method of dring this at an carly day, but by substitu-ting for them coulds which, being payable principal and interest in Europe, will be less likely to be re-turned when men record is the least desired. The hot-

ting for these conds which being payable prinched and interest in Foropo, will be less desired. The hotders of our-securities in harrye are now subject to great member of our securities in harrye are now subject to great memberoelence and not a little expense in collecting their coupons; and it is supposed that 5 per cent, or persups four and a hair per cent, conds, payable in London or Frankfork, could be substituted for our six per cent, without any other expense to the United States than the triffing commissions to the acoust through whom the exchances might be made. The saving of interest to be thus effected would be no inconsiderable item; and the advantages of having our bonds in Europe placed in the hands of actual investors is too important to be disregarded.

Fifth. The lifth and last remedy suggested is, the rehabilitation of the States recently in insurrection.

In alluding to this subject, the Secretary feels that he steps upon dangerous ground, and that he may be charged with introducing a political topic in a financial report; but, in his opinion, there is no question of the states of the counter states. Embracing, as they do, one-third part of the riemest in das of the country, and producing articles of great value for home use and for exportation to other countries, their position with regard to the General Government cannot remain unsettied, and their in institution of the position with regard to the production of their great staples as must necessarily affect our revenues, and render still more unsatisfactory than they now are, our trade relations with Europe. As long as the present anomalous condition of their great staples as must necessarily affect our revenues, and render still more unsatisfactory than they now are, our trade relations with Europe. As long as the present anomalous condition of their distinction of their industry will be restored or their productions increased. On the contrary, there is reason to apprehend that until harmonious relations again exist between the Federal Gove the South is unsettled? Can the national credit be elevated and the public debt he rapidly reduced unless the Southern States shall largely contribute to the public revenues; and can such contributions be relied upon as long as they remain in their present distranchised cond tion? Will the tax-payers of the North continue to be patient, unless their burdens of faxation can be lessened by being equally shared by the people of the South? Regarded thus as a purely financial question, the relation of these states to the Federal Union is an exceedingly interesting and important one, and as such is demands the calm and careful consideration of Congress.

one, and as such it demands the calm and careful consideration of Congress.

The Secretary has thus presented in such manner as his pressing official duties would permit, his views of the financial condition of the country, the causes of thouble, present and prospective, and the remedies for the same. If these remedial measures shall be approved by Congress, and enforced by appropriate legislation, he is confident that specie payment may be resumed by the time our interest-bearing notes are retired, which must be done in less than two years, and probably will be in a much shorter period.

These measures look to an increase of labor, and consequently of production—to a fulfillment of obligations by the Government and the banks—to a reduction of the public debt at the same time that taxes are

These measures look to an increase of labor, and consequently of production—to a fulfillment of obligations by the Government and the banks—to a reduction of the public debt at the same time that taxes are being equalized and lessened—to lower prices, and apparently barder, but really more prosperous times—to a restoration of specie payments without the fluancial troubles which usually precede a resumption after a long period of suspension and inflation. The Secretary does not mean to assert that the adoption of all these measures fulthough he regards each as important) is absolutely necessary to a return to specie payments, nor that other remedies may not be adopted by Congress to rescue the country from impending financial tyoubles. He presents, as he considers it to be his duty to do, his own views, and asks that they may receive careful consideration, and be adopted if they commend themselves to the wisdom of Congress, and rejected if measures better calculated to secure the desired end can be devised. The most sanguine and hopeful must perceive that the business of the country cannot for a much longer time be run upon the present high level with safety. The speculative interest, large and powerful in itself, is receiving daily new accessions of strength by the Increase of individual credits; and when speculators and debtors control the, financial policy of the country a financial collapse is inevitable. These untoward and dangerous influences can now be resisted, and the true interests of the people require that they should be resisted promptly and decisively.

Unsatisfactory, as is, in many respects, our condition, there is cause for congratulation that we have thus far escaped those severe financial troubles which usually be fail mations at the close of expensive and protracted wars. With our vast resources and the buoyant and persistent energy of a free people, it will be our own mult if we do not escane them altogether.

The Secretary has pointed out the financial dangers around and befur an outer that

Atter a careful survey of the whole field, the Sur retary is of the opinion that specie payments may be resumed, and ought to be resumed, as early as the first day of July, 1868, while he indulges the hope that such will be the character or future legis-

18,415,000-00 Bonds, 5 per cer t., due in 1874... E onds 5 per cent., que in 1871... 20,000 000 00 7 022 000 00 Bonds 6 per cent, due in 8,908,841 80 Bonds, 6 per cent., que in 1667 and 1868.... 9.415,250.00 159,012,140.66 806, 51 550-00 983 587 281-90 Bonds, Texas indemnity, pas: due, not presented.. Bonds Treasury notes etc., pas: due, not presented.. \$559,000 00 3 815 675 80 Temporary loan, ten days' 120 176 196 65 notice..... ertificates of indebtedness, past due, not presented... 26,391 000 00

