

certain sums, amounting, it may be, to considerable items in the aggregate, may come temporarily into the possession of these corporations and be paid out again without representing either income or expenditure. Thus one public service corporation may act merely as agent for another, as in accepting moneys for services to be rendered by one or more companies beyond its own. But these sums can be easily ascertained as they are all matters of record in the books of the corporations.

Where net income can be ascertained it is in many respects the best basis for taxation. Net income, however, is very difficult to determine from year to year with sufficient accuracy for purposes of taxation. Endless discussion and dispute is certain to arise, and many opportunities for evasion are presented in connection with attempts to define what may or may not be legitimately deducted from gross income in order to arrive at true net income. No doubt if a uniform system of accounting can be established for public service corporations, toward the accomplishment of which the statistical department of the Interstate Commerce Commission is making laudable efforts, a fair approximation to net income would be possible. Although it is demonstrably absurd to insist that corporations must necessarily be taxed on the same basis as private individuals, it is not unreasonable to maintain that corporations should contribute their equitable share to the public revenue. If, therefore, the private individual does not escape taxation on property on which he may derive no net revenue, neither can the corporation which has no net revenue escape taxation any more than it can avoid paying customs duties on its imports. And what applies where there is no net income will apply with much the same force where there is very little net income. Even, therefore, if we could determine with perfect accuracy what the net revenue of a corporation was it might not be an admissible basis for taxation, or perhaps, more accurately, for the escaping of taxation.

It has been proposed as a sort of compromise between net and gross income, as a basis of taxation, that public service corporations should be taxed on the basis of the combined dividends paid on stock and interest paid on bonds, it being assumed that these returns represent between them what is

