IN THE MATTER OF:

HAWKINS HARDWARE COMPANY, W. H. HAWKINS and H. N. HAWKINS.

Upon three several motions to correct an erroneous assessment of income tax for the year 1924.

It appears that W. H. Hawkins and H. N. Hawkins are partners in business under the firm name of Hawkins Hardware Company. Both the parties made and filed their income interrogatory for the year 1924, from which it appears that W. H. Hawkins had a gross income of $7300.00, from which he deducted his personal exemption of $2000.00 and certain other deductions, a deduction of taxes of sixty-five dollars and of interest paid, of $340.00, making a total deduction of $2405.00, leaving a net income subject to tax of $4895.00, upon which the rate is one per cent on the first $3000.00, $30.00, and two per cent on all in excess of $3000.00, $37.90, making a total income tax for W. H. Hawkins of $67.90.

From the return of H. N. Hawkins, it appears that the gross income of this tax payer, was $6900.00, from which he deducted his personal exemption of $2400.00, a deduction $85.00 for taxes paid, and a deduction of $360.00 for interest, making his total deductions, $2845.00, leaving a net income subject to taxation of $4055.00, upon which the rate is one per cent on the first three thousand dollars $30.00, and two per cent on all in excess of three thousand dollars, $21.10, making a total income tax of H. N. Hawkins, of $51.10.

W. H. Hawkins contends that the interrogatory as returned by him is correct, and shows that an income tax owing by him of $67.60, and H. N. Hawkins likewise contends that the interrogatory returned by him is correct and shows an income tax owing by him of $51.10. Mr. Wyant, the Commissioner of Revenue, however, as stated by him, desiring "to have the legal question determined", made a return and assessment against the Hawkins Hardware Company of an income of $10,000.00, upon which the tax at the rate prescribed by law amounts to $170.00, and the penalty attached, $8.50, making a total tax and penalty of $178.50. The injustice of this assessment by Mr. Wyant is obvious. It cannot fairly be contended that the Legislature proposed a discrimination against a tax

payer engaged with a partner or partners in business, not only depriving the tax payer of his personal exemption specifically allowed by law, but other proper deductions provided in the statute such as taxes, interest, losses, etc. Indeed, it would seem apparent such was not the purpose of the legislature upon a most cursory reading of the Statute at Chapter 463 of the Acts of 1922, page 800, where it is provided, Section 10, that the aggregate amount of income of each person and corporation residing or doing business in this state, shall be subject to tax, less the deductions and exemptions thereafter recited. Paragraph (a) of this section declares that the term, person, shall mean and include any individual firm or copartnership and the term, corporation, shall mean and include every incorporated company, joint stock company, etc. The effect of this provision is to subject to taxation all individuals, corporations and partnership associations. It does not mean to subject to double taxation the individual who happens to be a member of a firm or co-partnership, nor does it mean to tax the income of a firm as a legal entity, separate and apart from the individuals composing the same, and then subject the individuals to taxation upon the same income as well. The true intent of the Statute, when read as a whole includes within its purview, an income tax upon each individual, upon partnership associations, limited partnerships, and upon all corporatinns, joint stock companies and associations having capital stock represented by shares or certificates of stock, organized for profit. It cannot be doubted that the tax payer is entitled to the personal exemption and the deductions allowed by law. These aggregate for W. H. Hawkins, $2405.00 and for H. N. Hawkins, $2845.00, making $5250.00, which deducted from the assessment of $10,000.00 made by Mr. Wyant, would leave $4750.00 taxable income resulting in a tax of $65.00, manifestly unjust to the State. W. H. Hawkins reported a gross income of $7300.00, H. N. Hawkins a gross income of $6900.00, making an aggregate gross income of $14,200.00, from which deduct the aggregate exemptions and deductions supra, $5250.00, leaves a taxable income of $8950.00, resulting in a tax of one per cent on $6000.00, $3000.00 for each, $60.00, and two per cent on $2950.00, $59.00, making

an aggregate tax of $119.00, the very amount of the separate taxes of W. H. and H. N. Hawkins. Mr. Wyant says he made the assessment against the Hawkins Hardware Company to get a decision. We submit the decision must be the assessment is erroneous.

John T. Harris
For W H & H N Hawkins

9/8/25

Hawkins Hardware Co.) Motion to correct erroneous assessment.
VS.
Commonwealth

W. N. Hawkins) Same
VS.
Same

H. N. Hawkins) Same
VS.
Same

MEMO. OF COURT.

Partnership firms are required to make return of their income and are taxable on incomes, just as individual persons and corporations are.

Sec. 10 Va. Tax Laws, page 74, sub-sec. 1 (a)
Code Sec. 2307, as to whose name property is to be listed in. Va. Tax Laws, page 76, Sec. 10, sub-sec. 4 (a) and (g).

The individual members of a partnership as individuals are also required to make return of income, and in such return they must list, under item 17 of the income tax interrogatory, all profits received from a partnership in which they are interested. Any salary or compensation for services to the firm, received by a partner, would be reported under item 13.

The firm is not entitled, in the ascertainment of its taxable income, to the personal exmptions given to an individual, nor to the benefit of the individual deductions to which the individual members are entitled. The partnership is a legal entity as to its income and deductions.

In ascertaining the taxable incomes of the individual members of a firm, they are severally entitled to deduct from their gross ~~divi-~~

~~funds or~~ income ~~received from the firm~~ so much of the same as was received from the firm in the division of profits and was assessed to the partnership as partnership income. ~~assessed to the partnership~~. This is a deduction under Schedule D., sec. 10, sub-sec. 4 (g), and is provided for in item 31 of the income tax interrogatory. So the same income is not taxed twice, once to the firm and once to the member.

The taxation of partnerships and the individual members is similar to if not exactly the same as the taxation of corporations and stockholders.

Both the Hawkins Hardware Co. and the individual members must be assessed with incomes, but I am not able to determine accurately from the evidence now in the case the amount of the respective assessments. The gross incomes reported by the members ~~is~~ are considerable greater in the aggregate than the amount assessed to the firm. Whether all the income of the members was derived from the firm, I do not know; nor can I say whether there will be any taxable income chargeable to the members individually - Further evidence will have to be adduced.

J. N. H.

IN THE CIRCUIT COURT OF ROCKINGHAM COUNTY, VIRGINIA.

Commonwealth of Virginia

V). On Motion to be exonerated from payment of income tax.

Hawkins Hardware Company.

Testimony produced before Hon. T. N. Haas, Judge of said Circuit Court, Saturday afternoon, July 18, 1925, at the hearing of said motion.

APPEARANCES: D. W. Earman, Esq., Commonwealth's Attorney, and E. Warren Wall, Esq., Attorney-at-law, on behalf of Commonwealth

and

John T. Harris, Esq., on behalf of the defendant.

and

H. W. Wyant, Esq., Examiner of Records for the 25th Virginia Circuit.

H. W. WYANT, sworn, and examined by Mr.Harris, testified:

MR. HARRIS: The motion, Your Honor, please, is to correct an erroneous assessment against Hawkins Hardware Company, composed of W. H. Hawkins and H. N. Hawkins, partners doing business under that firm name, or to exonerate them from the payment of an income tax based on the assessment of $10,000.00 income, making the tax and penalty $178.50.

THE COURT: It is a tax assessed on income, you say?

MR. HARRIS: Yes, sir; on income exclusively.

Q Mr. Wyant, I will ask you to examine this ticket which purports to be a duplicate of the income tax ticket, and state if that is a copy?

A Yes, sir.

Q Did you make that assessment on which the tax was levied?

A I did.

Q There was no return made by W. H. Hawkins & Company of any

income?

A No, sir.

Q Now, you made that assessment; on what did you base that assessment, Mr. Wyant? That is the assessment for the year 1924, being on income for the preceding year, 1923.

A It is purely a legal question here. This is the only way I could have it decided; that is, under the Virginia tax law the partnership pays the income tax, after deducting the amount of salary that each one of the partners draws out. Under the Federal law the partnership pays no tax but the individual members of the firm ~~xfxkkxxfxxm~~ pay it. Here, the individual members made the report and took off their family expenses and personal exemptions, that is, $2,000.00 for the wife and $400.00 for each child, from their respective interests that they received from the partnership.

THE COURT: This is an assessment against the partnership, is it?

WITNESS: This is an assessment against the partnership; yes, sir.

A (Contd.) Under the Virginia tax law they would have the right to deduct it from the income -- the amounts that they had paid themselves regularly as salaries, and they would not have to wait until the end of the year to deduct their partnership share of the profits and then report it in the individual income returns.

Q Is that the ground on which you made the assessment?

A Yes, sir; purely as a matter of law. You were perfectly well aware of this question.

Q You and I have both had difficulty about it.

A Yes, sir.

MR. HARRIS: It is due to Mr. Wyant to say that we discussed the question, and I concluded that the law simply required the individuals of the firm to make their income tax returns, accounting for all profits.

THE COURT: And that there should be no partnership return on that?

MR. HARRIS: Yes, sir; there should be no partnership return for income because it would be impossible to work out the deductions and exemptions in the partnership return. Mr. Wyant contended that the partnership should pay the income tax, and then let the results be what theymay with the several individuals.

Q Mr. Wyant, I want to show now that the individual did make return of income?

A They did.

Q Mr. H. W. Hawkins made an income tax return?

A Yes, sir; I have the original.

MR. WALL: I object to evidence as to the individual return.

THE COURT: The objection is overruled. I do not see why there should be any objection to that evidence, even if that evidence does not warrant any reduction of the tax. I think the Court will understand the situation, how they made their returns and paid the tax.

MR. WYANT: I have the original return and will be glad to file it.

THE COURT: The partnership assessment should be filed, and, also, the individual assessments.

Q This is the tax-ticket made out on the return of H. N. Hawkins? (Indicating).

A Yes, sir; that is the correct amount of the tax.

Q Now, have you the return of W. H. Hawkins?

A I have the original return.

Q This is the ticket made out on the individual return of W. H. Hawkins, (Indicating), $67.90 plus the five per cent?

A That is right. There is nothing on the individual returns, however, to show that this was salaries received from the partnership of W. H. Hawkins & Company.

Q The returns will speak for themselves as to what they show. That is the ticket based on that return?

A Yes, sir.

Q Examine this paper and see if that is a duplicate of the tax-ticket against Hawkins Hardware Company for income tax based on the income assessment of $10,000.00?

A It is. W. H. Hawkins & Company made no partnership income return, and I assessed them for $10,000.00 of income for the year 1923.

Q At the time this assessment was made by you, these several individual income returns were before you, were they?

A Yes, sir. And I took the position that the members of the firm of Hawkins Hardware Company should not be taxes individually, but the partnership should pay the income tax.

Witness stood aside.

H. N. HAWKINS, sworn, examined by Mr. Harris, testified:

Q Mr. Hawkins, did you keep the books of the firm of W. H. Hawkins & Company?

A No, sir.

Q You do not keep them?

A No, sir.

Q You do know of your own knowledge the income of that firm?

A Yes, sir.

Q I will ask you to examine your individual tax return to the State of Virginia for income for the year 1923, made and returned on the 7th of June, 1924, and state whether or not under item 13, "Gross income of the tax-payer", the sum of $6,900.00 there entered covered all of your income from every source?

A Yes, sir.

Q Did it include what you had withdrawn from the partnership of W. H. Hawkins & Company, composed of yourself and your father, W. H. Hawkins?

A Yes, sir.

Q It included everything on account of withdraw account?

A Yes, sir.

Q And did it include all of the profits that you had left in the business?

A Yes, sir.

Q And did it include your entire income from every source?

A Yes, sir; that is, my individual income.

Q Against that you have taxes charged other than income or $85.00; what was that tax on? On your real estate, was it not?

A Yes, sir.

Q And you have interest paid during the year, $360.00; did you have borrowed money?

A Yes, sir.

Q That is all the charges you have against that income?

A Yes, sir.

THE COURT: How many children did you have?

WITNESS: I had one at that time.

Q You were entitled to an exemption of $2,400.00; $2,000.00 for yourself and $400.00 for one child?

A Yes, sir.

Q And that is a correct return of all the profits made by the partnership of W. H. Hawkins & Company for the year 1923?

A Yes, sir.

Q That is, of your share of the profits?

A Yes, sir.

Q I will ask you to examine this return of W. H. Hawkins, which was returned June 7, 1924 for the income tax of 1923, in which there is returned $7,300.00, under the head of salaries, wages, &c., from business or vocation; did that include all of your father's withdrawals from the firm that year?

A Yes, sir.

Q And including the profits left in the business of the firm?

A Yes, sir.

Q That is his entire share?

A Yes, sir.

