Honorable Walter F. George  
Chairman, Senate Finance Committee  
United States Senate  
Washington, D. C.

My dear Mr. Chairman:  

There has been brought to my attention by a very reputable constituent a question concerning application of the excess profits tax to increased tax liability resulting from termination of the depreciation period for business equipment and real property improvements.

It has been pointed out to me that this increase in tax liability is in no way attributable to the war or the defense effort. It is a normal increase in tax liability. It is, therefore, suggested that such an increase should not be made subject to the provisions of the excess profits tax nor made the taxpayer more liable to the excess profits tax than he otherwise would be.

I am further informed that thousands of property owners will be affected by this situation. They will have an increase in accounting profits, but no increase in actual profits thereon. Yet they will be subject to the excess profits tax. The constituent who brought this matter to my attention proposes that provision be made for the exemption from the excess profits tax computation of tax liability due to the termination of the depreciation period for real property improvements and business equipment.

I am not in a position to judge this proposal in relation to all of the other proposals before your Committee, but I certainly urge that consideration be given to this situation so that corrective action may be taken if it is deemed desirable in light of all the pertinent factors.

Very sincerely yours,