

1926 RETURN CAPITAL STOCK TAX

FOR DOMESTIC CORPORATIONS
(SEC. 700, REVENUE ACT OF 1924)

(Collection district)
Assessment List, Form 23 A

(Month) (Year)

(Page) (Line)

Audited by: _____

TO BE STAMPED BY COLLECTOR, SHOWING
DISTRICT AND DATE RECEIVED

File with Collector of Internal Revenue for your district
on or before July 31, 1925, to avoid penalty

1. Name National Trap (Print name of corporation, joint-stock company, or association) National Weir Co. (Show former name, if changed)

2. Address 373 Commercial St. Provincetown, Mass. (The address must be that of the principal place of business. Give "Street and number," "City or town," and "State")

3. Name of parent company, if any _____ (District filed _____)

4. Name of subsidiary, if any _____ No. shares held _____ (District filed _____)
(Or attach list and state number of shares held; also districts where filed)

5. Nature of business in detail Weir fishing and selling catches.

6. Incorporated or organized in State of Massachusetts Month July Year 1921

7. Return for previous year filed in Dorset District. Fire insurance carried, if any, \$ 2000 (As of date, Exhibit A)

TAX PAYABLE ANNUALLY IN ADVANCE

RETURN FOR TAXABLE PERIOD JULY 1, 1925, TO JUNE 30, 1926, BASED ON FAIR AVERAGE VALUE OF CAPITAL STOCK FOR PRECEDING YEAR
CAREFULLY READ ALL INSTRUCTIONS BEFORE MAKING RETURN

JUNE 30, 1925 Use no other date	Cum. or noncum.	Dividend rate	Number of shares	Par value per share	TOTAL	This column for use of Department
8. Common stock outstanding	<u>8000</u>	<u>none</u>	<u>50</u>	<u>\$100</u>	\$ <u>8000 00</u>	
9. First preferred stock outstanding	<u>none</u>	<u>none</u>				
10. Second prefer'd stock outstanding	<u>none</u>	<u>none</u>				
11. Surplus (estimate, if necessary)		<u>none</u>				
12. Undivided profits (estimate, if necessary)		<u>none</u>				
13. TOTAL					\$ <u>8000 00</u>	

COMPUTATION OF TAX

COMPUTATION OF TAX	This column for use of taxpayer	This column for use of Department
14. Fair value of total capital stock for fiscal year determined by Exhibit	\$ <u>11 000</u> XX	\$ _____ XX
15. Deduction allowed by law	<u>5 000</u> XX	<u>5 000</u> XX
16. Amount in excess of \$5,000 (Omit cents)	<u>6 000</u> XX	
17. Tax at rate of \$1 for each full \$1,000 in excess of \$5,000 (Omit cents)	<u>6</u> XX	
18. Penalty for delinquency in filing return		
19. TOTAL TAX AND PENALTY	<u>6 000</u>	

TO FACILITATE COLLECTION OF TAX A REMITTANCE IN THE AMOUNT REPORTED MAY ACCOMPANY THIS RETURN

CLAIM SETTLEMENT RECORD

AMOUNT	\$ _____
ALLOWED	\$ _____
REJECTED	\$ _____
FAIR VALUE	\$ _____
BASIS	_____

Determination of liability rests with the Commissioner. This applies to all companies claiming exemption.

No excess payment of capital stock tax allowed as a credit against any tax due.

ADDITIONAL ASSESSMENT RECORD

_____	19	LIST
PAGE _____	LINE _____	
ADDITIONAL TAX, \$ _____		
BY _____		

DO NOT PASTE RIDERS TO FACE OF RETURN

Error

An error occurred while processing this page. See the system log for more details.

EXHIBIT B (See Special Instructions No. 4, page 4)

SPECIAL INFORMATION

QUOTATIONS OR OUTSIDE SALES PRICES

(Give name of exchange or specify "Outside sales")

Manufacturing and trading corporations will report annual gross sales for the five years shown under Exhibit C.

MONTH	COMMON		FIRST PREFERRED		FISCAL YEAR ENDED	SALES			
	* Number of shares outstanding	Price	* Number of shares outstanding	Price					
July, 1924	80	\$ 1.00							
August, 1924	80	1.00							
September, 1924	80	1.00			19 20	\$	15	660	89
October, 1924	80	1.00							
November, 1924	80	1.00			19 21		11	851	26
December, 1924	80	1.00							
January, 1925	80	1.00			19 22		9	919	37
February, 1925	80	1.00							
March, 1925	80	1.00			19 23		14	570	89
April, 1925	80	1.00							
May, 1925	80	1.00			19 24		13	277	16
June, 1925	80	1.00							
Total	960	12.00							
Average	x x x x x x x	1.00	x x x x x x x						

*If any change, show number of shares each month, regardless of sales.

