

Treasury decisions amending Regulations 42.

(T. D. 5190)

TITLE 26 -- INTERNAL REVENUE

CHAPTER I

SUBCHAPTER C -- PART 130

TAXES ON SAFE DEPOSIT BOXES, TRANSPORTATION  
OF OIL BY PIPE LINE, TELEPHONE, TELEGRAPH,  
RADIO AND CABLE MESSAGES AND SERVICES, AND  
TRANSPORTATION OF PERSONS

Regulations 42 (1942 edition) amended.

TREASURY DEPARTMENT,  
Office of Commissioner of Internal Revenue,  
Washington, D. C.

TO COLLECTORS OF INTERNAL REVENUE  
AND OTHERS CONCERNED:

In order to conform Regulations 42 (1942 edition) [Part 130, Title 26, Code of Federal Regulations], relating to the taxes on safe deposit boxes, transportation of oil by pipe line, telephone, telegraph, radio and cable messages and services, and transportation of persons under the provisions of the Internal Revenue Code, to sections 601, 606, 609 and 616 of the Revenue Act of 1942 (Public Law 753, Seventy-seventh Congress, second session), approved October 21, 1942, such regulations are hereby amended as follows:

Paragraph 1. The first paragraph of section 130.0 is amended to read as follows:

These regulations deal with the excise taxes--

(a) On the use of safe deposit boxes, imposed by Chapter 12 of the Internal Revenue Code, as amended by section 532 of the Revenue Act of 1941.

(b) On the transportation of oil by pipe line, imposed by Chapter 30, Subchapter A, of the Internal Revenue Code, as amended by sections 502 and 521(a)(22) of the Revenue Act of 1941 and section 616 of the Revenue Act of 1942.

(c) Imposed by Chapter 30, Subchapter B, of the Internal Revenue Code, as amended by section 548 of the Revenue Act of 1941 and section 606 of the Revenue Act of 1942, with respect to--

- (1) Telephone and radio telephone messages and conversations;
- (2) Telegraph, cable, and radio dispatches and messages;
- (3) Leased wire, teletypewriter, and talking circuit special service;
- (4) Wire and equipment services (including stock quotation and information services, burglar alarm and fire alarm service, and all similar services);
- (5) Local telephone service rendered to subscribers.

(d) Imposed by Chapter 30, Subchapter C, of the Internal Revenue Code, as added by section 554(b) of the Revenue Act of 1941, and amended by section 609 of the Revenue Act of 1942, with respect to--

(over)

- (1) Transportation of persons by rail, motor vehicle, water, or air;
- (2) Seating or sleeping accommodations furnished in connection with transportation of persons by rail, motor vehicle, water, or air.

Par. 2. There is inserted immediately after section 130.25 the following:

EXEMPT TRANSPORTATION

SEC. 616. EXEMPT TRANSPORTATION OF OIL BY PIPE LINE. (Revenue Act of 1942, Title VI.)

Section 3460 (relating to tax on transportation of oil by pipe line) is amended by adding at the end thereof the following new subsection:

"(c) Exempt Transportation.--For the purposes of this section, the term 'transportation' shall not include any movement through lines of pipe within the premises of a refinery, a bulk plant, a terminal, or a gasoline plant, if such movement is not a continuation of a taxable transportation. The crossing of rights-of-way, streets, highways, railroads, levees, or narrow bodies of water, in connection with such a movement, shall not of itself constitute such movement as being 'transportation'."

SEC. 601. EFFECTIVE DATE OF THIS TITLE. (Revenue Act of 1942, approved October 21, 1942, Title VI.)

This title shall take effect on the first day of the first month which begins more than 10 days after the date of the enactment of this Act.

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Sec. 130.26 Exempt Transportation.--The tax does not apply to the movement on and after November 1, 1942, of crude petroleum or liquid products thereof through lines of pipe within the premises of a refinery, a bulk plant, a terminal, or a gasoline plant, if such movement is not a continuation of a taxable transportation. For purposes of this exemption, a movement is regarded as being carried on within the premises of a refinery, bulk plant, terminal, or gasoline plant even though in connection with such a movement the pipe line through which the petroleum or liquid products thereof are carried incidentally traverse rights-of-way, streets, highways, railroads, levees or narrow bodies of water (such as creeks, canals, etc.).\*

Par. 3. There is inserted immediately preceding section 130.30 the following:

SEC. 606. TELEPHONE, TELEGRAPH, ETC. (Revenue Act of 1942, Title VI.)

(a) Rates of Tax.--Section 3465 is amended to read as follows:

!SEC. 3465. IMPOSITION AND RATE OF TAX.

"(a) There shall be imposed:

"(1) TELEPHONE AND TELEGRAPH, ETC.--

"(A) On the amount paid within the United States for each telephone message or conversation for which the toll charge is more than 24 cents, a tax equal to 20 per centum of the amount so paid. If a bill rendered the taxpayer for the services described in this subparagraph, the amount upon which the tax

shall be based shall be the sum of all such charges included in the bill, and the tax shall not be based upon the charge for each item, separately, included in the bill.

"(B) On the amount paid within the United States for each telegraph, cable, or radio dispatch or message a tax equal to 15 per centum of the amount so paid, except that in the case of each international telegraph, cable, or radio dispatch or message the rate shall be 10 per centum. If a bill is rendered the taxpayer for the services described in this subparagraph, the amount upon which the tax at each of the rates in this subparagraph shall be based shall be the sum of all such charges at that rate included in the bill, and the tax shall not be based upon the charge for each item, separately, included in the bill.

