

# SEES MUCH GOOD IN TAX PUBLICITY

## C. F. Noyes Believes That It Will Bring About Revision of "Iniquitous" System.

### SAYS EVASION IS RIFE

#### Realtor Declares Levy on All Securities Would Turn Investors Back to Constructive Channels.

Declaring that an immediate revision of the income tax law is necessary to the welfare and development of the country, Charles F. Noyes, President of the Charles F. Noyes Company, realtors, predicted yesterday that the publication of tax lists by THE NEW YORK TIMES and other newspapers would do more to accomplish this end than any other method that could be employed.

Mr. Noyes, who is one of the founders of the Real Estate Board of New York, has prepared a brief for presentation and consideration by the Tax Committee of that organization in which he declares the present system of taxation is iniquitous and demands that a "spade be called a spade."

After giving a brief history of income taxes, past and present, Mr. Noyes in his brief says, in part:

"There never was a time in civic affairs or when fair dealing between men or general business economics and business morals demanded more drastic action and discussion on the part of business people and the 'calling of a spade a spade' than now, and the topic on every honest business man's lips should be tax reform, with the end in view of bringing about a change of the present iniquitous system of taxation.

"I believe that such a discussion will take place, and I believe there will be just such a popular protest against the unfair system of taxation as there was in 1870 when the income tax law of 1861 calling for an income tax similar to a certain extent to the present tax was swept off the books entirely.

"When this is done wealthy individuals, investors and estates will again buy New York City property as heretofore and that vast sum of money that has been going into tax-exempt securities will again find its way into realty, and the large funds, now tied up in 'tax exempts' will be thrown into realty enterprises, new construction, &c.

#### Applauds the Publication.

"This matter of honest taxation is such a paramount question and so vitally affects the realty market, its leaders and the public in general that I am glad to express my views on the subject and without reservation.

"I applaud the throwing open of the income tax list for the following reasons: First, no one deserves any credit for being honest, and many of the honest, upright men in this community—successful real estate dealers, attorneys, surgeons and others—have willingly been paying each year from \$100,000 to \$175,000 and upward to the Government in income taxes. The throwing open of the income tax books has permitted these men to realize for the first time that many of those even more successful and with much greater earning capacity have paid insignificant amounts. In other words, through devious channels, with the aid of clever attorneys or through other technicalities of the law, these other men have been paying insignificant amounts to the Government with the result that the cost of government has been deliberately thrown on a comparatively few. Some well-known men with heavy incomes have even gone so far as to file returns showing a collectible tax of a few hundred dollars only, and many have been paying a paltry few thousand dollars, where their actual income is much greater than those who have been paying the high figures of from \$100,000 to \$175,000 previously referred to.

"Second—Naturally, I applaud, and every honest man should be in favor of, publicity that shows this apparent crooked, unfair and indefensible business of bartering away the business conscience as shown by our tax reports, and the hope has been expressed to me several times recently that the newspapers or some agency will eventually tabulate all of the tax returns as published and alphabetically arrange them by trades or professions and these lists will be distributed through various trade associations in every line of business, with the result that all leaders in each line of business may determine those who are shirking their responsibility to their Government and robbing the honest taxpayer by forcing him to pay a greater share than is just in cost of government, and through such a protest bring about the result of sweeping off the statute books this law where one man pays practically nothing and another, with no greater income, is penalized so heavily.

#### Urges Trade Bodies to Act.

"Third—I hope the Merchants' Association, the Chamber of Commerce, Real Estate Board and all other business and civic associations will take this subject up through fearless committees. It is an undeniable fact that the leaders in any line of business or profession of competitive endeavor know practically what the other man is earning in the same field. These committees would know without being told when either a dishonest or an apparently ridiculous income tax return had been filed. I am not going to say that all these income tax returns are legally dishonest.

"This would be for the committees to determine after an investigation, and I believe the Government would be glad to work with such committees, and provided there is any formula where one man pays a tax of \$100 and another man a tax of \$100,000 in the same line

of business where the earnings are parallel, then such formula and such information as to how this is done should be furnished to the other members so that all would be on an equal footing and all would be able to take the full advantage of the technicalities of the tax law if they cared to do so.

"This could be brought about without going into a man's personal intimate business affairs, as only the method employed would be divulged and such methods would be illuminating to many who have been paying ever since the income tax law was on the books their full honest tax according to the intent of the law. There should be no greater objection to such a procedure than there is to the search warrant when the court feels that stolen goods are being hidden or concealed.

"Fourth—To me it is idle drivel to protest against the opening of these tax lists. The end certainly warrants the means. It would be just as absurd for us to protest against the opening of our real estate tax list. \* \* \* Any one can go to the tax office and a Deputy Commissioner will tell exactly how the assessment is made up—give the unit rules as to the tax and discuss with the taxpayer the elements that go into making up the tax, will compare one assessment with that of any other and explain the condition and facts that enter into the computation of the tax that must eventually be paid by the taxpayer.

"The method probably used by many to avoid paying their income tax is to create corporations and use such corporations as a reservoir for their income. The law specifically states that such profits must be distributed yearly by all corporations and heavy penalties (I think 25 per cent. per annum) are attached if not so distributed. One of the first things that public pressure should do is to see that these accumulated surplus earnings and profits in various corporations are distributed and the tax paid with the resultant penalties and interest and without further evasion, equivocation or delay.

"The public should be advised without the use of names how it is possible for one man to pay a ridiculously low tax as against another man who is paying a high tax where their earnings are known to be approximately the same by those competent to know—such as their competitors in business, their bankers, their neighbors, &c. The method of computation by the tax-dodger should be disclosed to the public."

## TAXPAYERS TO PROTEST.

### Long Island Residents Will Seek Publicity Law's Repeal.

Charles F. Kingsley, Chairman of the Committee on National Affairs of the Union League Club of Brooklyn, announced yesterday that he planned to call a meeting shortly of residents of Long Island whose income tax payments were taken from the books in the First District and published in the newspapers. This meeting, Mr. Kingsley said, would be for the purpose of acting in the interest of the repeal of the publicity provision of the law.

The announcement followed a report to the club in which the committee requested and received from the Board of Directors "authority to apply for leave to file a brief, amicus curiae, to any suit the Attorney General may bring to test the publicity provision of the law and to take such other steps as may be deemed necessary to organize a demand for its repeal."

The report continues, in part: "We condemn the publicity provision of the Income Tax law as destructive of privacy and a denial of the fundamental right of citizens to keep their own affairs to themselves.

"We have been reared in the belief that we are safe in our persons and papers from unreasonable search and seizure and that even reasonable search and seizure can be had only upon warrant duly issued. The most important and precious of our papers are the records, files and transcripts which picture the course of our business operations and contain the yearly balances shown what we make or lose. The constitutional guarantee was not designed to protect a citizen in the mere physical possession of his papers, but to maintain his ownership of their contents against all the world.

"The publicity provision of the Income Tax law is, in spirit if not in letter, an infringement of the Fourth Amendment. It means that the Government proceeds in tax collecting upon the theory that the citizens of the country are dishonest and not entitled to the private possession of their own papers. We have no right to pry into the affairs of our neighbors and they have no right to pry into our affairs. It should be the aim of Government to protect our privacy along with other precious possession. We have the same right to the pursuit of happiness as we have to life and liberty.

"Income tax publicity has been the cause of much envy, humiliation and unhappiness. If you destroy the right of a person to keep his affairs to himself you destroy his right of happiness to the extent that privacy is necessary to his happiness. \* \* \* Publication of the facts compiled for general inspection under the Norris Amendment often amounts, in effect, to the publication of all essential facts relating to a citizen's business."