes on incomes which have been averaged under the provisions of this chapter interest shall be added at the rate of six per cent per annum from the date on which such taxes when assessed would have become delinquent

if unpaid to the date on which such overpayment was certified on the tax roll.

SECTION 7. Subsection (2) of section 71.08 of the statutes is amended to read: (71.08) (2) The county board of * * * any county * * * when requested to do so *by the tax commission or the assessor of incomes shall provide* a suitable room or rooms in the courthouse or other convenient building at the county seat, for the use of such assessor, together with all furniture, fixtures, office equipment and office supplies necessary to properly conduct the duties of his office. *Such expense shall be paid by the county furnishing the same unless such county be a part of an assessment district, in which event such expense shall be borne by all the counties in the district, each county to pay at the ratio that the total assessed value of all its property bears to the total assessed value of all the property in the district.* If any county shall fail or refuse to furnish such quarters, equipment and supplies for the use of the assessor of incomes as herein provided, the tax commission may procure the same at the expense of the county *or counties* responsible therefor. The rent of such office and the cost of such equipment and supplies, if procured by the commission, shall in the first instance, be paid out of the state treasury as other claims against the state are audited and paid, and shall be *apportioned by the tax commission in the case of the liability of two or more counties and* included in the next apportionment and certification of state taxes and charges and collected from such county *or counties* as other special charges are certified and collected.

SECTION 8. Sections 71.09, 71.10, 71.11, 71.115, and 71.12 of the statutes are repealed.

SECTION 9. A new section of the statutes is created to be numbered and to read: 71.09 Power of assessment; filing returns; penalties. (1) The tax commission and the assessors of income shall assess incomes as provided in this chapter and in the performance of such duty the tax commission and the assessors of income shall respectively possess all powers now or hereafter granted by law to the tax commission or assessors in the assessment of personal property and also the power to estimate incomes.

(2) Liability to taxation for income which follows the residence of the recipient in the case of persons, other than corpo-

rations, who move into or out of the state within the year shall be determined for such year by the ratio of time which the residence of such taxpayer in the state bears to the entire calendar or fiscal year. The deductions for personal exemptions provided for in section 71.05 shall be prorated on the basis of the time of residence within and without the state. The net income of such person assignable to the state for such year shall be used in averaging the income subject to assessment under this chapter. The assessment of corporations shall be made by the tax commission, and the assessment of persons other than corporations shall be made by the county assessors of income.

(3) Every corporation, whether taxable under this chapter or not, shall furnish to the tax commission a true and accurate statement, on or before March fifteenth of each year (except that returns for fiscal years ending on some other date than December thirty-first, shall be furnished within seventy-five days after the last day of such fiscal year) in such manner and form and setting forth such facts as said commission shall deem necessary to enforce the provisions of this chapter. Such statement shall be made upon the oath or affirmation of the president, vice president, or other principal officer and the treasurer of said corporation, and in the case of corporations in liquidation or in the hands of a receiver such return shall be made upon the oath or affirmation of the person responsible for the conduct of the affairs of such corporation. All corporations doing business in this state shall also file with the tax commission on or before March fifteenth of each year on forms prescribed by the tax commission, a statement of such transfers of its capital stock as have been made by or to residents of this state during the preceding calendar year. Such schedule shall contain the name and address of the seller and the purchaser, date of transfer, and the number of shares of stock transferred; and such corporations shall also file with the tax commission on or before March fifteenth of each year on forms prescribed by the tax commission, payments made within the preceding calendar year to residents of this state, of salaries, wages, fees, rents, royalties, interest, dividends and liquidating dividends. Any corporation failing to file any such statement of form shall be subject to a fine of not less than fifty nor more than five hundred dollars.

(4) (a) Whenever in the judgment of the assessor of incomes

any person other than a corporation shall be subject to income tax in his district under the provisions of this chapter, he shall notify such person to make report to him on or before March fifteenth of each year in such manner and form as the tax commission shall prescribe, specifying in detail the amounts of income received by him from all sources, together with the amounts of income received by his dependents, his wife and each child under eighteen years of age residing together with him as members of the family, and such other information as the commission shall deem necessary to enforce the provisions of this chapter. Every person other than a corporation who receives during the year a net income of seven hundred dollars or over, if single; fifteen hundred dollars or over, if married; or a gross income of twenty-five hundred dollars or over, regardless of the amount of his net income, must report the same in the manner and form herein provided to the assessor of incomes whether notified to do so or not and shall be subject to the same penalties for failure to report as those who receive notice, provided, however, that nothing contained in this section shall preclude the assessor of incomes from requiring any person other than a corporation to file an income tax return when in the judgment of the assessor of incomes a return should be filed.

(b) If any person required under this chapter to file an income tax return fails to file such return within the time prescribed by law, or as extended under the provisions of subsection (7) of this section, the tax commission or the assessor of incomes shall add to the tax of such person ten dollars in the case of corporations and five dollars in the case of persons other than corporations and if no tax is assessed against such person the amount of this fee shall be certified for collection and collected as income taxes are collected and no person shall be allowed in any action or proceeding to contest the imposition of such fee.

(c) Married persons living together as husband and wife may make separate returns or join in a single joint return. In either case the tax shall be computed on the combined average taxable income. The exemptions provided for in subsection (2) of section 71.05 shall be allowed but once and divided equally and the amount of tax due shall be paid by each in the proportion that the average income of each bears to the combined average income.

(5) Every partnership shall furnish to the assessor of incomes

a true and accurate statement, on or before March fifteenth of each year, except that returns for fiscal years ending on some other date than December thirty-first, shall be furnished within seventy-five days after the last day of such fiscal year, in such manner and form and setting forth such facts as the tax commission shall deem necessary to enforce the provisions of this chapter. Such statement shall be made upon the oath or affirmation of one of the members of said partnership.

(6) In case of the failure on the part of any person to make a report of income within the time and in the manner prescribed by law, the tax commission or assessor of incomes may enter an assessment against said person upon ten days' notice in writing in a sum of not less than five hundred dollars. Such notice may be served by mail. After the tax on such assessment has been certified for collection to the county treasurer, the person assessed shall be forever barred from questioning the correctness of the same in any action or proceeding.

