ties is the same as that prescribed by Part XV of the Criminal Code, relating to summary convictions.

All expenses incurred by the government in the administration of the act are to be defrayed out of appropriations made by parliament for that purpose.

M. A. S.

Inheritance Taxation. A great majority of the States have passed legislation taxing inheritances either direct or collateral, or both. Pennsylvania began as early as 1826 to tax property inherited by collateral heirs, and Virginia and Maryland followed in 1844 and since then nearly all of the States have passed laws relating to this subject. A majority of the laws now in force taxing collateral heirs have been passed or modified since 1900, and nearly all the laws taxing direct heirs have been passed or amended since that date. The present law in Idaho was passed in 1907; it imposes a tax on property inherited by both direct and collateral heirs. The Texas law was passed about the same time and imposes a graduated tax on property inherited by collateral heirs only (Laws 1907, p. 496). Massachusetts has had a collateral inheritance tax since 1891, but in 1907 this law was made more complete by a tax on direct heirs (Laws 1907, c. 563). Connecticut and New Hampshire have added minor amendments to their laws already in force, and West Virginia by a few minor changes in the law as enacted in 1887 now imposes a tax on property inherited by direct as well as by collateral heirs (Laws 1907, c. 55).

The Idaho law is very similar to the present Wisconsin law. The rate of taxation depends upon the relationship and upon the amount inherited, and not upon the size of the estate. The law applies to all property transferred by deed, grant, sale or gift, made in contemplation of the death of the grantor, or intended to take effect after his death. The whole system is rather complicated with its exemptions, groups, rates and relationships, but the general plan is simple enough, and it may best be understood by considering the relationships, exemptions and primary rates first. The primary rates apply only to property or beneficial interest exceeding the exemption which applies to the group, and not exceeding $25,000. By using the relationship group as the base, we get the following classifications:

1. If the person entitled to any beneficial interest in the property is a husband, wife, lineal issue, lineal ancestor of the decedent, or any child adopted as such in conformity with the laws of the State of Idaho,

the rate is 1 per cent on the clear value of his interest in the property. In this relationship group, property to the clear value of $10,000 transferred to the widow or to a minor child of the decedent, and $4000 transferred to all other persons within the group, is exempt.

2. If the person receiving or inheriting is a brother or sister, or a descendant of a brother or sister, a wife, or widow of a son, or the husband of a daughter of the decedent, the rate is $1\frac{1}{2}$ per cent. In this group, property to the clear value of $2000 transferred to each person is exempt.

3. If the person receiving or inheriting is a brother or sister of the father or mother, or one of their descendants, the rate is 3 per cent, and within this group property is exempt, to the clear value of $1500 to each person.

4. If the person receiving or inheriting is a brother or sister of the grandfather or grandmother or one of their descendants the rate is 4 per cent, and within this group exemption of property is made to each person to the clear value of $1000.

5. If the person receiving or inheriting is in any other degree of collateral consanguinity than those included in the groups mentioned, or is a stranger in blood or a body politic or corporate, the rate is 5 per cent and property to the clear value of $500 transferred to each person and corporation is exempt.

The rates here given are known as the primary rates and apply only to property inherited under $25,000 in amount and over the exemption provided for in each group or subgroup. When the market value of the property or interest exceeds $25,000, the rate of tax on the excess is as follows: Upon all in excess of $25,000 and up to $50,000, one and one-half times the primary rate; upon all in excess of $50,000 and up to $100,000, two times the primary rate; upon all in excess of $100,000 and up to $500,000, two and one-half times the primary rate; upon all in excess of $500,000, three times the primary rate. The amount of the tax depends on two things, the relationship and the amount inherited, and never on the size of the estate of the decedent.

Property transferred to societies, corporations, and institutions exempted by law from taxation, or to any corporation or society engaged in or devoted to any charitable, benevolent, educational, public or other like work, is exempt from taxation under the provisions of the law.