146.567 196-65 United States notes...... 840 891 368 00 Fractional currency...... 27 070,876 96 Gold certificates of deposit 10,713 180 00 Total..... 82 783 425 879 21 Cash in Treasury, \$132 887 549-11. Statement of the public debt, October 31 1865, exclusive of eash in Treasury. Bonds, 10-40s, 5 per cent., due in 1904. Bonds, Pacine Railroad, 6 per cent., due in 1856 and 1896. 5171 069 350-00 8,882,000 00 Bonds. 5 20s. 6 per cent , due in 1882, 1884 and 1885. Bonds, 6 per cent , due in 823,944,000:00 1881... Bonds, 6 per cent . due in 265,324,750-00 Bonds, 5 per cent., due in 18,415,000 00 Bonds. 5 per cent., due in 1871. 20 000 000 00 Navy pension tund 6 per ct. - 61,327 405 100-00 Bonds, 6 per cent , due in Bonds, 6 per cent., due in 8.230 941:80 7 743,800-10 Compound interest notes, due in 1867 and 1868 7-30 Treasury notes, due in 1867 and 1868..... 148 512,140 00 724,014,300 00 888 860 188 90 Bonds, Texas indemnity, past due, not presented. Bonds. Treasury notes, temporary loan certifi-cases of indebtedness, etc. past due, not presented. 384,000-00 36.604.9/9-21 38 938 009-21 United 5 tates notes...... 1390,195 785-79 Fractional currency 27.888 010 33 Gold certificates of deposit. 10.896,980 tu

Total 82.(81.636 966-31 Cash in Treasury. \$130,326 960 62. The Secretary estimates that the receipts for the three quarters ending June 30, 1867, will be as fol-| Lows | Low The expenditures, according to h's estimates 88 864 657-05

All the last of the party of the last of the

have been reduced, by the passage of the bill for their reorgan ration, which was under consideration at the last session. The much very of the Department, sufficient for the prompt and proper performance of the tub ic business before the war, is in inficient now. The Bureaus need reorganization, and justice and economy demand higher compensation to efficient and clerks.

The Secre any is under obligations to the officers and clerks of the Department for the very satisfactory manner in which, with few exceptions, they have, during the past year, performed their important and responsible duties. For the Navy Department 23,144 8:0-21 For interest on the public 105 551,512-00

The expenditures are esumated as fo lows:—
or the civil service..... \$50.067 342 08
or pensions and Indians. 25 388 489 09

lines. However the political problem may be setved, it is

coast, and on the takes have been diligently and usefally employed in preventive service during the last year.

It was found inexpedient to sell, as authorized by Congress at its last session, the vessels here-tofore reported as unsultable for the custer service (with the exception of the Cayahoya, the largest of the class, which has been offered for sate, but has not yet been disposed of), until their places should be supplied by others. Consequently they have been kept on active dury, and will not be withdrawn until the small salling vessels, eight in number, which have been recently contracted for, shall be completed, as they are expected to be, in the course of two or three months. So soon as these can be assigned to duty the others will be withdrawn and sold.

On the 2d day of August last, in accordance with the provision contained in the Civil Appropriation act, approved on the 28th of July, 1866, Mr. J. Ross Browne was appointed a special commissioner to collect reliable statistical information concerning the gold and silver mines of the States and Territories west of the Rocky Mountains; and on the 12th day of September last, Mr. Jas, W. Taylor was appointed a commissioner to perform the same work in the States and territories east of the mountains. Their preliminary reports have not yet been received, but it is expected that they will be in season to be laid before Congress early in the session. The well known energy of these gentlemen, and their fundiarity with the subject of mines and mining, leads the Secretary to expect that their investigations will be thorough, and their full reports interesting and valuable. A copy of the instructions (which contain an outline of the dutes devolved upon them) accompanes this report.

On the 3d day of June last, Mr. John Jay Knox, a

valuable. A copy of the instructions (which contain an outile of the dutes devolved upon them) accompanies this report.

On the 3d day of June last, Mr. John Jay Knox, a clerk in this Department, a gentieman of excellent judgment and business habits, was sent to California to examine into the condition of the Mint and of the office of the Assistant Treasurer in San Francisco, and to look after some other matters in that quarter of interest to this department. His report contains so many valuable suggestions that it has been thought advisable to append it to the report of the Director of the Mint. Particular attention is requested to that part of it which refers to assay effices, and their isutility in remote districts. If, as he concludes, the business of assaying can, not only without detriment, but with positive advantage to the mining interest, be in entirely to private enterprise where there are no established mints, the Government should be disconnected from it in such districts without delay.

The Statistical Bureau, authorized by the act entitled "An act to project the revenue, and for other purposes," approved July 28, 1866, was organized on the fifth day of September last, by the appointment of Mr. Alexander Delmar as Director. Mr. Delmar deservedly enjoys a high reputation as a statistician, and it is expected that, under his direction, this Bureau will be of great benefit to this Department and to the country.

After putting in proper conditition the numerous

and it is expected that, under his direction, this Rurerau will be of great benefit to this Department and to the country.

After putting in proper conditition the numerous be obs relating to commerce and navigation, which I ave been transferred to this Bureau, the Director will prepare reliable statistics of the resources of the country and the extent to which they are being developed. Monthly reports of imports and exports, taxes, imposts, wages, products and markets will also be regularly prepared, and every means employed to ascertin the progress of population and industry. The Secretary is happy to be able to state, although little more than two months have elapsed since the Bureau was organized, that good progress has been made in the work devolved upon it.