(7) In case of neglect occasioned by the sickness or absence of a person, or of an officer of any corporation required to file a return, or for other sufficient reason, the tax commission in the case of corporations and the assessor of incomes in the case of persons other than corporations may on written request allow such further time for making and delivering such return as they may deem necessary not to exceed thirty days.

(8) Any person required to make an income tax return, who shall fail, neglect or refuse to do so in the manner and form and within the time prescribed by this chapter, or shall make a return that does not disclose his entire taxable income, shall be assessed by the tax commission or the assessor of incomes as the case may be according to their best judgment.

(9) Any person failing to make an income tax report or making an incorrect income tax report, with intent in either case to defeat or evade the income tax assessment required by law, shall be assessed at twice the normal income tax rate by the proper taxing authority. Such increased assessment shall be in addition to all other penalties of section 71.09. The statute of limitations shall not begin to run as against any such taxpayer until the proper taxing authority shall have made the assessment as herein provided.

(10) If any person shall fail or refuse to make a return at the time or times hereinbefore specified in each year, or shall render a false or fraudulent return, such person shall be liable to a penalty of not less than one hundred dollars and not to exceed five thousand dollars at the discretion of the court.

(11) Any officer of a corporation required by law to make, render, sign or verify any return, who makes any false or fraudulent return or statement, with intent to defeat or evade the assessment required by this act to be made, shall upon conviction be fined not to exceed five hundred dollars or be imprisoned not to exceed one year, or both, at the discretion of the court, with the cost of prosecution.

(12) Any person, other than a corporation, who fails or refuses to make a return at the time hereinbefore specified in each year or shall render a false or fraudulent return shall upon conviction be fined not to exceed five hundred dollars, or be imprisoned not to exceed one year, or both, at the discretion of the court, together with the cost of prosecution.

(13) Whenever in the judgment of the tax commission or the assessor of incomes it is deemed necessary that a person subject to an income tax should keep records to show whether or not such person is liable to tax, the tax commission or assessor of incomes may serve notice upon such person and require such records to be kept as will include the entire net income of such person and will enable the tax commission or assessor of incomes to compute the taxable income. Thereafter, any taxes assessed upon information not contained in such records shall carry a penalty of twenty-five per cent of the amount of the tax. Such penalty shall be in addition to all other penalties provided in this chapter.

SECTION 10. A new section of the statutes is created to be numbered and to read: 71.095 Returns of fiduciaries; assessment of income of fiduciaries. (1) (a) Every executor and administrator shall file an income tax return with the assessor of incomes of the county in which the decedent resided at the time of his death or in the county in which the executor or administrator resides if the decedent was a nonresident. Such executor or administrator shall include in such return:

1. All income received by the decedent during that portion of the year covered by the return preceding the demise of the decedent.

2. All receipts by him from the estate of the deceased during the year covered by the return, if such receipts would have been taxable as income to the decedent, had he survived.

3. All receipts by him during the year from the estate of the deceased accrued at the date of death of the decedent but not reported by the decedent on the accrual basis, if such receipts would have been taxable as income to the decedent had he survived and made the return.

(b) If any person has been reporting income from any transaction on a deferred basis, the executor or administrator of the estate of such person shall during the administration of the estate of such person, account for the income arising from such transaction on the same basis as such transaction was reported by the decedent prior to his death and in the same manner as the decedent would have accounted for such income, had he survived and made the return. If all of such deferred income has not been reported and accounted for in the income tax returns before the executor or administrator is discharged, he shall report in his last income tax return as income the present value of such deferred income as yet unreported.

(c) The first return of an executor or administrator shall be filed in the form and manner and within the time that a return should have been filed by the decedent had he survived. Subsequent returns of such executor or administrator shall be filed in the form and within the time that the returns of income are required from persons other than corporations. The first return of such executor or administrator shall include the income received by the decedent during the portion of the year preceding the demise of deceased and also items specified in sections 71.095 (1) (a) 71.095 (1) (b) and 71.095 (1) (e).

(d) The same personal exemption shall be deducted from the tax of the executor or administrator as would have been deductible from the tax of the decedent under section 71.05 had he survived and made the return, except that,

1. After the first year of the administration of the estate the executor or administrator shall be allowed no personal exemption under sections 71.05 (2) (a) and 71.05 (2) (b) for the decedent.

2. If the decedent was a single person at the time of his death and was actually supporting children under the age of eighteen years or was actually supporting any other person or persons de-

pendent upon him for support, the personal exemption deductible under section 71.05 (2) (c), and (d) shall be allowed to the executor or the administrator until such children shall reach the age of eighteen years or until such other person shall cease to be dependent.

3. If the decedent was a married person at the date of his demise and if after his demise his widow is the head of a family as defined in section 71.05 (2) (b), the same personal exemption shall be allowed to the executor or administrator as is allowed to the head of a family under section 71.05 (2) (b). If such decedent was actually supporting children under the age of eighteen or any other person or persons dependent upon him for support, the same personal exemption shall be allowed to the executor as would have been allowed to any other head of a family under section 71.05 (2) (c) and (d) for such children and dependent person until such children shall reach the age of eighteen years or until such other person shall cease to be dependent.

(c) During the period of the administration of the estate the executor shall include in his return the income of the wife of the deceased if living and the income of all children under eighteen years of age together with the income of any persons actually supported by and dependent upon the estate for support.

(f) For the purposes of the income tax imposed by this chapter the combined net income or loss of the executor or administrator and the decedent for the year in which the decedent died shall be added to the net incomes or losses of the decedent for prior years to determine the average taxable income in manner provided in section 71.10.

(g) The assessor of incomes shall certify the tax on the income of any decedent or on the income of his executor or administrator, as other taxes are certified, and the executor or administrator shall pay such tax when due.

