

221 MILLIONS PROCESS TAX PLAN DROPPED

(Continued from page One) Representative Samuel B. Hill (Democrat), of Washington, chairman of the sub-committee, said:

"We were never keen for processing taxes at any time. We now figure we can get all the money we need from the other two taxes—the corporation and windfall levies. \* \* \* We just changed our minds. We decided not to fool with them."

Another member of the sub-committee, who declined to be quoted, said he was convinced that processing taxes, even if included in the bill, "could never pass the House."

The sub-committee's vote means that no consideration whatsoever will be given either processing taxes, or any other form of excise taxes, when the full committee opens its hearings. Similar action, voting down last-minute proposal of a general sales tax, was taken.

Two other significant changes were made in the sub-committee's report by the House tax draftsmen. The group decided that the 33 1-3 per cent tax imposed on dividends collected by foreign investors from American corporations was too high, and reduced it to a flat 22 1-2 per cent.

Hill said the lower rate will yield the same or even more revenue. The sub-committee also decided that all insurance companies and all banks should be exempt from the new corporate tax, and should be assessed instead at a flat rate of 15 per cent.

Formerly only banks, all mutual insurance companies and joint stock life insurance companies were to be given this exemption. Meanwhile, the complete tax schedules under which undistributed corporate dividends will be taxed under the new law were made public for the first time.

Two schedules, one providing favored treatment for corporations earning less than \$10,000, and another imposing stiffer rates in the higher brackets, were agreed upon, together with highly complicated "intermediate formula," which would give preferential treatment particularly to corporations earning between \$10,000 and \$20,000.

The first schedule, applying to companies with net incomes of \$10,000 a year and under, impose a tax ranging from 1 per cent of total statutory net income (based on withholding up to 10 per cent of total net income), up to 29 1-2 per cent on total statutory net income when over 60 per cent of net income is retained.

The schedule is as follows: Schedule—Companies, \$10,000 and under. Percentage income withheld: Effective tax on total earnings

Up to 10 per cent.... 1 per cent  
10 to 20 per cent.... 3 1/2 per cent  
20 to 30 per cent.... 7 1/2 per cent  
30 to 40 per cent.... 13 per cent  
40 to 50 per cent.... 18 1/2 per cent  
50 to 60 per cent.... 24 per cent  
60 to 70 per cent.... 29 1/2 per cent

Under the second schedule, applying to companies with net income of more than \$10,000 a year, the tax would range from 4 per cent of total statutory net income (based on withholdings up to 10 per cent of total net income), up to 42 per cent on total net income (when over 50 per cent of net income is retained).

This schedule is as follows: Companies \$10,000 and over. Up to 10 per cent.... 4 per cent  
10 to 20 per cent.... 9 per cent  
20 to 30 per cent.... 15 per cent  
30 to 40 per cent.... 25 per cent  
40 to 50 per cent.... 35 per cent  
50 to 57 1/2 per cent.... 42 1/2 per cent

In between these two schedules the so-called intermediate formula would be operative but its use would be optional. It would work



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North Carolina Senator Addresses Maine Democrats Tuesday, Mar. 31

Senator Bob Reynolds of North Carolina, keynote speaker in the Maine Democratic convention Tuesday, opened his address with a quotation from Maine's own poet—Henry Wadsworth Longfellow's Building of the Ship:

"Thou, too, sail on, oh, Ship of State, Sail on, oh Union, strong and great; Humanity with all its fears With all its hopes of future years Is hanging breathless on thy fate."

Through the years that Union and all humanity has been helped in more ways than can be told by the sturdy sons and daughters of this honorable state. My own state of North Carolina may have preceded Maine into the Union, but it cannot claim—and can no other—a more distinguished list of citizens, a more splendid array of public servants, finer students of arts and letters than have been produced on your tree-clad hills and beside your blue and beautiful lakes and rivers.

Mentioning a few other prominent figures from the state of Maine, Senator Reynolds then plunged into his speech with unusual fervor that brought the Maine Democrats to their feet, loud in praise of the North Carolinian. The burden of his song was the new deal and a fair appraisal of conditions and results. Mentioning the steadily declining condition of business at the time of the induction of President Roosevelt, the speaker pointed out many of the contrasting market prices of common commodities that have increased with such obvious results that it is apparent that some unusual force was in motion in the United States.

Speaking of the enactment of many emergency measures by congress, Senator Reynolds described them as being "so constructed as to provide the foundation of a structure of prosperity on a principle; not now, as some of you would have you think, not radical, as the reactionaries cry, but as old as mankind."

Thousands To Visit Oldest Lutheran Church In U. S.

Luray, Va.—Thousands of New England Lutheran tourists in Virginia this summer are expected to be routed by Hebron Lutheran Church, Madison county, said to be the oldest edifice of the denomination in America.

The church was built in a valley near Madison Court House in 1740, and has been in continuous use during 196 years. The original structure, however, has undergone many changes. Old records say that the edifice was built by the first white settlers, who came from "Germana" (Germany), who were also the first to settle anywhere between Culpepper county and the Pacific coast.

The organ in the church was built by Daniel Tannenburg at Lititz, Pa., and was bought by the congregation in 1800. John Yager hauled the organ from Lititz in an ox cart. The trip required 17 days.

The first organist was Frederick Shad, who presided over the first school in Virginia, located near Hebron. The organ has been in constant use since it was installed by Philip Broughmann.

The communion service was a gift of Thomas Graffin Giffen of London, England, in 1741. The

to the advantage of corporations earning more than \$10,000 and slightly in excess of \$20,000, but corporations of much larger earnings would find it to their advantage to use the second schedule instead.

