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Book Reviews

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Book Reviews

FEDERAL INCOME TAX HANDBOOK 1935-1936, by ROBERT H. MONTGOMERY. *The Ronald Press Company*, New York. 1,034 pages.

The new 1935-1936 *Federal Income Tax Handbook* is the sixteenth of the series of handbooks of which Mr. Montgomery is the author. The preface to this edition is calculated adequately to prepare the reader's mind for a proper understanding of the subject matter which follows. The fact that the author with a background of legal training and practice before the bureau of internal revenue feels justified in giving expression to such views gives strong emphasis to the difficulty the ordinary taxpayer experiences in filing tax returns that will not be changed by the treasury department upon review. As the author properly points out, every taxpayer has the right to minimize or avoid taxation by adopting the most favorable method under the law of conducting his affairs, but has no licence to practise tax evasion. The reader will examine this work in vain if he is looking for information as to how to evade taxes.

One observes, by running through Mr. Montgomery's handbook, that in some cases conflicting rulings have been made upon apparently exactly similar sets of facts. Unfortunately the author often fails to give any guidance as to which decision, in his opinion, should be followed, but leaves the choice to the reader. Perhaps this is inevitable in a work which is based on an analysis of the revenue law as applied in practice and as so far interpreted by the courts. While there is little in this work that is not available in the general run of tax services, it nevertheless presents a most excellent condensation of the large volume of rulings and decisions now available and is a useful reference work that is worthy of a place in the library of all who have to deal with the preparation of tax returns.

In this edition, the income tax on estates and trusts is not covered but has now been combined with the estate tax and the gift tax in a new work by the same author and Boswell Magill.

NORMAN G. CHAMBERS.

FEDERAL TAXES ON ESTATES, TRUSTS AND GIFTS 1935-1936, by ROBERT H. MONTGOMERY and BOSWELL MAGILL. *The Ronald Press Company*, New York. 458 pages.

This is a companion work to the *Federal Income Tax Handbook 1935-1936* by Robert H. Montgomery. It deals with those matters which must be taken into consideration by any one, possessed of even a moderate estate, who desires so to arrange his affairs that those dependent upon him during his life shall not be left without adequate means of support after his death. It makes for greater convenience of reference to have a presentation of the related subjects of the income tax on estates and trusts, the estate tax, and the gift tax in one volume rather than to have to cull the information out of the larger work dealing with federal income tax generally.

The book will be found very readable, and the reader can hardly fail to grasp the meaning and effect of the numerous board of tax appeals and court decisions and the attitude of the treasury department as expressed in its regulations and decisions in disputed cases. In appendix I is given the federal estate law now in

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force, and in appendix II will be found the gift-tax law under the revenue act of 1932, as amended by the 1934 and 1935 acts. One may doubt the wisdom, however, of incorporating appendix III in this volume, seeing that it presents to the reader the proposals for inheritance tax and gift tax on donees, originally approved by the house of representatives in the early stages of passing the revenue act of 1935. Although these taxes were entirely omitted from the bill as finally passed and signed by the president, a hasty reader may easily fall into the error of believing that these proposed measures have to be now considered, whereas their presentation in this volume is intended to be nothing more than illustrative of the possible trend of future legislation.

NORMAN G. CHAMBERS.

RETAIL MERCHANDISE ACCOUNTING, by HERMON F. BELL. *Ronald Press Co.*, New York. Cloth, 276 pages. 1936.

Whether in the specialty shop, the small-town general store or the gigantic city emporium, the owner or manager is confronted with the paramount problem of how to maintain adequate control of the thousand and one details involved in profitable buying, selling and, above all, inventorying under pressure of competition, income-tax regulations and the steadily increasing number of special sales taxes, local property taxes, payroll taxes, etc., ad infinitum. All these must be passed on to the ultimate consumer; wherefore the matter of proper and adequate mark-ons must be correctly solved, or else—! Few consumers realize how pitifully small is the margin of profit left to the retailers, especially the small ones.

It is principally for the benefit of the latter class that Mr. Bell has summarized in *Retail Merchandise Accounting* his experience of over twenty years in auditing retail concerns. Managers of the great department stores, whose cooperation is gratefully acknowledged, will find little that is new to them in this book, but it should prove valuable as a guide and reference manual to hundreds of small and medium-sized retail stores, and to local practitioners of public accountancy.

As might well be expected, the main thesis of Mr. Bell's helpful book is advocacy of the retail method of controlling and inventorying merchandise, though he does not by any means minimize the value of frequent physical inventories, especially for small shops. He is careful to point out pitfalls for the unwary, and in his chapter on "Some tax problems" warns the reader that the old adage "Consistency is a jewel" is a sine qua non of the income-tax authorities. A retailer, persuaded by the book to change abruptly from the cost to the retail method of inventory, should bear in mind that the opening and closing inventories must be on the same basis.

Speaking of tax problems, it is perhaps too early yet to dogmatize on the effect of the payroll taxes under the social security act, but the paragraph on page 41—"Discounts to employees"—leads one to speculate on the fate of this time-honored custom. The act includes in "wages" ". . . the cash value of all remuneration paid in any other medium than cash." Will the average employer continue to allow this discount knowing that he will be taxed upon it with all the accompanying annoyances of keeping a meticulous record of it both for himself and for the employee? I wonder.

W. H. LAWTON.