"If the tax under subparagraph (A) or (B) is paid by inserting coins in coin-operated telephones, the tax shall be computed to the nearest multiple of 5 cents, except that where the tax is midway between multiples of 5 cents, the next higher multiple shall apply. Only one payment of a tax imposed by subparagraph (A) or (B) shall be required notwithstanding the lines or stations of one or more persons are used in the transmission of such dispatch, message, or conversation."

\* \* \* \* \*

SEC. 601. EFFECTIVE DATE OF THIS TITLE. (Revenue Act of 1942, approved October 21, 1942, Title VI.)

This title shall take effect on the first day of the first month which begins more than 10 days after the date of the enactment of this Act.

SEC. 606. TELEPHONE, TELEGRAPH, ETC. (Revenue Act of 1942, Title VI.)

\* \* \* \* \*

(b) EFFECTIVE DATE OF AMENDMENTS.--

(1) The amendments to section 3465 (a) (1) made by subsection (a) shall be applicable only with respect to the period beginning with the effective date of this title.

\* \* \* \* \*

Par. 4. Sections 130.30 and 130.31 are amended to read as follows:

Sec. 130.30 Effective Period.--The taxes on telegraph, telephone, cable, or radio dispatches, messages, or conversations, were imposed originally by Title V of the Revenue Act of 1932. The applicable provisions of the Revenue Act of 1932 were superseded, effective March 1, 1939, by provisions of the Internal Revenue Code. The Code provisions were amended subsequently by various Acts, including the Revenue Act of 1940, and as so amended were to remain in effect until June 30, 1943. The Code provisions were further amended by the Revenue Act of 1941 and the Revenue Act of 1942 and as the result of such amendments the rates and basis of computing these taxes were changed. The amendments made by the Revenue Act of 1941 were effective as of October 1, 1941, and the amendments made by the Revenue Act of 1942 were effective as of November 1, 1942. The taxes will continue in effect indefinitely.\*

Sec. 130.31 Scope of Tax.--(a) Telephone and radio telephone messages, and conversations.--Paragraph (1) (A) of section 3465(a), as amended by section 606(a) of the Revenue Act of 1942, imposes a tax on the amount paid within the United States for each telephone or radio telephone message or conversation, for which the toll charge is more than 24 cents. Prior to November 1, 1942, the tax was on any such message or conversation which originated within the United States.

(b) Telegraph, cable, and radio dispatches and messages.--Paragraph (1) (B) of section 3465(a), as amended by section 606 of the Revenue Act of 1942, imposes a tax on the amount paid within the United States for each telegraph, cable, or radio dispatch or message regardless of the amount of the charge therefor. Prior to November 1, 1942, the tax was on any such dispatch or message which originated within the United States.\*

Par. 5. Section 130.33 is amended to read as follows:

Sec. 130.33 Rate and Application of Tax.--(a) Telephone and radio messages, and conversation.--In the case of each telephone or radio telephone message or conversation where the charge is more than 24 cents, the rate of tax is 20 per cent of the amount paid. Prior to November 1, 1942, the tax was at the rate of 5 cents for each 50 cents or fraction thereof of the amount paid.

Any additional charge made for "overtime" in connection with a telephone or radio telephone, message or conversation shall be added to the basic charge for the purpose of determining the amount of tax due. A report charge amounting to more than 24 cents is subject to tax. For information with respect to charges amounting to 24 cents or less, see sections 130.39 to 130.42.

(b) Telegraph, cable, and radio dispatches and messages.--The amount paid for each telegraph, cable, or radio dispatch or message is subject to tax at the rate of 15 per cent, except that in the case of each international dispatch or message the rate of tax is 10 per cent. Prior to November 1, 1942, the tax on all telegraph, cable or radio dispatches or messages was 10 per cent.

A charge made for a telephone toll call used by a telegraph company in effecting delivery of a telegraph message shall be added to the basic charge for the transmission of the telegraph message for the purpose of determining the amount subject to tax. In such case, the telegraph company is not liable for tax on the amount paid by it to the telephone company for the toll call whether or not the charge therefor is in excess of 24 cents.

A charge made for a telephone toll call which is used to reach a telegraph office for the purpose of sending a telegraph message should not be added to the basic charge for the transmission of the telegraph message, as the telegraph message is considered to begin at the telegraph office. The telephone toll call in such case is considered to be a separate transaction and as such subject to tax.

(c) General.--Where a bill is rendered to a taxpayer covering charges for (1) telephone or radio telephone messages, (2) telegraph, cable, or radio dispatches or messages, or (3) international telegraph, cable, or radio dispatches or messages the tax at the rate which is applicable in the particular case shall be based on the sum of all charges included in the bill which are subject to that rate.

Where the tax on a telephone or radio telephone message or conversation, or a telegraph, cable, or radio dispatch or message is paid by inserting coins in a coin-operated telephone, the tax shall be computed to the nearest multiple of 5 cents, and where the tax is midway between multiples of 5 cents, the next highest multiple shall apply. In other words, one-half or a greater fraction of 5 cents shall be treated as 5 cents and a smaller fraction shall be ignored.

The tax applies to all amounts paid for services rendered and facilities provided incidental to the transmission of a message or conversation. An amount paid to a telephone, telegraph, radio, or cable company for messenger service in bringing the recipient of a message to the telephone, or in delivering a dispatch or message, must be included in determining the total amount subject to tax. However, an amount paid for messenger service rendered by a hotel or similar establishment is not to be included in the total charge on which the tax is computed.

Transmission begins when the message is delivered by the sender to the carrier, or its agent, and continues until receipt by the addressee or his agent. A dispatch, message, or conversation transmitted by the combined facilities of several lines or radio links is considered to be one dispatch, message, or conversation for purposes of the tax.

