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# Montgomery's Federal Taxes edited by Philip Bardes, James J. Mahon Jr., John McCullough, and Mark E. Richardson

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# Book Review

**MONTGOMERY'S FEDERAL TAXES.** Edited by Philip Bardes, James J. Mahon, Jr., John McCullough, and Mark E. Richardson, 36th Edition, New York: The Ronald Press Co., New York, 1955, Pp. xiv, 913. \$15.00.

This standard handbook on federal tax law first appeared as a thin volume in 1917 and is now in its 36th edition. The 35th edition, following the new Internal Revenue Code of 1954, was the first since the death in 1953 of Colonel Robert H. Montgomery who began and continued the work with the assistance of accountants and lawyers in his well known accounting firm. The editors of the 35th and 36th editions are four partners in the accounting firm of Lybrand, Ross Bros. & Montgomery, and some twenty tax specialists, lawyers and accountants associated with the firm are the contributing editors.

The present work is a convenient one-volume book of something over 1000 condensed and well-organized pages. There are twenty-one parts, with page numbering by the part number in bold face followed by the page number for the individual part. In addition, there is a fifty-two page index, plus separate appendices tabulating tax rates and indexing all references to Sections of the Internal Code and the Regulations.

The handbook is primarily a practical work for the business executive, cast insofar as possible in plain language rather than technical tax terminology. As the editors state in the Foreword, the book is primarily intended for "managers and owners of business enterprises, corporate executives, investors, and their professional advisers." In each part the introductory paragraphs first describe the scope of that part, followed by a concise explanation of the applicable provisions of the 1954 Code, together with the corresponding 1939 provision where available for comparison. The more important Treasury Regulations and a summary of interpretations by administrative rulings and decisions are discussed. The concluding paragraphs to each part give valuable advice on steps which the taxpayer can take to most effectively minimize his taxes. Some of the parts discuss broad concepts necessary to an understanding of basic tax principles, for example, the Parts on "What is Income," "What is Not Income," and "Capital Gains and Losses." For the most part, however, the plan of organization is

based upon the type of business involved, as is true of the material in the parts dealing with "Real Property and Other Tangible Fixed Assets," "Securities," "Natural Resources," "Corporations" and "Partnerships." Thus, the functional approach is the keynote. All of the widely scattered sections of the Code concerning such matters as problems in real estate or securities transactions are explained in each instance in the same place. This is essential for use by the busy executive, but can at times be a great help to the lawyer, whether or not a tax specialist, for convenient reference purposes. For example, there is succinct and careful weighing of the many factors which may determine the choice of the corporation as opposed to the partnership or proprietorship form of doing business. The factors not directly affecting the total tax bill are not overlooked, nor are long range as opposed to immediate considerations. All the provisions of tax law affecting corporations, including their formation, liquidation and reorganization and certain special provisions are analyzed in the 130 page part on corporations. The same is done for partnerships (45 pages). Especially useful in each case is the discussion of the opportunities for advance planning at the conclusion of each part.

There are necessarily limits to what can be accomplished in a work of this nature and length. This is a handbook, a quick reference work for those seeking the bare outlines of essential tax information governing their business. Because of limitations of space the citations to court decisions and Treasury rulings substantiating the legal and practical opinions expressed are not provided for the user of the treatise. For this reason the lawyer with an elusive legal question of substance will probably not find the answer in this book. For reference purposes he needs one of the standard tax services or treatises presenting more detailed treatment or analysis. The latter is, of course, a necessary tool. Nevertheless, the analysis in most areas treated in this work goes much deeper than a mere explanation of the statutory provisions, in that it reflects the intensive practical experience of the writers. Further, as a lucid explanation of the complex statutory provisions, the work should be most useful to the lawyer as well as to the businessman.

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