Q How were those profits divided after withdrawal?

A Equally.

THE COURT: Did that include the profits left in the business?

WITNESS: This amount?

THE COURT: Yes, sir.

WITNESS: That is all the firm made that year.

Q You apportioned all the money left between you, whether left in the business or withdrawn from it?

A Yes, sir.

Q MR. HARRIS: I have a copy of the Federal Government tax return showing what that profit was.

Q I will let you refresh your memory from that and ask you to state what was the net income returned by W. H. Hawkins & Company to the Federal Government for the year 1923?

A $9,599.36.

Q That was the net income?

A Yes, sir.

THE COURT: Of the firm?

WITNESS: Yes, sir.

Q That was before any withdrawals?

A Yes, sir.

Q Before any withdrawals of salary by yourself and father?

A Yes, sir.

Q Now, Mr. Hawkins, do you know that your father had paid taxes on his real estate of $63.00?

A Yes, sir.

Q And that he paid interest on borrowed money of $340.00?

A Yes, sir.

Q $403.00 was all the deductions that were taken off?

A Yes, sir.

Q He had no dependants, but had an exemption as a married man of $2,000.00?

A Yes, sir.

MR. HARRIS: Your Honor, there are three motions; one by the Hawkins Hardware Company, and one by each of the members of the firm. We could not tell which way your Honor would decide the question, and if you decide in favor of the partnership the others will be dismissed, and vice versa.

CROSS-EXAMINATION BY E. WARREN WALL, ESQ.

X You say, Mr. Hawkins, that these profits were divided equally between your father and yourself?

A Yes, sir.

X At the end of the year?

A Yes, sir.

X You paid yourselves no regular salaries?

A No, sir.

X You just took an equal division of the profits at the end of the year?

A We have a living-account, and we would charge it up as we took it out, and, at the end of the year, we balanced it up, and whatever the amount was it was charged on the ledger to his account and to my account.

THE COURT: You withdrew from the firm during the year as you needed it?

WITNESS: Yes, sir.

Q You withdrew any amount you pleased?

A Yes, sir.

Q The firm voted you no specific salary?

A No, sir. There is no "firm"; it is a partnership -- me and my father.

Q There was no agreement that each of you should have a specific salary?

A No, sir.

Q You just took what you needed as you had the right to?

A We generally took pretty close to the same amount each year. We did not have any understanding.

THE COURT: You were equal partners?

WITNESS: Yes, sir.

THE COURT: And you divided the profits equally?

WITNESS: No, sir. I have a separate book, and if he takes more than I do, I put it on my book; and if I take more than he does, he puts it in his book.

THE COURT: It is an equal partnership?

WITNESS: Yes, sir.

THE COURT: Out of which you pay no salaries and divide the profits at the end of the business year?

WITNESS: Yes, sir.

Q And you have, of course, expenses?

A Yes, sir.

THE COURT: Partners do not usually get salaries unless the have a special agreement.

Witness stood aside.

MEMO: Court took the case under advisement, under testimony already introduced, or that may be introduced, until the next term of Court.

Hawkins
W. H. & H. R.
Error Assd't

Dec Term
1925

Form No. 701—12-2-24
250 M.

1925 (4)—INCOME INTERROGATORY—1925

STATE OF VIRGINIA

TAX RETURN FOR INDIVIDUALS, CORPORATIONS, FIRMS AND PARTNERSHIPS

Virginia State income tax return for the year 1925. The income to be reported is the income received, or due, but not received, during the year ending December 31, 1924.

1. Name of Taxpayer H. A. Hawkins
2. County or City Harrisonburg Va.

District or Ward

Street No. or P. O. Address

3. Principal Occupation of Individual or Business of Corporation, Firm or Partnership Hardware Merchant

The Commissioner of Revenue must deliver this interrogatory to every person, firm and corporation residing, having an office, or doing business in his district and require the taxpayer to answer every question and to furnish the information touching income.

READ INSTRUCTIONS CAREFULLY. WRITE NAME AND ADDRESS PLAINLY. SEE INSTRUCTIONS PAGE 4

Taxpayer must within thirty (30) days after receipt of this form return it properly filled out and sworn to (or affirmed) to the Commissioner of Revenue of his county, city or district.

4. **Personal exemptions for individuals; These do not apply to corporations, firms and partnerships.** (See Instruction 6, p. 4.)
   (a) Were you married? Yes
   (b) Were you living with your wife (or husband)? Yes
   (c) If not, were you the head of a family as defined in Instruction 6?
   (d) How many additional persons were entirely dependent upon you and were actually supported by you during the entire year? One
   (e) What amount of personal exemption do you claim? $ 2400.00

5. (a) Did (or will) your wife (or husband) or any of the persons dependent on you make a separate return? (If so, give name and address.) .... Name
   (b) If not, is the income of your wife (or husband) and dependent persons included in this return? .... Address

6. (a) Did (or will) you file an income tax return for the period covered by this return with a U. S. Collector of Internal Revenue?
   (b) If so, what amount of Total Net Income did you (or will you) report? $

7. If the total Net Income reported by you on the U. S. return differs from the amount of Item 12 as shown on this return otherwise than in the difference in exemptions, attach a copy of your U. S. return hereto with a statement reconciling differences. This return will be compared with your U. S. return as soon as possible and all unreconciled differences discovered will be assessed with tax, penalty and interest.

Exemption to individual (or head of family unmarried), $1,000; and $400 for each additional person actually supported by and entirely dependent upon the taxpayer for support.

CALCULATION OF TAX

Exemption to husband and wife living together, $2,000; and $400 for each additional person actually supported by and entirely dependent upon the taxpayer for support.

		Amount of Income Taxable at Each Rate	RATE OF TAX	Amount of Tax
8. Gross Income (Item 21)	$2339.00			
9. Personal Exemption (Item 4)	$2400.00	$	1% on first $3,000 of Item 12	$
10. Total Deductions (Item 26)	$445.00			
11. Total Exemptions and Deductions	$2845.00	$	2% on all in excess of $3,000 Item 12	$
12. Net Income Subject to Tax (Item 8 less Item 11)	$ Nothing	$	Total Tax	$

PENALTIES

For failure or refusal to report correctly income, under oath or affirmation, within the time and in the manner prescribed by law, the statute imposes:

1st. A fine of not more than $1,000.00 nor less than $30.00. (Code, Sec. 2314, Tax Laws, p. 311.)

2d. The Commissioner of the Revenue is required to ascertain the taxpayer's income from the best information he can obtain. (Code, Sec. 2310, Tax Laws, p. 309.) This assessment is final. No relief can be granted by the Court, if the taxpayer fail or refuse to furnish the information required by these interrogatories. (Code, Sec. 2386, Tax Laws, p. 336.)

For making a false report of income under oath or affirmation:

Any income received within the year and not reported by the taxpayer, when discovered, is subject to tax at DOUBLE THE ORIGINAL RATE. (Code, Sec. 2328, Tax Laws, p. 312.)

These penalties will be strictly enforced.

VIRGINIA—COUNTY (OR CITY) OF ....

I, ... do swear (or affirm) that the within list of income, to the best of my knowledge and belief, contains a true, full, perfect and complete statement of all income received, or due but not received, within the year ending December 31, 1924, taxable in .... and that the deductions and exemptions listed are true, full, perfect and correct; that I verily believe the same to be authorized by law and that every question propounded in this Interrogatory has been truly answered.

In testimony whereof, I hereunto set my hand this .... day of ...., 1925.

.... Signature of Taxpayer.

I hereby certify that the above was sworn (or affirmed) to and subscribed before me and that I administered to the above subscribing taxpayer upon the Holy Bible or the New Testament the oaths to this Interrogatory or took his (or her) affirmation thereto as required by law, because he (or she) objected to making oath on the Holy Bible or New Testament.

Witness my hand this .... day of 1925

.... Commissioner of the Revenue or Deputy Commissioner of the Revenue or Notary Public or other person authorized to administer an oath.

Increases in value of income of the taxpayer, ascertained by Examiner of Records, must be reported to the Commissioner of the Revenue upon blank form furnished by the Auditor of Public Accounts for assessment on income books.

This is the legal State Interrogatory prepared by the Auditor of Public Accounts for listing and assessing income. The law requires that this interrogatory shall be used by the taxpayer and Commissioner of the Revenue.

C. LEE MOORE, Auditor of Public Accounts.

GROSS INCOME OF TAXPAYER		To Be Filled In By Taxpayer Dollars	Cents	To Be Filled In By Commissioner of Revenue Dollars	Cents
13. Salary (or salaries), wages, fees or compensation of every kind and description whatever from professions, vocations or other services. (See Note (a) below).		$2339	00	$	
14. Profits from Business					
(a) Gross sales, cash and credit, less returns and allowances	$				
(b) Inventory, January 1, 1924 .... $					
(c) Purchases of merchandise for sale or raw material for manufacturing during the year. $					
(d) TOTAL .... $					
(e) Less inventory, January 1, 1925 .... $	$	$		$	
Subtract difference between items (d) and (e) from item (a) and extend amount so obtained as PROFITS FROM BUSINESS					
15. Rents, including ground rents and rents charge		$		$	
16. (a) Interest from all sources on deposits in bank, on notes, bonds and all other evidences of debt (Except bonds of the United States and of the State of Virginia.)	$				
(b) Dividends and Profits (Report all dividends derived from shares of stock of railroad, canal, telegraph, telephone, express, steamboat, water, heat, light, power and all other corporations; also dividends from any other evidences of ownership or interest in property and all profits received as a member of any firm or co-partnership. (Dividends paid in stock and dividends on bank stock not taxable as income.)	$				
(c) Royalties derived from mines, patents, copyrights, or the possession or use of franchises or legal privileges of any kind	$				
(d) All annuities from invested funds or trusts. (See Note (b) below.)	$	$		$	
17. The amount realized from all farming, stock raising and agricultural operations					
18. Profits derived from the sale of real or personal estate: (Read carefully instruction 9, p. 4.)					
(a) Total amount received from sale (in cash, and obligations, if not all cash)	$				
(b) Deductions authorized—Detailed statement—Question 27, page 3 (Profits taxable as income obtained by deducting item (b) from (a).)	$	$		$	
19. The value of property in excess of $1,000.00 acquired by gift within the year. (See Note (c) below)		$		$	
20. Gross income from all other sources, including all gains and profits derived from any source whatever not specified above (items must be stated separately):					
	$				
	$	$		$	
21. TOTAL GROSS INCOME (Carry to item 8, p. 1)		$2339	00	$	
DEDUCTIONS ALLOWED INDIVIDUALS, CORPORATIONS, FIRMS AND PARTNERSHIPS IN REPORTING INCOME (NONE OF THESE DEDUCTIONS TO BE ALLOWED UNLESS DETAILED INFORMATION IS SHOWN ON P. 3).					
22. Necessary expenses actually paid within the year in carrying on the business from which the income taxed was derived (Including salaries and wages actually paid; if the business is that of a firm or co-partnership then, in addition to salaries and wages, a reasonable allowance for services of co-partner or member of firm actually rendered in producing the income taxed may also be deducted.) (Personal or family expenses of taxpayer not to be deducted.) (Supply detailed statement required by question 28, p. 3.)		$		$	
23. (a) Depreciation by use, wear, tear and obsolescence of the property (other than residence occupied by owner) from which the income taxed is derived	$				
(b) Amount paid during the year for repairs to and maintenance of buildings the rent of which is reported as income (Supply detailed statement required by question 29, p. 3, relating to items (a) and (b) 23.) (No deduction for repairs can be had if an allowance for depreciation of the building repaired is claimed for the taxable year or for any preceding year, nor can there be any allowance for depreciation of or repairs of taxpayer's residence, nor of any other property which does not produce income reported on this return.)	$	$		$	
24. (a) Losses sustained during the year 1924, but no other year, in trade or business not compensated for by insurance or otherwise, and losses incurred in any transaction entered into for profit though not connected with the trade or business, and losses of property not connected with the trade or business arising from theft, fire, storm, shipwreck or other casualty not compensated for by insurance or otherwise (Supply detailed statement required by question 30, p. 3.)	$				
(b) Worthless debts charged off during the year which have been previously reported as gross income (Supply detailed statement required by question 31, p. 3.)	$	$		$	
25. (a) Taxes (other than on income, inheritances or assessments for local improvements) paid within the year to Virginia or any city, county, town or district in Virginia—no Federal or other taxes can be deducted (Supply detailed statement required by question 32, p. 3.)	$ 85.00				
(b) Dividends received from stock in any corporation or profits received from an interest in any partnership, the income from which shall have been assessed for taxation by the State of Virginia. (Supply detailed statement required by question 33, p. 3.)	$				
(c) Interest paid within the year on existing indebtedness (Except interest on indebtedness to purchase or carry bonds of Virginia or bonds or other obligations of the United States; supply detailed statement required by question 34, p. 3.)	$ 360.80				
(d) All fire, tornado and casualty insurance premiums on property in this State (except residence property occupied by owner) due and paid during the year	$	445	80	$	
26. TOTAL DEDUCTIONS CLAIMED (Carry to item 10, p. 1)		$445	00	$	

(a) NOTE—Salaries, wages and other compensation received from the United States by officials or employees thereof are not taxable as income, but their income from other sources is taxable. Pensions received from the United States or the State of Virginia are not taxable as income. Salaries and wages of the following officers and employees are taxable as income by the State and should be listed on this interrogatory: State officers, executive, judicial, and in State institutions, all employees of the State; officers and employees of cities, towns, districts and other political subdivisions of this State; teachers and employees in State institutions and in the public free schools of the State; also the salaries and wages of teachers and employees in private schools and colleges, incorporated and unincorporated.

