nt of the transfer
bank, banking
shall execute
taking to the
with such
approved by the
giving and
demand therefor
by or on deposit
tor's or trustee's
on daily balances at such
as the comptroller may
undertaking, shall be
on, or annexed thereto, the approval
the attorney-general as to its form.
tax commission shall on the first
of each month make a verified return
state treasurer of all taxes red-
by it under this article, stating for
estate, and by whom and when
and shall credit itself with all ex-
itures made since the last previous
on on account of such taxes, for re-
lawfully chargeable thereto. The
troller shall on or before the tenth
of such month pay to the state
surer the balance of such taxes
ding in his hands at the close of
ness on the last day of the previous
th.

whenever the tax on a contingent re-
or has been determined at the
est rate which on the happening of
of said contingencies or conditions
ld be payable under the provisions
this article, the tax commission, in the
ities wherein this tax is payable di-
, and in all other counties the
ut of said counties, respectively,
tax is paid shall retain and
to the credit of said estate so much
the tax assessed upon such contingent
under the provisions of this article
ficient to meet the difference
ween the tax at the highest rate and
the tax upon such remainder which
ld be due if the contingencies or con-
ns had happened at the date of the
ment of tax on the total clear market
ue of said estate, and the tax com-
sion or the county treasurer shall de-
t the amount of tax so retained by
solvent trust company or trust
panies or savings banks in this state
signated by the state comptroller, to
credit of the state comptroller on ac-
nt of such estate, paying the interest
on thereon when collected by him to the
cutor or trustee of said estate, to be
ded by said executor or trustee as
ided by the testator's will. Upon
happening of the contingencies or
ditions whereby the remainder ulti-
ely vests in possession, if the remain-
then passes to persons taxable at
her rate, the state comptroller on
certificate of the tax commission,
ll turn over the amount so retained
the state treasurer as provided herein
by pay over two hundred and forty of
dollars, or if the remainder ulti-
ely vests in persons taxable at a
er rate or a person or corporation ex-
t from taxation under the provisions of
article, the state comptroller on the
ificate of the tax commission shall
nd any excess of tax so retained by
cutor or trustee of such estate, to be
paid of by said executor or trustee as
ided by the decedent's will. Execu-
or trustees of any estate may elect
assign to and deposit with the tax
missioner or the county treasurer,
ds or other securities of the state
roved by the tax commission or the
nty treasurer, in lieu of the cash
deposit required the amount thereof, for
purpose of securing the payment of
difference between the tax on said
mainder at the highest rate and the
upon such remainder which would be
if the contingencies or conditions
happened at the date of the ap-
isal of said estate, and upon the
ment of such tax as assessed, which
bonds or other securities shall be
d by the tax commission, or the coun-
treasurer to the credit of said estate
ll the actual vesting of said remain-
, the income therefrom when pre-
ed by the tax commission or the
nty treasurer to be paid over to the
cutor or trustee during the continu-
ce of the trust estates and then to be
ally disposed of in accordance with the
imate transfer or devolution of said
ainders as hereinbefore provided; and
upon the duty of the executors or
stees of such estates to forthwith no-
the tax commission of the actual
sting of such contingent remain-

If any executor or trustees shall have
osited with the tax commission or
county treasurer, cash or securities,
both cash and securities, to an amount
excess of the sum necessary to pay
transfer tax upon such contingent
ainders, at the highest rate as afore-
d, the excess of tax so deposited shall
returned to the executor or trustee, or
any executor or trustees shall have
posited with the tax commission or
county treasurer, cash or securities,
both cash and securities, to an amount
than the sum sufficient to pay upon
h contingent remainders as finally
essed and determined, the executor or
stee of said estate shall forthwith,
the proper order of the surrogate,
correct amount of tax due, pay to
tax commission, or the county trea-
er, whichever is entitled under the
visions of this article thereto, the
, the balance due on account of said
. If on account of the time or man-
of payment of a tax under this arti-
it is impossible to identify the ap-
ate portion thereof paid on account
a contingent remainder pursuant to
s section and the whole of such pay-
nt shall have been deposited in the
ate treasury, the portion of the tax on
count of such contingent remainder so
, paid or deposited on account of the
tate pursuant to this section shall be
ed a refund under this article, and
all be drawn, on the certificate of the
x commission and approval of the
mptroller, from moneys deposited with
state treasurer for the payment of for
funds under this article, and when so
awn shall be deposited to the credit of
e state comptroller on account of the
state to be applied to the tax
nds or other securities to be deposited
th the tax commission pursuant to this
ction shall be turned over by it to the
state treasurer for safe keeping.

