

MAINE STATE LEGISLATURE

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SEVENTY-NINTH LEGISLATURE

HOUSE

NO. 102

House of Representatives, February 5, 1919.

Referred to Committee on Taxation and 2,500 copies ordered printed. Sent up for concurrence.

CLYDE R. CHAPMAN, Clerk.

Presented by Mr. Allan of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND
NINE HUNDRED AND NINETEEN

AN ACT to impose a tax upon the income received from certain forms of intangible property and from trades and professions.

Be it enacted by the People of the State of Maine, as follows:

Section 1. There shall be assessed in the year nineteen hundred and twenty, and in each year thereafter, a tax upon incomes as hereinafter set forth.

Sect. 2. Income of the following classes received by any inhabitant of this State during the calendar year prior to the assessment of the tax shall be taxed at the rate of six per cent per annum:

(a) Interest from bonds, notes; money at interest and all debts due to the person to be taxed, except from:

First: Deposits in any savings bank chartered by the
2 State of Maine, or such of the deposits in the savings de-
3 partment of any trust company so chartered by said State.

Second: Bonds of the United States and such bonds, notes
2 and certificates of indebtedness of the State and of political
3 subdivisions thereof as are exempt from taxation under the
4 provisions of law.

Third: Loans secured exclusively by mortgages of real
2 estate, taxable as real estate, situated within the State, to
3 an amount not exceeding the assessed value of the mort-
4 gaged real estate.

(b) Dividends on shares in all corporations and joint
2 stock companies organized under the laws of any state oth-
3 er than this State, except national banks, and except trust
4 and banking companies organized under the laws of this
5 State, and except such corporations as are now subject to
6 taxation under the provisions of sections 18 to 69 inclusive,
7 of chapter 9 of the revised statutes of Maine.

(c) Dividends on shares in partnerships, associations or
2 trusts, the beneficial interest in which is represented by
3 transferable shares, except dividends on shares of the fol-
4 lowing:

First: Partnerships, associations or trusts, which file with
2 the board of State assessors the agreement hereinafter pro-
3 vided for, and the property of which consists exclusively
4 of one or more of the following specified kinds of property,
5 to wit: real estate wherever situated and supplies therefor

6 and receipts therefrom; stocks of corporations taxable un-
7 der the provisions of law; bonds, notes, loans secured by
8 mortgage of real estate, and certificates of indebtedness, the
9 income of which is exempt from taxation under the pro-
10 visions of this section; property the income of which, if any,
11 would be taxable under this section if owned by an inhab-
12 itant of the State; shares in partnerships, associations or
13 trusts, dividends on which are exempt from taxation under
14 this section.

Second: Partnerships, associations or trusts, the bene-
2 ficial interest in which is represented by transferable shares,
3 which file such agreement and furnish satisfactory proof
4 to the board of State assessors that two-thirds, at least, of
5 their taxable property is taxed within the State and that
6 the remainder, if taxable, is taxed where it is situated.

Partnerships, associations or trusts, the dividends on
2 shares of which are exempt from taxation under this sec-
3 tion, shall pay to the board of State assessors annually a
4 tax of six per cent of the income derived from any property
5 owned by such partnerships, associations or trusts, so far
6 as such income would be taxable under this section if re-
7 ceived by an inhabitant of the State.

Dividends on the shares of any partnership, association
2 or trust, of the classes designated in paragraphs first and
3 second of sub-section (c) of this section shall be subject to
4 taxation under this section unless the trustees or managers
5 of such partnership, association or trust shall file with the

6 board of State assessors, in such form as they shall deter-
7 mine, its agreement to pay to the State annually the tax
8 imposed by the preceding paragraph and any tax imposed
9 by section five of this act. In case of any breach of the
10 terms of any such agreement, the same may be enforced by
11 information in equity to be brought by the attorney-general
12 at the relation of the board of State assessors in the su-
13 preme judicial court. This remedy shall be in addition to all
14 other means of collection provided by this act, and to the
15 penalties hereinafter imposed.

For the purposes of this act any securities of the classes
2 designated in this section, held in pledge, or on margin or
3 otherwise, by an agent or broker as security for a debt of
4 his principal, whether such securities stand in the name of
5 the principal or of any other person, shall be deemed to be
6 the property of the principal, and the income arising there-
7 from shall be included in the total income of the principal
8 under this section.

No distribution of capital, whether in liquidation or other-
2 wise, shall be taxable as income under this section; but
3 accumulated profits shall not be regarded as capital under
4 this provision.

Sect. 3. From the income taxable under section two of
2 this act the taxpayer may, under the conditions prescribed
3 in this section and in section seven, receive a deduction on
4 account of interest paid by him during the year on debts of
5 the following classes:

(a) Debts, except those secured by mortgage or pledge
2 of real estate or tangible personal property, owed by persons
3 engaged in the business of buying, selling, or otherwise deal-
4 ing in intangible personal property, provided that such
5 business, if it includes other classes of dealings, does not
6 include buying, selling, improving or otherwise dealing in
7 or with real estate or buying, selling, manufacturing or
8 otherwise dealing in or with tangible personal property.

(b) Debts owed by other persons, except debts secured
2 by such mortgage or pledge and debts on account of which
3 the taxpayer is entitled to claim a deduction under sections
4 five and six.

In determining as hereinafter provided the deduction
2 authorized in the preceding paragraph, no deduction shall be
3 allowed in respect of interest upon any debt belonging to
4 either class (a) or class (b) above enumerated which arises
5 from loans or open accounts directly or indirectly secured by
6 intangible personal property, except to an amount not ex-
7 ceeding eighty per cent of the income returned by the tax-
8 payer for taxation under section two on account of intangible
9 personal property which secured such loans or open accounts.