(b) NOTE—The proceeds of life insurance policies paid upon the death of the person insured or payments made by or credited to the insured on life insurance, endowment or annuity contracts, upon the return thereof to the insured at the maturity of the term mentioned in the contract or upon surrender of contract; and any amounts received through accident or health insurance or under workmen's compensation acts as compensation for personal injuries or sickness and the amount of any damages received whether by suit or agreement on account of such injuries or sickness should not be included as income.

(c) NOTE—Property acquired by inheritance, devise or bequest, received during the year subject to inheritance tax under the laws of this State, which has actually been assessed with inheritance tax, is not to be reported as income, but the income, viz., rents, interest, dividends or profits, received from property inherited, devised or bequeathed, must be reported as income under the appropriate items.

UNLESS THE INFORMATION AS CALLED FOR ON THIS PAGE IS FURNISHED THE DEDUCTIONS MUST NOT BE ALLOWED BY THE COMMISSIONER OF REVENUE.

27. **With reference to question 18, deductions claimed in connection with sale of real and personal estate.**

If property acquired by purchase or otherwise prior to March 1, 1913, the fair market value on March 1, 1913 .... $..........

If property acquired by purchase on or after March 1, 1913, state purchase price .... $..........

If property acquired other than by purchase on or after March 1, 1913, state the fair market value on date acquired .... $..........

Paid for repairs and permanent improvements .... $..........

Paid for insurance .... $..........

Paid for taxes .... $..........

Interest at 6 per cent a year on cost price .... $.......... $..........

NOTE—From date acquired until sold.

(The deduction for interest not authorized if property acquired by gift or inheritance.)

Subtract income received from property during ownership .... $..........

Deduction claimed .... $..........

28. **With reference to question 22,** no deduction can be allowed as an expense of business for salaries, etc., unless there be reported the name and address of each person to whom $1,000.00 or more shall have been paid for personal services, together with the amount paid to each such person, and unless all other expenses shall be itemized. (In case any of the blanks below are too small for a complete itemized statement of the deductions claimed, a separate sheet of paper containing the full statement should be securely attached to this interrogatory, as the Commissioners of the Revenue and Examiners of Records are hereby instructed to disallow any claim for deductions if the same is not accompanied with the full statement called for herein.)

Payments for Personal Services

Name of Officer, Employee, or Partner	Address	Amount

Summary of Other Business Expenses

Nature of Expense	Amount

29. **With reference to question 23 (a) and (b),** no deduction can be made for the expense of restoring property, or making good the exhaustion thereof if an allowance for depreciation is or has been made, and no deduction can be allowed for any amount paid for books, tools, instruments, machinery, appliances, furniture or fixtures, buildings, permanent improvements or betterments, or other taxable property purchased, whether used in connection with the business or not. No deduction can be allowed for depreciation of or repairs to the taxpayer's residence, nor of any other property which does not produce income reported on this return.

Statement of Deductions Claimed for Depreciation by Use, Wear, Tear, etc., of Property Producing Income.

Kind of Property	Material of Which Constructed	Cost in Cash, or the Equivalent of Cash, When Acquired	Year Constructed	Total Amount of Depreciation Claimed for Former Years	Taxable Year: Claimed		Taxable Year: Allowed	
					Rate	Amount	Rate	Amount
Building								
Machinery, Furniture and Fixtures								

Repairs to Buildings, the Rent of Which Is Reported as Income, and for Which Buildings No Depreciation Is or Has Been Allowed.

Nature of Repair	Amount Claimed	Amount Allowed

30. With reference to question 24 (a). **List Below Deductions Claimed for Losses Sustained During the Year and Not Compensated for by Insurance or Otherwise.**

Nature of Property	Fair Market Value	Location	Nature and Details of Loss Sustained	Amount of Loss: Claimed	Amount of Loss: Allowed

31. With reference to question 24 (b). **List Below All Debts Ascertained to Be Worthless and Actually Charged Off During the Year.**

Name of Debtor	Address	Kind of Obligation	When Reported as Gross Income	When Due	Amount of Deduction: Claimed	Amount of Deduction: Allowed

32. With reference to question 25 (a). **List Below All Taxes (Except Taxes on Income, Inheritances, or Assessments for Local Improvements) Paid Virginia or Any City, County, Town or District in Virginia Claimed as Deductions.—No Federal or Other Taxes Can Be Deducted.**

Name of State or Locality Imposing the Tax	Kind of Tax Imposed	Date When Tax was Paid	Amount of Deduction: Claimed	Amount of Deduction: Allowed

33. With reference to question 25 (b). **List Below Dividends or Profits Received From Any Corporation or Partnership Taxed on Income by This State. Do Not Deduct Dividends Derived From Shares of Stock of Railroad, Canal, Telegraph, Telephone, Express, Steamboat, Water, Heat, Light and Power Corporations, Because the Income of These Corporations Is Not Taxed by Virginia.**

Name of Corporation	Address of Principal Office in This State	Amount of Dividend or Profits Received	Percentage of Corporation's Income Taxed by This State	Amount of Deduction: Claimed	Amount of Deduction: Allowed

34. With reference to question 25 (c). **List Below All Interest Paid During the Year on Existing Indebtedness (Except Interest on Indebtedness to Purchase or Carry Bonds of Virginia or Bonds or other Obligations of the United States).**

To Whom Interest Was Paid	Address	Nature of Obligation on Which Interest Was Paid	Amount of Obligation	Amount of Deduction: Claimed	Amount of Deduction: Allowed

INSTRUCTIONS—READ CAREFULLY

1. WHO REQUIRED TO MAKE INCOME RETURN—TO WHOM MADE.

An income return must be made by every individual if the gross income exceed $1,000; firm or co-partnership; every incorporated company; every joint stock company; and every association having capital stock represented by shares or certificates of stock organized for profit; and by every person who makes a Federal income return. (Public service corporations which are now subject to a State franchise tax upon gross receipts, insurance companies, which pay a State license tax on gross premiums, State and National Banks, Banking Associations, Trust and Security Companies, Religious, Educational, Benevolent, and other corporations or associations of individuals not organized or conducted for pecuniary profit not required to make an income return.)

The return of an individual must be made to the Commissioner of the Revenue in whose District the individual resides if the gross income exceed $1,000.

The return of husband and wife living together must be made to the Commissioner of the Revenue in whose District the husband resides if his or her or their combined gross income was in excess of $2,000.

A firm or co-partnership must make return of income to the Commissioner of the Revenue in whose District it does business. A firm or co-partnership is not entitled to any exemption but is entitled to certain deductions. In reporting the income the co-partnership has a right to the deductions authorized by the statute including salaries of officers, wages of employees, and a reasonable allowance for service of co-partners, or members of the firm, but each member of the firm is also required to make an individual income return and in that return must be included any sum received for services as co-partner, and in the individual return of each member of the firm, the exemption allowed the individual can be deducted. Members of a firm or co-partnership in making their individual return must report under item 16(b) all profits received from the partnership business, but this amount may be deducted under item 25 (b) if the profits of the firm or co-partnership have been reported for taxation in this State and if the tax thereon is paid by the firm or co-partnership.

A corporation chartered under the laws of Virginia (except a corporation which does no part of the business within the State) must make return of income to the Commissioner of the Revenue in whose District the principal office of the corporation is located by the terms of its certificate of incorporation.

A corporation chartered under the laws of a State or Country other than Virginia, having a business domicile or domiciles in Virginia, must make return of income to the Commissioner of the Revenue in whose District is located the place designated by the corporation as the office at which all claims against the company due residents of this State may be audited, settled and paid.

2. MANNER OF FILLING IN RETURN.

Every question must be answered. If there is no amount or information to be given opposite a question write "None." Commissioners of the Revenue and Examiners of Records are hereby directed to require strict compliance with this instruction.

3. WHEN SUPPLEMENTAL SHEET SHOULD BE ATTACHED.

Taxpayers may attach supplemental sheets containing any further information they deem important, **and must attach such supplemental sheets if necessary for a full and complete detailed statement of income.**

4. DUTY OF COMMISSIONER OF THE REVENUE — DUTY OF TAXPAYER TO MAKE RETURN.

It is the duty of the Commissioner, or his duly qualified deputy, to apply once to each taxpayer personally to obtain his return of income, requiring the taxpayer to answer the questions and furnish the information touching income as called for on the interrogatory; if the taxpayer be not found at his usual place of abode, this interrogatory may be left with some member of the taxpayer's family over the age of sixteen years, or if there be no such person on the premises, the Commissioner may otherwise cause this interrogatory to be delivered to such taxpayer. If answers to this interrogatory are not obtained when the Commissioner applies to the taxpayer, it becomes the duty of the taxpayer to seek the Commissioner, and upon the failure of the taxpayer to return such answers for a period of thirty (30) days after such application, it becomes the duty of the Commissioner or his deputy to assess the value of the taxpayer's income from the best information he can obtain and to make out an interrogatory for the taxpayer.

5. DUTY OF COMMISSIONER TO REQUIRE A RETURN.

If the Commissioner in assessing taxes upon real estate, tangible and intangible personal property, bonds, notes, shares of stock, money, etc., finds that a taxpayer is assessed with a considerable amount of such property he may be confident that such person is assessable with taxes upon income, and if the Commissioner is in doubt as to the amount of the gross income received by such person he should require the return of income to be made.

6. PERSONAL EXEMPTIONS TO INDIVIDUALS.

There is exempt from taxation to an individual (or head of a family unmarried) income up to and including $1,000.00; to husband and wife living together income up to and including $2,000.00; and for each additional person actually supported by and entirely dependent on the taxpayer for support $400.00. In computing these exemptions for 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 twenty-one years of age must be added to that of the husband or father, or if he be not living, to that of the head of the family, and the taxes must be assessed against such head of the family. The exemption of $1,000.00 to an individual, or head of a family unmarried, and of $2,000.00 to husband and wife living together, and $400 for each additional person actually supported by and entirely dependent upon the taxpayer, is allowed to cover all personal and family expenses, whether or not the amount allowed is sufficient, no deduction can be made from income for personal and family expenses.

7. DUTY OF COMMISSIONER OF THE REVENUE AND THE EXAMINER OF RECORDS.

The Commissioner of the Revenue must procure this tax return from the taxpayer and lay it before the Examiner of Records on or before June 1, 1925. The review by the Examiner of Records must be made promptly and this tax return re-delivered to the Commissioner on or before August 1, 1925. As soon as the Income Tax Books have been completed the Commissioner must deliver this interrogatory to the Clerk of the Circuit Court of the County or the Corporation or Hustings Court of the City, or the Circuit Court of the City which has no other court of record, to be preserved in the permanent files.

8. DEDUCTIONS NOT ALLOWED ON ACCOUNT OF RESIDENCE PROPERTY.

As "estimated rentals of residence property occupied by the owner" are not taxable as income, insurance, repairs or other expenses incurred in the upkeep of such property cannot be deducted.

9. METHOD OF COMPUTING PROFITS DERIVED FROM SALE OF REAL OR PERSONAL ESTATE.

All profits received within the taxable year from the sale of real or personal property must be included in the amount of income reported for the year. This item includes all profits received from all sales made during the year no matter whether the property sold was acquired during the taxable year or during any year prior thereto. In arriving at such profits if the property was acquired by purchase or otherwise prior to March 1, 1913, the fair market value of the property March 1, 1913, should be subtracted from the sale price of the property; if the property was acquired by purchase on or after March 1, 1913, from the amount of the sale price should be subtracted the purchase price of the property. If the property was inherited or received as a gift on or after March 1, 1913, the fair market value on date acquired should be subtracted from the sale price of the property. The total expenditures for repairs and permanent improvements, insurance, taxes and interest at 6 per cent a year on the cost price from date acquired until sold, may also be subtracted, PROVIDED, THE PROPERTY WAS PURCHASED; if, however, the property was not purchased, but acquired by gift or inheritance, then no interest may be subtracted, but the total expenditures for repairs and permanent improvements, insurance and taxes during taxpayer's ownership may be subtracted from the sale price of the property. However, in any case all income received during ownership from the property sold must be added to the sale price of the property, whether the property was purchased or acquired by gift or inheritance.