All transmission services, as described herein, when rendered for hire are subject to tax whether or not the agency furnishing such services is a common carrier.

The tax is payable by the person paying the transmission charge and is to be collected by the person receiving the payment. (See section 130.70.) If a message, dispatch, or conversation is transmitted "collect", the person who pays the charge therefor is liable for the tax.

Effective as of November 1, 1942, messages which originate in the United States and are sent "collect" to a recipient outside of the United States are not taxable, while messages originating outside of the United States and sent "collect" to a recipient in the United States are taxable. With respect to messages transmitted prior to November 1, 1942, the rule is the reverse, i. e., messages which originated in the United States and which were sent "collect" to a recipient outside the United States are taxable, while messages which originated outside of the United States and were sent "collect" to a recipient in the United States are not taxable.\*

Par. 6. There is inserted immediately preceding section 130.36 the following:

SEC. 606. TELEPHONE, TELEGRAPH, ETC. (Revenue Act of 1942, Title VI.)

(a) Rates of Tax.--Section 3465 is amended to read as follows:

"SEC. 3465. IMPOSITION AND RATE OF TAX.

"(a) There shall be imposed:

\* \* \* \* \*

"(2) LEASED WIRES, ETC.--

"(A) A tax equivalent to 15 per centum of the amount paid for leased wire, teletypewriter, or talking circuit special service, but (over)

not including an amount paid for leased wire, teletypewriter, or talking circuit special service used exclusively in rendering a service taxable under subparagraph (B).

"(B) A tax equivalent to 5 per centum of the amount paid for any wire and equipment service (including stock quotation and information services, burglar alarm or fire alarm service, and all other similar services, but not including service described in subparagraph (A)).

"The tax shall apply under this paragraph whether or not the wires or services are within a local exchange area.

\* \* \* \* \*

"(b) This section shall not apply to the amount paid for so much of the service described in paragraph (2) of subsection (a) as is utilized in the conduct, by a common carrier or telephone or telegraph company or a radio broadcasting station or network, or its business as such."

\* \* \* \* \*

SEC. 606. TELEPHONE, TELEGRAPH, ETC. (Revenue Act of 1942, Title VI.)

\* \* \* \* \*

(b) EFFECTIVE DATE OF AMENDMENTS.--

\* \* \* \* \*

(2) The amendments to section 3465 (a) (2) and (3) made by subsection (a) shall apply only to amounts paid pursuant to bills rendered after the effective date of this title for service for which no previous bill was rendered. Where bills rendered after the effective date of this title include charges for services previously rendered, the amendments shall not apply to such service as was rendered more than two months before the effective date of this title, and the provisions of section 3465 in effect at the time such prior service was rendered shall be applicable to the amounts paid for such service.

SEC. 601. EFFECTIVE DATE OF THIS TITLE. (Revenue Act of 1942, approved October 21, 1942, Title VI.)

This title shall take effect on the first day of the first month which begins more than 10 days after the date of the enactment of this Act.

Par. 7. Sections 130.36 and 130.37 are amended to read as follows:

Sec. 130.36 Effective Period.--The tax on leased wires and talking circuit special service was imposed originally by Title V of the Revenue Act of 1932. The applicable provisions of the Revenue Act of 1932 were superseded March 1, 1939, by the provisions of the Internal Revenue Code. The Code provisions were amended subsequently by various Acts, including the Revenue Act of 1940, and as so amended were to remain in effect until June 30, 1945. Effective as of October 1, 1941, the provisions of the Code relating to this tax were further amended by section 548 of the Revenue Act of 1941, increasing the rate of tax and imposing a tax on the amount paid for any wire and equipment service (including stock quotation and information services, and burglar alarm or fire alarm service). The Code provisions relating to these taxes were also amended by section 606 of the Revenue Act of 1942, approved October 21,

1942. The amendments made by such section apply only to amounts paid pursuant to bills rendered on and after November 2, 1942, for service furnished on or after September 1, 1942, for which no previous bill was rendered. These taxes will continue in effect indefinitely.\*

Sec. 130.37 Scope of Tax.---(a) Leased wire, teletypewriter, or talking circuit special service.---Paragraph (2)(A) of section 3465(a), as amended by section 606 of the Revenue Act of 1942, imposes a tax on the amount paid for leased wire, teletypewriter, or talking circuit special service, except where such service is used exclusively in rendering a service taxable under paragraph (2)(B) of such section 3465(a).

(b) Wire and equipment service.---Paragraph (2)(B) of section 3465(a), as amended by section 606 of the Revenue Act of 1942, imposes a tax on the amount paid for any wire and equipment service, including stock quotation and information services, burglar and fire alarm services, and all other similar services.\*

Par. 8. Section 130,38 is amended as follows:

(A) The first paragraph of the section is amended to read as follows:

In the case of leased wire, teletypewriter, or talking circuit special service, the tax is to be computed at the rate of 15 per cent of the amount paid therefor. In the case of service taxable under section 3465(a)(2) prior to amendment by section 606 of the Revenue Act of 1942, the tax was at the rate of 10 per cent of the amount paid.

(B) By adding after the third paragraph of subsection (a) the following paragraph:

Beginning with the effective date of section 606 of the Revenue Act of 1942, as explained in section 130.36 of these regulations, amounts paid for leased wire, teletypewriter, or talking circuit special service used exclusively in rendering a service taxable under paragraph (2)(B) of section 3465 are not subject to the tax imposed by paragraph (2)(A) of such section 3465.

