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Book Reviews

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BOOK REVIEWS


Our federal tax laws have, like Topsy "just grewed up." As loopholes have been found in statutes and advantage taken of them by the shrewd members of the taxpaying world, new statutes have been passed to plug up these openings; or the pressure for more taxes has led our Congressmen to build additions onto earlier tax structures. The result is that today our federal tax system is one of the most complicated ever devised to haunt a taxpayer. It is so complicated that even a well-trained lawyer needs a guide book in order to find his way through the many intricacies.

Mr. Montgomery and his firm of tax experts have produced the best book for this purpose that a corporation lawyer can procure to assist him in making out federal tax returns for corporate clients. Mr. Montgomery has been putting out these tax guides for over twenty years. The present issue is his twenty-second. He is both an attorney and an accountant, a former president of the American Institute of Accountants, and to assist him in making up his treatises on federal taxes, he has the aid of about forty lawyers and certified public accountants who make up his firm. It is very doubtful that the Treasury Department itself could find in its employ an equal number of tax experts as capable as this group working with Mr. Montgomery.

The plan of the books is simple. Volume I deals with Gross Income and Deductions, Part I; and Methods and Bases, Part II. Volume II has Corporations in General, The Excess Profits Tax, Consolidated Returns, Taxes on Undistributed Profits, Administration, and Taxes Based Upon Declared Value of Capital Stock. The authors follow the method of earlier editions: quoting the pertinent section of the Internal Revenue Code, then the administrative regulations thereunder, and finally a concise but sufficiently complete discussion of the application of the code provision and the regulations. Examples are often given by way of illustration and the court decisions are cited. Often Senate or House committee discussions or reports are resorted to. For instance, in considering the Code definition of "control" and the Department regulation thereunder, we find the author in disagreement with the Department's position—page 213, Vol. I. To quote: "In the author's opinion the foregoing regulation is too broad in stating that it is immaterial that 'control' did not exist during the year in respect of which the incorrect treatment occurred,
or during the year in respect of which the inconsistent position is adopted. The Senate Finance Committee report, quoted on page 201, indicates that the definition in section 734(a) (4) (B) is meant to include only those cases in which there is sufficient identity of interest between the parties to warrant their treatment as one, and those cases in which the taxpayer could be charged with the inconsistency. If the parties bore no relation to one another at the time the error or inconsistency occurred, it seems plain that Congress intended that Section 734 should not apply. Taxpayers should resist any attempt of the Treasury to apply section 734 to such situations."

Both volumes are very carefully and fully indexed. These indexes give the user the advantage of search books. If he is asked whether dividends from subsidiary corporations are to be included or excluded in the excess profits net income, he turns to the index of Volume II, under "Excess Profits Net Income," p. 1101, and finds thereunder "Dividends received, 258, 259, 277." On page 258, the problem is fully discussed. He finds that dividends received from domestic corporations that are subject to taxation are to be eliminated 100 percent in making up the excess profits net income, not 85 percent, as in the case of making up the net income of a corporation for normal tax purposes.

The publishers have done an exceptionally fine job in typesetting, printing and binding this set of tax books—one might say three books in two volumes, the Internal Revenue Code, Treasury Regulations and a complete tax treatise.

W. Lewis Roberts


The three primary sources of the law of labor relations—common law, administrative law and statutory law—have been thoroughly combed, edited and arranged according to the traditional subdivisions of labor law. The emphasis has been placed on modern developments but the material within each subdivision is arranged chronologically to enable the student to trace the major developments of each phase of law dealing with labor relations from or near its inception up to the present day law. This thorough historic treatment enables the student to understand better the modern trends.

Much of the background material, digested cases and non-legal material is printed in larger type than the footnotes which facilitates class discussion and permits of larger assignments and more rapid treatment in class than is customary. The interrelationships of the various topics are indicated by an elaborate system of cross references. An elaborate table of contents has been included which is so comprehensive and so detailed that it serves as an outline of the course.