The said deduction shall be determined in the following
2 manner :

A taxpayer who claims the benefit of the said deduction shall
2 file with the board of state assessors a return, in such form
3 as the board of state assessors shall from time to time pre-
4 scribe, of his entire income from all sources, together with

5 such other information as the board of state assessors may
6 deem necessary for the determination of the amount of said
7 deduction. The board of state assessors may, in lieu of
8 such return, accept a sworn duplicate of the annual return
9 of income made under the provisions of the act of congress
10 of the United States, approved October third, nineteen hun-
11 dred and thirteen, and acts in amendment thereof and in
12 addition thereto; they may also, in any case where they
13 shall deem it necessary, require the taxpayer to file such a
14 sworn duplicate.

From the said return and information the board of state
2 assessors shall determine the amount of interest paid during
3 the year by the taxpayer on debts of classes (a) or (b)
4 above enumerated, for which deduction is authorized by this
5 section, which interest for the purpose of this section shall
6 be called the net interest. They shall also determine the
7 total net income of the taxpayer, exclusive of income taxable
8 under section five, as such total net income would be if no
9 deduction were made for interest paid during the year.
10 The taxpayer may deduct from his income taxable under
11 section two an amount of interest paid by him during the
12 year which shall bear the same proportion to the net interest
13 paid as his income taxable under section two bears to his
14 total net income as above determined.

A partnership, association or trust, the beneficial interest in
2 which is represented by transferable shares, paying to the
3 state a tax upon income subject to taxation under section

4 two of this act, as provided in said section, may receive the
5 deduction authorized by this section on the same terms as an
6 individual inhabitant.

Any person filing a fraudulent return or giving fraudulent
2 information to the board of state assessors under this sec-
3 tion, shall be subject to the penalties set forth in section
4 thirteen of this act in the case of fraudulent returns.

Sect. 4. A person whose total income from all sources does
2 not exceed six hundred dollars during the year preceding
3 that in which the tax is assessed shall have an exemption of
4 three hundred dollars of that part of his income which is
5 liable to taxation under section two of this act.

Sect. 5. Income of the following classes received by any
2 inhabitant of this state, during the calendar year prior to
3 the assessment of the tax, shall be taxed as follows:

(a) Income from an annuity shall be taxed at the rate
2 of one and one-half per cent per annum. The income of
3 property held in trust shall not be exempted from taxation
4 under section two nor shall payments to beneficiaries be
5 taxed under this section, because of the fact that the whole
6 or any part of the payments to the beneficiaries is in the form
7 of an annuity. A person whose total income from all
8 sources does not exceed six hundred dollars during the year
9 preceding that in which the tax is assessed shall have an
10 exemption of three hundred dollars of that part of his in-
11 come which is liable to taxation under this paragraph; pro-
12 vided, however, that no person shall have exemptions under

13 this paragraph and under section four exceeding in all three
14 hundred dollars of income.

(b) The excess over two thousand dollars of the income,
2 as defined in section six, derived from professions, employ-
3 ments, trade or business shall be taxed at the rate of one and
4 one-half per cent per annum. In determining such income
5 the rental value of living quarters furnished any individual
6 as part of his compensation shall be included. The wages
7 and salaries of employees and officers of the United States
8 government shall not be taxed; but if such employees and
9 officers receive other income taxable under this section, that
10 part of such other income shall be taxed which, when such
11 other income is added to the amount of the wages or salary
12 received as an employee or officer of the United States gov-
13 ernment, shall be in excess of two thousand dollars.

(c) The excess of the gains over the losses received by
2 the taxpayer from purchases or sales of intangible personal
3 property, whether or not the said taxpayer is engaged in
4 the business of dealing in such property, shall be taxed at the
5 rate of three per cent per annum; provided, that in the case
6 of intangible personal property held by trustees or other
7 fiduciaries, the said excess shall be determined and the tax
8 imposed by this section shall be assessed by the board of
9 state assessors and the tax shall be paid, at the time when
10 such trust is terminated, but such trustee or other fiduciary
11 may at his option include the said excess in any return of
12 income made prior to the termination of the trust, and the

13 tax shall be assessed and paid as of the year in which the
14 return is made. In the case of trusts that continue for more
15 than five years, the said excess, if not previously returned,
16 shall be included in a return of taxable income at least in
17 every fifth year, and the tax shall be assessed and paid as of
18 the year in which the return is made. Any such trustee or
19 other fiduciary may charge any taxes paid under this para-
20 graph against principal in any accounting which he makes as
21 such trustee.

Income of the classes enumerated in paragraphs (a), (b)
2 and c of this section received by any partnership, associ-
3 ation or trust, the beneficial interests in which are repre-
4 sented by transferable shares, shall be taxed under this
5 section to the same extent as if the partnership, association
6 or trust were an individual inhabitant of this state, unless
7 the dividends on the transferable shares issued by such
8 partnership, association or trust are taxable under the pro-
9 visions of section two.

Interest and dividends taxable under section two of this
2 act shall not be taxed under this section and income derived
3 from property not subject to taxation under section six of
4 chapter ten of the revised statutes of Maine, and acts in
5 amendment thereof and in addition thereto, shall not be
6 taxed under this act.

Sect. 6. Income taxable under paragraph (b) of section
2 five of this act shall be the gross income from the pro-
3 fession, employment, trade or business, including gains from

4 the sale of capital assets, other than intangible personal
5 property, employed therein, less the following deductions:

(a) Expenses paid within the year in the profession, em-
2 ployment, trade or business, including the cost of ordinary
3 repairs but not including personal or family expenses; pro-
4 vided, that premiums paid for use and occupancy, insur-
5 ance, or rent insurance, shall not be deducted as part of
6 such expenses.

(b) A reasonable allowance for the depreciation and ob-
2 solescence of property within the year, and for the deple-
3 tion within the year of wasting assets owned by the person
4 taxed and used in the profession, employment, trade or
5 business; provided, that with the approval of the board of
6 state assessors a taxpayer may, in lieu of the aforesaid
7 allowance for depreciation and obsolescence, be allowed to
8 deduct actual expenses of replacement of capital and extra-
9 ordinary repairs, and with such approval may in any year
10 defer such deductions in whole or in part to one or more
11 subsequent years.