(2) Guardians shall make returns of income to the assessor of incomes of the county in which their wards reside, which returns shall be made at the same time as returns of persons other than corporations are made, and shall show all the income from all sources received by or for the respective wards whom they represent. The net income of a guardian shall be ascertained in the same manner as the income of other persons is ascertained and shall be subject to the same deductions for personal exemptions

which the ward would have been entitled to had he made the return, provided that if any of such wards are under eighteen years of age and are the children of a person required by this chapter to file an income tax return, the personal exemption under section 71.05 (2) (c) shall be allowed to the guardian. The average taxable income of such wards under eighteen years of age so ascertained and assessed to the guardian shall be added to the average taxable income of the parent or head of a family as provided in section 71.05 (2) (d) and the taxes shall be computed on the combined average taxable income of such wards under eighteen years of age and parent or head of a family. The tax on the combined average taxable income of parent and wards shall be credited with any taxes the guardian may have paid or is liable for on the income of any such wards so included in the combined average taxable income, and the balance of the tax on such combined average taxable income shall be paid as provided in section 71.05 (2) (d) and if any tax so credited shall not be paid by the guardian when due the parent or head of a family shall pay such tax and such parent shall have the right of reimbursement of such taxes paid as provided in section 71.095 (5). The average taxable income of any ward shall be assessed to the guardian making the report and such guardian shall pay the taxes assessed when due.

(3) Trustees of trust estates created by will or by contract or by declaration of trust or implication of law shall annually make a return of all income received by them as such to the assessor of incomes of the county in which the trust or estate is being administered, showing the total taxable income received by them during the year, the names and addresses of distributees and the amounts severally distributable to them whether distributed or not, and also the amounts to be accumulated by them for unknown or unborn or undisclosed beneficiaries or for other reasons. The net income received by such trustees shall be ascertained in the same manner as the net income of persons other than corporations, except that the personal exemptions under section 71.05 (2) (a), (b), (c), and (d) shall not be allowed to such trustee. Distributees who receive or who are entitled to receive any part of such net income shall return the same as income to the assessor of incomes in the district in which they respectively reside, together with all other income received by them

and shall be assessed thereon as provided by this chapter. Such of said distributees as are nonresidents of this state shall be assessed on such income as they receive from the trust estate as the income of nonresidents is assessed. No personal exemption shall be allowed either resident or nonresident distributees unless they make a claim therefor in their income tax returns made in accordance with the terms of this act showing the total net income.

(4) All nondistributable, or contingently distributable income not distributed shall be assessed to the trustee in the same manner as income of persons other than corporations is assessed except that the personal exemptions under section 71.052 (a), (b), (c) and (d) shall not be allowed to such trustee.

(5) All income taxes levied against the income of beneficiaries shall be a lien on that portion of the trust estate or interest therein from which the income taxed is derived, and such taxes shall be paid by the fiduciary, if not paid by the distributee, before the same becomes delinquent. Every person who as a fiduciary under the provisions of this chapter pays an income tax, shall have all the rights and remedies of reimbursement for any taxes assessed against him or paid by him in such capacity, as is provided in subsections (1) and (2) of section 70.19.

(6) An executor, administrator, guardian or trustee applying to a court having jurisdiction for a discharge from his trust and a final settlement of his accounts, before his application shall be granted, shall file with the assessor of incomes of the county in which the trust or estate is being administered a return of all incomes received in his representative capacity during the time between the last preceding January first and the date of his application for discharge and also similar returns of income received by the deceased during each of the years open to audit under sections 71.10 and 71.11 if such returns have not heretofore been filed. Upon the receipt of such returns, the income tax assessor shall immediately determine the amount of taxes to become due and shall certify such amount to the court and the court shall thereupon enter an order directing the executor, administrator, trustee or guardian, as the case may be, to pay to the treasurer of the county in which such proceeding is pending the amount of tax, if any, found due by the assessor of incomes, and take his receipt therefor. The certificate of the assessor of incomes shall contain the names of the taxing districts to which the

tax is attributable under section 71.18 and a copy thereof shall be filed with the treasurer of the county in which said court is located and with the assessor of incomes of each county named in the certificate. The receipt of the county treasurer shall be evidence of the payment of the tax and shall be filed with the court before a final distribution of the estate is ordered, and the executor, administrator, trustee or guardian is discharged. The county treasurer, upon receipt of such taxes, shall enter the amount received on a ledger account termed "advance income taxes" and within forty-five days after the certification of such taxes on the tax roll, the county treasurer shall pay to the local treasurers of his county and to the county treasurers of the several counties named in the certificate of the assessor of incomes, the portion of taxes payable to such county treasurer and to the local treasurers of his county. The assessor of incomes shall enter all such assessments upon the proper assessment and tax roll and shall enter thereon opposite each such assessment the words: "Paid to the county treasurer by order of court." Any taxes found to be due from the estate for any of the years open to audit under sections 71.10 and 71.11 shall be assessed against and paid by the executor or administrator; any taxes found to be due after the executor or administrator is discharged, shall be assessed against and paid by the beneficiaries in the same ratio that their interest in the estate bears to the total estate.

(7) Returns of income required to be made by virtue of the next preceding subsection may be dispensed with by order of the court having jurisdiction in cases where it is clearly evident to the court that no income tax is due or to become due from the trust estate.

(8) A resident who receives income from a nonresident fiduciary shall be taxed the same as though such income had been received by such resident without the intervention of a fiduciary; and a resident fiduciary receiving income for a nonresident beneficiary shall report such income to the assessor of incomes of the district in which such fiduciary resides.

SECTION 11. A new section is added to the statutes to be numbered and to read: 71.10 Computation of taxes and preparation of assessment and tax rolls, office audits, certification of taxes and refunds.

(1) (a) The tax commission or the assessor of incomes shall determine the taxable income by averaging the net income or

loss reported by the taxpayer on his current return with the net incomes or losses for the two previous years, except that the taxable income assessed in the year 1928 shall be the average of the net incomes or losses for the years 1926 and 1927 or for the corresponding two fiscal years.

(b) All fiscal years ending between the July first preceding and the June thirtieth following the close of a calendar year shall correspond to such calendar year for the purposes of this chapter and no fiscal year shall end on any date other than the last day of any month.

(c) If any years, prior to the first year or subsequent to the last year in which any person received income taxable under the statutes, must be used in deriving an average taxable income for income tax purposes, it shall be considered that there was no net income or loss for any of such prior or subsequent years.