(C) By substituting for the last paragraph of subsection (b) the following:

For exemption from the tax on leased wire, teletypewriter, and talking circuit special service where such service is used exclusively in rendering any of the services described in this subsection, see subsection (a) of this section.

Par. 9. There is inserted immediately preceding section 130.39 the following:

SEC. 606. TELEPHONE, TELEGRAPH, ETC, (Revenue Act of 1942, Title VI.)

(a) Rates of Tax.---Section 3465 is amended to read as follows:

"SEC. 3465. IMPOSITION AND RATE OF TAX.

"(a) There shall be imposed;

\* \* \* \* \*



"(3) LOCAL TELEPHONE SERVICE.--A tax equivalent to 10 per centum of the amount paid by subscribers for local telephone service and for any other telephone service in respect of which a tax is not payable under paragraph (1) or (2). Amounts paid for the installation of instruments, wires, poles, switchboards, apparatus, and equipment shall not be considered amounts paid for service. Service paid for by inserting coins in coin-operated telephones available to the public shall not be subject to the tax imposed by this paragraph, except that where such coin-operated telephone service is furnished for a guaranteed amount, the amounts paid under such guarantee plus any fixed monthly or other periodic charge shall be subject to the tax."

\* \* \* \* \*

SEC. 606. TELEPHONE, TELEGRAPH, ETC. (Revenue Act of 1942, Title VI.)

\* \* \* \* \*

(b) EFFECTIVE DATE OF AMENDMENTS.--

\* \* \* \* \*

(2) The amendments to section 3465 (a) (2) and (3) made by subsection (a) shall apply only to amounts paid pursuant to bills rendered after the effective date of this title for service for which no previous bill was rendered. Where bills rendered after the effective date of this title include charges for services previously rendered, the amendments before the effective date of this title, and the provisions of section 3465 in effect at the time such prior service was rendered shall be applicable to the amounts paid for such service.

Par. 10. Section 130.39 is amended to read as follows:

Sec. 130.39 Effective Period.--The tax on local and other telephone services was added to the provisions of section 3465 of the Internal Revenue Code by section 548 of the Revenue Act of 1941, which became effective October 1, 1941. Section 3465 was amended by section 606 of the Revenue Act of 1942. The amendment as it relates to this tax applies only to amounts paid pursuant to bills rendered on and after November 2, 1942, for service furnished on or after September 1, 1942, for which no previous bill was rendered.

Par. 11. The first paragraph of section 130.40 is amended to read as follows:

Paragraph (3) of section 3465(a), as amended by section 606 of the Revenue Act of 1942, imposes a tax on the amount paid by any subscriber for local telephone service and for any other telephone service in respect of which a tax is not payable under the provisions of paragraph (1) or (2) of that section.

Par. 12. The first paragraph of section 130.41 is amended to read as follows:

The tax is imposed at the rate of 10 per cent of the amount paid by any subscriber for local telephone service which is not subject to the provisions of section 3465(a)(1) or (2) of the Code, as amended. (See sections 130.30 130.38.) In the case of service taxable under section 3465(a)(3) prior to amendment by section 606 of the Revenue Act of 1942, the tax was at the rate of 6 per cent of the amount paid.

Par. 13. Section 130.42 is amended to read as follows:

Sec. 130.42 Coin-operated Telephones.--No tax is imposed with respect to charges of 24 cents or less paid by the insertion of coins in public coin-operated telephones for a single telephone conversation, except where the coin-operated service is furnished for a guaranteed amount. However, if the amount paid for a single telephone conversation, including additional charges for overtime service, totals more than 24 cents, the tax imposed by section 3465(a)(1) of the Code, as amended, applies. (See sections 130.30 to 130.35.)

Service paid for by inserting coins in coin-operated telephones where the coin-operated telephone service is furnished for a guaranteed amount is taxable. In such case, the tax attaches to the amounts paid under the guarantee plus any fixed monthly or other periodic charge.\*

Par. 14. There is inserted immediately preceding section 130.50 the following:

SEC. 609. TRANSPORTATION OF PERSONS. (Revenue Act of 1942, Title VI.)

(a) Increase in Rate.--Section 3469 (a) (relating to tax on transportation of persons) \* \* \* are amended by striking out "5 per centum" and inserting in lieu thereof "10 per centum."

\* \* \* \* \*

SEC. 601. EFFECTIVE DATE OF THIS TITLE. (Revenue Act of 1942, approved October 21, 1942, Title VI.)

This title shall take effect on the first day of the first month which begins more than 10 days after the date of the enactment of this Act.

Par. 15. Section 130.50 is amended by adding thereto the following sentence:

The increase in the tax rate made by the amendment of section 3469 by section 609 of the Revenue Act of 1942 became effective November 1, 1942.

Par. 16. The first paragraph of section 130.52 is amended to read as follows:

The tax is 10 per cent of the amount of the taxable payment for transportation. Prior to November 1, 1942, the tax was 5 per cent of such amount.

Par. 17. There is inserted immediately preceding section 130.55 the following:

SEC. 609. TRANSPORTATION OF PERSONS. (Revenue Act of 1942, Title VI.)

(a) Increase in Rate.-- \* \* \* section 3469 (c) (relating to tax on seats or berths) are amended by striking out "5 per centum" and inserting in lieu thereof "10 per centum."

\* \* \* \* \*

SEC. 601. EFFECTIVE DATE OF THIS TITLE. (Revenue Act of 1942, approved October 21, 1942, Title VI.)

This title shall take effect on the first day of the first month which begins more than 10 days after the date of the enactment of this Act.