(c) All taxes paid within the year to the United States
2 or any other nation, or to any state, county, city, town or
3 district, in respect of the profession, employment, trade or
4 business, or the property held or used in connection there-
5 with, but not including assessments for betterments.

(d) Interest paid within the year on indebtedness of the
2 person taxed incurred in connection with his profession,
3 employment, trade or business; but no interest allowed as

4 a deduction under section three of this act shall also be
5 allowed under this section.

(e) Losses from the sale within the year of capital assets
2 other than intangible personal property and losses sustained
3 within the year by fire, theft or other casualty, or amounts
4 paid within the year on account of claims in tort or contract
5 incurred in connection with the profession, employment,
6 trade or business, when not compensated for by insurance
7 or otherwise.

(f) The amount of any debts receivable arising from the
2 conduct of a profession, employment, trade or business sub-
3 sequent to December thirty-first, nineteen hundred and
4 eighteen, determined by the person taxed to be worthless
5 and actually charged off during the year; but no debts re-
6 ceivable as income shall be so charged off and deducted,
7 unless they have previously been included as income in a
8 return made under this act.

(g) An amount equal to five per cent of the assessed
2 value of the stock in trade and other tangible property,
3 real and personal, owned by the person taxed and used or
4 employed in the profession, employment, trade or business
5 within or without the state, on the day as of which such
6 property is assessed in the year for which the income is
7 computed. In case any such stock in trade or other tan-
8 gible property located without the state is taxed in respect
9 of its income, and not in respect of its capital value, by the
10 taxing district in which it is located in such year, the board

11 of state assessors may determine its value in any other
12 manner, and may allow a deduction of an amount equal to
13 five per cent of the value so determined.

(h) The sum of five hundred dollars for a husband or
2 wife with whom the taxpayer lives, and the sum of two
3 hundred and fifty dollars for each child under the age of
4 eighteen years, or parent entirely dependent for support
5 upon the person making the return. The aforesaid deduc-
6 tion shall not be made by both husband and wife, but may
7 be made by either as they shall mutually agree, or shall
8 be prorated between them in proportion to the net income
9 of each in excess of two thousand dollars. In no case shall
10 the total deduction on account of husband and wife, and
11 children and parents, exceed one thousand dollars.

(i) Income of the classes specified in the last paragraph
2 of section five.

Sect. 7. Persons who customarily estimate their income
2 and expenditure on a basis other than that of actual cash
3 receipts and disbursements may, with the approval of the
4 board of state assessors, compute upon a similar basis their
5 income taxable under this act. In determining the gains
6 or losses realized from the sale of capital assets, the value
7 on January first, nineteen hundred and nineteen, of such
8 property owned on that date shall be the basis of determi-
9 nation, and in case property is acquired after January first,
10 nineteen hundred and nineteen, the value on the date that
11 it is acquired shall be the basis of determination.

Sect. 8. The income received by persons since deceased
2 shall be taxed to their estates. The income received by
3 estates of deceased persons who last dwelt in this state shall
4 be subject to the taxes assessed by this act, to the extent
5 that the persons to whom such income is payable or for
6 whose benefit it is accumulated are inhabitants of this state,
7 which shall be assessed to the executor or administrator,
8 and before the appointment of an executor or an adminis-
9 trator such taxes shall be assessed in general terms to the
10 estate of the deceased, and the executor or administrator
11 subsequently appointed shall be liable for the tax so as-
12 sessed as though assessed to him: provided, that no person
13 shall be taxed under the provisions of this act for income
14 received from any executor or administrator which income
15 has itself been taxed under the provisions of this section;
16 and provided, that an executor or administrator who has
17 given due notice of his appointment, and who has filed an
18 inventory within nine months thereafter, shall not be obliged
19 to pay any tax hereunder except upon income received by
20 him or income of his decedent with respect to which he is
21 required to make a return hereunder, unless the same shall
22 be assessed within one year after his giving bond for the
23 performance of his trust. If the inventory shall not have
24 been filed within the said nine months, the executor or ad-
25 ministrator shall be obliged to pay any taxes that may be
26 assessed hereunder within three months after the filing of
27 the inventory.

The provisions of this act with reference to the taxation
2 of income received by trustees shall, so far as apt, and ex-
3 cept as otherwise provided herein, apply to the income re-
4 ceived by executors and administrators.

Sect. 9. The income received by estates held in trust by
2 trustees, any one of whom is an inhabitant of this state or
3 has derived his appointment from a court of this state, shall
4 be subject to the taxes assessed by this act to the extent
5 that the persons to whom the income from the trust is pay-
6 able, or for whose benefit it is accumulated, are inhabitants
7 of this state. The tax shall be assessed to such of the
8 trustees as are inhabitants of the state.

Such part of the income of intangible personal property
2 held in trust as is payable to or accumulated for persons
3 who are not inhabitants of the state, shall be exempt from
4 the taxes imposed by this act.

If an inhabitant of this state receives income from one or
2 more executors, administrators or trustees, none of whom
3 is an inhabitant of this state or has derived his appointment
4 from a court of this state, such income shall be subject to
5 the taxes assessed by this act, according to the nature of
6 the income received by the executors, administrators or
7 trustees.

An executor, administrator, or trustee may, at the request
2 of any beneficiary, claim the benefit of the exemptions pro-
3 vided by sections four and five of this act for each person
4 to whom the income from the trust is payable, or for whose

5 benefit it is accumulated, and an inhabitant of this state
6 receiving income from one or more executors, administra-
7 tors or trustees, none of whom is an inhabitant of this state,
8 or has derived his appointment from a court of this state,
9 may also claim the benefit of such exemptions; provided,
10 however, that no such exemptions shall be allowed unless
11 the board of state assessors are satisfied by an affidavit from
12 the beneficiary who claims exemptions, or for whose benefit
13 the same are claimed, or otherwise, that such beneficiary
14 is not allowed in all trusts or estates under which he may
15 be a beneficiary, and on account of all income on which he
16 is liable to taxation under this act, more than the total
17 amount of exemptions to which he is entitled under said
18 sections four and five respectively.