This intermediate formula—an exercise in mathematical gymnastics—would be applied as follows:

- (1) Take the amount of statutory net income.
- (2) Subtract \$10,000.
- (3) Multiply the difference by the maximum rate in the tax schedule for the percentage of earnings retained.
- (4) Take the amount of statutory net income again.
- (5) Multiply it by the minimum rate applicable to the percentage of net income retained.
- (6) Add (3) and (5) to get the amount of the tax.

For example, a corporation has a net income of \$15,000. It wants to retain 30 per cent of this for reserve. From \$15,000 (1) subtract \$10,000 (2) and the difference would be \$5,000. Multiply \$5,000 by 15 per cent (3) to get \$750. Take \$15,000 (4) and multiply by 7 1/2 per cent (5) to get \$1,125. The tax therefore, would be \$750 plus \$1,125, of \$1,875, on a corporation earning \$15,000 but retaining only 30 per cent for reserve.

In the two tax schedules announced, the sub-committee agreed to use what is known as the "straight line accounting principle," which means that odd amounts in each bracket would be taxed only in proportion to their relation to the top bracket. This contrasts with the present corporation income tax, which goes up by steps, with no differentiation for amounts falling between the minimum and maximum percentages.

To avoid tax evasion through a holding company set-up, where the top company shows a deficit, and the subsidiaries a profit, it was learned that the sub-committee has decided that dividends declared by the subsidiaries to the holding companies must pay a flat income tax of 22 3/4 per cent.

church is now supported by descendants of the pioneers who built it.

Rev. Lyman Todd, ninety-eight, the oldest Lutheran minister in Maine, is preparing to head a delegation of hundreds of Lutherans in his State to make a visit to the old church in June.

The Maine delegation will be accompanied by many persons from Boston and other parts of Massachusetts, increasing until it reaches Washington.

Inventors Show Fancy Gadgets At Convention

New Orleans—Gadegicians from 14 states gathered here to parade a new assortment of knickknacks—the products of imaginative minds of Southern inventors.

On display during the four-day meeting will be everything from quick-action suspenders to dirigibles, together with the inventor to explain his product's usefulness. One can see a collapsible chicken coup flanked by an automatic electric keyless lock, letterheads that fold and become the envelope.

There's news for those who wear out their knees picking strawberries, for on display is a mechanical strawberry picker—a guaranteed labor saver.

For hunters, fishermen, and campers there is a portable and folding bathroom with mirror and everything. For the housewife is a mail box so equipped as to notify the owner when the bills have arrived.

Other gadgets included hog catchers, revolving rood mats, disappearing ironing boards, egg separators, chicken cutters, machines that wash both clothes and dishes and dry by air in a few seconds, non-removable railroad spikes, tobacco, gum, and poultry pins.

Albert G. Burns of Oakland, Calif., president of the National Inventors Congress, will preside over the sessions. The sectional meeting here precedes by a few weeks the annual meeting of the National Inventors Congress to be held at Grand Rapids, Mich., June 9 to 12.

Marine Examinations Be Held This Month

The examination of thirty-five applicants for enlistment in the U. S. Marine Corps will be held at the District Recruiting Headquarters, Post Office Building, Savannah, Ga., during the month of April, it was announced by Major Ralph E. Davis, the Officer in Charge.

The Marine Corps accepts young men who are between 18 and 25 years of age, single, not less than 66 or more than 74 inches in height and who are in excellent physical condition, it was announced.

Young men who meet the above requirements and desire service in the Marine Corps can obtain application blanks by writing the Savannah office, Major Davis stated.

The blood content of the human body is five quarts.

Nation's Jobless Reported To Be 12,500,000

Survey Made By The American Federation of Labor Discloses Figures

The latest survey of the American Federation of Labor, which was published on March 27, estimates that 12,500,000 Americans are jobless. The survey shows, according to the Federation, that industry has failed to take up the slack in unemployment. The estimate stated that there was a net decline in unemployment of 95,000. This was attributed to the pick up in agriculture due to spring planting. However the spring upturn in general business activity had not begun in February and business was still showing a decline. Employment gains of the past month were registered in railroads, they showed a gain of \$2,000, in manufacturing there was a gain of 17,000, but these were more than offset by the decline in building and construction industries in that they dismissed 83,000 employees and in trade there were 37,000 less employed than in the preceding month.

WINDERS FACES MURDER CHARGE

(Continued from page One) right mind and ready for trial and an order was issued to the sheriff to bring him back.

Intermittently during the period he has been in the State institution hospital authorities have stated that they felt duty bound to return him for legal disposition, although it was stated his mental condition was of a recurrent type and that he might go through the same thing again if released. Sheriff McKenzie was shot when he and a deputy went to the home in response to a call from his wife.

Charles L. Coggin, solicitor of this district, stated that Winders will be tried for first degree murder.

JUST PRETEND

Mother: "Now Honeybunch, eat up your rice, like a good boy." Honeybunch: "I don't like rice." Mother: "Well, just pretend you like it."

Texas County Is Again Facing Petticoat Rule

Fort Davis, Texas—Petticoats ruled this rugged cow county where a swivel-chair woman sheriff likes her job so well she seeks re-election. Mrs. F. L. Sproul came to Jeff Davis county in the Big Bend country 20 years ago as a school teacher and remained to become sheriff. She refuses to touch a pistol, however. The sheriff heads a determined group of women who plan a full county ticket in the July Democratic primary.

Banded with her are Mrs. E. H. Fowlkes, county judge, appointed to fill the unexpired term of her husband who died last week, and Miss Virginia Lee Ellis, county treasurer by election the last eight years. The men folk in this mountainous western sector, where the Apache Indians made their last stand in Texas 50 years ago, have not announced what they intend to do.

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