

Tax Return, How Made Upon Solvent Credits—Solvent Credits, How Returned for Taxation.

Every person must return the full and true value of all solvent credits.

June 17, 1920.

Mr. Dwight N. Mason,
County Attorney,
Missoula, Montana.

Dear Sir:

I am in receipt of your letter of the 15th instant, submitting the following for my opinion:

“How should a tax return be made upon the solvent credits owing to a mercantile corporation?”

Section 2501, Revised Codes, in the 6th subdivision of paragraph 3, defines the term "credit" as meaning those solvent debts, secured or unsecured, owing to a person, and then provides that in making up the amount of credits which any person is required to list, he may deduct from the gross amount all bona fide debts owing by him, etc.

Chapter 51, Session Laws 1919, classifies property for taxation, placing in the fifth class all credits, secured and unsecured, without deduction or offset, and provides that the basis for imposing taxes upon property in the fifty class shall be seven per cent of its true and full value.

There can be no question but that it was the intention of the legislature, by the provisions contained in Chapter 51, to repeal that portion of Section 2501 permitting a deduction of debts owing by the person listing the solvent credits, and to require that all solvent credits should be assessed at their true and full value, without any deduction of any kind.

However, by Chapter 24, Session Laws 1919, Section 2499, Revised Codes, was amended so as to exempt from taxation evidences of debt secured by mortgages, so that debts secured by mortgages are exempt from taxation.

You are advised therefore that every person and corporation must make a return showing the full and true value of all of his solvent credits which are not secured by mortgages, without any deduction for debts owing by such person or corporation.

Truly yours,

S. C. FORD,

Attorney General.