Corporations authorized under the laws of this state to
2 act as trustee or in any other fiduciary capacity shall, with
3 respect to the income received by them in that capacity,
4 be subject to the provisions of this act in the same manner
5 and under the same conditions as individual inhabitants
6 of this state acting in similar capacities, except that no such
7 corporation shall be taxed on account of any property the
8 income of which would be taxable under section two hereof
9 if received by an individual inhabitant, or on account of
10 the income derived from such property, if such property
11 is held by such corporation as mortgagee or pledgee to
12 secure the payment of bonds, notes or other evidences of
13 indebtedness the interest on which is taxable under section

14 two of this act to such individual inhabitants of the state
15 as receive it, or the principal of which is exempt from tax-
16 ation under laws other than this act.

The provisions of this act with reference to the taxation
2 of income received by trustees shall, so far as apt, apply
3 to the income received by guardians, conservators, trustees
4 in bankruptcy, receivers and assignees for the benefit of
5 creditors. Income accumulated in trust for the benefit of
6 unborn or unascertained person or persons with contingent
7 interests shall be taxed as if accumulated for the benefit of
8 inhabitants of this state.

For the purpose of facilitating the settlement and distri-
2 bution of estates held by executors, administrators, trustees,
3 guardians, conservators, trustees in bankruptcy, receivers
4 and assignees for the benefit of creditors, the board of state
5 assessors, with the approval of the attorney-general, may
6 on behalf of the state agree upon the amount of taxes at
7 any time due or to become due from such estates under the
8 provisions of this act, and payment in accordance with
9 such agreement shall be full satisfaction of the taxes to
10 which the agreement relates.

Sect. 10. Profits or income, of the classes hereinbefore
2 made taxable, of partnerships of which any member is an
3 inhabitant of this state and which have a usual place of
4 business in this state, shall be subject to the taxes assessed
5 by this act. If any of the members of the partnership are
6 not inhabitants of this state, only so much of the income

7 thereof as is proportionate to the aggregate interest of the
8 partners who are inhabitants of this state in the profits of
9 the partnership shall be taxed. The tax shall be assessed
10 on such a partnership by the name under which it does
11 business, and the partners shall not be taxed with respect
12 to the income derived by them from such a partnership.
13 A partnership may, except as hereinafter provided, in com-
14 puting the amount of income with respect to which it is
15 taxable, deduct at the request of any partner the whole or
16 any part of the amount of any exemption to which such
17 partner may be entitled under the provisions of sections
18 four and five of this act; provided, however, that no such
19 exemption shall be allowed unless the board of state as-
20 sessors are satisfied by an affidavit from the partner for
21 whose benefit an exemption is claimed, or otherwise, that
22 such partner is not allowed, in all partnerships in which he
23 may be a partner, and on account of all income on which
24 he is liable to taxations under this act, more than the total
25 amount of exemptions to which he is entitled under said
26 sections four and five of this act. Each amount so de-
27 ducted shall be set forth in the return of such partnership,
28 and the partner requesting the same shall be allowed no
29 further exemption on account of the amount so deducted
30 by the partnership.

An inhabitant of this state who is a member of a part-
2 nership having no usual place of business in this state, who
3 receives income from such partnership derived from such

4 a source that it would be taxable if received directly by
5 such partner, shall as to such income be subject to the taxes
6 imposed by this act.

The provisions of this act in respect to the filing of re-
2 turns, and the assessment, abatement and collection of taxes,
3 and to notices concerning the same, shall apply to partner-
4 ships subject to taxation hereunder.

This section shall not apply to partnerships, associations
2 or trusts, the beneficial interest in which is represented by
3 transferable shares, and nothing in this section shall affect
4 other provisions of this act so far as the same relate to
5 such partnerships, associations or trusts, the beneficial in-
6 terest in which is represented by transferable shares.

Sect. 11. After the year nineteen hundred and eighteen,
2 income which is taxable under the provisions of section five
3 of this act, and, except as provided in section twenty-one,
4 property, whether held by an executor, administrator, trust-
5 tee or otherwise, the income of which, if any, is taxed or
6 would be taxable under the provisions of section two of this
7 act if received by an inhabitant of this state, shall be ex-
8 empt from other taxation, provided, however, that this act
9 shall not be construed to impose a tax upon any corpora-
10 tion or person in respect to income derived from property
11 exempted from taxation by provisions of law existing prior
12 to the passage of this act, except as provided therein, nor
13 shall anything in this act exempt from taxation under the
14 provisions of chapter ten, of the revised statutes of Maine,

15 real estate and tangible personal property not exempt there-
16 in. Nor shall anything in this act affect taxation or bank
17 and other stock owned out of the state, under the provisions
18 of chapter ten, section thirty-one, revised statutes of Maine.

Except as provided in section nine, the income received by
2 corporations shall not be taxable under the provisions of
3 this act. Every corporation liable to taxation under said
4 section nine shall make the returns required by this act, and
5 shall be subject to the penalties therein provided.

Sect. 12. Every individual inhabitant of the state, includ-
2 ing every partnership, association or trust, whose annual
3 income from all sources exceeds two thousand dollars shall
4 annually make a return of his entire income, except income
5 derived (a) from real estate, (b) from dividends exempt
6 from taxation under section two of this act, (c) from interest
7 upon bonds or other obligations of the United States, (d)
8 from interest upon such bonds, notes and certificates of in-
9 debtedness of the state and political subdivisions thereof as
10 are exempt from taxation under the provisions of law, (e)
11 from loans secured exclusively by mortgages of real estate,
12 taxable as real estate, situated within the state to an amount
13 not exceeding the assessed value of the mortgaged real
14 estate, and (f) from wages or salaries received from the
15 United States. Every other individual inhabitant, including
16 every partnership, association or trust, who receives income
17 taxable under section two or subdivision (a) or (c) of sec-
18 tion five of this act shall make an annual return of such
19 taxable income.

