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Extensions of time for filing tax returns: Letter from Acting Commissioner of Internal Revenue

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American Institute of Accountants

13 EAST 41ST STREET, NEW YORK

February 11, 1943

EXTENSIONS OF TIME FOR FILING TAX RETURNS

TO MEMBERS AND ASSOCIATES OF THE
AMERICAN INSTITUTE OF ACCOUNTANTS:

Representatives of the American Institute of Accountants, the New Jersey and New York state societies of certified public accountants, and the Controllers Institute of America, conferred with representatives of the Treasury Department and the Bureau of Internal Revenue January 11th, on the question of extensions of time for filing corporation tax returns. Following the conference the chairman of the Institute's committee on federal taxation submitted a written statement requesting that the Treasury authorize collectors to follow a liberal policy in granting requests for extensions this year. On February 11th, a reply to this communication was received from the Acting Commissioner of Internal Revenue, and is reprinted below for your information.

Yours truly,

JOHN L. CAREY,
Secretary.

LETTER FROM ACTING COMMISSIONER OF INTERNAL REVENUE

Mr. J. A. Phillips,
Chairman, Committee on Federal Taxation,
American Institute of Accountants,
13 East 41st Street,
New York, New York.

Dear Mr. Phillips:

Reference is made to your communication of January 11, 1943, and to a conference between representatives of several accountancy groups and the Controllers Institute of America, with officers of the Treasury Department, upon the subject of the policy to be followed in the matter of granting to corporation taxpayers extensions of time to file 1942 returns.

The Treasury Department and the Bureau of Internal Revenue have full appreciation of the difficulties confronting accountants and taxpayers by reason of the war conditions and the consequent severe losses of personnel trained in the preparation of income tax returns. However, it must be presumed that it is equally clear to the accountants and others concerned that in these times unusual efforts and real sacrifices must be expected of all persons.

(OVER)

It is proposed to issue instructions to the collectors of internal revenue authorizing the granting of extensions for a period of not more than sixty days upon an agreement on the part of the representatives of the taxpayers to supply certain data, as outlined below in connection with tentative returns:

1. *Form 1121 return*

- (a) The method of computing the excess profits credit.
- (b) Whether or not the taxpayer is filing a consolidated return. (This will not be considered an election.)
- (c) Normal tax net income.
- (d) Excess profits net income.
- (e) Adjusted excess profits net income.
- (f) Excess profits tax (before foreign tax credit).
- (g) Credit for debt retirement.

2. *Form 1120 return*

- (a) Whether or not the taxpayer is filing a consolidated return. (This will not be considered an election).
- (b) Net income for declared value excess profits tax computation.
- (c) Declared value excess profits tax.
- (d) Income subject to excess profits tax.
- (e) Normal tax net income.
- (f) Normal tax (before foreign tax credit).
- (g) Surtax.
- (h) Total assets.

The above statements required to be filed with the tentative return should not be considered as a return for any purpose, especially not one which would start the running of the statute of limitations.

There should be every effort made by all who seek extensions to estimate as accurately as possible the amount of tax to be paid with the tentative return. It will be appreciated that the Department and Bureau viewpoints in respect of their opportunity to cooperate in this manner in future years must be influenced to some extent by the results of the arrangements it proposes here to make for this year.

We deeply appreciate the degree of cooperation obtained from the membership of the accounting and controllers' groups in the past and believe that there are opportunities for future mutual benefits through establishing rules of value to our interests.

Sincerely yours,

(Signed) NORMAN D. CANN,
Acting Commissioner.