(2) The tax commission or the assessor of incomes shall presume the incomes reported on the current return to be correct for the purpose of preparing initial assessment rolls and shall enter on initial assessment rolls by taxation districts the average taxable income computed according to the preceding subsection. Such assessment rolls and all subsequent assessment rolls shall remain on file in the office of the tax commission or the assessor of incomes as the case may be. The tax commission and the assessor of incomes shall make duplicate copies of such assessment rolls and all subsequent assessment rolls provided by this section, and such duplicate rolls shall be known as tax rolls. The tax commission and the assessors of incomes shall certify such tax rolls for collection of the tax to the county treasurers of the several counties within five months after the close of the fiscal or calendar year of any taxpayer. Additional assessment rolls and corresponding duplicate tax rolls shall be prepared from time to time which shall include corrections made by office audits of current returns, initial assessments on any return omitted from the first initial roll, initial assessments of fiscal year returns, and corrections made after field audit pursuant to section 71.10 and 71.11.

(3) The county treasurer, upon the receipt of the tax roll, shall notify each taxpayer by mail of the amount of income taxes appearing on said roll against him, together with the date when

such taxes will be due and payable, and the date when such taxes will become delinquent.

(4) All income taxes shall become due and payable as follows :

(a) Initial assessments of taxes on incomes of persons who report on a calendar year basis shall become due and payable on June first.

(b) Initial assessments of taxes on incomes of persons who file on a fiscal year basis shall be due and payable on the first day of the sixth month after the close of the fiscal year of such person.

(c) Back assessments of income taxes omitted from initial rolls and additional income taxes assessed under sections 71.10 and 71.11 shall become due and payable on entry upon the assessment roll and certification of the tax roll.

(d) Income taxes shall become delinquent if not paid within thirty days after the same are due as provided in this chapter and when delinquent shall be subject to a penalty of two per cent on the amount of the tax and interest at the rate of one per cent per month until paid, and the county treasurer shall immediately proceed to collect the same in the manner provided in section 74.29 and 74.30, and the county shall retain all such delinquent penalties and interest for such collections.

(5) The tax commission or the assessor of incomes shall as soon as practicable after each initial tax roll has been certified, audit each return filed in their respective offices and if it shall be found from such office audit that a person has been over or underassessed, or if it shall be found that no assessment has been made when one should have been made, the tax commission or the assessor of incomes shall correct or assess the income of such person. Any assessment, correction or adjustment made as a result of such office audit shall be presumed to be the result of an audit of the return only and such office audit shall not be deemed a verification of any item in said return unless the amount of such item and the propriety thereof shall have been determined after hearing and review as provided in section 71.12; and such office audit shall not preclude the tax commission or assessor of incomes from making field audits of the books and records of the taxpayer and from making further adjustment, correction and assessment of income.

(6) The tax commission or the assessor of incomes shall notify the taxpayer, as provided in section 71.12, of any adjustment,

correction and assessment made pursuant to subsection (5) of this section.

(a) If the taxpayer requests a hearing, the additional tax or overpayment shall not be placed on the tax roll until after hearing and determination of the tax by the tax commission or the county board of review.

(b) In all cases where there has been no request for hearing, and after decision where a hearing has been requested, the additional tax or overpayment shall be entered on the next tax roll.

(c) If the tax is increased the treasurer shall proceed to collect the additional tax in the same manner as other income taxes are collected.

(d) If the normal income tax is decreased the treasurer shall refund to the taxpayer such part of the overpayment as was actually paid in cash, and the entry of such overpayment on the tax roll by the tax commission or the assessor of incomes shall be sufficient authorization to the treasurer for the refunding of such overpayment. No refund of income tax shall be made by any treasurer unless such refund is so certified.

(e) Such part of the overpayment paid to the local taxation district shall be deducted by the county treasurer in his next settlement with the local treasurer, and such part of the overpayment paid to the state shall be deducted by the county treasurer in his next settlement with the state treasurer.

SECTION 12. A new section of the statutes is created to be numbered and to read:

71.11 Field Investigation. (1) Whenever in the judgment of the tax commission or assessor of incomes it is deemed advisable to verify any return directly from the books and records of any person, or from any other sources of information, the tax commission or assessor of incomes may direct any return to be so verified.

(2) For the purpose of ascertaining the correctness of any return or for the purpose of making a determination of the taxable income of any person, the tax commission or assessor of incomes shall have power to examine or cause to be examined by any agent or representative designated by it, any books, papers, records, or memoranda bearing on the income of such person and may require the production of such books, papers, records or memoranda and require the attendance of any person having knowledge in the premises and may take testimony and require proof material

for their information. Upon such information as it may be able to discover the tax commission or the assessor of incomes shall determine the true amount of income received during the year or years under investigation.

(3) If it shall appear upon such investigation that a person has been over or underassessed or that no assessment has been made when one should have been made, the tax commission or assessor of incomes shall make a correct assessment in the manner provided in section 71.10.

(4) Assessment of additional normal income taxes may be made upon the income of any person received in the years 1920, 1921, 1922, and 1923, or corresponding fiscal years, only to the extent that the income tax exclusive of interest on the cor-audit or field investigation shall be placed upon the assessment the year in which the income was first assessable, provided such personal property tax was actually paid in cash.

(5) Additional assessments and corrections of assessments may be made of income of any taxpayer if such corrections are made within seven years after the close of the period covered by the income tax return, provided that after July 1, 1929, additional assessments or corrections and assessments may be made if such assessments and corrections are made within four years after the close of the period covered by the income tax return, but if no return is filed for any of the years since January 1, 1911, income of such years may be assessed when discovered.

SECTION 13. A new section is added to the statutes to be numbered and to read:

71:12 Notice and Hearing. No additional assessment by office audit or field investigation shall be placed upon the assessment roll without notice in writing to the taxpayer giving him an opportunity to be heard in relation thereto. Such notice shall be served as a circuit court summons or by registered mail. Any person feeling aggrieved by such assessment shall be entitled to a hearing before the tax commission in the case of corporations or the county board of review in the case of persons other than corporations, if within twenty days after receiving notice of such proposed assessment he shall apply for such hearing in writing, explaining in detail his objections to such assessment. If no request for such hearing is so made, such assessment shall be final and conclusive. If a request for hearing is made the taxpayer shall be heard by the tax commission or the board of review as

the case may be and after such hearing the tax commission or the board of review shall render its decision regarding such assessment.