Every executor, administrator, trustee, guardian, conserva-
2 tor, trustee in bankruptcy, assignee for the benefit of credi-
3 tors and receiver, other than a receiver of a corporation
4 organized under the laws of the state, and every other
5 person receiving income taxable under this act shall make an
6 annual return of his taxable income as herein provided.

The aforesaid return shall be under oath, and shall be filed
2 with the income tax assessor for the district in which the
3 taxpayer resides or has his principal place of business; or,
4 at the option of the taxpayer, may be filed with the board
5 of state assessors, and shall be made in such form as the
6 board of state assessors shall from time to time prescribe
7 and shall contain such further information as the board of
8 state assessors may deem pertinent. The return shall be
9 made on or before the first day of March in each year, and
10 shall relate to the income received during the calendar year
11 ending on the preceding thirty-first day of December.

The return required by this section shall be filed by every
2 person who is at any time between the first day of January
3 and the thirtieth day of June in any year an inhabitant of the
4 state, if such person has in the preceding year received
5 income taxable hereunder; provided, that the return relating
6 to income taxable under the provisions of this act, and re-
7 ceived by any person who shall have deceased without having
8 made a return relating to such income, shall be made by his
9 executor or administrator; and provided, that in the case of
10 any such person who has become an inhabitant of the state

11 after the first day of February in any year, such return shall
12 be due and shall be filed ninety days after he becomes such
13 an inhabitant. Every person who is an inhabitant of the
14 state at any time between the first day of January and the
15 thirtieth day of June, both inclusive, in any year, shall be
16 subject to the taxes imposed by this act.

The board of state assessors shall cause to be prepared
2 blanks for the said returns, and shall cause them to be dis-
3 tributed throughout the state; but no person shall be excused
4 from making the return by failure of the board of state
5 assessors to send or give one of the blanks to him.

The board of state assessors shall give seasonable notice
2 of the requirement of this section, in such manner as they
3 may determine, not later than the fifteenth day of January
4 in each year, in every city and town in the state.

If the board of state assessors shall, from information
2 derived from the return or otherwise, be of opinion that any
3 person whose income is taxable under the provisions of this
4 act may have failed to file a return, or to include in a return
5 filed, either intentionally or through error, all the sources of
6 his taxable income, they may require from such person a re-
7 turn or a supplementary return under oath, in such form in
8 each individual instance as the board of state assessors shall
9 prescribe, of all the sources from which the taxpayer received
10 any income, whether or not taxable under the provisions of
11 this act, in the year for which the return was made. If from
12 a supplementary return or otherwise the board of state

13 assessors find that any sources of taxable income have been
14 omitted from the original return, they may require the
15 amount of income from each source of taxable income so
16 omitted to be disclosed to them under oath of the person
17 liable for the tax, and added to the original return. Such
18 supplementary return and the correction of the original re-
19 turn shall not relieve the person making the same from any
20 of the penalties to which he may be liable under any pro-
21 vision of this act. The board of state assessors may proceed
22 under the provisions of section fourteen of this act, whether
23 or not they require a return or a supplementary return
24 under this section.

Sect. 13. If any person required to file a return under the
2 provisions of this act fails to file the return within the time
3 prescribed by such provisions, there shall be added to, and
4 become a part of the tax, as an additional tax, the sum of
5 five dollars for every day during which such person is in
6 default; provided, however, that the board of state assess-
7 ors may, in their discretion, abate any such additional tax
8 in whole or in part.

If any person fails to file a return required under the pro-
2 visions of this act on or before the first day of May of any
3 year, any justice of the supreme judicial court, upon petition
4 of the board of state assessors, or of any ten taxable inhabi-
5 tants of the state, shall issue a writ of mandamus requiring
6 such person to file the return. The order of notice upon the
7 petition shall be returnable not later than ten days after the

8 filing of the petition. The petition shall be heard and de-
9 termined on the return'day or on such day thereafter as the
10 court shall fix, having regard to the speediest possible de-
11 termination of the cause consistent with the rights of the
12 parties. The judgment shall include costs in favor of the
13 prevailing party. All writs and processes may be issued
14 from the clerk's office in any county, and, except as afore-
15 said, shall be returnable as the court shall order.

If any person files a fraudulent return, or if any person who
2 has failed to file a return, or has filed an incorrect or insuf-
3 ficient return, and has been notified by the board of state
4 assessors of his delinquency, without reasonable excuse fails
5 to file a return within twenty days after receiving such
6 notice, such person shall be punished by a fine of not less
7 than one hundred dollars nor more than ten thousand dol-
8 lars, or by imprisonment for not more than one year, or by
9 both such fine and imprisonment, and shall forfeit his right
10 to hold public office anywhere within the state for such
11 period, not exceeding five years, as the court may determine.

In the case of a partnership of which one or more members
2 are inhabitants of this state and having a usual place of
3 business in this state, the penalties imposed by this act may
4 be inflicted upon any members of the partnership who is an
5 inhabitant of this state and who has any active part in the
6 management of the affairs of the partnership, and if there
7 is no such member, upon the person or persons in charge of
8 its affairs within this state. In the case of a partnership,

9 association or trust, the beneficial interests in which are
10 represented by transferable shares, the penalties imposed by
11 this act for failure to file a return may be inflicted upon the
12 trustees, managers or officers whose duty it was to make the
13 return.

The penalties provided by this section shall apply to in-
2 dividuals and corporations acting in any fiduciary capacity.
3 In the case of a corporation, the penalty may be imposed on
4 the corporation, on the officers whose duty it was to make
5 the return, or on both.

Sect. 14. The board of state assessors shall determine
2 from the returns required by this act, or in any other manner,
3 the income of every person taxable under this act, and shall
4 assess thereon the tax hereby provided; but they shall not
5 determine the income of a person who has filed a return
6 in accordance with section twelve, within the time pre-
7 scribed by law, to be in excess of that disclosed by such re-
8 turn, without notifying such person and giving him an oppor-
9 tunity to explain the apparent incorrectness of his return.