10. DEDUCTION FOR DEPRECIATION.

This deduction is confined by law to "a reasonable annual allowance for depreciation by use, wear, tear and obsolescence of the property from which the income is derived on the basis of its **cost** in cash or the equivalent of cash." Depreciation due to other causes or depletion cannot be considered, and no deduction is allowed for any amount of expenses of restoring property or making good the exhaustion thereof for which an allowance for depreciation is or has been made. Depreciation of merchants' or manufacturers' inventories, or fluctuations in value of shares of stocks, bonds, securities or other property is not deductible against income.

11. COMMISSIONER TO CO-OPERATE WITH TAXPAYER IN PREPARING RETURN.

When a taxpayer is in doubt whether or not certain moneys or property received by him during the year should be returned as income, or certain deductions claimed, all the facts should be presented to the Commissioner of the Revenue before preparing the return and his advice obtained in order to avoid possible penalties. If the Commissioner of the Revenue is in doubt as to the proper construction of the law, he should apply to the Auditor of Public Accounts for instructions in order that the administration of the law may be uniform throughout the State.

12. ASSESSING OFFICER TO HAVE ACCESS TO RECORDS OF TAXPAYER.

Books of account of the taxpayer must be open to the inspection of the Commissioner of the Revenue and the Examiner of Records when an inspection is necessary to explain a return.

13. ITEMS NOT DEDUCTIBLE.

The following expenses of the taxpayer are not deductible from gross income, and it is the duty of the Commissioner of the Revenue and the Examiner of Records to review the income interrogatories carefully and disallow all such items which have been claimed as deductions by the taxpayer:

(a) Taxes paid to the United States Government, or any State except Virginia, or any County, City or town except a county, city or town in Virginia.
(b) Income taxes paid to this or any other State or United States.
(c) Local assessments for improvements.
(d) Inheritance or estate taxes wherever imposed and paid.
(e) Personal and family expenses. (The exemption allowed is to cover such expenses.)
(f) Amounts paid for books, tools, instruments, machinery, appliances, furniture, fixtures, etc.
(g) Amounts paid for new buildings, permanent improvements, betterments, or other capital outlays.
(h) Expenses incurred by the taxpayer for repairs, except for repairs to buildings, the rent of which is reported as income on this form and for which buildings no allowance for depreciation is or has been made either during the taxable year or any previous year or years.
(i) Losses sustained in the shrinkage in value of any property.
(j) Losses sustained in any year prior to 1924.
(k) Donations and gifts of whatever kind, whether for religious charitable, educational, benevolent or any other purposes.

14. ANSWERS TO INTERROGATORIES TO BE UNDER OATH OR AFFIRMATION.

Interrogatories must be signed and sworn to, the oath must be administered upon the Holy Bible or New Testament; interrogatories may be affirmed only when the taxpayer objects to swearing upon the Holy Bible or New Testament, Code Sec. 2254. Tax Laws, p. 279.

15. COMMISSIONER TO CERTIFY OATH OR AFFIRMATION.

The Commissioner must certify that he administered the oath. The Commissioner is subject to a fine of $500.00 for receiving interrogatories not sworn to. Code Sec. 2315. Tax Laws, p. 311.

16. POWER OF EXAMINER OF RECORDS.

The Examiner of Records is authorized to examine all accounts, papers and records of the taxpayer. The Examiner of Records may call upon any taxpayer or other person having information to come before him and testify under oath respecting the taxpayer's return. Any person who fails or refuses to attend or testify when so summoned by the Examiner becomes liable to a fine of not more than $100.00, nor less than $10.00 for each day's refusal or failure.

17. INFORMATION CONCERNING INCOME CONFIDENTIAL.

All income tax interrogatories and lists of individuals reporting taxable incomes and all income tax books must be kept under lock and key except when in the personal possession of the Commissioner of the Revenue or the Examiner of Records. Code Sec. 2383. Tax Laws, p. 80.

18. METHOD OF COMPUTING TAXABLE INCOME OF PERSONS AND CORPORATIONS DOING BUSINESS BOTH WITHIN AND WITHOUT THE STATE.

Persons and corporations doing a part of their business within the State, and a part without the State, and having offices or other regular places of business both within and without the State, shall be taxed only upon such income as is derived from business transacted and property located within the State, which may be determined by an allocation and separate accounting for such income when the books of such person or corporation show income realized from such transactions and property located within the State; otherwise such income shall be apportioned and determined as follows:

The gross business in dollars, of the person or corporation in the State, including the business of production measured by cost of production and the business of distribution or sales measured by the value of gross sales less the cost of production for the year ending December 31, shall be added to the book value of the gross assets on the first day of January of the year for which return is being made, employed in the business within this State (with no deduction on account of any encumbrance thereon). The sum so obtained shall be the numerator of a fraction of which the denominator shall consist of the total gross business, as above defined, of the person or corporation both within and without the State, added to the total book value of the gross assets on the day last aforesaid, wherever employed in business (with no deduction on account of any encumbrance thereon). The proportion of the entire net income of such person or corporation which is represented by the fraction so obtained shall be the net income of such person or corporation returnable for taxation in this State.

Persons, firms and corporations apportioning their incomes under this provision must attach to this return a separate sheet showing the calculations upon which the apportionment is based.

NOTE: This provision applies only to persons and corporations who are engaged in business on their own account both within and without the State and who have offices or other regular places of business both within and without the State, and does not apply to persons who reside in Virginia who receive compensation for services rendered outside the State in the employment of business conducted by others, nor to persons residing in Virginia who receive profits from business conducted outside of Virginia by others.

C. Lee Moore, *Auditor of Public Accounts.*

Form No. 701—12-2-24
250 M.

192~~5~~4—INCOME INTERROGATORY—192~~5~~4

STATE OF VIRGINIA

TAX RETURN FOR INDIVIDUALS, CORPORATIONS, FIRMS AND PARTNERSHIPS

Virginia State income tax return for the year 1925. The income to be reported is the income received, or due, but not received, during the year ending December 31, 1924.

The Commissioner of Revenue must deliver this interrogatory to every person, firm and corporation residing, having an office, or doing business in his district and require the taxpayer to answer every question and to furnish the information touching income.

1. Name of Taxpayer Hawkins Hardware Co.
2. County or City Harrisonburg, Virginia
   District or Ward ....
   Street No. or P. O. Address ....
3. Principal Occupation of Individual or Business of Corporation, Firm or Partnership Hardware merchants

READ INSTRUCTIONS CAREFULLY. WRITE NAME AND ADDRESS PLAINLY. SEE INSTRUCTIONS PAGE 4

Taxpayer must within thirty (30) days after receipt of this form return it properly filled out and sworn to (or affirmed) to the Commissioner of Revenue of his county, city or district.

4. **Personal exemptions for individuals; These do not apply to corporations, firms and partnerships.** (See Instruction 6, p. 4.)
   (a) Were you married? .... (b) Were you living with your wife (or husband)? .... (c) If not, were you the head of a family as defined in Instruction 6? ....
   (d) How many additional persons were entirely dependent upon you and were actually supported by you during the entire year? .... (e) What amount of personal exemption do you claim? $..............

5. (a) Did (or will) your wife (or husband) or any of the persons dependent on you make a separate return? .... (If so, give name and address.) .... Name
   (b) If not, is the income of your wife (or husband) and dependent persons included in this return? .... Address

6. (a) Did (or will) you file an income tax return for the period covered by this return with a U. S. Collector of Internal Revenue? ....
   (b) If so, what amount of Total Net Income did you (or will you) report? $..............

7. If the total Net Income reported by you on the U. S. return differs from the amount of Item 12 as shown on this return otherwise than in the difference in exemptions, attach a copy of your U. S. return hereto with a statement reconciling differences. This return will be compared with your U. S. return as soon as possible and all unreconciled differences discovered will be assessed with tax, penalty and interest.

Exemption to individual (or head of family unmarried), $1,000; and $400 for each additional person actually supported by and entirely dependent upon the taxpayer for support.		CALCULATION OF TAX	Exemption to husband and wife living together, $2,000; and $400 for each additional person actually supported by and entirely dependent upon the taxpayer for support.	
		Amount of Income Taxable at Each Rate	RATE OF TAX	Amount of Tax
8. Gross Income (Item 21)	$27.564.			
9. Personal Exemption (Item 4) . $..............		$3.000.—	1% on first $3,000 of Item 12	$30.00
10. Total Deductions (Item 26) . $18.581.				
11. Total Exemptions and Deductions	$18.651.	$5.953.	2% on all in excess of $3,000 Item 12	$119.60
12. Net Income Subject to Tax (Item 8 less Item 11)	$8.953.	$8.953.	Total Tax	$149.60

PENALTIES

For failure or refusal to report correctly income, under oath or affirmation, within the time and in the manner prescribed by law, the statute imposes:

1st. A fine of not more than $1,000.00 nor less than $50.00. (Code, Sec. 2314, Tax Laws, p. 311.)
2d. The Commissioner of the Revenue is required to ascertain the taxpayer's income from the best information he can obtain. (Code, Sec. 2310, Tax Laws, p. 309.) This assessment is final. No relief can be granted by the Court, if the taxpayer fail or refuse to furnish the information required by these interrogatories. (Code, Sec. 2386, Tax Laws, p. 336.)

For making a false report of income under oath or affirmation:

Any income received within the year and not reported by the taxpayer, when discovered, is subject to tax at DOUBLE THE ORIGINAL RATE. (Code, Sec. 2328, Tax Laws, p. 312.)

These penalties will be strictly enforced.

VIRGINIA—COUNTY (OR CITY) OF ....

I, ... do swear (or affirm) that the within list of income, to the best of my knowledge and belief, contains a true, full, perfect and complete statement of all income received, or due but not received, within the year ending December 31, 1924, taxable in .... and that the deductions and exemptions listed are true, full, perfect and correct; that I verily believe the same to be authorized by law and that every question propounded in this interrogatory has been truly answered.

In testimony whereof, I hereunto set my hand this .... day of .... 1925.

....
Signature of Taxpayer.

I hereby certify that the above was sworn (or affirmed) to and subscribed before me and that I administered to the above subscribing taxpayer upon the Holy Bible or the New Testament the oaths to this Interrogatory or took his (or her) affirmation thereto as required by law, because he (or she) objected to making oath on the Holy Bible or New Testament.

Witness my hand this .... day of 1925

....
Commissioner of the Revenue or Deputy Commissioner of the Revenue or Notary Public or other person authorized to administer an oath.

Increases in value of income of the taxpayer, ascertained by Examiner of Records, must be reported to the Commissioner of the Revenue upon blank form furnished by the Auditor of Public Accounts for assessment on income books.

This is the legal State Interrogatory prepared by the Auditor of Public Accounts for listing and assessing income. The law requires that this interrogatory shall be used by the taxpayer and Commissioner of the Revenue.

