

**"HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON FINANCE, UNITED STATES SENATE" and "LEGISLATIVE HISTORY OF THE CURRENT TAX PAYMENT ACT OF 1943" pg.140**

**Mr. Hardy.** It seems to me the essential difference is that the withholding tax plan applies at the point of receipt of income, and this applies at the point of expenditure of income.

**Sen. Danaher.** Of course, (withholding) agents withhold not only from **taxpayers** but **nontaxpayers**.

**Mr. Hardy.** Yes.

**STATEMENT OF MILTON FRIEDMAN, DIVISION OF TAX RESEARCH, TREASURY DEPT. pg.141**

**Sen. Danaher.** I have only one other thought on that point. In the event of withholding from the owner of stock **and no taxes due ultimately, where does he get his refund?**

**Mr. Friedman.** You thinking of a corporation or an individual?

**Sen. Danaher.** I am talking about an individual.

**Mr. Friedman.** An individual will **file an income tax return, and that income tax return will constitute an automatic claim for refund.**