SECTION 14. Subsections (2), (3), and (4) of section 71.13 of the statutes are amended to read:

(71.13) (2) Clerk, record of proceedings. The county clerk shall be clerk of such board, and shall keep an accurate record of all proceedings thereof, including a correct record of all changes in the assessment rolls made by the board. The county * * * shall employ a stenographic reporter to take * * * all evidence given before the board * * * and to extend the same in typewritten form. The county clerk shall preserve in his office a record of all such proceedings, minutes and evidence taken, and all documentary evidence offered and shall notify the parties to the appeal of the decision of the board of review. The expense of such stenographic reporter shall be borne by the county, and shall be paid by the county treasurer on the certificate of the assessor of incomes but if not so paid shall in the first instance be paid out of the state treasury as other claims against the state are audited and paid and shall be included in the next apportionment and certification of state taxes and charges and shall be collected from such county as other special charges are certified and collected.

(3) Meeting of board of review; quorum; proceedings.

(a) The county board of review of each county, constituting an assessment district, shall meet annually on the last Monday of July at ten o'clock A. M. at the courthouse in said county to hear complaints, make assessments, and * * * review * * * appeals from assessments of persons other than corporations. A majority shall constitute a quorum. The compensation of such board of review shall be fixed by the tax commission.

(b) In assessment districts composed of more than one county the board of review of the county designated by the assessor of incomes shall meet as provided above and the board of review of each remaining county of the district shall meet as soon thereafter as is possible for the assessor of incomes to be present. The date of such meeting shall be fixed by the assessor of incomes as provided in paragraph (d) of this subsection.

(c) * * * No notice of a county board of review meeting shall be published in a newspaper of the county but the assessor

of incomes shall notify the persons whose appeals are to be heard at any one meeting as provided by section 71.12.

(d) The board may adjourn * * * after it has disposed of all appeals before it, subject to the call of the assessor of incomes for the consideration of other appeals from time to time until the last Monday of the following July when it shall finally adjourn.

(e) Attendance of witnesses and the production of books and papers before said board may be compelled by subpoena, issued by the clerk thereof, a justice of the peace or a court commissioner.

(4) Hearing and Determination. (a) The board shall receive any statement of the assessor or of any other person regarding assessments or changes in assessments, and shall hear and examine, and permit the assessor to examine, upon oath, any aggrieved * * * person, entitled to a hearing under section 71.12 on his assessment, or any other person * * * who shall appear before it in relation to * * * such assessment * * * or in relation to the failure of any other person to report income, and the board may direct an assessment to be made or increase or * * * decrease any assessment, if satisfied from the evidence submitted. * * *

(b) The board shall not increase any assessments, nor assess any income not * * * assessed by the assessor of incomes * * * unless the person liable for payment of the tax thereon, or his agent, * * * shall have been heard by the board in relation thereto, or unless such person, after notice of hearing shall have failed to appear before the board in relation to such assessment at the time and place specified in such notice.

SECTION 15. Section 71.14 of the statutes is amended to read: 71.14 Exclusive original jurisdiction. No person * * * against whom an assessment of income tax has been made, shall be allowed in any action or proceeding either as plaintiff or defendant to question any assessment of income, unless written objections thereto shall first have been presented in good faith to the tax commission in all cases of assessment made by such commission or to the county board of review * * * in case of all assessments made by assessors of income, and full disclosure made under oath of any and all income of such party liable to assessment, and unless such person shall have availed himself of the remedies provided in section 71.12.

SECTION 16. Section 71.15 of the statutes is amended to read: 71.15. Appeals to tax commission by persons other than corporations. (1) Any person, *including the assessor of incomes*, dissatisfied with any determination of the county board of review may appeal within twenty days *after the date of such determination* to the * * * tax commission, to whom a copy of the record of the board shall be certified, together with all evidence or a copy thereof, relating to such assessment. *A copy of the notice of appeal shall be served upon the tax commission.*

(2) The tax commission shall review such assessments from the record thus submitted and shall make necessary corrections and certify its conclusion to the county clerk, who shall duly notify the person liable for the * * * *taxes and the assessor of incomes shall enter the corrected assessment on the assessment roll and certify the proper tax in the same manner as other income taxes are certified.*

SECTION 17. Section 71.155, subsection (1) of section 71.16, and section 71.17 are repealed. Subsection (2) of section 71.16 is renumbered to be subsection (20) of section 73.03, and two new sections are added to the statutes to be numbered and to read:

71.16 Exclusive remedy for court review of any income tax assessment made, corrected or confirmed. Payment of taxes when appeal to court is taken. (1) The provisions for appeal provided in this section shall be the sole and exclusive remedy for court review of any assessment of income or surtaxes made, corrected, or confirmed.

(2) No person against whom any assessment of income or surtaxes has been made, corrected, or confirmed shall be allowed in any action or proceeding either as plaintiff or defendant to contest any such assessment unless such person shall first have availed himself of the remedies provided by sections 71.12, 71.14 and 71.15.

(3) Appeals by corporations shall be taken to the circuit court for Dane county and appeals by persons other than corporations shall be taken to the circuit court of the county before whose income tax board of review the hearing on the assessment was held.

(4) Such appeal shall be taken within thirty days after written notice of the decision of the tax commission has been given to the taxpayer by registered mail.

(5) Such appeal may be taken in the case of corporations by

-serving a notice of appeal and a copy thereof on the tax commission. In case of appeals by persons other than corporations such notice shall be served on the county clerk, a copy thereof on the assessor of incomes; and two copies thereof shall be mailed to the office of the tax commission at Madison, Wisconsin. Every such notice of appeal shall recite the order, or decision from which such appeal is taken and shall clearly specify the objections to such assessment, order, or decision to be considered on such appeal; such notice of appeal shall also recite in a clear and concise manner the assignments of error alleged by the appellant to have been committed by the tax commission or the county board of review in determining the tax liability of the appellant, together with a clear and concise statement of the facts upon which the appellant relies as constituting the basis of said appeal and of the propositions of law involved.

(6) Within thirty days after the service of such notice of appeal, the tax commission or the county clerk shall return to said court the original, or a certified or photostatic copy of all documents, papers, evidence, statements, and exhibits on file in the matter and of all testimony taken therein.