C. LEE MOORE, Auditor of Public Accounts.

GROSS INCOME OF TAXPAYER		To Be Filled In By Taxpayer Dollars	Cents	To be Filled in By Commissioner of Revenue Dollars	Cents
13. Salary (or salaries), wages, fees or compensation of every kind and description whatever from professions, vocations or other services. (See Note (a) below).		$		$	
14. **Profits from Business**					
(a) Gross sales, cash and credit, less returns and allowances	$85,952				
(b) Inventory, January 1, 1924 $14,863					
(c) Purchases of merchandise for sale or raw material for manufacturing during the year. $58,979					
(d) TOTAL $73,842					
(e) Less inventory, January 1, 1925 $14,304	$59,538	$26,414		$	
Subtract difference between items (d) and (e) from item (a) and extend amount so obtained as PROFITS FROM BUSINESS					
15. Rents, including ground rents and rents charge		$1,150		$	
16. (a) Interest from all sources on deposits in bank, on notes, bonds and all other evidences of debt (Except bonds of the United States and of the State of Virginia.)	$				
(b) Dividends and Profits (Report all dividends derived from shares of stock of railroad, canal, telegraph, telephone, express, steamboat, water, heat, light, power and all other corporations; also dividends from any other evidences of ownership or interest in property and all profits received as a member of any firm or co-partnership (dividends paid in stock and dividends on bank stock not taxable as income.)	$				
(c) Royalties derived from mines, patents, copyrights, or the possession or use of franchises or legal privileges of any kind	$				
(d) All annuities from invested funds or trusts. (See Note (b) below.)	$	$		$	
17. The amount realized from all farming, stock raising and agricultural operations					
18. Profits derived from the sale of real or personal estate: (Read carefully instruction 8, p. 4.)					
(a) Total amount received from sale (in cash, and obligations, if not all cash)	$				
(b) Deductions authorized—Detailed statement—Question 27, page 3 (Profits taxable as income obtained by deducting item (b) from (a).)	$	$		$	
19. The value of property in excess of $1,000.00 acquired by gift within the year. (See Note (c) below)		$		$	
20. Gross income from all other sources, including all gains and profits derived from any source whatever not specified above (items must be stated separately):					
	$				
	$	$		$	
21. **TOTAL GROSS INCOME** (Carry to item 8, p. 1)		$27,564		$	
DEDUCTIONS ALLOWED INDIVIDUALS, CORPORATIONS, FIRMS AND PARTNERSHIPS IN REPORTING INCOME (NONE OF THESE DEDUCTIONS TO BE ALLOWED UNLESS DETAILED INFORMATION IS SHOWN ON P. 3).					
22. Necessary expenses actually paid within the year in carrying on the business from which the income taxed was derived (Including salaries and wages actually paid; if the business is that of a firm or co-partnership then, in addition to salaries and wages, a reasonable allowance for services of co-partner or member of firm actually rendered in producing the income taxed may also be deducted.) (Personal or family expenses of taxpayer not to be deducted.) (Supply detailed statement required by question 28, p. 3.)	16,166	$		$	
23. (a) Depreciation by use, wear, tear and obsolescence of the property (other than residence occupied by owner) from which the income taxed is derived	$				
(b) Amount paid during the year for repairs to and maintenance of buildings the rent of which is reported as income (Supply detailed statement required by question 29, p. 3, relating to items (a) and (b) 23.) (No deduction for repairs can be had if an allowance for depreciation of the building repaired is claimed for the taxable year or for any preceding year, nor can there be any allowance for depreciation of or repairs of taxpayer's residence, nor of any other property which does not produce income reported on this return.)	$119.00			$	
24. (a) Losses sustained during the year 1924, but no other year, in trade or business not compensated for by insurance or otherwise, and losses incurred in any transaction entered into for profit though not connected with the trade or business, and losses of property not connected with the trade or business arising from theft, fire, storm, shipwreck or other casualty not compensated for by insurance or otherwise (Supply detailed statement required by question 30, p. 3.)	$				
(b) Worthless debts charged off during the year which have been previously reported as gross income (Supply detailed statement required by question 31, p. 3.)	$1,500.00	$		$	
25. (a) Taxes (other than on income, inheritances or assessments for local improvements) paid within the year to Virginia or any city, county, town or district in Virginia—no Federal or other taxes can be deducted (Supply detailed statement required by question 32, p. 3.)	$498.00				
(b) Dividends received from stock in any corporation or profits received from an interest in any partnership, the income from which shall have been assessed for taxation by the State of Virginia. (Supply detailed statement required by question 33, p. 3.)	$				
(c) Interest paid within the year on existing indebtedness (Except interest on indebtedness to purchase or carry bonds of Virginia or bonds or other obligations of the United States; supply detailed statement required by question 34, p. 3.)	$1,648.00				
(d) All fire, tornado and casualty insurance premiums on property in this State (except residence property occupied by owner) due and paid during the year	$	$		$	
26. **TOTAL DEDUCTIONS CLAIMED** (Carry to item 10, p. 1)		$18,581		$	

(a) NOTE—Salaries, wages and other compensation received from the United States by officials or employees thereof are not taxable as income, but their income from other sources is taxable. Pensions received from the United States or the State of Virginia are not taxable as income. Salaries and wages of the following officers and employees are taxable as income by the State and should be listed on this interrogatory: State officers, executive, judicial, and in State institutions, all employees of the State; officers and employees of cities, towns, districts and other political subdivisions of this State; teachers and employees in State institutions and in the public free schools of the State; also the salaries and wages of teachers and employees in private schools and colleges, incorporated and unincorporated.

(b) NOTE—The proceeds of life insurance policies paid upon the death of the person insured or payments made by or credited to the insured on life insurance, endowment or annuity contracts, upon the return thereof to the insured at the maturity of the term mentioned in the contract or upon surrender of contract; and any amounts received through accident, or health insurance or under workman's compensation acts as compensation for personal injuries or sickness, and the amount of any damages received whether by suit or agreement on account of such injuries or sickness should not be included as income.

(c) NOTE—Property acquired by inheritance, devise or bequest, received during the year, subject to inheritance tax under the laws of this State, which has actually been assessed with inheritance tax, is not to be reported as income, but the income, viz., rents, interest, dividends or profits, received from property inherited, devised or bequeathed, must be reported as income under the appropriate items.

UNLESS THE INFORMATION AS CALLED FOR ON THIS PAGE IS FURNISHED THE DEDUCTIONS MUST NOT BE ALLOWED BY THE COMMISSIONER OF REVENUE.

27. With reference to question 18, deductions claimed in connection with sale of real and personal estate.

If property acquired by purchase or otherwise prior to March 1, 1913, the fair market value on March 1, 1913.................... $............

If property acquired by purchase on or after March 1, 1913, state purchase price.................... $............

If property acquired other than by purchase on or after March 1, 1913, state the fair market value on date acquired.................... $............

Paid for repairs and permanent improvements............	NOTE—From date acquired until sold.	....	$............
Paid for insurance....................		....	$............
Paid for taxes....................		....	$............
Interest at 6 per cent a year on cost price....................		....	$............ $............

(The deduction for interest not authorized if property acquired by gift or inheritance.)

Subtract income received from property during ownership.... $............

Deduction claimed.................... $............

28. With reference to question 22, no deduction can be allowed as an expense of business for salaries, etc., unless there be reported the name and address of each person to whom $1,000.00 or more shall have been paid for personal services, together with the amount paid to each such person, and unless all other expenses shall be itemized. (In case any of the blanks below are too small for a complete itemized statement of the deductions claimed, a separate sheet of paper containing the full statement should be securely attached to this interrogatory, as the Commissioners of the Revenue and Examiners of Records are hereby instructed to disallow any claim for deductions if the same is not accompanied with the full statement called for herein.)

Payments for Personal Services / **Summary of Other Business Expenses**

Name of Officer, Employee, or Partner.	Address	Amount	Nature of Expense	Amount
W H Hawkins	Harrisonburg Va.	2738.00	Salary	
J. N. Hawkins	"	2389.00	do	
Sundry Clerks, Salesmen				

29. With reference to question 23 (a) and (b), no deduction can be made for the expense of restoring property, or making good the exhaustion thereof if an allowance for depreciation is or has been made, and no deduction can be allowed for any amount paid for books, tools, instruments, machinery, appliances, furniture or fixtures, buildings, permanent improvements or betterments, or other taxable property purchased, whether used in connection with the business or not. No deduction can be allowed for depreciation of or repairs to the taxpayer's residence, nor of any other property which does not produce income reported on this return.

Statement of Deductions Claimed for Depreciation by Use, Wear, Tear, etc., of Property Producing Income.

Kind of Property	Material of Which Constructed	Cost in Cash, or the Equivalent of Cash, When Acquired	Year Constructed	Total Amount of Depreciation Claimed for Former Years	TAXABLE YEAR Claimed Rate	Claimed Amount	Allowed Rate	Allowed Amount
Building......								
Machinery....								
Furniture and Fixtures....								

Repairs to Buildings, the Rent of Which Is Reported as Income, and for Which Buildings No Depreciation Is or Has Been Allowed.

Nature of Repair	Amount Claimed	Amount Allowed

30. With reference to question 24 (a). List Below Deductions Claimed for Losses Sustained During the Year and Not Compensated for by Insurance or Otherwise.

Nature of Property	Fair Market Value	Location	Nature and Details of Loss Sustained	Amount of Loss Claimed	Amount of Loss Allowed

31. With reference to question 24 (b). List Below All Debts Ascertained to Be Worthless and Actually Charged Off During the Year.

Name of Debtor	Address	Kind of Obligation	When Reported as Gross Income	When Due	Amount of Deduction Claimed	Amount of Deduction Allowed
Sundry		Retail Accts			150.00	

32. With reference to question 25 (a). List Below All Taxes (Except Taxes on Income, Inheritances, or Assessments for Local Improvements) Paid Virginia or Any City, County, Town or District in Virginia Claimed as Deductions.—No Federal or Other Taxes Can Be Deducted.

Name of State or Locality Imposing the Tax	Kind of Tax Imposed	Date When Tax was Paid	Amount of Deduction Claimed	Amount of Deduction Allowed
	Taxes included in expenses			

33. With reference to question 25 (b). List Below Dividends or Profits Received From Any Corporation or Partnership Taxed on Income by This State. Do Not Deduct Dividends Derived From Shares of Stock of Railroad, Canal, Telegraph, Telephone, Express, Steamboat, Water, Heat, Light and Power Corporations, Because the Income of These Corporations Is Not Taxed by Virginia.

Name of Corporation	Address of Principal Office in This State	Amount of Dividend or Profits Received	Percentage of Corporation Income Taxed by This State	Amount of Deduction Claimed	Amount of Deduction Allowed

34. With reference to question 25 (c). List Below All Interest Paid During the Year on Existing Indebtedness (Except Interest on Indebtedness to Purchase or Carry Bonds of Virginia or Bonds or other Obligations of the United States).

To Whom Interest Was Paid	Address	Nature of Obligation on Which Interest Was Paid	Amount of Obligation	Amount of Deduction Claimed	Amount of Deduction Allowed
Bank		Borrowed Money		498.00	
Sundry Creditors		"	20,000.	1150.00	

INSTRUCTIONS—READ CAREFULLY

1. WHO REQUIRED TO MAKE INCOME RETURN—TO WHOM MADE.

An income return must be made by every individual if the gross income exceed $1,000; firm or co-partnership; every incorporated company; every joint stock company; and every association having capital stock represented by shares or certificates of stock organized for profit; and by every person who makes a Federal income return. (Public service corporations which are now subject to a State franchise tax upon gross receipts, insurance companies, which pay a State license tax on gross premiums, State and National Banks, Banking Associations, Trust and Security Companies, Religious, Educational, Benevolent, and other corporations or associations of individuals not organized or conducted for pecuniary profit not required to make an income return.)

The return of an individual must be made to the Commissioner of the Revenue in whose District the individual resides if the gross income exceed $1,000.

The return of husband and wife living together must be made to the Commissioner of the Revenue in whose District the husband resides if his or her or their combined gross income was in excess of $2,000.

A firm or co-partnership must make return of income to the Commissioner of the Revenue in whose District it does business. A firm or co-partnership is not entitled to any exemption but is entitled to certain deductions. In reporting the income the co-partnership has a right to the deductions authorized by the statute including salaries of officers, wages of employees, and a reasonable allowance for service of co-partners, or members of the firm, but each member of the firm is also required to make an individual income return and in that return must be included any sum received for services as co-partner, and in the individual return of each member of the firm, the exemption allowed the individual can be deducted. Members of a firm or co-partnership in making their individual return must report under item 16 (b) all profits received from the partnership business, but this amount may be deducted under item 25 (b) if the profits of the firm or co-partnership have been reported for taxation in this State and if the tax thereon is paid by the firm or co-partnership.

A corporation chartered under the laws of Virginia (except a corporation which does no part of the business within the State) must make return of income to the Commissioner of the Revenue in whose District the principal office of the corporation is located by the terms of its certificate of incorporation.

A corporation chartered under the laws of a State or Country other than Virginia, having a business domicile or domiciles in Virginia, must make return of income to the Commissioner of the Revenue in whose District is located the place designated by the corporation as the office at which all claims against the company due residents of this State may be audited, settled and paid.

2. MANNER OF FILLING IN RETURN.

Every question must be answered. If there is no amount or information to be given opposite a question write "None." Commissioners of the Revenue and Examiners of Records are hereby directed to require strict compliance with this instruction.