Accompanying this report will be found a highly interesting report from the Lighthouse Board, which presents in a condensed form a history of their operations from 1822, the date of the organization of the Board, to the present time. In no branch of the service have more skill and ability been displayed than in this, and in none have the outlays been productive of more satisfactory results.

The work under the Coast Survey has been prosecuted during the past year with accustomed energy, and its operations have been recommenced on the coast where they have been for some years past interrupted. The importance of these surveys was only established during the recent civil war, and they cannot fall to be of constantly increasing value to commerce. The work is steadily advancing towards completion, and the Scretary recommence for it the proper and necessary appropriations.

For the detailed operations of the Mint,

For the detailed operations of the Mint and branches, I respectfully refer to the report of the Director of the Mint.

The total value of the buillion deposited at the Mint and branches during the fiscal year was \$38,947,156*88.

of which \$37,223,540*17 was in gold and \$1,723,516*71 in silver. Deducting the redeposits, the amount of actual deposits is \$31,017,15213.

The coinage for the year was in gold coin, \$25,313,94*90; gold bars, \$9,115,456*46; silver coin, \$850,204*75; silver bars, \$914,987*08; cents coined, one, two, three and five-cent pieces, \$646,570. Total coinage, \$29,544.779*40. Total bars stamped \$16,681,887*50.

The gold deposits, of domestic production, were, at Polladelphia, \$2,815,666; Benver, \$100,08794. The sliver deposits were, at Philadelphia, \$56,118*81; San Francisco, \$623,682*21; New York, \$213,481.

The gold and sliver deposits of foreign production were \$2,047,674*78.

The amount of gold coined at the Mint at Philadelphia was \$10,096,665 as San Francisco, \$13,217,300 of sliver to the plan was \$10,096,665 as San Francisco, \$13,217,300 of sliver to the latest at 18th decimals.

were \$2.47,87478.

The amount of gold coined at the Mint at Philadelphia was \$10.092.45; as San Francisco, \$13.217,300; of silver, at Philadelphia, \$2.09.31,700; at San Francisco, \$230,850; of bronze and nickel and coppers, at Philadelphia, \$820,3470; at San Francisco, \$230,850; of bronze and nickel and coppers, at Philadelphia, \$820,24700.

The law chacted at the last sension of Congress, previding for the reorganization of the system of appraisements at the port of New York has been carried into effect. So little time has elapsed since the new Board was organized, that the necessary reforms have not yet leeu consummated; but they have been undertaken with so much energy and judgment by the Appraiser, Mr. Thomas McElrath, that the best results are confidently anticipated from the reorganization.

Recent calamities at sea, especially the disaster to the steamship Evoluge Star, on the third of October last, whereby two hundred and fifty lives were lost, indicate a necessity for the enactment of judicious laws for the government of our mercantile marine, with especial reference to the more complete security of passengers. It is believed that in this particular we are far behind some other mathons; and while this is it e case we shall not attain that maritime strength and prosperity to which we should aspire.

An loquiry into the cause of the disaster to the Eccaing Star, made by Captain W. M. Mew, under instruction from this Department, elicited several facts, to which carnest attention is invited, showing as they do the radical defects in existing laws, and indicating the legislation required to prevent toss of life and to enhance the value and security of property in ships, A cony of Captain Mew's report is herewith transmitted.

The attention of Congress is respectfully called to the accomment in the security of the

The attention of Congress is respectfully called to the accompanying interesting reports of the beads of the respective Bureaus, all of which contain valuable information and suggestions, and indicate the satisfactory masner is which the general business of the Department is being conducted under existing laws and regulations. The efficiency of all the Bureaus would, however, have been greatly increased and the expenses thereof would doubless

LIVE ATTEC THE SECRETARISM SHOWS LEFT TO

espectfully refer to the report of the Director of the

tant and responsible duties.

Huan McCullocn, Secretary.

Hon. Schuyler Cellax, Speaker of the House of

110 861,961 89 30 251,635 26 REPORT OF THE COMMISSIONER OF INTERNAL REVENUE. 133,678 243-00 #350,347,641-32

TREASURY DEPARTMENT OFFICE OF INTERNAL REVE-Leaving a surplus of estimated receipts over estima ed expenditures of......... \$85.752,358.68 NUE WASHINGTON, November 30 1866 - I have delayed the preparation of my annual report for the fiscal year In regard to the commercial intercourse between the United States and British America, the Secretary adheres to the general apinton expressed in his report of 1865, that until our revenue system is fully revised and adjusted to the financial situation of the country, this subject should not be placed beyond the country, this subject should not be placed beyond the country of the control of Congress, but should be list to concurrent legislation and such regulations as the Treasury Department may be authorized by law to prescribe. Another reason for arrangements thus flexible is presented by the uncertainty of the political situation of British America. The scheme of confideration, which proposes to transfer questions of revenue and external trade to a single central anticority, has not been adopted, and the opposition to the measure may prevail with the new ministry of England, either to modify materially the terms of the Quebec Convention, or to subject the whole massure to the hazards of a popular vote in the Provinces. 1866 somewhat pass the time when equired by law, in order to avail myself of the latest returns from the officers of the several collection districts, and to present so far as possible, some of the results of the law as amended by the act of July 13, which mainly took effect on the lator august last.
With the single exception of the relief of paraffine

oil and crude petro eum from tax by the joint resolution of May 9, 1866, the receipts of the last fiscal year were from the law as amended by the act of March 1865 For the first time, therefore, in the history of the office, the tabular statements comprised in its annual report substantially exhibit the proceeds, from various ources, of statutes existing through an entire year since to the hazards of a popular vote in the Provinces.