For the purpose of verifying any return made pursuant to
2 this act the board of state assessors may, within two years
3 after the date when such return was due, if they have reason
4 to believe the return to be fraudulent or incorrect, direct
5 by special authorization a deputy or other agent to verify
6 the return; and for the purpose of such verification the
7 books and papers of the person shall be open to the examin-
8 ing officer, or shall be produced for the purpose upon a sum-

9 mons, which the board of state assessors, or the examining
10 officer, is hereby authorized to issue. The person making
11 the return may be examined by such officer under oath.

If no return, or a fraudulent, incorrect or insufficient re-
2 turn, has been filed by a person required to file a return
3 under the provisions of this act, and the person so in default
4 refuses or neglects, after notice, to file a proper return,
5 the board of state assessors shall determine the income of
6 such person, taxable under this act, according to their best
7 information and belief, and shall assess the same at double
8 the amount so determined. In case of sickness, absence or
9 other disability of a person liable to the tax, the board of
10 state assessors may allow such further time for filing the
11 return as they may deem necessary.

If the board of state assessors discovers from the verifica-
2 tion of a return filed under this act, or otherwise, that the
3 income of any person subject to taxation under this act, or
4 any portion thereof, has not been assessed, they may, at any
5 time within two years after first day of September of the year
6 in which such assessment should have been made, assess the
7 same, first giving notice to the person so to be assessed of
8 their intention, and such person shall thereupon have an op-
9 portunity within ten days after such notification to confer
10 with the board of state assessors in person or by counsel
11 or other representative as to the proposed assessment.
12 After the expiration of ten days from such notification the
13 board of state assessors shall assess the income of such

14 person subject to taxation, or any portion thereof, which
15 they believe has not theretofore been assessed, and they shall
16 thereupon give notice to the person so assessed under the
17 provisions of section fifteen of this act, and the tax shall be
18 payable fourteen days after the date of such notice. The
19 provisions of this act in respect to the abatement and col-
20 lection of taxes shall apply to a tax so assessed.

The board of state assessors may from time to time make
2 such rules and regulations, not inconsistent with the pro-
3 visions of this act, as they may deem necessary for the pur-
4 pose of carrying out its provisions.

Sect. 15. The board of state assessors shall, on or before
2 the first day of September in each year, give notice to every
3 person taxable under the provisions of this act of the
4 amount of tax payable by him, and of the date upon which
5 the tax is due and payable, which date shall be the fifteenth
6 day of October. The notice shall be a written or
7 printed notice, and shall be mailed, postage prepaid, ad-
8 dressed to the person assessed at his place of residence or
9 business, or at the address given in his return, or otherwise
10 delivered at such place of residence or business or at such
11 address. All taxes assessed hereunder may be paid at the
12 office of the board of state assessors in Augusta or at the
13 office of the income tax assessor for the district in which
14 the taxpayer resides or has his principal place of business,
15 at the option of the taxpayer, and the notice shall state the
16 places at which the tax may be paid.

Failure to receive the notice provided for by this section shall not affect the validity of the tax.

Sect. 16. Returns shall be open to the inspection of the board of state assessors and of their deputies, assistants and clerks, when acting under their authority, and of the income tax assessors and of their deputies, assistants and clerks, when acting under their authority. The disclosure by the board of state assessors, or by any deputy, assistant, clerk or assessor, or other employee of the state, or of any city or town therein, to any person of any information whatever contained in or set forth by any such return, other than the name and address of the person filing it, except in proceedings to collect the tax or by proper judicial order, shall be punishable by a fine not exceeding one thousand dollars, or by imprisonment for a period not exceeding six months, or by both such fine and imprisonment, and by disqualification from holding office for such period, not exceeding three years, as the court may determine. Said returns shall be preserved for two years, and thereafter until the board of state assessors orders them to be destroyed.

Lists or indexes of persons in the district who have filed returns shall be kept in the office of the board of state assessors, and shall be open to public inspection. The name of each person filing a return shall be placed on such list or index immediately on the filing of the return.

Section 17. For the purpose of carrying out the provisions of this act, the board of state assessors shall divide

3 the state into income tax districts, and they may from time
4 to time change the limits of the districts. They shall, with
5 the advice and consent of the governor and council, appoint,
6 and may with their consent remove, an income tax assessor
7 for each district, to assist them in such manner and under
8 such rules and regulations as they may from time to time
9 prescribe in the performance of their duties hereunder.

An income tax assessor need not be a resident of the dis-
2 trict in which he is to serve: provided, that, so far as prac-
3 ticable preference shall be given to residents of the respect-
4 ively districts. The board of state assessors may transfer
5 any income tax assessor from one district to another, and
6 may assign any such assessor to temporary or extraordi-
7 nary service in any district.

The board of state assessors may also appoint such deputy
2 income tax assessors, who may be members of boards of
3 assessors of cities or towns, and such clerical and other as-
4 sistants in the several districts, as may, in the opinion of
5 the governor and council, be necessary for the proper per-
6 formance of their duties.

The salaries of the income tax assessors and their depu-
2 ties shall be fixed by the board of state assessors with the
3 approval of the governor and council, and the income tax
4 assessors, their deputies, assistants and clerks, shall be
5 allowed such reasonable and necessary traveling and other
6 expenses incurred in the performance of their duties as
7 may be approved by the board of state assessors and by
8 the governor and council.

All taxes received by the income tax assessors shall be
2 accounted for and turned over to the board of state asses-
3 sors as often as once in each week, and the board of state
4 assessors shall transmit to the state treasurer as often as
5 once in each month all taxes received by them under the
6 provisions of this act.

The board of state assessors shall require the income tax
2 assessors to give bonds in such form, with such sureties
3 and in such amounts as may be approved by the governor
4 and council, and all premiums upon such bonds shall be
5 paid by the board of state assessors out of moneys appro-
6 priated for the purposes of this act.