3. WHEN SUPPLEMENTAL SHEET SHOULD BE ATTACHED.

Taxpayers may attach supplemental sheets containing any further information they deem important, **and must attach such supplemental sheets if necessary for a full and complete detailed statement of income.**

4. DUTY OF COMMISSIONER OF THE REVENUE—DUTY OF TAXPAYER TO MAKE RETURN.

It is the duty of the Commissioner, or his duly qualified deputy, to apply once to each taxpayer personally to obtain his return of income, requiring the taxpayer to answer the questions and furnish the information touching income as called for on the interrogatory; if the taxpayer be not found at his usual place of abode, this interrogatory may be left with some member of the taxpayer's family over the age of sixteen years, or if there be no such person on the premises, the Commissioner may otherwise cause this interrogatory to be delivered to such taxpayer. If answers to this interrogatory are not obtained when the Commissioner applies to the taxpayer, it becomes the duty of the taxpayer to seek the Commissioner, and upon the failure of the taxpayer to return such answers for a period of thirty (30) days after such application, it becomes the duty of the Commissioner or his deputy to assess the value of the taxpayer's income from the best information he can obtain and to make out an interrogatory for the taxpayer.

5. DUTY OF COMMISSIONER TO REQUIRE A RETURN.

If the Commissioner in assessing taxes upon real estate, tangible and intangible personal property, bonds, notes, shares of stock, money, etc., finds that a taxpayer is assessed with a considerable amount of such property he may be confident that such person is assessable with taxes upon income, and if the Commissioner is in doubt as to the amount of the gross income received by such person he should require the return of income to be made.

6. PERSONAL EXEMPTIONS TO INDIVIDUALS.

There is exempt from taxation to an individual (or head of a family unmarried) income up to and including $1,000.00; to husband and wife living together income up to and including $2,000.00; and for each additional person actually supported by and entirely dependent on the taxpayer for support $400.00. In computing these exemptions for 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 twenty-one years of age must be added to that of the husband or father, or if he be not living, to that of the head of the family, and the taxes must be assessed against such head of the family. The exemption of $1,000.00 to an individual, or head of a family unmarried, and of $2,000.00 to husband and wife living together, and $400 for each additional person actually supported by and entirely dependent upon the taxpayer, is allowed to cover all personal and family expenses, whether or not the amount allowed is sufficient; no deduction can be made from income for personal and family expenses.

7. DUTY OF COMMISSIONER OF THE REVENUE AND THE EXAMINER OF RECORDS.

The Commissioner of the Revenue must procure this tax return from the taxpayer and lay it before the Examiner of Records on or before June 1, 1925. The review by the Examiner of Records must be made promptly and this tax return re-delivered to the Commissioner on or before August 1, 1925. As soon as the Income Tax Books have been completed the Commissioner must deliver this interrogatory to the Clerk of the Circuit Court of the County or the Corporation or Hustings Court of the City, or the Circuit Court of the City which has no other court of record, to be preserved in the permanent files.

8. DEDUCTIONS NOT ALLOWED ON ACCOUNT OF RESIDENCE PROPERTY.

As "estimated rentals of residence property occupied by the owner" are not taxable as income, insurance, repairs or other expenses incurred in the upkeep of such property cannot be deducted.

9. METHOD OF COMPUTING PROFITS DERIVED FROM SALE OF REAL OR PERSONAL ESTATE.

All profits received within the taxable year from the sale of real or personal property must be included in the amount of income reported for the year. This item includes all profits received from all sales made during the year no matter whether the property sold was acquired during the taxable year or during any year prior thereto. In arriving at such profits if the property was acquired by purchase or otherwise prior to March 1, 1913, the fair market value of the property March 1, 1913, should be subtracted from the sale price of the property; if the property was acquired by purchase on or after March 1, 1913, from the amount of the sale price should be subtracted the purchase price of the property. If the property was inherited or received as a gift on or after March 1, 1913, the fair market value on date acquired should be subtracted from the sale price of the property. The total expenditures for repairs and permanent improvements, insurance, taxes and interest at 6 per cent a year on the cost price from date acquired until sold, may also be subtracted, PROVIDED, THE PROPERTY WAS PURCHASED; if, however, the property was not purchased, but acquired by gift or inheritance, then no interest may be subtracted, but the total expenditures for repairs and permanent improvements, insurance and taxes during taxpayer's ownership may be subtracted from the sale price of the property. However, in any case all income received during ownership from the property sold must be added to the sale price of the property, whether the property was purchased or acquired by gift or inheritance.

10. DEDUCTION FOR DEPRECIATION.

This deduction is confined by law to "a reasonable annual allowance for depreciation by use, wear, tear and obsolescence of the property from which the income is derived on the basis of its cost in cash or the equivalent of cash." Depreciation due to other causes or depletion cannot be considered, and no deduction is allowed for any amount of expenses of restoring property or making good the exhaustion thereof for which an allowance for depreciation is or has been made. Depreciation of merchants' or manufacturers' inventories, or fluctuations in value of shares of stocks, bonds, securities or other property is not deductible against income.

11. COMMISSIONER TO CO-OPERATE WITH TAXPAYER IN PREPARING RETURN.

When a taxpayer is in doubt whether or not certain moneys or property received by him during the year should be returned as income, or certain deductions claimed, all the facts should be presented to the Commissioner of the Revenue before preparing the return and his advice obtained in order to avoid possible penalties. If the Commissioner of the Revenue is in doubt as to the proper construction of the law, he should apply to the Auditor of Public Accounts for instructions in order that the administration of the law may be uniform throughout the State.

12. ASSESSING OFFICER TO HAVE ACCESS TO RECORDS OF TAXPAYER.

Books of account of the taxpayer must be open to the inspection of the Commissioner of the Revenue and the Examiner of Records when an inspection is necessary to explain a return.

13. ITEMS NOT DEDUCTIBLE.

The following expenses of the taxpayer are not deductible from gross income, and it is the duty of the Commissioner of the Revenue and the Examiner of Records to review the income interrogatories carefully and disallow all such items which have been claimed as deductions by the taxpayer:

(a) Taxes paid to the United States Government, or any State except Virginia, or any County, City or town except a county, city or town in Virginia.
(b) Income taxes paid to this or any other State or United States.
(c) Local assessments for improvements.
(d) Inheritance or estate taxes wherever imposed and paid.
(e) Personal and family expenses. (The exemption allowed is to cover such expenses.)
(f) Amounts paid for books, tools, instruments, machinery, appliances, furniture, fixtures, etc.
(g) Amounts paid for new buildings, permanent improvements, betterments, or other capital outlays.
(h) Expenses incurred by the taxpayer for repairs, except for repairs to buildings, the rent of which is reported as income on this form and for which buildings no allowance for depreciation is or has been made either during the taxable year or any previous year or years.
(i) Losses sustained in the shrinkage in value of any property.
(j) Losses sustained in any year prior to 1924.
(k) Donations and gifts of whatever kind, whether for religious charitable, educational, benevolent or any other purposes.

14. ANSWERS TO INTERROGATORIES TO BE UNDER OATH OR AFFIRMATION.

Interrogatories must be signed and sworn to, the oath must be administered upon the Holy Bible or New Testament; interrogatories may be affirmed only when the taxpayer objects to swearing upon the Holy Bible or New Testament, Code Sec. 2254. Tax Laws, p. 279.

15. COMMISSIONER TO CERTIFY OATH OR AFFIRMATION.

The Commissioner must certify that he administered the oath. The Commissioner is subject to a fine of $500.00 for receiving interrogatories not sworn to. Code Sec. 2315. Tax Laws, p. 311.

16. POWER OF EXAMINER OF RECORDS.

The Examiner of Records is authorized to examine all accounts, papers and records of the taxpayer. The Examiner of Records may call upon any taxpayer or other person having information to come before him and testify under oath respecting the taxpayer's return. Any person who fails or refuses to attend or testify when so summoned by the Examiner becomes liable to a fine of not more than $100.00, nor less than $10.00 for each day's refusal or failure.

17. INFORMATION CONCERNING INCOME CONFIDENTIAL.

All income tax interrogatories and lists of individuals reporting taxable incomes and all income tax books must be kept under lock and key except when in the personal possession of the Commissioner of the Revenue or the Examiner of Records. Code Sec. 2343. Tax Laws, p. 80.

18. METHOD OF COMPUTING TAXABLE INCOME OF PERSONS AND CORPORATIONS DOING BUSINESS BOTH WITHIN AND WITHOUT THE STATE.

Persons and corporations doing a part of their business within the State, and a part without the State, and having offices or other regular places of business both within and without the State, shall be taxed only upon such income as is derived from business transacted and property located within the State, which may be determined by an allocation and separate accounting for such income when the books of such person or corporation show income realized from such transactions and property located within the State; otherwise such income shall be apportioned and determined as follows:

The gross business in dollars, of the person or corporation in the State, including the business of production measured by cost of production and the business of distribution or sales measured by the value of gross sales less the cost of production for the year ending December 31, shall be added to the book value of the gross assets on the first day of January of the year for which return is being made, employed in the business within this State (with no deduction on account of any encumbrance thereon). The sum so obtained shall be the numerator of a fraction of which the denominator shall consist of the total gross business, as above defined, of the person or corporation both within and without the State, added to the total book value of the gross assets on the day last aforesaid, wherever employed in business (with no deduction on account of any encumbrance thereon). The proportion of the entire net income of such person or corporation which is represented by the fraction so obtained shall be the net income of such person or corporation returnable for taxation in this State.

Persons, firms and corporations apportioning their incomes under this provision must attach to this return a separate sheet showing the calculations upon which the apportionment is based.

NOTE: This provision applies only to persons and corporations who are engaged in business on their own account both within and without the State and who have offices or other regular places of business both within and without the State, and does not apply to persons who reside in Virginia who receive compensation for services rendered outside the State in the employment of business conducted by others, nor to persons residing in Virginia who receive profits from business conducted outside of Virginia by others.

C. Lee Moore, *Auditor of Public Accounts.*

Form No. 701—12-2-24
250 M.

1925—INCOME INTERROGATORY—1925

STATE OF VIRGINIA

TAX RETURN FOR INDIVIDUALS, CORPORATIONS, FIRMS AND PARTNERSHIPS

Virginia State income tax return for the year 1925. The income to be reported is the income received, or due, but not received, during the year ending December 31, 1924.

1. Name of Taxpayer W H Hawkins
2. County or City Harrisonburg, Va.

   District or Ward

   Street No. or P. O. Address
3. Principal Occupation of Individual or Business of Corporation, Firm or Partnership Hardware merchant

The Commissioner of Revenue must deliver this interrogatory to every person, firm and corporation residing, having an office, or doing business in his district and require the taxpayer to answer every question and to furnish the information touching income.

READ INSTRUCTIONS CAREFULLY. WRITE NAME AND ADDRESS PLAINLY. SEE INSTRUCTIONS PAGE 4

Taxpayer must within thirty (30) days after receipt of this form return it properly filled out and sworn to (or affirmed) to the Commissioner of Revenue of his county, city or district.

4. **Personal exemptions for individuals; These do not apply to corporations, firms and partnerships.** (See Instruction 6, p. 4.)
   (a) Were you married?
   (b) Were you living with your wife (or husband)? Yes
   (c) If not, were you the head of a family as defined in Instruction 6?
   (d) How many additional persons were entirely dependent upon you and were actually supported by you during the entire year?
   (e) What amount of personal exemption do you claim? $2000.

5. (a) Did (or will) your wife (or husband) or any of the persons dependent on you make a separate return? (If so, give name and address.)
   Name
   (b) If not, is the income of your wife (or husband) and dependent persons included in this return?
   Address

6. (a) Did (or will) you file an income tax return for the period covered by this return with a U. S. Collector of Internal Revenue?
   (b) If so, what amount of Total Net Income did you (or will you) report? $

7. If the total Net Income reported by you on the U. S. return differs from the amount of Item 12 as shown on this return otherwise than in the difference in exemptions, attach a copy of your U. S. return hereto with a statement reconciling differences. This return will be compared with your U. S. return as soon as possible and all unreconciled differences discovered will be assessed with tax, penalty and interest.

Exemption to individual (or head of family unmarried), $1,000; and $400 for each additional person actually supported by and entirely dependent upon the taxpayer for support.

CALCULATION OF TAX

Exemption to husband and wife living together, $2,000; and $400 for each additional person actually supported by and entirely dependent upon the taxpayer for support.

		Amount of Income Taxable at Each Rate	RATE OF TAX	Amount of Tax
8. Gross Income (Item 21)	$2333.			
9. Personal Exemption (Item 4) . $2000.		$	1% on first $3,000 of Item 12	$
10. Total Deductions (Item 26) . $405.				
11. Total Exemptions and Deductions	$2405	$	2% on all in excess of $3,000 Item 12	$
12. Net Income Subject to Tax (Item 8 less Item 11)	$ nothing	$	Total Tax	$

PENALTIES

For failure or refusal to report correctly income, under oath or affirmation, within the time and in the manner prescribed by law, the statute imposes:

1st. A fine of not more than $1,000.00 nor less than $30.00. (Code, Sec. 2314, Tax Laws, p. 311.)