RECAPITULATION OF EXHIBIT B

This column for use of taxpayer		This column for use of Department			
Average sale value of common stock per share, \$ 1.00, multiplied by 80 number of shares outstanding	\$ 800.00				
Average sale value of first preferred stock per share, \$ none, multiplied by number of shares outstanding					
Average sale value of second preferred stock per share, \$, multiplied by number of shares outstanding					
TOTAL (value of total capital stock reflected by Exhibit B)	\$ 800.00				

Approximate number of shares traded in during the year: Common Preferred

NOTE.—Parent companies will facilitate audit by attaching supplemental Exhibit C, showing consolidated income of group.

EXHIBIT C (See Special Instructions No. 5, page 4)

ANNUAL INCOME (Not consolidated income of group)

FISCAL YEAR Ended	NET INCOME (Deficit in red)	DEDUCTIONS	ADDITIONS	ADJUSTED INCOME	NUMBER OF SHARES	DIVIDENDS DECLARED			DEPRECIATION
						Common	First preferred	Second preferred	
19 20	\$ 2,547.95			\$ 2,547.95	80	40%	%	%	
19 21	2,478.36			2,478.36	80	30%	%	%	
19 22	2,394.04			2,394.04	80	20%	%	%	
19 23	1,904.17			1,904.17	80	30%	%	%	
19 24	3,372.13			3,372.13	80	20%	%	%	
Total	12,696.65			12,696.65	400	14%			
Average	\$ 2,539.33	x x x x x x	x x x x x x	\$ 2,539.33	80	28%	%	%	\$

RECAPITULATION OF EXHIBIT C

This column for use of taxpayer		This column for use of Department			
Average annual income as adjusted	\$ 2,539.33				
Capitalized at 20 per cent (value of total capital stock reflected by Exhibit C)	12,696.65				

STATE OF _____ }
 COUNTY OF _____ } ss:

We, _____, President, and _____, Treasurer, of the above-named company, whose return for special excise tax is herein set forth, being severally duly sworn, each for himself, deposes and says that the items entered in the foregoing report and in any additional list or lists attached to or accompanying this return are, to his best knowledge and belief and from such information as he has been able to obtain, true and correct.

Sworn to and subscribed before me this _____ day of _____, 192

President.

[SEAL] _____ (Official capacity)

(3)

62-13464

Treasurer. (SEE INSTRUCTIONS ON PAGE 4)

SPECIAL INSTRUCTIONS

1. **REQUIRED VALUE.**—Every domestic corporation is required to pay annually a special excise tax with respect to carrying on or doing business, equivalent to \$1 for each \$1,000 of so much of the fair average value of its capital stock for the preceding year ending June 30 as is in excess of \$5,000. It is immaterial whether the corporation is organized for profit or has a capital stock represented by shares.

For the purpose of this tax the fair value of the entire capital stock as a going concern, regardless of stock ownership or the ability of individual stockholders to liquidate their holdings, is required. The sales prices for any number of shares of stock less than a majority interest are not necessarily indicative of the fair value of the entire capital stock. The book value, the kind of assets, the nature of the business, good will, franchises, earning capacity, etc., are important factors that affect the worth of enterprises and must be given due consideration in arriving at the fair value at any given date.

In order that consideration may be given the various factors affecting fair value, three exhibits are provided for furnishing information, and the taxpayer will complete each exhibit or state why the required data are not available.

Exhibit A provides for adjusting any overstated or understated values contained in the taxpayer's books of account, and Exhibit C provides for showing an adjusted income, which should be the actual operating income to be used for capitalizing on a percentage basis fixed by its officers as fairly representing conditions obtaining in the trade and in the locality. If the reconstructed book value shown by Exhibit A, the market value shown by Exhibit B, or the valuation reflected by Exhibit C, is greater than the valuation returned by the taxpayer, a comprehensive statement showing any extraordinary conditions which are relied on in support of the valuation claimed must be submitted. In any case in which the fair value is understated the amount will be redetermined by the Commissioner and the correct tax assessed; also any penalty incurred will be asserted.