The board of state assessors may also, with the advice and
2 consent of the governor and council, appoint, and with their
3 consent remove, a deputy to be known as the income tax
4 deputy, who shall receive such salary as the governor and
5 council may approve, and who, under the direction of the
6 board of state assessors, shall have supervision and control
7 of the assessment and collection of the income taxes pro-
8 vided for by this act; and the board of state assessors shall
9 appoint such additional clerical and other assistants to the
10 income tax deputy and income tax assessors as the governor
11 and council may approve.

The aforesaid income tax deputy, income tax assessors and
2 deputy assessors shall have such duties and powers con-
3 sistent with the provisions of this act as the board of state
4 assessors shall from time to time prescribe.

Sect. 18. If a tax assessed under the provisions of this act is not paid at the time when it is due, interest at the rate of six per cent per annum from that time shall be added to and become part of the tax. The board of state assessors, and the income tax assessors in their respective districts, shall have all the remedies for the collection of taxes assessed under the provisions of this act that are provided by law, for the collection of taxes on personal estate by collectors of taxes of cities and towns, and shall be allowed charges and fees as therein provided. Any action of contract brought to recover any such tax shall be brought in the name of the state.

Sect. 19. Any person aggrieved by the assessment of a tax under the provisions of this act may apply to the board of state assessors for an abatement thereof at any time within three months after the date of the notice of the assessment; and if, after a hearing, the board of state assessors are satisfied that the tax is excessive in amount or that the person assessed is not subject to the tax, they shall abate the tax in whole or in part accordingly; and if the tax has been paid, the treasurer shall repay to the person assessed the amount of such abatement, with interest thereon at the rate of six per cent per annum from the time when it was paid: provided, however, that no tax assessed upon any person liable to taxation under this act shall be abated in any event unless the person assessed shall have filed, at or before the time of bringing his petition for abatement,

16 a return as required by section twelve of this act; and if
17 he failed without good cause to file his return within the
18 time prescribed by law, or filed a fraudulent return, or,
19 having filed an incorrect or insufficient return, has failed,
20 after notice, to file a proper return, the board of state as-
21 sessors shall not abate the tax below double the amount
22 for which the person assessed was properly taxable under
23 the provisions of this act. The board of state assessors
24 shall notify the petitioner by registered letter of their de-
25 cision upon the petition.

Sect. 20. Any person aggrieved by the refusal of the board
2 of state assessors to abate in whole or in part, under the pro-
3 visions of the preceding section, a tax assessed under the
4 provisions of this act, may appeal from such refusal by
5 filing a complaint against the board of state assessors in
6 the supreme judicial court for the county in which such
7 person resides or has his principal place of business, within
8 thirty days after the notice by the board of state assessors
9 of his decision in accordance with the preceding section.
10 An order of notice shall be issued by said court and served
11 upon the board of state assessors within such time as the
12 court shall direct. If, upon a hearing, the court finds that
13 the person making the appeal is entitled to any abatement
14 from the tax assessed upon him, it shall make such abate-
15 ment as it sees fit. But if the complainant was subject to
16 taxation under this act and did not file his return within
17 the time prescribed by law he shall not be entitled to have

18 any part of his tax abated by the court, unless the court
19 finds that he had good cause for his delay, or the board
20 of state assessors had previously so found. If an abate-
21 ment is granted, the amount thereof shall be repaid to the
22 complainant by the treasurer, with interest at the rate of
23 six per cent per annum from the time when the tax was
24 paid, and costs.

Sect. 21. All property owned by a resident of this state
2 on the first day of April in any year, which during the pre-
3 ceding calendar year had produced for such owner any in-
4 come taxable under this act, shall, despite anything in this
5 act, be subject to taxation to such owner in accordance with
6 the provisions of chapter ten of the revised statutes of
7 Maine, and acts in amendment thereof and in addition there-
8 to, if such owner does not make to the board of state assess-
9 ors a full return of his taxable income from such property
10 on or before the first day of September of the year in which
11 a return of income is required by section twelve of this act,
12 and provided the tax so assessed is greater than the amount
13 of the tax properly payable under sections two and four-
14 teen of this act. Property taxable in any year under this
15 section shall be assessed in that year between the second day
16 of September and the tenth day of December, both inclusive.
17 The amount of taxes assessed by the local assessors upon
18 such property in such city or town in any year, less the
19 amount assessed and collected by the board of state assessors
20 as hereinafter provided, shall be entered on the tax list of

21 the collector of such city or town, and he shall collect and
22 pay over the same to the city or town.

Any taxpayer aggrieved by the assessment of a tax under
2 the provisions of this section may appeal to the board of
3 state assessors within thirty days after the receipt of the tax
4 bill therefor, or other actual notice of the assessment. In
5 case of an adverse determination by the board of state
6 assessors, the taxpayer may appeal to the supreme judicial
7 court as provided in section twenty; and if the taxpayer
8 shall establish that the income of the property was duly re-
9 turned or that it was not taxable or that there was reasonable
10 excuse for not making the return, the tax shall be abated, and
11 if it has previously been paid, the amount abated shall be
12 repaid by the city or town to the taxpayer, with interest from
13 the time of such payment. At any time prior to the collec-
14 tion by the city or town of the tax provided for by this
15 section, the board of state assessors may assess and collect
16 the tax provided for by the act, on the income of the property
17 subject to the limitation of time provided by section four-
18 teen. Upon the collection of the tax, the board of state
19 assessors shall at once notify the tax collector of the city or
20 town in which the taxpayer resides, and the tax collected
21 by him shall be deducted from the tax assessed in that city or
22 town; and if the tax assessed in such city or town has been
23 collected, the amount so deducted shall be repaid by the city
24 or town to the taxpayer. If a tax collected by a city or town
25 under the provisions of this section is afterward abated, the

26 amount of the abatement, together with the amount of any
27 interest paid by the taxpayer on that amount, shall be paid
28 by the city or town to the taxpayer.