The tax is due and payable at once, but if paid within six months a discount of 5 per cent is allowed. If the estate cannot be settled within a year, due to claims or other unavoidable causes of delay, the probate

court may extend the time of payment. Any administrator, executor or trustee having charge of the distribution of the legacy or property, deducts the tax from the legacy or property or collects the tax from the legatee or person entitled to the property. The administrator has power to sell enough of the estate to pay the tax, and the property cannot be delivered to the person inheriting it until the tax has been paid. The money retained by the administrator or paid to him is turned over to the county treasurer and he in turn pays it to the state treasurer and it becomes a part of the general fund of the State. If the tax is not paid, it becomes the duty of the judge of the probate court to issue a citation to any person owning an interest in the property liable to the tax to appear in court and show cause why it should not be paid. The treasurer of the county has a similar right, and if he believes that any tax is due and unpaid, he must notify the county attorney and it becomes his duty to prosecute the proceedings in the probate court. Every officer who fails, neglects, or refuses to perform any and all duties required by the provisions of this act, must forfeit to the State of Idaho the sum of $10,000. Such is the Idaho law. It is minute, comprehensive, and clear, and will probably stand the test of constitutionality if a trial is made.

The Texas law applies to all property passing by will or descent or by grant or gift, except that passing for the use of father, mother, husband, wife or direct lineal descendants, or to be used for charitable, educational or religious purposes. If the property is inherited by a lineal descendant or a brother or sister, or a lineal descendant of a brother or sister, the tax is to be 2 per cent on any value in excess of $2000, and not exceeding $10,000; 2½ per cent on any value in excess of $10,000, and not exceeding $25,000; 3 per cent on any value in excess of $25,000, and not exceeding $50,000; 3½ per cent on any value in excess of $50,000, and not exceeding $100,000; 4 per cent on any value in excess of $100,000, and not exceeding $500,000; and 5 per cent on any value in excess of $500,000. If the property is inherited by an uncle or aunt, or a lineal descendant of an uncle or aunt of the decedent, the tax is to be 3 per cent on any value in excess of $1000, and not exceeding $10,000; 4 per cent on any value in excess of $10,000, and not exceeding $25,000; 5 per cent on any value in excess of $25,000, and not exceeding $50,000; 6 per cent on any value in excess of $50,000, and not exceeding $100,000; 7 per cent on any value in excess of $100,000, and not exceeding $500,000, and 8 per cent on any value in excess of $500,000. If the property is inherited by any other person, natural or artificial, the tax is to be 4

per cent on any value in excess of $500, and not exceeding $10,000; 5½ per cent on any value in excess of $10,000, and not exceeding $25,000; 7 per cent on any value in excess of $25,000, and not exceeding $50,000; 8½ per cent on any value in excess of $50,000, and not exceeding $100,000; 10 per cent on any value in excess of $100,000, and not exceeding $500,000, and 12 per cent on any value in excess of $500,000. The same results are obtained by this method as are obtained under the system of primary rates, as used under the Idaho law.

Administrators are required to file an inventory of the estate in the county court within three months after their appointment. The property is appraised either by two disinterested appraisers or by the county judge, and when it is appraised the county judge fixes the amount of the tax and the administrators deduct or collect the amount of the tax before delivering the property inherited. The amount collected under this act is paid to the state treasurer by the collector of taxes of each county.

In Massachusetts under the present law, adopted June 27, 1907, all property, corporeal and incorporeal, which passes by will or by the laws regulating intestate succession, or by deed, grant, or gift, except in cases of bona fide purchase for full consideration, is with certain exceptions, subject to a tax of 5 per cent on its value for the use of the commonwealth. The first exception made is for property given for the use of charitable, educational or religious societies or institutions, the property of which is by law exempt from taxation, or for property given in trust for any charitable purpose or for the use of any city or town for public purposes. Exceptions are also made depending upon relationships and such relationships are divided into two classes, A and B. Class A includes the husband, wife, lineal ancestor, lineal descendant, adopted child, the lineal descendant of any adopted child, the wife or widow of a son or the husband of a daughter of a decedent. Property inherited by a member of class A is subject to a tax of 1 per cent on its value for the use of the commonwealth, if the value does not exceed $50,000; to a tax of 1½ per cent if its value exceeds $50,000 and does not exceed $100,000, and to a tax of 2 per cent if its value exceeds $100,000. Class B includes the brother, sister, nephew, or niece of the decedent, and property inherited by them is subject to a tax of 3 per cent on its value for the use of the commonwealth, if the value does not exceed $25,000; to a tax of 4 per cent if its value exceeds $25,000, and does not exceed $100,000, and to a tax of 5 per cent if its value exceeds $100,000. No distributive share of an estate passing to a husband, wife, father,

mother, child or adopted child of the deceased, is to be taxed unless it exceeds $10,000 in amount, and no other distributive share is to be taxed unless its value exceeds $1000. In the former case, there must be a clear value of $10,000, and in the latter case a clear value of $1000 left after the tax is paid.