§ 23. This act shall take effect July
st, nineteen hundred and twenty-one.
State of New York, Office of the Secre-
ty of State, ss:

I have compared the preceding with
is original law on file in this office, and
do hereby certify that the same is a cor-
ct transcript therefrom and of the
hole of said original law.

JOHN J. LYONS,
Secretary of State.

LAWS OF NEW YORK.—By Authority.
CHAP. 477.

AN ACT to amend the tax law, in rela-
tion to taxes upon and with respect to
personal incomes.

Became a law May 3, 1921, with the
approval of the Governor. Passed, three-
fths being present.

The People of the State of New York,
represented in Senate and Assembly, do
act as follows:

Section 1. Sections three hundred and
sixty, and three hundred and fifty-
ight, and chapter sixty-two of the laws of
nteen hundred and nine, entitled "An
t in relation to taxation, constituting
apter sixty of the consolidated laws,"
such sections were added by chapter
hundred and twenty-seven of the
ws of nineteen hundred and nineteen,
e hereby amended to read, respectively,
follows:

§ 361. Inventory. Whenever in the
inion of the tax commission the use of
ventories is necessary in order clearly
ow the income of any taxpayer,
ventories shall be used whenever so
ayer upon such basis as the tax com-
ission may prescribe, conforming as
nearly as may be to the best accounting
actice in the trade or business and
ost clearly reflecting the income, and
conforming so far as may be to the forms
and methods prescribed by the United
tates commissioner of internal revenue
nder the act of congress known as the
evenue act of nineteen hundred and
ineteen.

§ 358. Computation of net income. 1.
he net income shall be computed upon
the basis of the taxpayer's annual ac-
counting period (fiscal year or calendar
year) in the case of a taxpayer keeping
with the method of accounting regularly
employed in keeping the books of such
taxpayer; but if no such method of ac-
counting shall be so employed, or if the
method employed does not clearly reflect
the income, the computation shall be
made upon such basis and in such man-
ner as in the opinion of the tax commis-
sion does clearly reflect the income. 2.
The taxpayer's annual accounting period
is more than a fiscal year as defined in
this article, if the taxpayer has no an-
nual accounting period or does not keep
books, the net income shall be computed
on the basis of the calendar year.

3. If a taxpayer changes his account-
ing period from fiscal year to calendar
year, from calendar year to fiscal year,
or from one fiscal year to another, the
tax commission shall, with the approval of
the tax commissioner of internal reve-
nue, so compute the net income on the
basis of such new accounting period, sub-
ject to the provisions of section three
hundred and twenty.

§ 2. Section three hundred and sixty
of such chapter, as added by chapter six
hundred and twenty-seven of the laws of
nineteen hundred and nineteen and last
amended by chapter six hundred and
twenty-seven of the laws of nineteen hun-
dred and twenty, is hereby amended to
read as follows:

§ 360. Taxable net income. 1. In the
case of a taxpayer other than a resident
of the state the deductions shall be al-
lowed only if, and to the extent that,
they are connected with income arising
from sources within the state, and the
proper apportionment and allocation of
the deductions with respect to sources of
income within and without the state
shall be determined under rules and reg-
ulations to be prescribed by the tax com-
mission.