Upon discovery of property the income of which for the
2 preceding calendar year, taxable under this act, has not been
3 returned on or before the first day of September of the year
4 in which the return is required, the board of state assessors
5 shall forthwith notify the assessors of the city or town in
6 which the property is taxable, unless there is within his
7 knowledge a reasonable excuse for the failure of the tax-
8 payer to file the return. Upon making any assessment under
9 the provisions of this section, the assessors shall forthwith
10 notify the board of state assessors.

Sect. 22. Any taxpayer who in the year nineteen hundred
2 and nineteen fails to bring in a list of taxable personal estate,
3 as provided in section 74 of chapter 10 of the revised stat-
4 utes of Maine, and acts in amendment thereof and in addi-
5 tion thereto, shall be assessed in that year for an amount of
6 personal estate not less than that for which he was assessed
7 and taxed in the year nineteen hundred and eighteen. The
8 board of state assessors shall have authority to assess any
9 taxpayer in any city or town for any amount of tax for which
10 said taxpayer may be liable under the provisions of this sec-
11 tion; and any assessor who shall violate the provisions of this
12 section shall be liable to a penalty of a fine not exceeding
13 one hundred dollars.

Sect. 23. On or before the fifteenth day of November in

2 the year nineteen hundred and twenty the state treasurer
3 shall pay to each city, town or plantation an amount equal
4 to the difference between the amount of the tax levied upon
5 tangible and intangible personal property in such city, town
6 or plantation in the year nineteen hundred and eighteen
7 and the amount, computed by the board of state assessors,
8 that will be produced by a tax upon the tangible personal
9 property actually assessed in such city, town or plantation
10 for the year nineteen hundred and twenty at the same rate
11 of taxation as prevailed therein in the year nineteen hundred
12 and eighteen, and shall on or before the fifteenth day of
13 November in the year nineteen hundred and twenty-one
14 pay to each said city, town or plantation an amount equal
15 to the difference between the amount of the tax levied upon
16 tangible and intangible personal property in such city, town
17 or plantation in the year nineteen hundred and nineteen and
18 the amount computed by the board of state assessors that
19 will be produced by a tax upon the tangible personal property
20 actually assessed in said city or town for the year nineteen
21 hundred and twenty-one at the same rate of taxation as pre-
22 vailed therein in the year nineteen hundred and nineteen.

All expenses incurred in the enforcement of this act shall
2 be paid by the state and charged to the expense of collecting
3 income tax. In years subsequent to nineteen hundred and
4 twenty-one, the taxes collected under this act shall be dis-
5 tributed as the legislature may determine.

Sect. 24. On or before the first day of August in each

2 year the board of state assessors shall, upon the basis of
3 the information then in their possession, notify the asses-
4 sors of each city, town or plantation of the amount such
5 city, town or plantation is to receive, if any, under section
6 twenty-three. Said assessors, in determining the rate of
7 taxation to be levied upon taxable property for the year,
8 shall include in the estimated receipts lawfully applicable
9 to the payment of expenditures the aforesaid amount.

Sect. 25. Every individual, partnership, association, trust
2 or corporation, being an inhabitant of the state or having
3 a place of business therein, shall file annually with the board
4 of state assessors a return in such form as the board of
5 state assessors shall from time to time prescribe, giving the
6 names and addresses of all regular employees residing in
7 this state to whom the said individual, partnership, asso-
8 ciation, trust or corporation has paid wages, salary or other
9 compensation in excess of the sum of eighteen hundred dol-
10 lars during the previous calendar year.

Every corporation and every partnership, association or
2 trust the beneficial interest in which is represented by trans-
3 ferable shares, doing business in the state, shall, unless the
4 dividends paid upon its shares are exempt from taxation
5 under section two of this act, on or before the first day of
6 March in the year nineteen hundred and twenty and in each
7 year thereafter, file with the board of state assessors a list
8 of the names and addresses of its shareholders as of record
9 on the thirty-first day of December of the previous year,

10 or, in its discretion, of such shareholders as are residents
11 of the state; provided, however, that the board of state
12 assessors in their discretion may accept in lieu of the above
13 list from any corporation, partnership, association or trust
14 required to make a return hereunder a list of its share-
15 holders as of record on any other date satisfactory to him.
16 Every such corporation, partnership, association or trust
17 shall also report to the board of state assessors on or before
18 the first day of March in each year the names and addresses
19 of residents of the state to whom it has paid interest during
20 the preceding calendar year upon its bonds, notes, or other
21 evidences of indebtedness, and to whom it has paid any
22 annuity or annuities, except, however, interest coupons pay-
23 able to bearer, and income exempt from taxation under this
24 act. In any individual case, any such corporation, partner-
25 ship, association or trust shall, upon request of the board
26 of state assessors, state the respective amounts of dividends,
27 interest and annuities so paid by it to any person during
28 any calendar year.

The returns provided by this section shall be made on or
2 before the first day of March in each year; but the board
3 of state assessors may, in their discretion, authorize such
4 returns to be made at any other date and in connection with
5 any other reports or returns that the said individuals, part-
6 nerships, associations, trusts and corporations may be re-
7 quired to file with them.

Any individual, partnership, association, trust or corpo-

2 ration that without reasonable excuse fails to comply with
3 the provisions of this section shall be punished by a fine
4 of not less than twenty-five nor more than five hundred dol-
5 lars for each offence.

Sect. 26. The treasurer of every city, town and county,
2 and the auditor of the state shall, in each year not later than
3 the tenth day of April, in the form prescribed by the board
4 of state assessors, furnish said board of state assessors with
5 the names and addresses of all employees of said cities,
6 towns, counties and of the state respectively who received
7 during the preceding calendar year as salary, wages, or
8 otherwise amounts exceeding eighteen hundred dollars in
9 each case, together with the amount received by each.

Sect. 27. If any part, subdivision, or section of this act
2 shall be declared unconstitutional, the validity of the re-
3 maining parts of this act shall not be affected thereby