However the political problem may be solved, it is not unlikely that when the United states shall have simp field existing methods, and reduced existing rates of taxation, so as to receive the largest amount of revenue with the least burden to industry. British America will be prepared to undertake a system of public improvements along the channel of the St. Lawrence and through Northwest British America to the Pacific coast, which, by the dimencial necessities attending its adoption and the administration of a federal government, will suggest a Zollverein, or a complete assimilation of excise and custom duties on each side of the Northern frontier. At present, inaction upon this subject would expear to be the true polety of the United States.

Under the authority conferred by Congress at its last session, the Marine Hospitals at Burlington, Vt. at Charlesten, S. C., and at Cincinnati, Ohio, have been sold, and proceedings have been taken to dispose of others not required for service, when it shall be found possible to obtain this prices for them.

A sale has also been effected of the old Marine Hospital at Cheisen, Mass., on satisfactory terms. The new hospital building at Cheisea, and that at Cleveland, Ohio, have received such additions and repairs as were necessary to put them in serviceable condition, and all marine patients within practicable reach of them have been gathered there for treatment.

A similar plan of concentrating the patients at prominent points has been, as far as practicable, pursued throughout the country, by which, together with a rigid adherence to the fundamental principles on which relief should be afforded, the expenses of the establishment in the Northern States have been materially reduced, although the enlarged demand for hospital privileges at the South, consequent upon the recogning of that section to commerce, in connection with the very experiment prices prevailing there, will cause the total expenditures to be somewha helr aggregate amount is considerably in excess of the estimate at the date of my last report, and, as I have reason to believe, or the estimate of others who and given thought to the subject and were most sanguine of the successful operation of the law This excess came largely from manufactures stimulated by the opening of Southern markets and rom cotton, o. which there was a greater supply than was anticipat d. The amount liself is not far short of the revenue for the two years next preceding, and very considerably m excess of the British revenue for the year 1863 from customs, excise, stamps properly tax, and post office. Indeed, the entire revenues of the empire exceeded those of this office only in the sum of twenty-two mil-

tion dollars. It cannot be denied that the payment of this enormous It cannot be defined that the payment of this enormous tax has pressed heavily upon a I classes or our entrems: but they have been encouraged by the remembrance that not only were the current expenses of the Government delta; ed thereby, but that the national debt. Incurred for the preservation of the national life, was thus gradually wearing away. curred for the preservation of the national debt. In-gradually wearing away.

I have thought it advisable to present a statement of the sagregate receipts of internal revenue for the past year, and of their principal sources in connection with a like statement for the years 1864 and 1865, that compariso, a may be made of the proceeds of different laws.

AGGREGATE RECEIPTS The asgregate receipts of internal revenue were for

RECEIPTS FROM SPECIAL SOURCES. The amounts received from several of the most im-portant sources of revenue are herewith presented, win

Capital was first taxed by the act of June 30, 1864.

PALEROADS.

RAILROADS.
1864.

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REVENUE STAMPS. ARTICLES IN SCHEDULE A.

8520,28 779,90 LICENSES.

1864 87,145 388 1885 12,598,681 oreased classes of persons subject to charge under the act of 1864; the increase of the license duty upon several kinds of business and to be reassessment of whole sale dealers under the same status. The increase it is to be accepted by from the operations of the law over that portion of the South from which, prior time, it had been shut out by the Rebeition. INCOME.

The annual list, so called, comprises schedule A. licen es, and income

The receip's nor the fiscal year 1846 were mainly from the annual assessments of 1863 apon the income of 1862, heceipts of 1865 were from the income of 1863, and those of 1866 largely, from that of 1864.

I have endeavored to ascertain the precise number of persons who were assessed for an income-tax in the annual list of 1866, but the assessors' reports, especially those of the Pacific slope and other remote districts, have not all been received.

The country is now divided into two bundred and toty on section districts. From one hundred and toty on section districts. From one hundred and telephy-five of them the desired returns have been received.

Of the \$36 153 446 51 co lected in the United States up

Of the \$35 \cdot 53 440 51 co lected in the United States up to No ember first—and resorted to this office by he several collectors—\$24 788 725 16, or near, eighty-seven per centum of the entire amount was assessed in these one hundred and eighty-dive districts and of the persons who were assessed in these districts 190 183 returned an income of less than one thousand do lars 162 513 of more than one thousand and not more than five thousand dol ars; and 31 669 of over five thousand dollars. These sums were all in excess of sx hundred dollars, exemply by law from taxalish. This ratio will be che niged somewhat when the full returns are in as a greater propor ion of the larger incomes are acquired in the older States.

The who a mount received from the tax upon in comes state this passange of the law of 1862 and including the collections during the present fiscal year a ready reported to this office, is \$164.865.018 35.

RON AND STEEL IN THE VARIOUS FORMS WHICH ARE

The tax upon these articles was increased at every session of Congress until the last when it was largely reduced. The increased receipts were due no, more to the increase or production than to the additional number of articles made taxable and the increase of the dueles appet these previously taxed.

