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Taxation of Business Enterprise published by the University of Michigan Law School

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Book Reviews


This treatise consists of twenty-five lectures delivered at the Summer Institute on International and Comparative Law, June 25-June 28, 1951. In the foreword by the chairman of the 1951 Summer Institute, Professor Paul G. Kauper, the timeliness of these discussions on taxation problems is stressed. In the chairman's words, the volume presents "a meaty collection of papers which the interested student will find stimulating and rewarding. The high quality of these presentations makes them deserving of the wider audience made possible through the publication of this volume." The lectures for the most part justify his opinion of them.

They are grouped under five heads: (1) Economic and Policy Considerations; (2) Jurisdictional Problems; (3) Taxing Stockholders on Corporate Distributions: Some Special Problems; (4) Impact of the Corporate Income Tax on Business Operations; and (5) The Excess Profits Tax Act of 1950.

The lectures were given by experts in the field of taxation. Many of them in dealing with their particular subjects state the problems involved, the arguments that have been advanced both for and against the tax in question, and end their lectures by freely expressing their own views. Consider, for instance, the lecture on Taxing Corporate Profits: Policy Considerations, delivered by Beardsley Ruml, a nationally known authority in this field. He says:

"Can the government afford to give up the corporation income tax? That really is not the question. The question is this: is the corporation income tax a favorable way of assessing taxes on the people—on the consumer, the worker, and the investors who, after all, are the only real taxpayers? Politically we know that the tax on corporate income is an easy way. But if there be a better way, even though it is politically more difficult, it might well have a chance of success at a time of overall tax reform and tax reduction." (Page 48)

Two articles deal with co-operatives, those organized for the sale of products and those engaged in buying materials and supplies for their members. Both sides of the question of imposing income taxes on co-operatives are presented. The present law produces very little revenue, it is shown, from the co-operatives; a rather surprising fact when one considers the enormous amount of business these organizations do
today. These two papers are very well written and are very informative.

An economist, considering “Intergovernmental Fiscal Relations,” has “little sympathy for those who espouse state rights on the grounds . . . that the states can be depended upon to interfere least with private enterprise even where such interference is in the public interests.” (Page 131)

Several of the lectures deal with taxation of stockholders on corporate distributions. Here we have discussions on taxing dividends, distributions in redemption of stock, corporate divisions, reorganization provisions, and liquidating distributions. These are problems that account for much litigation at the present time. In fact, three-fifths of the book is devoted to these phases of taxation or business enterprises. The last one hundred pages covering the present excess profits tax on corporations may lose much of its value if the present 1950 Act is not renewed during the present term of Congress. Some of those speaking on the subject indicate that that would be an excellent solution of a current tax problem since highly technical rules have been developed for computing the tax.

When it comes to considering style, about all one can say is that most all of the articles are technical. The lecturers, it is easy to see, did not expect to find any laymen among their listeners. A great many cases are cited. The index of cited cases extends over sixteen pages. All this makes the book of value to practitioners in the field of taxation.

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As indicated in a previous review for this journal, one of the greatest needs in the field of family relations is an interdisciplinary approach. Each of the special disciplines which treats problems involved in the adjustments in family and the enculturation of children