(7) Within thirty days after service of such notice of appeal, the appellant shall serve upon the tax commission, and in the case of persons other than corporations, also upon the assessor of incomes, a brief in support of the objections to such assessment, and shall at the same time file a copy thereof with the clerk of the court wherein said appeal is pending. Within sixty days after the service of the appellant's brief the tax commission shall serve an answer upon the appellant or the counsel for the appellant, to the objections raised on such appeal, together with a brief in support of such answer and assessment; and upon the service and filing of such answer and brief, the appeal shall be regarded as at issue.

(8) Said appeal may thereupon be brought on for hearing by either party upon the record made before the tax commission or the county board of review and not otherwise, on ten days' notice to the other, subject, however, to the provisions of law for a change of the place of trial, or the calling in of another judge to preside at such hearing. Upon such hearing the court shall disregard any irregularity, informality, or omission not affecting the legal groundwork of the tax and shall enter an order confirming such assessment and directing judgment in accordance with the

terms of said order, unless it shall appear that such assessment was otherwise in whole or in part illegal, and in all actions and proceedings to contest the validity of any such assessment, the proceedings of the tax commission and the county board of review shall be presumed to be legal and the determination of the tax commission or the county board of review shall not be impaired, vitiated, or set aside upon any grounds not affecting the legal groundwork of the tax. If the court shall find that such assessment is in whole or in part illegal, disregarding any irregularity, informality, or omission, as hereinbefore provided, it shall direct the tax commission, in the case of assessments made by it and the assessors of incomes, in the case of assessments made by him, to make such corrections in the assessment as it may in its decision order, and upon the return of the record, the tax commission or assessor of incomes, as the case may be, shall immediately proceed to correct the assessment in accordance with the decision of the court. Thereupon the court, upon eight days' written notice to the adverse party, shall enter judgment in accordance with its decision and such corrected assessment. It shall be the duty of the clerk of any court rendering a decision affecting an income tax assessment to transmit promptly, without charge, two copies of such decision to the tax commission.

(9) Either party may appeal to the supreme court within twenty days after the entry of such judgment in the manner provided for other appeals from the judgment of a circuit court, and all such appeals shall be placed on the calendar of the supreme court and brought to a hearing in the same manner as other state cases on such calendar. If no such appeal be taken within such period the clerk of the court shall forthwith certify such fact to the tax commission and shall return the record to the tax commission in case of assessments made by it and to the county clerk in case of assessments made by the assessor of incomes.

(10) The attorney-general shall appear for the tax commission in all courts, except that in cases involving appeals of persons other than corporations, the district attorney shall appear with the attorney-general.

(11) As soon as the appellant shall have served notice of appeal to the circuit court on the parties provided by this section the tax commission, in case of assessments made by it and the assessor of incomes in case of assessments made by him, shall notify the county treasurer to whom the tax was certified for

collection, of the pendency of the appeal; and such notice shall stay all collection proceedings until final determination of the appeal but shall not operate to stay the delinquent penalty and interest on unpaid amounts as provided in subsections (12) and (13) of this section.

(12) (a) Any person who shall contest an assessment in court shall state in his notice of appeal what portion if any of the tax is admitted to be legally assessable and correct. The tax commission or the assessor of incomes, as the case may be, shall apportion the tax so admitted to the various counties when an apportionment is necessary and shall file a certificate of such apportionment with the circuit court in which the case is pending and shall serve a copy thereof on the appellant or his attorney by registered mail. The tax commission or the assessor of incomes, as the case may be, shall then certify to each county treasurer the portion of such tax attributable to the local taxing districts within his county as provided in section 71.18, and such tax shall be divided as provided in section 71.19, within thirty days after payment. Within five days after the receipt of the certificate of apportionment the appellant shall pay to each county treasurer the apportioned amount of the admitted tax certified to him for collection. Any such payment shall be considered an admission of the legality of the tax thus paid and such tax so paid cannot be recovered in the pending appeal or in any other action or proceeding. The county treasurer shall not accept payment of any tax included in a contested assessment unless he shall have received proper certificate for the collection of such tax.

(b) Any part of an income tax assessment which is contested in any appeal in court, which the court after hearing shall order to be paid, shall be considered as a delinquent tax from the date on which it would have become delinquent under section 71.10 if such appeal had not been taken, and any such tax so ordered to be paid shall be subject to a penalty of two per cent on the amount of the tax and interest at the rate of one per cent per month from the date of such delinquency until paid.

(13) After final decision and return of the record to the tax commission or the county clerk, the tax commission or the assessor of incomes as the case may be shall notify the county treasurer of the amount of the taxes as determined by the court and such county treasurer shall proceed to collect the taxes in the same manner as other delinquent taxes are collected.

(14) Any party who shall heretofore have commenced an action for review of an income tax assessment in the circuit court for Dane county, which action is now pending either in said circuit court or in the supreme court of this state, and who shall have paid to the court the whole amount of the tax assessed, may at its option:

(a) Allow said payment to remain with the circuit court for said Dane county pending the final determination of said action, in which event said taxes shall not be considered delinquent from and after the date of the payment to the court. After final decision and return of the record to the tax commission the court shall upon the certificate of the tax commission refund to the taxpayer the amount of the excess tax paid, if any, together with any interest which may have been earned on the excess tax while on deposit with said court and shall pay the balance, together with any interest that may have been earned thereon, to the county treasurers named in such certificate. The tax commission shall then certify to each county treasurer the portion of such taxes attributable to the local taxing districts within his county as provided in section 71.18 and such taxes shall be divided as provided in section 71.19 within thirty days after payment, or

(b) Said party may petition the court for, and procure an order from said court directing the clerk thereof to refund to such petitioner the whole amount of the taxes so paid to said court by said petitioner together with any interest that may have been earned on said amount while on deposit with said court, provided that the amount of taxes finally determined as legally due and included in the amount so refunded upon the court's order, shall be considered as a delinquent tax from the date on which it would have become delinquent if the action had not been commenced and the money had not been so paid, and the amount of the taxes legally due and so refunded shall be subject to a penalty of two per cent of the tax, and interest at the rate of one per cent per month from the date on which it would have become delinquent until the date on which it is finally paid. After final decision and return of the record to the tax commission the tax commission shall notify the county treasurer of the amount of the taxes as determined by the court and such county treasurer shall proceed to collect the taxes in the same manner as other delinquent taxes are collected, or

(c) Said party may petition the court for, and procure an

order from the court directing the clerk of said court to pay over to the proper county treasurer as set forth in the petition, such portion of the taxes assessed as he shall in his petition admit to be legally assessable and the tax commission shall apportion the amount of the tax so paid as provided in section 71.18. Any such payment shall be considered an admission of the legality of the taxes thus paid and such taxes so paid cannot be recovered in any action or proceeding by the person paying the same and the amount of the taxes so paid shall not be considered delinquent. The balance of the taxes on deposit in said court may be refunded to said petitioner or may be left with said circuit court. Any amount of the taxes legally due and so refunded to the petitioner shall be subject to such penalties and interest on delinquent taxes as are provided in paragraph (b) of this subsection and shall be collected in the manner provided by such paragraph. Any amount of the tax left with the court in accordance with the provisions of this paragraph after final determination shall be paid over to the party or parties entitled thereto in the manner and as provided in paragraph (a) of this subsection.