2d. The Commissioner of the Revenue is required to ascertain the taxpayer's income from the best information he can obtain. (Code, Sec. 2310, Tax Laws, p. 309.) This assessment is final. No relief can be granted by the Court, if the taxpayer fail or refuse to furnish the information required by these interrogatories. (Code, Sec. 2386, Tax Laws, p. 336.)

For making a false report of income under oath or affirmation:
Any income received within the year and not reported by the taxpayer, when discovered, is subject to tax at DOUBLE THE ORIGINAL RATE. (Code, Sec. 2328, Tax Laws, p. 312.)

These penalties will be strictly enforced.

VIRGINIA—COUNTY (OR CITY) OF ....

I, ... do swear (or affirm) that the within list of income, to the best of my knowledge and belief, contains a true, full, perfect and complete statement of all income received, or due but not received, within the year ending December 31, 1924, taxable to .... and that the deductions and exemptions listed are true, full, perfect and correct; that I verily believe the same to be authorized by law and that every question propounded in this interrogatory has been truly answered.

In testimony whereof, I hereunto set my hand this .... day of ...., 1925.

....
Signature of Taxpayer.

I hereby certify that the above was sworn (or affirmed) to and subscribed before me and that I administered to the above subscribing taxpayer upon the Holy Bible or the New Testament the oaths to this Interrogatory or took his (or her) affirmation thereto as required by law, because he (or she) objected to making oath on the Holy Bible or New Testament.

Witness my hand this .... day of ...., 1925

....
Commissioner of the Revenue or Deputy Commissioner of the Revenue or Notary Public or other person authorized to administer an oath.

Increases in value of income of the taxpayer, ascertained by Examiner of Records, must be reported to the Commissioner of the Revenue upon blank form furnished by the Auditor of Public Accounts for assessment on income books.

This is the legal State Interrogatory prepared by the Auditor of Public Accounts for listing and assessing income. The law requires that this interrogatory shall be used by the taxpayer and Commissioner of the Revenue.

C. LEE MOORE, Auditor of Public Accounts.

GROSS INCOME OF TAXPAYER

To Be Filled In By Taxpayer — Dollars / Cents | To be Filled in By Commissioner of Revenue — Dollars / Cents

13. Salary (or salaries), wages, fees or compensation of every kind and description whatever from professions, vocations or other services. (See Note (a) below). . . . . . . $2738 | $

14. Profits from Business

(a) Gross sales, cash and credit, less returns and allowances $

(b) Inventory, January 1, 1924 $

(c) Purchases of merchandise for sale or raw material for manufacturing during the year. $

(d) TOTAL $

(e) Less inventory, January 1, 1925 $ $ | $ | $

Subtract difference between items (d) and (e) from item (a) and extend amount so obtained as PROFITS FROM BUSINESS

15. Rents, including ground rents and rents charge . . . . . $ | $

16. (a) Interest from all sources on deposits in bank, on notes, bonds and all other evidences of debt . . . . . $

(Except bonds of the United States and of the State of Virginia.)

(b) Dividends and Profits . . . . . $

Report all dividends derived from shares of stock of railroad, canal, telegraph, telephone, express, steamboat, water, heat light, power and all other corporations; also dividends from any other evidences of ownership or interest in property and all profits received as a member of any firm or co-partnership (dividends paid in stock and dividends on bank stock not taxable as income.)

(c) Royalties derived from mines, patents, copyrights, or the possession or use of franchises or legal privileges of any kind . . . . . $

(d) All annuities from invested funds or trusts. (See Note (b) below.) . . . $ | $ | $

17. The amount realized from all farming, stock raising and agricultural operations . . . . .

18. Profits derived from the sale of real or personal estate: (Read carefully instruction 9, p. 4.)

(a) Total amount received from sale (in cash, and obligations, if not all cash) . . $

(b) Deductions authorized—Detailed statement—Question 27, page 3 . . . . $ | $ | $

Profits taxable as income obtained by deducting item (b) from (a).

19. The value of property in excess of $1,000.00 acquired by gift within the year. (See Note (c) below) . . . . . $ | $

20. Gross income from all other sources, including all gains and profits derived from any source whatever not specified above (items must be stated separately):

.... $

.... $ | $ | $

21. TOTAL GROSS INCOME (Carry to item 8, p. 1) . . . . . . $2738 00 | $

DEDUCTIONS ALLOWED INDIVIDUALS, CORPORATIONS, FIRMS AND PARTNERSHIPS IN REPORTING INCOME (NONE OF THESE DEDUCTIONS TO BE ALLOWED UNLESS DETAILED INFORMATION IS SHOWN ON P. 3).

22. Necessary expenses actually paid within the year in carrying on the business from which the income taxed was derived . . . . . $ | $

(Including salaries and wages actually paid; if the business is that of a firm or co-partnership then, in addition to salaries and wages, a reasonable allowance for services of co-partner or member of firm actually rendered in producing the income taxed may also be deducted.) (Personal or family expenses of taxpayer not to be deducted.) (Supply detailed statement required by question 28, p. 3.)

23. (a) Depreciation by use, wear, tear and obsolescence of the property (other than residence occupied by owner) from which the income taxed is derived . . . $

(b) Amount paid during the year for repairs to and maintenance of buildings the rent of which is reported as income . . . . . $ | $ | $

(Supply detailed statement required by question 29, p. 3, relating to items (a) and (b) 23.) (No deduction for repairs can be had if an allowance for depreciation of the building repaired is claimed for the taxable year or for any preceding year, nor can there be any allowance for depreciation of or repairs of taxpayer's residence, nor of any other property which does not produce income reported on this return.)

24. (a) Losses sustained during the year 1924, but no other year, in trade or business not compensated for by insurance or otherwise, and losses incurred in any transaction entered into for profit though not connected with the trade or business, and losses of property not connected with the trade or business arising from theft, fire, storm, shipwreck or other casualty not compensated for by insurance or otherwise . . $

(Supply detailed statement required by question 30, p. 3.)

(b) Worthless debts charged off during the year which have been previously reported as gross income (Supply detailed statement required by question 31, p. 3.) . . . . $ | $ | $

25. (a) Taxes (other than on income, inheritances or assessments for local improvements) paid within the year to Virginia or any city, county, town or district in Virginia—no Federal or other taxes can be deducted . . . . . $ 65.00

(Supply detailed statement required by question 32, p. 3.)

(b) Dividends received from stock in any corporation or profits received from an interest in any partnership, the income from which shall have been assessed for taxation by the State of Virginia. (Supply detailed statement required by question 33, p. 3.) . . . . $

(c) Interest paid within the year on existing indebtedness . . . . . $ 340.00

(Except interest on indebtedness to purchase or carry bonds of Virginia or bonds or other obligations of the United States; supply detailed statement required by question 34, p. 3.)

(d) All fire, tornado and casualty insurance premiums on property in this State (except residence property occupied by owner) due and paid during the year . . $ | $ 405 00 | $

26. TOTAL DEDUCTIONS CLAIMED (Carry to item 10, p. 1) . . . . . . $ 405 00 | $

(a) NOTE—Salaries, wages and other compensation received from the United States by officials or employees thereof are not taxable as income, but their income from other sources is taxable. Pensions received from the United States or the State of Virginia are not taxable as income. Salaries and wages of the following officers and employees are taxable as income by the State and should be listed on this interrogatory: State officers, executive, judicial and in State institutions, all employees of the State; officers and employees of cities, towns, districts and other political subdivisions of this State; teachers and employees in State institutions and in the public free schools of the State; also the salaries and wages of teachers and employees in private schools and colleges, incorporated and unincorporated.

(b) NOTE—The proceeds of life insurance policies paid upon the death of the person insured or payments made by or credited to the insured on life insurance, endowment or annuity contracts, upon the return thereof to the insured at the maturity of the term mentioned in the contract or upon surrender of contract; and any amounts received through accident or health insurance or under workman's compensation acts as compensation for personal injuries or sickness, and the amount of any damages received whether by suit or agreement on account of such injuries or sickness should not be included as income.

(c) NOTE—Property acquired by inheritance, devise or bequest, received during the year, subject to inheritance tax under the laws of this State, which has actually been assessed with inheritance tax, is not to be reported as income, but the income, viz., rents, interest, dividends or profits, received from property inherited, devised or bequeathed, must be reported as income under the appropriate items.

UNLESS THE INFORMATION AS CALLED FOR ON THIS PAGE IS FURNISHED THE DEDUCTIONS MUST NOT BE ALLOWED BY THE COMMISSIONER OF REVENUE.

27. **With reference to question 18, deductions claimed in connection with sale of real and personal estate.**

If property acquired by purchase or otherwise prior to March 1, 1913, the fair market value on March 1, 1913.................... $............

If property acquired by purchase on or after March 1, 1913, state purchase price.................... $............

If property acquired other than by purchase on or after March 1, 1913, state the fair market value on date acquired.............. $............

Paid for repairs and permanent improvements............	NOTE—From date acquired until sold.	....	$............	
Paid for insurance............		....	$............	
Paid for taxes............		....	$............	
Interest at 6 per cent a year on cost price............		....	$............	$............

(The deduction for interest not authorized if property acquired by gift or inheritance.)

Subtract income received from property during ownership... $............

Deduction claimed............ $............

28. **With reference to question 22**, no deduction can be allowed as an expense of business for salaries, etc., unless there be reported the name and address of each person to whom $1,000.00 or more shall have been paid for personal services, together with the amount paid to each such person, and unless all other expenses shall be itemized. (In case any of the blanks below are too small for a complete itemized statement of the deductions claimed, a separate sheet of paper containing the full statement should be securely attached to this Interrogatory, as the Commissioners of the Revenue and Examiners of Records are hereby instructed to disallow any claim for deductions if the same is not accompanied with the full statement called for herein.)

Payments for Personal Services | **Summary of Other Business Expenses**

Name of Officer, Employee, or Partner.	Address	Amount	Nature of Expense	Amount

29. **With reference to question 23 (a) and (b)**, no deduction can be made for the expense of restoring property, or making good the exhaustion thereof if an allowance for depreciation is or has been made, and no deduction can be allowed for any amount paid for books, tools, instruments, machinery, appliances, furniture or fixtures, buildings, permanent improvements or betterments, or other taxable property purchased, whether used in connection with the business or not. No deduction can be allowed for depreciation of or repairs to the taxpayer's residence, nor of any other property which does not produce income reported on this return.

Statement of Deductions Claimed for Depreciation by Use, Wear, Tear, etc., of Property Producing Income.

Kind of Property	Material of Which Constructed	Cost in Cash, or the Equivalent of Cash, When Acquired	Year Constructed	Total Amount of Depreciation Claimed for Former Years	Taxable Year: Claimed: Rate	Taxable Year: Claimed: Amount	Taxable Year: Allowed: Rate	Taxable Year: Allowed: Amount
Building......								
Machinery... Furniture and Fixtures...								

Repairs to Buildings, the Rent of Which Is Reported as Income, and for Which Buildings No Depreciation Is or Has Been Allowed.

Nature of Repair	Amount Claimed	Amount Allowed

30. **With reference to question 24 (a).** **List Below Deductions Claimed for Losses Sustained During the Year and Not Compensated for by Insurance or Otherwise.**

Nature of Property	Fair Market Value	Location	Nature and Details of Loss Sustained	Amount of Loss: Claimed	Amount of Loss: Allowed

31. **With reference to question 24 (b).** **List Below All Debts Ascertained to Be Worthless and Actually Charged Off During the Year.**

Name of Debtor	Address	Kind of Obligation	When Reported as Gross Income	When Due	Amount of Deduction: Claimed	Amount of Deduction: Allowed

32. **With reference to question 25 (a).** **List Below All Taxes (Except Taxes on Income, Inheritances, or Assessments for Local Improvements) Paid Virginia or Any City, County, Town or District in Virginia Claimed as Deductions.—No Federal or Other Taxes Can Be Deducted.**

Name of State or Locality Imposing the Tax	Kind of Tax Imposed	Date When Tax was Paid	Amount of Deduction: Claimed	Amount of Deduction: Allowed

33. **With reference to question 25 (b).** **List Below Dividends or Profits Received From Any Corporation or Partnership Taxed on Income by This State. Do Not Deduct Dividends Derived From Shares of Stock of Railroad, Canal, Telegraph, Telephone, Express, Steamboat, Water, Heat, Light and Power Corporations, Because the Income of These Corporations Is Not Taxed by Virginia.**

Name of Corporation	Address of Principal Office in This State	Amount of Dividend or Profits Received	Percentage of Corporation Income Taxed by This State	Amount of Deduction: Claimed	Amount of Deduction: Allowed

34. **With reference to question 25 (c).** **List Below All Interest Paid During the Year on Existing Indebtedness (Except Interest on Indebtedness to Purchase or Carry Bonds of Virginia or Bonds or other Obligations of the United States).**

To Whom Interest Was Paid	Address	Nature of Obligation on Which Interest Was Paid	Amount of Obligation	Amount of Deduction: Claimed	Amount of Deduction: Allowed

INSTRUCTIONS—READ CAREFULLY

1. WHO REQUIRED TO MAKE INCOME RETURN—TO WHOM MADE.

An income return must be made by every individual if the gross income exceed $1,000; firm or co-partnership; every incorporated company; every joint stock company; and every association having capital stock represented by shares or certificates of stock organized for profit; and by every person who makes a Federal income return. (Public service corporations which are now subject to a State franchise tax upon gross receipts, insurance companies, which pay a State license tax on gross premiums, State and National Banks, Banking Associations, Trust and Security Companies, Religious, Educational, Benevolent, and other corporations or associations of individuals not organized or conducted for pecuniary profit not required to make an income return.)