Tates were respectively changes it will be seen, are filtern cents.

The receip s from these articles it will be seen, are repidly advancing, indicating their largely increasing consumption.

GGABS AND CHEROOTS.

\$1255 421 79
1865.

\$3.474.418.21

During the year 1884 and or ten months of the year 1865 the receipts were, from specific taxes, graduated by the different values of cigars. These taxes were largely advanced in 1885, and by the act of March 1, 1865 a aniform race was imposed of ten do lars per thousand. The receipts after May 1st of that year were nimest entirely from that tax. CHEWING AND SHORING TORAGGO.

PERMENTED LIQUOUS. 92,233 719-73 3 657 181-96 DISTRILED SPIRITS.

\$25 431 797-93 15 495 401 495 20,118,573 10 | 15 685 | 10 68 | 20 68 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20 6 | 20

EXPENSE OF COLLECTING THE REVENUE.

EXPENSE OF COLLECTING THE REVENUE.

The different ways in which accounts of the various internal revenue officers are adjusted and paid make it impossible to give a per ectly accurate statement of the expense of assessing and collecting the revenue or the year 805. Many expenses incurred during the year wore not paid until after its close, and large amounts were paid on account of expenses of previous years adjusted list year.

It from an examination of the allowances made to the discursing officers, the payments on account of this office, and the statements of assessors compensation and expenses, made by the Frith Auditor of the Triasury, the expenses of the past fiscal year appear to be as follows:

Assessors compensation and expenses.

Sos 954 00

Assistant assessors compensation.

Sos 954 01

Collectors compensation and expenses.

101,710-14

Superintendents of exports and drawback.

It 114'06

Revenue agents.

120,876

Special revenue commission.

22086 96

Officers and clerks in this bureau.

277 672-71

Stamps and cotton togs.

171,499-55

Grier incidental expenses of this office.

40 96 96

The articles named in the free list of the act of July last were exempted from tax from and after the passage of the act of July last were exempted from tax from and after the passage of the act of deavored to secure from the several collectors their abstracts of collections during those months, in order to exhibit as ar as possible, the product of the new law for August and Seplember—the first two months of its operation—in connection with that of the former statute during the same time last year. Seventy—nine of the four hunored a dieghty abstracts due have not been received: but I am able to indicate very nearly what sum the total receipts will reach by giving together with the receipts reported as compared with the receipts from the same districts last year, the to all receipts from the same districts as year, the to all receipts from the same districts during september and October, 1865:—

Suo and

mon print

dist aber 1865.

otal collecti September : tober 18.5. offection same repter tober, t lothing......
t loth and all
textile fabrice
of cotton....
(loth and all
textile labrice
of wool..... \$1,714 351 64 83 634,316-24 83 7:5, 85-7 1,642,561 56 1,968 653 72 2,045 931-8 1 050 231.3-1 044 809 oo 1.836 508 46 2,420,713 22 Raw cotton.... Fermented if 789 060 43 808,698 93 1.678.271-56 59 890 26 12 681-87 14 315 40 5 557 170 84 1 353 251 68 2.121 687 20 643,994 96 994.872 13 562 570 44 481 045 70 and cheroots... smok'g& chew ins tobacco... 9 023 668 49 1 729,421 66 114,115 45 fron in its ya rious torms 823 518 29 1 775 449 99 716 492 62 881 501 27 494 970 16 5.940,242 80 conditions ... Total of manute & productions 22 572,058-2 313 966 815 41 127,635 495 77 Gross recipio as, ins. co's, etc..... 81,063 898-1 81 771 537-2 81 956 662 05 92 572,054-2 | 323 966 815 41 | 127,635 495 77

trict. The assistant assessor has afterwards to make his cerifica e to the assessor and collector, and the collect or usually awaits the enmual its from the reassor before commencing his on lections. Yet the law provides that any one who shall carry on any business or do any act mentioned in the statuts or the doing of which a special tax is imposed, without payment thereof, or without producing his receipt for such payment when called upon by any internal revenue officer, shall for every such offense, besides being liable to the payment of the tax, he subject to imprisonment or fine. Peddlers, too, engaged in busicess without payment of this ax and producing such receipt are liable to the foriethre of all the property which it ey use or employ. It is not known that hardship has arisen by the too rigo cus enforcement of the law; but wrong is liable to result or the revenue he dermaded, by the exercise of a emercy to those incimed to attempt to violate it altogether because its precise requirements cannot be regarded. The law should not make its constant violation a necessity. I accommend, therefore, that re ure a for the armian list including the register for the Seccial ax or required on the first Monday of March in ach year, and the lax to make pay the out the third in day of April following.

TEN PER CENTUM PENALTERS. The addition of t u per centum as a penalty for the nen-payment of the tax on or before a certain day is remetines a severe hardship, from which there is no relie even in cases of sickness or accident, in some instances large manufacturers punctum usually in their payments, from the rathere of a mail or the unexpected nosence of a cierk have been subjected to the payment of several thousands of dol ars.

Embarrasments would often arise to collectors if they are collected with rower taxed. ere clothed with power to add or ount the penalty at discretion, and I believe that a penalty of five per centum or neglect or refusal and interest at the rate of tweive per centum per annum from the time the tax is payable, will be amply sufficient, while from its greater equity, it will on a tou less complaint.

twelve per centum per annum nom the three the tax is payable, will be smply sufficient, while from its greater equity, it will occasion less compleme.