Par. 18. Section 130.55 is amended by adding thereto the following sentence:

The amendment to section 3469 made by section 609 of the Revenue Act of 1942, whereby the rate of tax was increased, became effective November 1, 1942.

Par. 19. The first paragraph of section 130.57 is amended to read as follows:

The tax is 10 per cent of the amount of the taxable payment for seating or sleeping accommodations. Prior to November 1, 1942, the tax was 5 per cent of such amount.

Par. 20. There is inserted immediately preceding section 130.63 the following:

SEC. 609. TRANSPORTATION OF PERSONS. (Revenue Act of 1942, Title VI.)

\* \* \* \* \*

(b) Exemption of Members of Armed Forces of United Nations From Tax on Transportation of Persons, Etc.--Section 3469 (f) (2) (relating to exemptions from the tax on transportation of persons) is amended by inserting after the words "uniform of the United States" a comma and the following: "or to member of the military or naval forces of any of the other United Nations traveling in uniform of such nation,".

Par. 21. Section 130.63 is amended by inserting after the words "including authorized cadets and midshipmen," the words "or to members of the military or naval forces of any of the United Nations,".

(This Treasury decision is issued pursuant to the authority contained in sections 601, 606, 609 and 616 of the Revenue Act of 1942 (Public Law 753, Seventy-seventh Congress, second session), and sections 1855, 3472 and 3791 of the Internal Revenue Code (53 Stat. 206, 423 and 467; 26 U. S. C., 1940 ed., 1855, 3472 and 3791).)

GUY T. HELVERING,  
Commissioner of Internal Revenue.

Approved: November 30, 1942

JOHN L. SULLIVAN,  
Acting Secretary of the Treasury.

(Filed with the Division of the Federal Register December 1, 1942, 4:25 p.m.)

(T. D. 5347)

**TAXES ON SAFE DEPOSIT BOXES, TRANSPORTATION OF OIL BY PIPE  
LINE, ETC.**

REGULATIONS 42 (1942), SECTIONS 130.0, 130.1, 130.30, 1944-6-11675  
130.33, 130.36, 130.38, 130.39, 130.41, 130.44, 130.50, T. D. 5347  
130.52, 130.55, 130.57, 130.61, 130.62, 130.72.

TITLE 26—INTERNAL REVENUE.—CHAPTER I, SUBCHAPTER C, PART 130.—TAXES  
ON SAFE DEPOSIT BOXES, TRANSPORTATION OF OIL BY PIPE LINE, TELE-  
PHONE, TELEGRAPH, RADIO AND CABLE MESSAGES AND SERVICES, AND  
TRANSPORTATION OF PERSONS.

Regulations 42 (1942 edition) amended to conform to the Revenue  
Act of 1943.

TREASURY DEPARTMENT,  
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,  
Washington 25, D. C.

*To Collectors of Internal Revenue and Others Concerned:*

In order to conform Regulations 42 (1942 edition) [Part 130, Title 26, Code of Federal Regulations, 1942 Sup.], relating to the taxes on safe deposit boxes, transportation of oil by pipe line, telephone, telegraph, radio and cable messages and services, and transportation of persons under the provisions of the Internal Revenue Code, to sections 301, 302 and 307 of the Revenue Act of 1943 (Public law 235, Seventy-eighth Congress), enacted February 25, 1944, such regulations are hereby amended as follows:

PARAGRAPH 1. The first paragraph of section 130.0, as amended by Treasury Decision 5190, approved November 30, 1942 [C. B. 1942-2, 237], is further amended as follows:

(A) By inserting after "Revenue Act of 1942," in subdivision (c) "and modified by Chapter 9A of the Internal Revenue Code, as amended by section 302 of the Revenue Act of 1943,".

(B) By inserting after "Revenue Act of 1942," in subdivision (d) "and modified by Chapter 9A of the Internal Revenue Code, as amended by section 302 of the Revenue Act of 1943,".

PAR. 2. Immediately preceding section 130.1 there is inserted the following:

SEC. 302. INCREASES IN RATES. (REVENUE ACT OF 1943,  
TITLE III.)

(a) IN GENERAL.—Chapter 9A is amended to read as follows:

"CHAPTER 9A—WAR TAXES AND WAR TAX RATES.

\* \* \* \* \*

"SEC. 1655. DEFINITION.

"For the purposes of this chapter the term 'date of the termination of hostilities in the present war' means the date proclaimed by the President as the date of such termination, or the date specified in a concurrent resolution of the two Houses of Congress as the date of such termination, whichever is the earlier."

PAR. 3. Section 130.1 is amended by adding at the end thereof the following:

(c) *War period.*—The term "war period," when applied in respect of any tax, covered by these regulations, the rate of which is increased by section 1650 as amended by section 302 of the Revenue Act of 1943, means the period beginning with the day on which the increased rate becomes effective and running to the 1st day of the first month which begins six months or more after the date of the termination of hostilities in the present war as proclaimed by the President or as specified in a concurrent resolution of the two Houses of Congress, whichever is earlier.

PAR. 4. Immediately preceding section 130.30 there is inserted the following:

SEC. 302. INCREASES IN RATES. (REVENUE ACT OF 1943, TITLE III, EFFECTIVE APRIL 1, 1944.)

(a) IN GENERAL.—Chapter 9A is amended to read as follows:

"CHAPTER 9A—WAR TAXES AND WAR TAX RATES.

"SEC. 1650. WAR TAX RATES OF CERTAIN MISCELLANEOUS TAXES.