The return of an individual must be made to the Commissioner of the Revenue in whose District the individual resides if the gross income exceed $1,000.

The return of husband and wife living together must be made to the Commissioner of the Revenue in whose District the husband resides if his or her or their combined gross income was in excess of $2,000.

A firm or co-partnership must make return of income to the Commissioner of the Revenue in whose District it does business. A firm or co-partnership is not entitled to any exemption but is entitled to certain deductions. In reporting the income the co-partnership has a right to the deductions authorized by the statute including salaries of officers, wages of employees, and a reasonable allowance for service of co-partners, or members of the firm, but each member of the firm is also required to make an individual income return and in that return must be included any sum received for services as co-partner, and in the individual return of each member of the firm, the exemption allowed the individual can be deducted. Members of a firm or co-partnership in making their individual return must report under item 16 (b) all profits received from the partnership business, but this amount may be deducted under item 25 (b) if the profits of the firm or co-partnership have been reported for taxation in this State and if the tax thereon is paid by the firm or co-partnership.

A corporation chartered under the laws of Virginia (except a corporation which does no part of the business within the State) must make return of income to the Commissioner of the Revenue in whose District the principal office of the corporation is located by the terms of its certificate of incorporation.

A corporation chartered under the laws of a State or Country other than Virginia, having a business domicile or domiciles in Virginia, must make return of income to the Commissioner of the Revenue in whose District is located the place designated by the corporation as the office at which all claims against the company due residents of this State may be audited, settled and paid.

2. MANNER OF FILLING IN RETURN.

Every question must be answered. If there is no amount or information to be given opposite a question write "None." Commissioners of the Revenue and Examiners of Records are hereby directed to require strict compliance with this instruction.

3. WHEN SUPPLEMENTAL SHEET SHOULD BE ATTACHED.

Taxpayers may attach supplemental sheets containing any further information they deem important, **and must attach such supplemental sheets if necessary for a full and complete detailed statement of income.**

4. DUTY OF COMMISSIONER OF THE REVENUE—DUTY OF TAXPAYER TO MAKE RETURN.

It is the duty of the Commissioner, or his duly qualified deputy, to apply once to each taxpayer personally to obtain his return of income, requiring the taxpayer to answer the questions and furnish the information touching income as called for on the interrogatory; if the taxpayer be not found at his usual place of abode, this interrogatory may be left with some member of the taxpayer's family over the age of sixteen years, or if there be no such person on the premises, the Commissioner may otherwise cause this interrogatory to be delivered to such taxpayer. If answers to this interrogatory are not obtained when the Commissioner applies to the taxpayer, it becomes the duty of the taxpayer to seek the Commissioner, and upon the failure of the taxpayer to return such answers for a period of thirty (30) days after such application, it becomes the duty of the Commissioner or his deputy to assess the value of the taxpayer's income from the best information he can obtain and to make out an interrogatory for the taxpayer.

5. DUTY OF COMMISSIONER TO REQUIRE A RETURN.

If the Commissioner in assessing taxes upon real estate, tangible and intangible personal property, bonds, notes, shares of stock, money, etc., finds that a taxpayer is assessed with a considerable amount of such property he may be confident that such person is assessable with taxes upon income, and if the Commissioner is in doubt as to the amount of the gross income received by such person he should require the return of income to be made.

6. PERSONAL EXEMPTIONS TO INDIVIDUALS.

There is exempt from taxation to an individual (or head of a family unmarried) income up to and including $1,000.00; to husband and wife living together income up to and including $2,000.00; and for each additional person actually supported by and entirely dependent on the taxpayer for support $400.00. In computing these exemptions for 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 twenty-one years of age must be added to that of the husband or father, or if he be not living, to that of the head of the family, and the taxes must be assessed against such head of the family. The exemption of $1,000.00 to an individual, or head of a family unmarried, and of $2,000.00 to husband and wife living together, and $400 for each additional person actually supported by and entirely dependent upon the taxpayer, is allowed to cover all personal and family expenses, whether or not the amount allowed is sufficient; no deduction can be made from income for personal and family expenses.

7. DUTY OF COMMISSIONER OF THE REVENUE AND THE EXAMINER OF RECORDS.

The Commissioner of the Revenue must procure this tax return from the taxpayer and lay it before the Examiner of Records on or before June 1, 1925. The review by the Examiner of Records must be made promptly and this tax return re-delivered to the Commissioner on or before August 1, 1925. As soon as the Income Tax Books have been completed the Commissioner must deliver this interrogatory to the Clerk of the Circuit Court of the County or the Corporation or Hustings Court of the City, or the Circuit Court of the City which has no other court of record, to be preserved in the permanent files.

8. DEDUCTIONS NOT ALLOWED ON ACCOUNT OF RESIDENCE PROPERTY.

As "estimated rentals of residence property occupied by the owner" are not taxable as income, insurance, repairs or other expenses incurred in the upkeep of such property cannot be deducted.

9. METHOD OF COMPUTING PROFITS DERIVED FROM SALE OF REAL OR PERSONAL ESTATE.

All profits received within the taxable year from the sale of real or personal property must be included in the amount of income reported for the year. This item includes all profits received from all sales made during the year no matter whether the property sold was acquired during the taxable year or during any year prior thereto. In arriving at such profits if the property was acquired by purchase or otherwise prior to March 1, 1913, the fair market value of the property March 1, 1913, should be subtracted from the sale price of the property; if the property was acquired by purchase on or after March 1, 1913, from the amount of the sale price should be subtracted the purchase price of the property. If the property was inherited or received as a gift on or after March 1, 1913, the fair market value on date acquired should be subtracted from the sale price of the property. The total expenditures for repairs and permanent improvements, insurance, taxes and interest at 6 per cent a year on the cost price from date acquired until sold, may also be subtracted, PROVIDED, THE PROPERTY WAS PURCHASED; if, however, the property was not purchased, but acquired by gift or inheritance, then no interest may be subtracted, but the total expenditures for repairs and permanent improvements, insurance and taxes during taxpayer's ownership may be subtracted from the sale price of the property. However, in any case all income received during ownership from the property sold must be added to the sale price of the property, whether the property was purchased or acquired by gift or inheritance.

10. DEDUCTION FOR DEPRECIATION.

This deduction is confined by law to "a reasonable annual allowance for depreciation by use, wear, tear and obsolescence of the property from which the income is derived on the basis of its cost in cash or the equivalent of cash." Depreciation due to other causes or depletion cannot be considered, and no deduction is allowed for any amount of expenses of restoring property or making good the exhaustion thereof for which an allowance for depreciation is or has been made. Depreciation of merchants' or manufacturers' inventories, or fluctuations in value of shares of stocks, bonds, securities or other property is not deductible against income.

11. COMMISSIONER TO CO-OPERATE WITH TAXPAYER IN PREPARING RETURN.

When a taxpayer is in doubt whether or not certain moneys or property received by him during the year should be returned as income, or certain deductions claimed, all the facts should be presented to the Commissioner of the Revenue before preparing the return and his advice obtained in order to avoid possible penalties. If the Commissioner of the Revenue is in doubt as to the proper construction of the law, he should apply to the Auditor of Public Accounts for instructions in order that the administration of the law may be uniform throughout the State.

12. ASSESSING OFFICER TO HAVE ACCESS TO RECORDS OF TAXPAYER.

Books of account of the taxpayer must be open to the inspection of the Commissioner of the Revenue and the Examiner of Records when an inspection is necessary to explain a return.

13. ITEMS NOT DEDUCTIBLE.

The following expenses of the taxpayer are not deductible from gross income, and it is the duty of the Commissioner of the Revenue and the Examiner of Records to review the income interrogatories carefully and disallow all such items which have been claimed as deductions by the taxpayer:

(a) Taxes paid to the United States Government, or any State except Virginia, or any County, City or town except a county, city or town in Virginia.
(b) Income taxes paid to this or any other State or United States.
(c) Local assessments for improvements.
(d) Inheritance or estate taxes wherever imposed and paid.
(e) Personal and family expenses. (The exemption allowed is to cover such expenses.)
(f) Amounts paid for books, tools, instruments, machinery, appliances, furniture, fixtures, etc.
(g) Amounts paid for new buildings, permanent improvements, betterments, or other capital outlays.
(h) Expenses incurred by the taxpayer for repairs, except for repairs to buildings, the rent of which is reported as income on this form and for which buildings no allowance for depreciation is or has been made either during the taxable year or any previous year or years.
(i) Losses sustained in the shrinkage in value of any property.
(j) Losses sustained in any year prior to 1924.
(k) Donations and gifts of whatever kind, whether for religious charitable, educational, benevolent or any other purpose.

14. ANSWERS TO INTERROGATORIES TO BE UNDER OATH OR AFFIRMATION.

Interrogatories must be signed and sworn to, the oath must be administered upon the Holy Bible or New Testament; interrogatories may be affirmed only when the taxpayer objects to swearing upon the Holy Bible or New Testament, Code Sec. 2254. Tax Laws, p. 279.

15. COMMISSIONER TO CERTIFY OATH OR AFFIRMATION.

The Commissioner must certify that he administered the oath. The Commissioner is subject to a fine of $500.00 for receiving interrogatories not sworn to. Code Sec. 2315. Tax Laws, p. 311.

16. POWER OF EXAMINER OF RECORDS.

The Examiner of Records is authorized to examine all accounts, papers and records of the taxpayer. The Examiner of Records may call upon any taxpayer or other person having information to come before him and testify under oath respecting the taxpayer's return. Any person who fails or refuses to attend or testify when so summoned by the Examiner becomes liable to a fine of not more than $100.00, nor less than $10.00 for each day's refusal or failure.

17. INFORMATION CONCERNING INCOME CONFIDENTIAL.

All income tax interrogatories and lists of individuals reporting taxable incomes and all income tax books must be kept under lock and key except when in the personal possession of the Commissioner of the Revenue or the Examiner of Records. Code Sec. 2343. Tax Laws, p. 80.

18. METHOD OF COMPUTING TAXABLE INCOME OF PERSONS AND CORPORATIONS DOING BUSINESS BOTH WITHIN AND WITHOUT THE STATE.

Persons and corporations doing a part of their business within the State, and a part without the State, and having offices or other regular places of business both within and without the State, shall be taxed only upon such income as is derived from business transacted and property located within the State, which may be determined by an allocation and separate accounting for such income when the books of such person or corporation show income realized from such transactions and property located within the State; otherwise such income shall be apportioned and determined as follows:

The gross business in dollars, of the person or corporation in the State, including the business of production measured by cost of production and the business of distribution or sales measured by the value of gross sales less the cost of production for the year ending December 31, shall be added to the book value of the gross assets on the first day of January of the year for which return is being made, employed in the business within this State (with no deduction on account of any encumbrance thereon). The sum so obtained shall be the numerator of a fraction of which the denominator shall consist of the total gross business, as above defined, of the person or corporation both within and without the State, added to the total book value of the gross assets on the day last aforesaid, wherever employed in business (with no deduction on account of any encumbrances thereon). The proportion of the entire net income of such person or corporation which is represented by the fraction so obtained shall be the net income of such person or corporation returnable for taxation in this State.

Persons, firms and corporations apportioning their incomes under this provision must attach to this return a separate sheet showing the calculations upon which the apportionment is based.

NOTE: This provision applies only to persons and corporations who are engaged in business on their own account both within and without the State and also have offices or other regular places of business both within and without the State, and does not apply to persons who reside in Virginia who receive compensation for services rendered outside the State in the employment of business conducted by others, nor to persons residing in Virginia who receive profits from business conducted outside of Virginia by others.

C. LEE MOORE, *Auditor of Public Accounts.*