STECIAL TAX.

The special tax of the act of July 13, 1-66, is a substitute for the l'cense 'ax of 'he earlier laws. For evading is payment when due, the law provides imprisonment not exceeding two years and a line of not more than not exceeding two years and a line of not more than not exceeding two years and a line of not more than of one dollar only, as it is represented to this office it is in some judicial districts, regardless of circumstances, that which seems to have been considered by Congrass as an offense worthy of special punishment does not bring upon the delinquent even the amount of he penal yimpreed for isling to make a monthly return of manuscures.

I recommend that the imprisonment, except for violation by districts, rectifiers and nanuacturers of tobacce, shuff, and eigars and deaters in iquors, be also ished and that he minimum an inci of faiture or evasion of payment to fixed at ten dollars. With this chappe, relief by positive enactment should be given certain classes of persons against whom it has never been deemed necessary or just to emiorce the penal provisions of the siature.

Peddiers.—To those articles which persons are authorized to peddle without payment of special tax I recommend the addition of truits, sege ables, ples, cases and confectionery when sold by persons on toot, tams protecting many poor women and children striving to earn a livelihood, and who, in numerous instances, have been subjected to any lety and cost.

Wholesa e and retail dealers in liquors.—The law of 182 discrim insted between wholesate and retail dealers by the quantity or single saies. A saie of three gallons or more at one time constituted a person a wholesate dealer.

The tax upon a retail dealer in liquor is twenty five dollars; that of a wholesate dealer one bundred dollars or more. Many dealers, whose aggregate saies are small my cecasionally sell in q

leceipt.

Butchers are required to pay a special tax of ten dol-Butchers are required to pay a special tax of ten dollars, and are not regarded as dealers. The repeal of the tax upon animals 8 aughtered has removed the reason for the measurable relief of butchess from special tax, and I resucciully recommend that when their acquait sales exceed the sam of \$25 000 their tax should be increased precisely as that of other dealers is increased. Flumbers and gas-fitters.—These persons now pay ten dollars only the same amount which is paid by retail dealers. I see no reason why they should not be taxed upon their seles as dealers are taxed, and as who cashe dealers when their annual sales exceed \$25,000 Equality of taxation is greatly desired in revenue laws.

upon their seles as dealers are taxed, and as who esale dealers when their annual sales exceed \$25,000 Equality of taxation is greatly desired in revenue laws.

Districted an exceed \$25,000 Equality of the most experienced and vigilant officers, to prevent frauds, eiter in large or small distitures, to prevent frauds, eiter in large or small distitures. Great numbers of small stills for the filliett manufacture or rum from molasses, were secre ed in the garrets and celeirs of the most positions of less white many of the recognized and incensed distitures were run by night, their production of spirits and the sale or removal thereof to bonded war, houses.

In every distillers, the daily groduction of which was one bundred gailons or more assess, as were instructed to place an assistant whose duty should be to record the report of all articles to and from the premises, and generally to see that ait the require ments of the law were taily compiled with. Collectors were urged to unusual watchfulness for the minor and unlicensed distilleries, and everything was done which was believed to be valuable and which the law would authorize to check the rrands, but without the desired seccess. The new law has more productive power than the od one. Its punitive provisions are more humerous and stringent; and the withdrawal of the spirits from the actual and exclusive possession of their owner ammediately upon their distillation, i bave no doubt, will be or advantage to the Government.

It requires a unsu of tried integrity to resist the flattering tempitations of a corrup distiller. Ten thousand dollars advolty and wickedly expended may hide the manuscture of a thousand barrels of wines which should yield a hundred thousand dollars for the public revenues. If an inspector has foryoten his duty in a sincle instance, he is in the power of his purchaser for all subsequent transactions, becoming his constant protector, and his ready witness against the Government. Until rome sort of metre is nound which while the still itself is

prevent the consummation of frauds by the manufacturer.

The Pecretary of the Treasury will not understand, from what I have written that I mean to depreciate the useful ness or the reputation of those who are now employed in this important branch of the service I only speak of the liability of their position to abuse; and because of the occasional discovery of core ption, and the pain ul rumors constantly received at the Department, advise how their services may be made more profitable and the credit of the honest be saved from a crifice or suspicion. The Government owes protection to its just distillers and unless they are saved from constant loss by the low price of il icit whisky, their business will pass entitled into the hands of those striving to accumulate fortunes by robbing the national treasury.

incir business will pass envisely into the hands of these striving to accumn ate fortunes by robbing the national treasury.

COTTON.

During the continuance of the Rebellion ft was, of course impracticable to assess the tax upon cotton in the districts of its preduction. Its assessment wherever found was anomalous, but was necessary. At the last session or Congress no inconsiderable amonat or time was spent, by the committees having the subject in charge, in journal of the continuation of the subject in charge, in journal of the subject in charge, in journal of the subject of the production of such translose and which should be somewhat analogous, at least, to existing provisions for a her taxable srices, and which should be easier for the Government will ell preserved the rights of production of the subject of the production of such transportation benefit of its production. But permits its removal from such district only upon payment of the tax of under the parmit of the assessor upon he execution of such transportation bonds or other security. In the mot been deemed piaceticable to precribe other security that transportation bonds, and no other has been proposed to the office.