"In lieu of the rates of tax specified in such of the sections of this title as are set forth in the following table, the rates applicable with respect to the period beginning with the effective date of title III of the Revenue Act of 1943 and ending on the first day of the first month which begins six months or more after the date of the termination of hostilities in the present war shall be the rates set forth under the heading 'War Tax Rate':

Section	Description of Tax	Old Rate	War Tax Rate
3465(a)(1)(A).	Telephones, Long Distance.....	20 per centum.....	25 per centum.
3465(a)(1)(B) (in so far as it relates to domestic telegraph, cable, and radio dis- patches).	Domestic Telegraph, Cable, or Radio Dispatches.	15 per centum.....	25 per centum.

(b) EFFECTIVE DATE OR PERIOD OF CERTAIN INCREASES.—\* \* \*

(3) TELEGRAPH, TELEPHONE, RADIO, AND CABLE FACILITIES.—The increases made by subsection (a) of this section in the taxes imposed by section 3465(a)(1) of the Internal Revenue Code shall apply only to amounts paid for services rendered on or after the effective date of this title. \* \* \*

PAR. 5. Section 130.30, as amended by Treasury Decision 5190, is further amended by inserting at the end thereof the following paragraph:

The increases in rates made by section 1650 of the Internal Revenue Code, as amended by section 302 of the Revenue Act of 1943, are effective as of April 1, 1944, and apply to amounts paid on and after that date for services specified in section 3465(a)(1) (A) and (B) which were rendered on and after that date. The increased rates will remain in effect during the war period.

PAR. 6. Section 130.33, as amended by Treasury Decision 5190, is further amended as follows:

(A) By inserting at the end of the first paragraph of subsection (a) the following:

For the war period the rate of tax is 25 per cent of the amount paid.

(B) By inserting at the end of the first paragraph of subsection (b) the following:

For the war period the rate of tax on each domestic telegraph, cable, or radio dispatch or message is 25 per cent of the amount paid.

PAR. 7. Immediately preceding section 130.36 there is inserted the following:

SEC. 302. INCREASES IN RATES. (REVENUE ACT OF 1943, TITLE III, EFFECTIVE APRIL 1, 1944.)

(a) IN GENERAL.—Chapter 9A is amended to read as follows:

“CHAPTER 9A—WAR TAXES AND WAR TAX RATES.

“SEC. 1650. WAR TAX RATES OF CERTAIN MISCELLANEOUS TAXES.

“In lieu of the rates of tax specified in such of the sections of this title as are set forth in the following table, the rates applicable with respect to the period beginning with the effective date of title III of the Revenue Act of 1943 and ending on the first day of the first month which begins six months or more after the date of the termination of hostilities in the present war shall be the rates set forth under the heading ‘War Tax Rate’:

Section	Description of Tax	Old Rate	War Tax Rate
3465(a)(2) (A).	Leased Wires, Etc.....	15 per centum.....	25 per centum.
3465(a)(2) (B).	Wire and Equipment Service...	5 per centum.....	5 per centum.

(b) EFFECTIVE DATE OR PERIOD OF CERTAIN INCREASES.— \* \* \*

(3) TELEGRAPH, TELEPHONE, RADIO, AND CABLE FACILITIES.— \* \* \* The increases made by subsection (a) in the taxes imposed by section 3465(a) (2) \* \* \* of the Internal Revenue Code shall apply only to amounts paid pursuant to bills rendered on or after the first day of the first month beginning after the effective date of this title for services for which no previous bill was rendered. Where bills rendered on or after such first day include charges for services previously rendered, such increased rates shall not apply to such services as were rendered more than two months before such first day, and the provisions of section 3465 in effect at the time such prior services were rendered shall be applicable to the amounts paid for such services.

PAR. 8. Section 130.36, as amended by Treasury Decision 5190, is further amended by inserting at the end thereof the following paragraph:

The increases in rates made by section 1650 of the Internal Revenue Code, as amended by section 302 of the Revenue Act of 1943, apply to amounts paid pursuant to bills rendered on or after May 1, 1944, for services furnished on or after March 1, 1944, for which no previous bill was rendered. The increased rates will remain in effect during the war period.

PAR. 9. Section 130.38, as amended by Treasury Decision 5190, is further amended as follows:

(A) By inserting at the end of the first paragraph of subsection (a) the following:

For the war period the rate of tax is 25 per cent of the amount paid.

(B) By inserting at the end of the first paragraph of subsection (b) the following:

For the war period the rate of tax is 8 per cent of the amount paid.

PAR. 10. Immediately preceding section 130.39 there is inserted the following:

SEC. 302. INCREASE IN RATES. (REVENUE ACT OF 1943, TITLE III, EFFECTIVE APRIL 1, 1944.)

(a) IN GENERAL.—Chapter 9A is amended to read as follows:

“CHAPTER 9A—WAR TAXES AND WAR TAX RATES.

“SEC. 1650. WAR TAX RATES OF CERTAIN MISCELLANEOUS TAXES.

“In lieu of the rates of tax specified in such of the sections of this title as are set forth in the following table, the rates applicable with respect to the period beginning with the effective date of title III of the Revenue Act of 1943 and ending on the first day of the first month which begins six months or more after the date of the termination of hostilities in the present war shall be the rates set forth under the heading ‘War Tax Rate’:

Section	Description of Tax	Old Rate	War Tax Rate
3465(a)(3)	Local Telephone Service	10 per centum	15 per centum

(b) EFFECTIVE DATE OR PERIOD OF CERTAIN INCREASES.—

(3) TELEGRAPH, TELEPHONE, RADIO, AND CABLE FACILITIES.—

The increases made by subsection (a) in the taxes imposed by section 3465(a) (3) of the Internal Revenue Code shall apply only to amounts paid pursuant to bills rendered on or after the first day of the first month beginning after the effective date of this title for services for which no previous bill was rendered. Where bills rendered on or after such first day include charges for services previously rendered, such increased rates shall not apply to such services as were rendered more than two months before such first day, and the provisions of section 3465 in effect at the time such prior services were rendered shall be applicable to the amounts paid for such services.