71.17 Refunds and credits. (1) The provisions for refunds and credits provided in this section shall be the only method for the filing and review of claims for refund of income and surtaxes and no person shall be allowed to bring any action or proceeding whatever for the recovery of such taxes other than is provided in this section.

(2) No refund shall be made and no credit shall be allowed for taxes overpaid on income for the years not open to audit under section 71.11.

(3) No refund shall be made and no credit shall be allowed on any item of income or deduction, assessed as a result of an office audit, the assessment of which shall have become final and conclusive under the provisions of sections 71.12, 71.13, 71.14, 71.15 or 71.16; and no refund shall be made and no credit shall be allowed for any year, the income of which was assessed as a result of a field audit, and which assessment has become final and conclusive under the provisions of sections 71.12, 71.13, 71.14, 71.15 or 71.16.

(4) It shall not be necessary for any person to file a claim for refund or credit after such refund or credit has been certified on the tax roll.

(5) Every claim for refund or credit of income or surtaxes shall be filed with the tax commission in case of assessments made by it and with the assessor of incomes in case of assessments made by him, and such claim shall set forth specifically and explain in detail the reasons for and the basis of such claim. After such claim has been filed it shall be considered and acted upon in the same manner as are additional assessments made under sections 71.10 and 71.11, and if any portion of such claim is disallowed the person filing the same shall have the same right of hearing as is provided in section 71.12. If after hearing as provided in section 71.12 any portion of the claim is disallowed and the person filing the same shall have availed himself of the remedies provided in sections 71.14 and 71.15, such person shall have the right of appeal to the court but only as provided in section 71.16.

(6) No action or proceeding whatsoever shall be brought against any town, village, city or county or the treasurer thereof for the recovery, refund or credit of any income or surtaxes; except in case any county treasurer shall neglect or refuse for a period of sixty days to refund any overpayment of normal income tax so certified on the income tax roll, the taxpayer may maintain an action to collect the overpayment against the county so neglecting or refusing to refund such overpayment, without filing a claim for refund with such county, provided that such action shall be commenced within one year after the certification of such overpayment on the tax roll.

(7) If the tax commission or assessor of incomes shall fail or neglect to act on any claim for refund or credit within one year after the receipt thereof, such neglect shall have the effect of allowing such claim and the tax commission or assessor of incomes shall certify such refund or credit.

SECTION 18. Section 71.18 of the statutes is amended to read:

71.18 Situs of taxation; apportionment of income; collection of taxes on apportioned incomes; application of property tax laws to income tax collection; settlement between districts and counties for taxes, erroneously received. * * *

(1) In their return for purposes of assessment persons deriving incomes from within and without the state, or from more than one political subdivision of the state, shall make a separate accounting of the income derived from without the state and from each political subdivision of the state in such form and manner as the tax commission may prescribe.

(2) The entire *average* taxable income of every person deriving income from within and without the state or from within different political subdivisions of the state, when such person resides within the state, shall be combined and aggregated for the purpose of determining the * * * proper rate of taxation. *The tax commission or the assessor of incomes, as the case may be, shall compute the tax on the combined average taxable income of such person. The * * * income so computed and averaged, in the manner provided in section 71.10, shall be apportioned, in the manner provided in paragraph (c) of subsection (3) of section 71.02, to, * * * the several towns, cities and villages in proportion to the respective amounts of income derived from each, counting that part of the income derived from without the state when taxable as having been derived from the town, city or village in which said person resides. The tax on the combined average taxable income shall be apportioned on the tax roll to the various towns, cities and villages in proportion to the respective amounts of average taxable income so attributed to each. The portion of such taxes attributable to all of the taxing districts located in any county shall be certified for collection to the county treasurer of such county.*

* * *

(3) All laws not in conflict with the provisions of this act, relating to the assessment, collection and payment of taxes on personal property, the correction of errors in assessment and tax rolls, and for the collection of delinquent personal property taxes except the provisions for the compromise or cancellation of illegal taxes and the refund of moneys paid thereon, shall be applicable to the income tax herein provided * * *.

* * *

(4) Whenever any county, city, town or village shall have * * * received in final settlement a portion of an income tax that under the income tax law ought not to have been * * * received by such county, city, town or village, but by the provisions of the income tax law should have been * * * received by another county, town, city or village, such portion of the tax shall be paid by the county, town, city or village erroneously receiving the same to the county, town, city or village entitled thereto; provided, however, that no such payment shall be made except on the written approval of the assessor of incomes who made the assessment, or of the tax commission in the case

of assessments made by it, specifying the * * * *reasons for such payment*, and provided further that a claim for such tax shall have been made within * * * *three years* after the * * * *receipt of the tax* * * *.