2. **EXHIBITS.**—The three exhibits, A, B, and C, are provided to indicate the information desired and the manner in which it should be furnished. So far as adaptable these forms should be completed by taxpayers, but if they find it more convenient they may attach to this return their own statements (as in the case of banks), provided substantially the same information is furnished. In any event, taxpayers should attach any additional statements that will aid in a comprehensive understanding of the taxpayer's return, so that the Commissioner of Internal Revenue may equitably determine the correctness of the fair value reported in item 14 on page 1 hereof.

3. **EXHIBIT A: CONDENSED BALANCE SHEET.**—Furnish under Exhibit A a condensed balance sheet as of June 30, 1925, if possible, but in no case earlier than December 31, 1924.

"Date of Balance Sheet."—Exhibit A requires data as of June 30, 1925, if possible, but in no case earlier than December 31, 1924. A corporation whose fiscal year ends between June 30 and December 31, 1924, and which finds it impossible to prepare a statement from the books as of June 30, 1925, may report in the "Books of account" column values as of the close of their last fiscal year preceding December 31, 1924, and will in every instance make use of the "Fair value" column to estimate values as of June 30 immediately preceding the taxable period. Capital stock will be shown in the "Fair value" column as a capital liability in the amount actually outstanding on June 30, 1925. This amount will agree with items 8, 9, and 10 on page 1 of the return, and no substitution of dates is permitted in either case. Where the books are closed in July or August, tentative return may be filed and completed return immediately after closing of books.

Banks should submit balance sheets as of June 30, 1925, in all cases. Published statements are acceptable unless reconstruction is necessary to reflect actual value.

"Books of account."—These columns must show the amounts as carried in the taxpayer's books of account.

"Fair value."—Refer to article 1 above defining the value required, and in the event that the columns "Books of account" contain any overstated or understated values show herein the actual values. If any different valuation is claimed than reported in the "Fair value" column it may be stated and should be supported by reasonably conclusive evidence.

"Difference."—These columns will show the difference between the columns "Books of account" and "Fair value." Any material differences must be explained in such manner as to enable the Commissioner of Internal Revenue to determine if they are proper and acceptable. For this purpose the differences shown herein need not be covered by corresponding adjustments in the taxpayer's books of account.

"Profit and loss."—If the "Profit and loss" balance is a debit, the amount should be shown in red.

Reserves for the payment of future dividends, whether declared or not, will not be considered as liabilities, but a reasonable amount to cover the preced-

ing dividend period may be so considered if the dividend has been declared and not disbursed. If deducted, show date declared and date of actual payment.

4. **EXHIBIT B: QUOTATIONS OR OUTSIDE SALES PRICES.**—Furnish under Exhibit B the prices quoted on a recognized stock exchange or on the New York curb, or the prices at which outside sales were made if the stock is not listed, for the period of 12 months ending June 30, 1925.

If the stock is listed, the name of the exchange from which reported quotations are taken must be shown in the space provided therefor, and the prices reported will be the mean of the highest and of the lowest bid price during each month, from which the average for the year will be obtained. If the taxpayer prefers, a schedule may be attached to this return showing the highest and lowest bid price at which stock was quoted for each day of the year and the average obtained therefrom.

If the stock is not listed and outside sales have been made at prices known or determinable by the officers making this report, such prices will be reported herein. A statement of the number of shares involved and the conditions under which sales were made at other than exchange quotations must accompany this return. Sales to employees or directors for qualifying purposes, or sales which are restricted as to resale, or sales at prices otherwise specially influenced, will not be considered representative of the fair value of the entire capital stock and should not be included.

In the column "Number of shares outstanding" should be shown the total number of shares outstanding at the close of each month. The average value per share will be determined as follows:

First, If no change occurred in the number of shares outstanding during the year, total the quotations or sales prices for the months reported and divide by the number of months in which quotations or sales prices are shown.

Second, If any change occurred in the number of shares outstanding during the year, multiply the average market price per share for the period during which the capital stock as of June 30, 1925, has been outstanding by the number of shares outstanding as of that date.

5. **EXHIBIT C: ANNUAL INCOME.**—Furnish under Exhibit C the annual income and other data for the five fiscal years ended with the close of the taxpayer's fiscal year or for the period during which the corporation has been engaged in business if for a shorter period.

"Net income."—In this column will be shown the income returned for the purpose of the income tax and excess-profits tax.

"Deductions" and "Additions."—Refer to article 1 of these Special Instructions and show in these columns such amounts as should be deducted from or added to "Net income" to arrive at the adjusted income which may be capitalized to determine the fair value of the capital stock. A comprehensive analysis of any amounts reported therein should be attached to this return. Some of the principal items frequently requiring adjustments are—

Deductions:

Income and profits taxes not deductible in computing income subject to tax.

