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Investors' Tax Planning: A Guide to Tax Savings for the Family Group (Book Review)

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INVESTORS' TAX PLANNING: A GUIDE TO TAX SAVINGS FOR THE FAMILY GROUP.
By John P. Allison. New York: Fallon Law Book Company, 1946. Pp.
xvi, 422. \$5.00.

This book is really a bird's eye view of the Internal Revenue Code. The vantage point may be that of the investor, but that does not mean that the discussion is limited to that one type of taxpayer nor to just a few selected sections of the act. There is hardly a taxpayer who at some time or other is not concerned with problems of interest and dividend income, real estate income, the taxability of insurance proceeds and capital gains and losses. Seven chapters are devoted to these important classes of income. In the two chapters devoted to deductions, one is on the subject of worthless investments and mortgage's losses and another on the deduction of expenses, interest and taxes. There is an especially good chapter entitled "Accumulation of Wealth" in which the author discusses problems of division of income through joint ownership and trusts for wives and minor children. This particular problem has been settled somewhat by reason of the privilege afforded to husbands and wives to split their income for tax purposes. This chapter includes also gift and estate tax problems resulting from the creation of trusts.

In recent years the taxation of income of non-resident aliens has had some special significance chiefly because so many individuals in that category have been living in the United States through the war years. A good chapter is devoted to the non-resident alien from the investor's standpoint. This chapter discusses the foreign corporation, a number of the reciprocal treaties as well as gift and estate tax problems affecting the non-resident alien.

For the reason that the emphasis is upon the investor the book contains much valuable information on security transactions. Such abstruse problems as puts and calls, arbitrage and trading in securities on a when issued basis are clarified so that even the taxpayer himself can understand them. One gets the impression after reading the book that the many technical and fine provisions in the law can be stated in terms that the average taxpayer can understand. For example, in the discussion of capital gains and losses the author defines basis as "the investment in an asset which a taxpayer may recover tax-free." The investor can see that quite clearly. He need not wade through the sections of the law and regulations that deal with substituted and adjusted basis, the effect of a stock dividend on basis, etc.

The difficult problems of when issued trading are illustrated by examples. Tax practitioners have often been troubled by the problem of classifying a taxpayer as an investor, trader or dealer. The differences in tax treatment are adequately covered in the chapter on Securities. Each chapter is documented at the end with references to law, regulations and cases.

It is the intention of the author to keep the book up to date as changes in the law and the court decisions alter provisions with respect to taxability of income and allowances of deductions. In fact, a new edition of the book is in process.

In the opinion of this reviewer, the book meets the purpose of personal guide to tax savings. Tax advisers should add this book to their tax library.

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