The regulations of the department issued at the time the law took effect, provided, as do the covering the shipment of district spirits, obsect and curars that the transportation bone should be given to the collector of the district in which he permits of the suced and where the cot on is produced. The experience of revenue efficers and tax-payers alike had proved this practice to be ordinarily the most conve lent and desirable. It soon became apparent, however, that the lines of the collection districts, see abished without regard to the collection districts. Such change, however, child turnish only partial relief, as each collection district. Such change, however, child turnish only partial relief, as each collection of the collection districts. Such chan

The tax of ten dollars per thousand upon all domestic

a divige said to refler at the hard winers for

introduced a lightly assumed by testinguage the Profitter of the the state state and

cigars mapered by the act of March 3, 865, was more uniformly paid than the tax under any previous law. Fewer c gars eccaped taxation and there was no enportantly for traud when their fair number was returned to the assessor.

The different qualities of tobacco and the varying costs of manusacture in different parts of the country induced a change at the last season of Congress in the mode of taxa for with which it believe neither the rapulacturers nor the revenue offices are fully satisfied.

nautacturers nor the revenue offices are fully actisfied.

It will be observed in the application of this law, that if the ewere cigars of the market value of fifteen dollars they would be subject to the specific ax of four collars, they would be subject to the specific ax of four collars, leaving only eight dollars from maing seven dollars, leaving only eight dollars for the manufacturer or the same he would receive should be sell them at twelve dollars for thousand, be accurated as accurate to any party but the fiverement from sales at over twelve and less than fitten do lars and as a counsequence there are it, such sales. The ax bears very heartly too until the market value is very considerably above intend dollars, the Goternment getting the major parto the excessional the value is twenty collars or mark. There is very great circuity, too, in determining the market value.

due."
Upon other manufactures subject o an ad valorem
Upon other manufactures subject o an ad valorem Upon other manufactures subject to an advaluement, it e bests of taxation is by law the "actual sules" made by the manufacture. It is claimed that ciga s are sold for more and cometimes for less than their in irket value." On the other hand it as certain y utterly impracticable for assistant assessors unacquainted with the prices and qualifies of claims, to ascert in what that market value is and there to low therefore numberiess irands and great inequality of assessment. So much of the tax as is advaluer manufacture is evided upon the excess above swelve dollars, and it should not be upon the actual sales.

market value, but upon the value as estimated by actual sales.

In this connection I would also recommend, if the tax is to continue to be estimated by retenence to value, that the privilege of removing cigars in bond be withdrawn. With the single exception o clears, all articles which are removable in bond under the laternal revenue have are subject to specific taxes so that the amount of duty can be uncertainly ascertained by the use of the scale the byorometer, or the gaunting rod When clears are placed in bond, if becomes necessary for a value to be placed upon them, and as the system under which binded warehouses have been established did not contemplate the employment of competent appraisers, which be noted watch ouses have been established did not contemplate the employment of competent appraisers, the result is constant dissatisfaction and compilate. Were eights of domestic manufacture experied in such quantilies as to be an important element in our loreign trade, it would doubtiess be well to adapt the bonded system in such when as to remedy the evil; untsinge the lith day of June, 1864, when a drawtack ceased to be allowed upon clears, the whole number of elements. sth day of suce, less, when a drawwack ceased to be allowed upon cigars, the whole number of cigar, exported has been but a fraction over two hundred and sixty thousand, upon which the taxy was but \$2500 52. In view of this small amount of foreign trade it would be far better to allow cigars to be exported for benefit of drawbs k, then to make the needed change in the

In view of this small amount of foreign trade it would be far better to allow digars to be exported for beacht of drawback, than to make the needed change in the bonded system.

Fhould the tax be made purely specific as under the act of March 3 186 no difficulty will arise from continuing the practice of bonding.

In my last annual record i re erred to the decisions of the courts of several States in relation to the constitutionality of so much of the law as requires the use of stamps upon writs or other process by which sums are commenced in a court of record. As none but a party to such suit can carry the question to the highest appellate court, it is uncertain when a final and author situate certsion will be recelled. I cannot believe that the legal objections to the darty are well taken but admit the propriety of exempting such proceedings, with two exceptions because of other considerations.

It is redinarily hose who are agriced who seem the intervention of judicial tribunals, and application to them for relief from injury to person and estate should be unobstructed.

No snamps are now required upon affidavits in legal proceeding. It is claimed that a i proceedings are legal which are not it egal, and it is practically impossible to simit the exemption to affidavits for use in proceedings in courts. The magistrate who subscribes the jurat has usually no interest in its validity, and as certain affidavits. I respectfully recommend that all affidavits be expressly relieved

False of real estate are laxed through the nee of stamps upon ceeds of conveyance. Mortewes for the security of the payment of any sum exceeding one hundred dollars hay duty in the same manner and to the same extent as convey ances.

It is the role of this office sustained by well considered to mortage the stamp upon the deed of conveyance should be determined by the value of the premess and only feet to mortage the stamp upon the deed of conveyance should be amonded so that the fax upon such conveyances should be measured by the mortage

such conveyances should be measured by the consideration or the value of the property above the incumbrance.