PAR. 11. Section 130.39, as amended by Treasury Decision 5190, is further amended by inserting at the end thereof the following paragraph:

The increase in the rate made by section 1650 of the Internal Revenue Code, as amended by section 302 of the Revenue Act of 1943, applies to amounts paid pursuant to bills rendered on and after May 1, 1944, for services furnished on or after March 1, 1944, for which no previous bill was rendered. The increased rate will remain in effect during the war period.

PAR. 12. The first paragraph of section 130.41, as amended by Treasury Decision 5190, is further amended to read as follows:

SEC. 130.41. RATE AND APPLICATION OF TAX.—The tax is imposed at the rate of 10 per cent of the amount paid by any subscriber for local telephone service or any other telephone service which is not subject to the provisions of section 3465(a) (1) or (2) of the Code, as amended. (See sections 150.30 to 130.38.) In the case of service taxable under section 3465(a) (3) prior to amendment by section 606 of the Revenue Act of 1942, the tax was at the rate of 6 per cent of the amount paid. For the war period the rate of tax is 15 per cent of the amount paid.

PAR. 13. Immediately preceding section 130.44 there is inserted the following:

SEC. 307. TERMINATION OF CERTAIN GOVERNMENTAL EXCISE TAX EXEMPTIONS. (REVENUE ACT OF 1943, ENACTED FEBRUARY 25, 1944, TITLE III.)

(a) The several sections of the Internal Revenue Code hereinafter enumerated are amended as follows:

(7) Section 3466(a) (relating to exemption from tax on telegraph, telephone, radio, and cable facilities) is amended to read as follows:

"(a) No tax shall be imposed under section 3465 upon any payment received for services or facilities furnished to any State, Territory of the United States, or political subdivision thereof, or the District of Columbia, or any corporation created by Act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864."

(b) PERIOD WITH RESPECT TO WHICH APPLICABLE.—\* \* \* the amendments made by this section shall apply as follows:

(4) The amendment of section 3466 of the Internal Revenue Code, insofar as it relates to the taxes imposed by section 3465(a)(1), shall be applicable only with respect to messages and dispatches originating on or after the first day of the first month which begins three months or more after the date of the enactment of this Act. Insofar as such amendment relates to the taxes imposed under section 3465(a)(2) and (3) of the Internal Revenue Code, it shall be applicable only to amounts paid pursuant to bills rendered on or after the first day of the first month which begins three months or more after the date of the enactment of this Act for service for which no previous bill was rendered.

PAR. 14. Section 130.44 is amended as follows:

(A) By substituting the following new paragraph for the first paragraph thereof:

SEC. 130.44. SERVICES FURNISHED TO THE UNITED STATES, STATES, OR POLITICAL SUBDIVISIONS THEREOF.—Under the provisions of section 3466(a), as amended, prior to the amendment thereof by section 307(a)(7) of the Revenue Act of 1943, amounts paid for services or facilities furnished to officers or employees of the United States or any State or Territory or political subdivision thereof, or the District of Columbia are exempt from tax under section 3465, as amended, if such amounts are paid from Government funds.

By virtue of the amendment made by section 307(a)(7) of the Revenue Act of 1943 to section 3466(a), as amended, and the application of section 307(b)(4) of the Revenue Act of 1943 to such amendment, amounts paid by the United States for messages, etc., within the scope of section 3465(a)(1) originating on or after June 1, 1944, are subject to the taxes thereby imposed. Amounts paid by the United States pursuant to bills rendered on or after June 1, 1944, for services specified in section 3465(a)(2) and (3) for which no previous bill was rendered are subject to the taxes thereby imposed.

The taxes imposed by section 3465, as amended, do not apply to amounts paid for services or facilities furnished to any corporation created by Act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864 (The American National Red Cross), irrespective of when such amounts are paid or the services or facilities are furnished.

(B) By changing the first sentence of the second paragraph to read as follows:

No exemption certificate is required where the payment for the services or facilities furnished is made by an agency of the government of a State, a Territory of the United States, or political subdivision thereof, the District of Columbia, or The American National Red Cross, direct to the person furnishing the services or facilities.



(C) By striking out the word "Federal" wherever appearing in the Exemption Certificate.

PAR. 15. Immediately preceding section 130.50 there is inserted the following:

SEC. 302. INCREASES IN RATES. (REVENUE ACT OF 1943, TITLE III.)

(a) IN GENERAL.—Chapter 9A is amended to read as follows:

"CHAPTER 9A—WAR TAXES AND WAR TAX RATES.

"SEC. 1650. WAR TAX RATES OF CERTAIN MISCELLANEOUS TAXES.

"In lieu of the rates of tax specified in such of the sections of this title as are set forth in the following table, the rates applicable with respect to the period beginning with the effective date of title III of the Revenue Act of 1943 and ending on the first day of the first month which begins six months or more after the date of the termination of hostilities in the present war shall be the rates set forth under the heading 'War Tax Rate':

Section	Description of Tax	Old Rate	War Tax Rate
3469(a)	Transportation of Persons	10 per centum	15 per centum
*	*	*	*

SEC. 301. EFFECTIVE DATE OF THIS TITLE. (REVENUE ACT OF 1943, ENACTED FEBRUARY 25, 1944, TITLE III.)