§ 3. Section three hundred and sixty-
three of such chapter, as added by chap-
ter six hundred and twenty-seven of the
laws of nineteen hundred and nineteen
and last amended by chapter six hundred
and twenty-seven of the laws of nineteen
hundred and twenty, is hereby amended
to read as follows:

§ 363. Credit for taxes in case of tax-
payers other than residents of the state.
Whenever a taxpayer other than a resi-
dent of the state has become liable to in-
come tax to the state or country where
he resides upon his net income for the
taxable year, derived from sources within
the state and subject to taxation under
this article, the tax commission shall
credit the amount of income tax payable
by him under this article with such pro-
portion of the tax payable by him to
the state or country where he resides as
his income subject to taxation under
this article bears to his entire income
subject to tax under this article, upon
the state or country was imposed;
provided that such credit shall be al-
lowed only if the laws of said state or
country (1) shall substantially conform
credit to residents of this state subject
to income tax under such laws or (2) im-
pose a tax upon the personal incomes of
its residents which is substantially the
same as or more exempt from taxation the per-
sonal incomes of residents of this state.
No credit shall be allowed against the
amount of the income tax imposed by
this article which is exempt from
taxation under the laws of such other
state or country. This section as amended
shall apply to taxes in the year nine-
teen hundred and twenty-one and year
thereafter.

§ 4. Section three hundred and sixty-
four of such chapter, as added by chap-
ter six hundred and twenty-seven of the
laws of nineteen hundred and nineteen,
is hereby amended to read as follows:

§ 364. Partnerships. Individuals car-
rying on business in partnerships shall
be liable for income tax only in their in-
dividual capacity. There shall be in-
cluded in computing such income in
each case his distributive share,
whether distributed or not, of the net in-
come of the partnership for the taxable
year, or, if his net income is computed
on the basis of a period different from that upon the
basis of which the net income of the
partnership is computed, then his distrib-
utive share of the income of the part-
nership for any accounting period of the
partnership ending within the fiscal or
calendar year upon the basis of which
the partner's net income is computed.
Taxpayers who are members of partner-
ships may be required by the tax com-
mission to make a return stating the
gross amount of their profits of
the partnership for any taxable year.
The net income of the partnership shall
be computed in the same manner and on
the same basis as provided in computing
the net income of individuals except that
the deduction provided in subdivision ten
of section three hundred and sixty shall
not be allowed and the credits provided
for in section three hundred and sixty-two shall be allowed only
to the individual partners.

§ 5. Section three hundred and sixty-
six of such chapter, as added by chapter
six hundred and twenty-seven of the
laws of nineteen hundred and nineteen
and last amended by chapter six hundred
and twenty-seven of the laws of nineteen
hundred and twenty, is hereby amended
to read as follows:

§ 366. Information and payment at
sources. 1. For the calendar year nine-
teen hundred and twenty, and for each
calendar year thereafter, every withhold-
ing agent shall deduct and withhold from
any wages, compensation, salaries, profits,
fixed or determinable annual or period-
ical compensation of whatever kind and
in whatever form paid or received, earned
by any taxpayer for personal services
and taxable under this article, of which
he shall have control, receipt, custody,
disposal or payment, the following
amounts: one per centum of the first ten
thousand dollars or less, two per centum
of the next forty thousand dollars, three
per centum of the excess over
fifty thousand dollars, by which the
amount of such compensation paid or to
be paid in the calendar year, or such
withholding agent or such taxpayer, ex-
ceeds the amount of the exemptions
granted to such taxpayer under section
three hundred and sixty-two of this
chapter as shown by certificates filed
with the withholding agent in form to be
prescribed by the tax commission, and
fifty-three hereof, supplied to de-
liver to employees of the withholding agent
a receipt showing the amount of
tax withheld from such taxpayer during
the preceding year, or such other
information as may be required by the
tax commission, and to file with the
withholding agent a receipt from each
such taxpayer