A power of attorney to convey real estate is subject to a stamp duty of one dollar. A like instrument for any other purpose han that mentioned in the statute requires only a stamp of the value of flay cents.

It is held that when a warrant of authority is in such terms that it may be used or the conveyance of reality, it should pay the same duty as is required of an express power for that purpose. It it were otherwise no special warrant will be employed. The required tax should be as clearly stated as possible in the stamp schedule it self and as writever conveyance is made under a power of attorney for that purpose is subject to the same duty as in other cases, I recommend that the tax upon the power be reduced to fifty censsiance, in any cases, in a cheed in the presence of the collector of the proper district to an unstamped instrument upon the payment of a pena ty of fity dollars and the price of the appropriate stamps, together with the interest, in certain cases, from the cay when such stamps ought to have been affixed.

The aw prohibiting the sale, or exposure for sale of prop letary and other articles named in chedule C, when unstamped as in that schedule is required, has been so long in operation, and manuscrurers and dea ers now to horoughly understand the obligations it imposes, that a more convenient and leady remedy than is now provided seems not inappropriate to prevent its required to a supplementation.

is now provided seems not inappropriate to prevent its requent violation.

LI assessors, in certain cas s were authorized to decree for citure of properly exposed for sale in fraud of the law, and collectors to sell at auction after such decree, as in the case of peddlers doing business without idense or payment of special fax a more uniform observance of the law would be secured without undue hardship upon taxpayers. Such authority would not certainly be liable to abuse if it could only be exercised for Jolations after personal no ice of liability. REDUCING THE NUMBER OF TAXABLE ARTICLES.

REDUCING THE NUMBER OF TAXABLE ARTICLES.

Presuming that the necessities of the treasury will allow the gracual reducion of taxes I would express my tere that in no other way can the same measure of relies be granted, both to the public and to revenue officers as in the reduction of the number of taxable articles. The an valorem tax of five per centum noon manufactures 'not others use provided for,' added to the tax upon those specially named in various parts of the law, is becoming a source of irritation and oppression. Taxable in the rule, but, as early as practicable, should be made the exception, the sources of revenue, which ought to be few may be counted by hundreds. Production should be encouraged, as it is the foundation of individua and national wealth. Whatever constitutes an element in the manufacture of mother and a taxable attice should liself be exempt from tax. It is the ultimate product alone which should be assessed and then only hom recessity. It is wiser, too, to lavy a large tax upon a lew articles than a small tax upon everythm. It is less expensive and annoying. Experience is rapidly teaching this esson which we might have learned from the older nature. Sugland and France, alike derive almost their entire excise tax from four or five specified artices. It may not one practicable for us immediately to secure from so few sources the large amount which we now require through indirect taxation, but additions of such articles as Congress shall de ermine should be made to the list of those exempted as lapidly as the amount to be derived from such taxa ion can be sa ely reduced.

The Diffect TAX. THE DIRECT TAX.

The collection of direct taxes in the states which were larely in insurrection was continued through the last fiscal year and thereafter, until, under the authority of the 14th section of the actor Ju y 25 1816; it was suspended by the order of the Secretary of the reasony, bearing date from the 3d day of Auros, foilibrium. Itwing.

No lands have been sold for unpaid taxes since the suspension of such sales by the order or the Sectoary of the reasing issued May 17, 1855.

The following is an abstract from the reports of the sectoal commissioners, so far as received at this office, of their receipts and expenditures since June 30,

States.		R ceived from o her sources.	
Virginia, North Cato 108 South Carolina Georgia Fried Louistana 'exas. Tennesse	8.424 (33 66 394 847 63 137 307 93 82 621 54 3.206 68 213 334 12 126 671 57 2,5 821 57		136 766 81 16,064 56 11 666 74 10 608 42 11,087 65 28,2 8-61 22,634 50

Parile.

In addition to the disbursements by the Commissioners for South (arolina, as stated above, they have expended sie 666 to in prosecuting the su vevs of lands for icited to the United States and assuit 22 for the support of schools established in accordance with instructional issued by the Picaldent September 10 feed for the education of colored and indigent white childrab "in St. Helena parish, South Carolina.

The authority conferred upon the Secretary of the Treasury by the act of July last to suspend the farither collection of the direct tax has been exercised, but still further legislation may be necessary to effect the full purpose of tongress in this behalt. The States lately in membered on a new near many many the amount apportioned to them respectively had so much of the same as now ren also unpaid. If it seek intended that such assumption in gat follow the postponement of the collection of the tax authorized to assume the around by amendatent of the law. There seems to have been no argent resson for such postponement of the collection of the tax authorized to accomment to be resumed.

Nor can it be supposed that Congress designed that the direct tax commissions with their full election to be resumed. It is expensed that congress designed that the direct tax commissions with their full election to be preparefull and final accounts of all their proceedings.

The commissioners for Sorth Carolina were the first to county with these directions. Their accounts have been accepted to take effect on the let of December.

Such cuttes in the adjustment of rights of releasation and other plyate rights as now remain to be special med by the cutter in the several conditions which are elected to the sense accounts have been accepted to take effect on the sense of the research December to the sense of the research December to the second on the state in the education of the cutter in the second on the cutter in the second of the cutter in the second on the second of the cutter in the second of the cutter in the

We talked they well-the come, but are destroy