This title shall take effect on the first day of the first month which begins more than 10 days after the date of the enactment of this Act.

PAR. 16. Section 130.50, as amended by Treasury Decision 5190, is further amended by inserting at the end thereof the following:

The tax rate was further increased by the amendment of section 1650 of the Internal Revenue Code by section 302 of the Revenue Act of 1943. Under this amendment the increased tax rate is effective April 1, 1944, and will remain in effect during the war period.

PAR. 17. The first paragraph of section 130.52, as amended by Treasury Decision 5190, is further amended by inserting at the end thereof the following:

For the war period the rate of tax is 15 per cent of the amount of the taxable payment for transportation.

PAR. 18. Immediately preceding section 130.55 there is inserted the following:

SEC. 302. INCREASES IN RATES. (REVENUE ACT OF 1943, TITLE III.)

(a) IN GENERAL.—Chapter 9A is amended to read as follows:

"CHAPTER 9A—WAR TAXES AND WAR TAX RATES.

"SEC. 1650. WAR TAX RATES OF CERTAIN MISCELLANEOUS TAXES.

"In lieu of the rates of tax specified in such of the sections of this title as are set forth in the following table, the rates applicable with respect to the period beginning with the effective date of title III of the Revenue Act of 1943 and ending on the first day of the first month which begins six months or more after the date of the termination of hostil-

ties in the present war shall be the rates set forth under the heading 'War Tax Rate':

Section	Description of Tax	Old Rate	War Tax Rate
3469(c)	Seats, Berths, Etc.	10 per centum	15 per centum.

SEC. 301. EFFECTIVE DATE OF THIS TITLE. (REVENUE ACT OF 1943, ENACTED FEBRUARY 25, 1944, TITLE III.)

This title shall take effect on the first day of the first month which begins more than 10 days after the date of the enactment of this Act.

PAR. 19. Section 130.55, as amended by Treasury Decision 5190, is further amended by inserting at the end thereof the following:

The tax rate was further increased by the amendment of section 1650 of the Internal Revenue Code by section 302 of the Revenue Act of 1943. Under this amendment the increased tax rate is effective April 1, 1944, and will remain in effect during the war period.

PAR. 20. The first paragraph of section 130.57, as amended by Treasury Decision 5190, is further amended by inserting at the end thereof the following:

For the war period the rate of tax is 15 per cent of the amount of the taxable payment for the seating or sleeping accommodations.

PAR. 21. Immediately preceding section 130.61 there is inserted the following:

SEC. 307. TERMINATION OF CERTAIN GOVERNMENTAL EX-CISE TAX EXEMPTIONS. (REVENUE ACT OF 1943, ENACTED FEBRUARY 25, 1944, TITLE III.)

(a) The several sections of the Internal Revenue Code hereinafter enumerated are amended as follows:

(8) Section 3469(f)(1) (relating to governmental exemption from tax with respect to transportation of persons) is amended to read as follows:

"(1) GOVERNMENTAL EXEMPTION.—The tax imposed by this section shall not apply to the payment for transportation or facilities furnished to any State, Territory of the United States, or political subdivision thereof, or the District of Columbia, or any corporation created by Act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864."

(b) PERIOD WITH RESPECT TO WHICH APPLICABLE.—\* \* \* the amendments made by this section shall apply as follows:

(5) The amendments of sections 3469(f)(1) \* \* \* of the Internal Revenue Code shall be applicable only with respect to amounts paid on or after the first day of the first month which begins three months or more after the date of the enactment of this Act \* \* \*.

PAR. 22. Section 130.61 is amended as follows:

(A) By substituting the following new paragraphs for the first paragraph thereof:

SEC. 130.61. TRANSPORTATION AND FACILITIES FURNISHED TO THE UNITED STATES, TO STATES, OR POLITICAL SUBDIVISIONS THEREOF.—Under the provisions

of section 3469(f) (1) prior to the amendment thereof by section 307(a) (8) of the Revenue Act of 1943, amounts paid by the United States, a State or Territory, or political subdivision thereof, or the District of Columbia, for the transportation of persons or accommodations furnished in connection therewith, are exempt from tax under section 3469, as amended.

By virtue of the amendment made by section 307(a) (8) of the Revenue Act of 1943, to section 3469(f) (1), and the application of section 307(b) (5) to such amendment, amounts paid by the United States on or after June 1, 1944, for the transportation of persons or accommodations furnished in connection therewith are subject to tax under section 3469, as amended.

The taxes imposed by section 3469, as amended, do not apply to amounts paid for transportation or facilities furnished to any corporation created by Act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864 (The American National Red Cross), irrespective of when such amounts are paid or the transportation or facilities are furnished.

(B) By changing "a Government agency" and "the Government agency" in the second paragraph to "an exempt agency."

PAR. 23. Section 130.62 is amended by changing "a Government agency" in the third and fourth sentences to "an exempt agency."

PAR. 24. Section 130.72 is amended by striking out the third paragraph of subsection (o).

(This Treasury decision is issued pursuant to the authority contained in sections 301, 302, and 307 of the Revenue Act of 1943 (Public law 235, Seventy-eighth Congress) and sections 3472 and 3791 of the Internal Revenue Code (53 Stat., 423 and 467; 26 U. S. C., 1940 ed., 3472 and 3791).)

HAROLD N. GRAVES,

*Acting Commissioner of Internal Revenue.*

Approved March 15, 1944.

JOHN L. SULLIVAN,

*Acting Secretary of the Treasury.*

(Filed with the Division of the Federal Register March 17, 1944, 3.42 p. m.)