NOTES.

Stock Dividends as Taxable Income.—A owns a number of shares in a prosperous corporation which has made a large amount of money, but as yet the directors have not seen fit to distribute it among the shareholders. If A knows anything about the affairs of his corporation, he will appreciate fully his advantageous position, and will part with his certificates only for a sum which reflects the value of his share of the accumulated funds. At this point the directors decide that the money can be used for the purposes of the business to good advantage; it may in fact be already invested in permanent improvements so that it cannot