SECTION 19. Section 71.19 of the statutes is amended to read:
 71.19 Division of revenue. (1) All income taxes collected in cash shall be divided as follows, to wit: Forty per cent to the state, ten per cent to the county, and the balance to the town, city or village * * * *from which the income was derived as provided in section 71.18*, except that when such balance exceeds two per cent of the equalized value of such town, city or village under section 70.61, such excess shall be paid to the county to be distributed and paid to *all of the several towns, cities and villages of the county, according to the school population therein.* * * *

(2) Out of the first moneys received and retained from cash collected from such income taxes in any city of the first class, however organized, there shall be transferred and paid to the firemen's pension fund provided for by chapter 165 of the laws of 1903 and laws amendatory thereof, a sum each year sufficient to make the said firemen's pension fund on the first day of March in each year not less than one hundred and seventy-five thousand dollars, to be used for the purpose of paying pensions to disabled and superannuated members of the fire department and their beneficiaries mentioned in said laws. * * *

(3) *The county treasurer shall account for and pay all delinquent taxes collected by him, upon the basis hereinbefore provided, to the state treasurer, and to the several town, city and village treasurers entitled thereto at the time of the next division of revenue as provided for in section 74.26 (1).*

SECTION 20. Section 71.195 of the statutes is amended to read:

71.195 Advance Payment. County treasurers are authorized to accept advance income taxes and surtaxes on incomes from individuals or corporations desirous of making such payments at any time before the same shall become due and payable. No such advance payments shall be accepted by the county treasurer unless a certification is furnished by the Wisconsin tax commission, in case of assessments made by it, or the assessor of incomes in case of assessments made by him, showing the amount of income taxes to become due and the districts to which *these taxes* are * * * *attributable under section 71.18. The assessor of in-*

comes and the tax commission shall enter upon the proper assessment roll all taxes thus certified and shall enter thereon opposite each such assessment the words "certified to the county treasurer for advance payment." Advance payment of taxes under this provision shall not relieve any individual or corporation from additional taxes which may result from subsequent legislation or from additional taxable income disclosed or discovered subsequent to the assessment. The county treasurer, upon receipt of such advance taxes, shall enter the amount received on a ledger account termed "Advance Income Taxes." * * * At the time of the next division of revenue as provided for in section 74.26 (1), the county treasurer shall divide such taxes as provided in section 71.19.

SECTION 21. Section 71.23 of the statutes is amended to read: 71.23 Whenever any person shall in * * * an action * * * against any * * * county treasurer, as provided in section 71.17; recover a refund certified on the income tax roll, the * * * county shall reimburse such treasurer for such sums of money as may be necessarily paid out by him by reason of such * * * action, and such * * * county shall be reimbursed for the * * * local and state's proportionate share of such sums in the manner provided in section 74.73.

SECTION 22. Section 71.24 of the statutes is amended to read: 71.24 Whenever an * * * incorrect income tax assessment has been certified * * * or no assessment has been certified when one should have been certified and such error shall be discovered after the income tax roll has been certified to the county * * * treasurer, the tax commission, in case of assessments made by it, and the assessor of incomes, in case of assessments made by him, may correct such error at any time before the tax becomes delinquent by certifying the tax properly due, or if no tax is due, by certifying that fact to the county treasurer, * * * to whom the same is payable. Whereupon such treasurer shall enter upon the tax roll the words "reduced to dollars," or "increased to dollars," or "cancelled," "by direction of the assessor of incomes," or "by direction of the tax commission," as the case may be, and shall be required to account in his * * * settlement with the * * * state and local treasurers only for the amount appearing on the roll as corrected. * * *

SECTION 23. Section 71.25 of the statutes is renumbered to

be subsection (1) and a new subsection is added to said 71.25 to read: (71.25) (2) For the purpose of this chapter, whenever a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or whose income is regulated through contract or other arrangement, the tax commission may require such consolidated statements as in its opinion are necessary in order to determine the taxable income received by any one of the affiliated or related corporations.

SECTION 24. Subsection (1) of section 74.26 of the statutes is amended to read: (74.26) (1) To State and Local Treasurers. The several county treasurers shall pay to the state treasurer, the amount of state taxes charged to their respective counties, on or before the second Monday of March in each year. They shall pay to the state treasurer *and to the local treasurers*, the amount of income taxes * * * *collected by their respective counties under the provisions of chapter 71, * * * within fifty days after the first day upon which the same became due and payable.*

SECTION 25. Subsection (2) of section 73.04 of the statutes is amended to read: (73.04) (2) The tax commission may, in its discretion, appoint one of its members, or * * * *any employe and give such person power, to act for it to investigate and make report to the tax commission upon any matter * * * upon which the tax commission is required to act, and such member * * * or employe * * * shall have power and authority to issue subpoenas to compel the attendance of witnesses or parties, and the production of books, papers or records, and to hold hearings, administer oaths to witnesses, take testimony and perform all other duties necessary * * * to bring such matter before the tax commission for final adjudication and determination.* * * *

SECTION 26. Section 71.26 of the statutes is repealed, and section 71.27 is renumbered to be section 71.26.

SECTION 27. This act shall apply to incomes received in the years 1926 and 1927 or corresponding two fiscal years and annually thereafter. The usual income tax assessment and tax rolls as provided in chapter 71 of the statutes of 1925 shall not be prepared or certified during the year 1927 and the principal assessment and tax rolls issued under the provisions of chapter 71 of the statutes as amended by this act shall be issued on June 1,

1928, except that assessment and tax rolls may be prepared and issued from time to time as provided by this act, during the year 1927 and during the first five months of 1928 for the purpose of certifying for collection assessments of back taxes, and income taxes of persons reporting on fiscal year basis.

SECTION 28. This act shall take effect upon passage and publication.

Approved August 10, 1927.

No. 441, A.]

[Published August 18, 1927.

CHAPTER 540.

AN ACT to create chapter 214 and subsection (1a) of section 20.53 of the statutes, relating to the regulation of the business of making small loans to the masses without bank credit, making an appropriation and providing a penalty.

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. A new chapter is added to the statutes and a new subsection is added to section 20.53 of the statutes to read:

CHAPTER 214.

214.01 No person, copartnership, or corporation shall engage in the business of making loans of money, credit, goods or things in action in the amount or to the value of three hundred dollars or less, and charge, contract for or receive a greater rate of interest than ten per centum per annum therefor, except as authorized by this chapter and without first obtaining a license from the commissioner of banking, hereinafter called the licensing official.

214.02 Application for such license shall be in writing and shall contain the full name and address, both of the residence and place of business, of the applicant; and if the applicant is a copartnership, of every member thereof; or if a corporation, of each officer thereof; also the county and municipality, with street and number, if any, where the business is to be conducted. Every such applicant at the time of making such application shall pay to the licensing official the sum of fifty dollars as an annual license fee and shall pay in addition thereto, actual expenses of examinations, provided for in this chapter; provided that if the license is issued for a period of less than twelve months, the license