Interest charges not deductible in computing income subject to tax.

Losses not fully deductible in computing income subject to tax.

Additions:

Dividends from other corporations not included in computing income subject to tax.

Income from securities of a State, municipality, or of the United States, not included in the income tax return.

The difference between depletion allowed in determining net income subject to Federal income tax and the actual depletion based on cost.

Expenditures made for additions and betterments, or reserves for such purposes, charged against income, whether direct or through expense.

"Adjusted income."—This column will reflect the amounts resulting from the adjustment of the amounts shown in the three preceding columns.

"Number of shares."—Herein should be given the total number of shares of all classes of stock outstanding at the close of each fiscal year.

"Dividends declared."—Herein should be reported the percentage of dividends declared on each class of stock outstanding each year. The amount represented by the percentages shown in this column must not be deducted from the columns "Net income" or "Adjusted income."

"Depreciation."—Hereunder will be reported the amount actually charged against income each year in the taxpayer's books of account for depreciation.

Capitalizing net income.—The officers making the return will capitalize the average annual income on a percentage basis that fairly represents, under the conditions obtaining in the trade in the locality, what representative enterprises must earn in order to maintain their stock at par. In other words, if enterprises engaged in a similar business must on the average earn 12 per cent on their issued capital stock to keep the value of their stock at par, the net income should be capitalized by dividing it by .12.

GENERAL INSTRUCTIONS

1. **NATURE OF TAX.**—The capital stock tax due July 1, 1925, is an excise tax payable in advance for the privilege of doing business from July 1, 1925, to June 30, 1926.

2. **FILING RETURNS.**—During July of each year every domestic corporation other than an insurance company or an organization which has been determined by the Commissioner to be entitled to specific exemption from capital stock tax under section 231 of the law, must make a return on Form 707.

When a corporation has once established to the satisfaction of the Commissioner that it is an insurance company or a corporation entitled to exemption under section 231 of the law, and has been notified officially that it is not liable for capital stock tax, it need not thereafter file a return, unless it changes the character of its organization or operations or the purpose for which it was created.

3. **TENTATIVE RETURN.**—Filing of a tentative return will avoid penalty for delinquent filing, but does not authorize withholding of the tax. Complete return as far as possible and submit an approximate estimate as a basis in order that an initial assessment may be made.

4. **EXAMINATION OF RECORDS AND WITNESSES.**—For the purpose of ascertaining the correctness of any return, or of making a return where none has been made, or of preparing a new return where the one submitted is false or fraudulent, the Commissioner has authority to designate a revenue agent or inspector to examine witnesses and books, records, papers, or other memoranda.

5. **EXTENSION OF TIME.**—If on account of sickness or absence of the officer charged with making the return, it is impossible to prepare and file a return on or before July 31, the collector, upon application in writing, may allow an extension of not exceeding 30 days for making and filing the return.

If extension is granted, the letter of the collector must be attached to the return. Neither the Commissioner nor the collector has authority to grant an extension greater than 30 days from July 31.

6. **SIGNATURES AND VERIFICATION.**—Returns must be signed and verified by two officers of the corporation, that is, by the president, vice president, or other principal officer, and by the treasurer or other financial officer, and must be sworn to before an officer authorized to administer oaths, and the seal of the attesting officer, if he is required to have a seal, must be impressed on the return. The name of the corporation and the names of the officers signing the return should be plainly written or printed on the return. If, however, the tax covered by this return does not exceed \$10, the return may be signed or acknowledged before two witnesses instead of under oath.

7. **TAX.**—From the total fair average value of the capital stock the sum of \$5,000 is deductible and the tax is at the rate of \$1 for each full \$1,000 of the remainder. (See lines 14 to 17 on page 1.)

8. **PENALTIES.**—For making a false or fraudulent return, not to exceed \$10,000 or one year's imprisonment, or both, and in addition 50 per cent of tax evaded.

Failure to make return on time, 25 per cent of the total tax. Carrying on business without paying the tax, not more than \$1,000 or imprisonment for not more than one year, or both.

For failure to pay tax when due, 5 per cent of tax due, plus interest at 1 per cent a month during the period it remains unpaid. Penalties for non-payment do not attach until 10 days after notice and demand has been served or mailed by the collector upon the taxpayer.

9. **REGULATIONS.**—For further information regarding the tax see Capital Stock Tax Regulations.

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