Massachusetts has taken into consideration the fact that other States have laws taxing inheritance and that conflicting jurisdictions will result unless proper exemptions are made for the property of residents and nonresidents.

An executor, administrator or trustee holding property subject to the provisions of the law must deduct the tax or collect it from the legatee or person entitled to the property, and the property cannot be legally delivered until the tax has been deducted or collected. The probate court may authorize administrators to sell the real estate of a decedent for the payment of the taxes. An inventory and appraisal under oath of every estate must be filed in the probate court or with the tax commissioner by the administrator within three months after his appointment. If recorded with the register of probate, it becomes his duty to file the inventory and appraisal in his office and send a copy to the tax commissioner. The tax commissioner then determines the value of the property and notifies the persons liable for the payment of the tax. His decision is not final and if any party interested in the succession, or the administrator wishes, he may make application to the probate court and have one or three disinterested appraisers appointed, who appraise the property at its actual market value. If the court finds that any tax remains unpaid, it becomes its duty to order the administrator to pay the tax, and no final settlement of an administrator's accounts can be allowed by the probate court unless the accounts show that all taxes have been paid on the property inherited.

The amendment as passed in Connecticut makes provision for property which belonged to deceased persons, nonresidents of the State. The law applies to all real estate and to tangible and intangible personal property and to stocks and bonds of corporations organized and existing under the laws of Connecticut, if the State in which the decedent resided imposes a similar tax. It is a minor amendment made necessary by conflicting jurisdictions.

The New Hampshire amendments correct some of the defects in the law as enacted in 1905 (c. 40), and especially improve the machinery of administration and collection. The administrators are required to make a more detailed statement of the heirs and their relationship to the

decedent, and the register of probates is required to send a copy of every will containing legacies which are subject to a tax under the law, to the State treasurer. The most important amendment to the New Hampshire law pertains to the collection of the tax; it is here that the inheritance tax laws of most of the States are defective. The drafting of the law with all its details is simple enough compared with the real difficulty of carrying out its provisions. This is particularly true of the inheritance tax laws of the American commonwealth. New Hampshire has attempted to remedy this defect by authorizing the state treasurer to employ a suitable person to assist in the collection of the tax and to represent the State in all litigations dealing with the collection (approved April 5, 1907).

West Virginia has had a collateral inheritance tax for some time, and by amending two sections of the law has provided for a direct inheritance tax as well. The law, as amended, applies to the transfer of all property except such as is given for educational, literary, scientific, religious or charitable purposes or to the State or county or municipal corporation for public purposes. The tax is graduated according to relationships and not according to amounts. Property inherited by direct heirs is exempt to the amount of $20,000, and after that is subject to a tax of 1 per cent on its market value.

The principle of the inheritance tax is generally recognized as sound and if the law is carefully worded and the revenue provisions of the constitutions are not too narrow, the law is seldom declared unconstitutional by the courts. The tax is not often justified on the grounds that it is the State's best and only chance to make the personal property of the rich contribute its just share toward the support of the government, but rather, on the ground of the ability and minimum sacrifice theory of taxation.

ROBERT ARGYLL CAMPBELL.

National Incorporation of Associations doing Inter-State Business. A bill (S. 383) was introduced into congress on December 4, 1907, to provide for the incorporation, control, and government of associations organized to carry on business, entering into, or becoming a part of, interstate commerce.

Liquor Traffic. A bill (S. 46) providing that the federal government shall not grant liquor tax receipts to persons residing in prohibition territory, State or local, was introduced into congress December 4, 1907. If this bill is enacted, it will facilitate the enforcement of pro-