

U. S. INCOME TAX EXEMPTS NOBODY

Every Person Who Had Income in 1919 Must Determine Own Liability.

MARCH 15 LAST FILING DATE.

Surest Way is to Follow Form 1040A. Free Advice in Doubtful Cases. Severe Penalties in Law.

Nobody is exempt from Income Tax. An obligation is laid directly on the shoulders of each citizen and resident to consider his own case and to get his return in on time if one is due.

With each return showing a tax due a payment must accompany the return in the full amount of the tax or at least one-quarter of the tax.

All returns for 1919 must be filed on or before March 15.

Must Show True Figures.

In figuring up his earnings for income tax purposes a person must take into consideration all items of taxable income, and each item itself must be accurate in amount. Guesses and estimates must be avoided, for the return is made under oath.

Everybody who had an income during 1919 must now determine whether his or her net income was sufficient in amount to require an Income Tax return. The best way to find out is to get a Form 1040A and follow the instructions printed on it. That form will serve as a reminder of every item of income; and if a return is due, it tells how to prepare and file it.

One of the important points to keep in mind is that a person's net income is found by a computation prescribed in the law, and that each item of income from every source must be considered, unless specifically exempted.

Another thing to remember is that the personal exemption allowed taxpayers by law has no relation whatever to the requirement to file return. This exemption is not to be considered until a person has figured out his net income and determined whether it was sufficient to require him to file a return. Then, if a return must be filed, he should read carefully the instructions for claiming exemption, and complete his return.

If in doubt on any point as to income or deductions, a person may secure free advice and aid from the nearest Internal Revenue office. Many banks and trust companies are also furnishing similar service during banking hours.

Heavy Penalties in Law.

For failing to make a return on time the penalty is a fine of not more than \$1,000 and an addition of 25 per cent to the tax, if any. For making a false or fraudulent return the penalty is a fine of not more than \$10,000 or imprisonment not exceeding one year, or both; and, in addition, 50 per cent of the tax. There are other penalties for failing to pay tax when due and for understatement of the tax through negligence.

Many Sources of Income.

Aside from what one may earn by his services, there are many other sources of income. If he sold any property during 1919 he must figure out the gain realized. If he rented buildings, land, apartments or rooms such rents must be considered taxable, and he may claim deductions for necessary expenses incidental to rents.

Bank interest is a common source of income and is taxable whether withdrawn or not. Any amount of interest credited to a depositor is income to the depositor.

Interest on mortgages and notes is taxable; also bond interest received from corporations.

A taxpayer who cashed his insurance during 1919 must report as income any excess received over the total of premiums paid.

Members of partnerships or personal service corporations or beneficiaries of an estate or trust must report their shares of income distributable to them whether or not actually withdrawn.

Dividends of domestic corporations must be reported. Many other forms of income are taxable, unless specifically exempted.

INCOME TAX IS DUE MARCH 15

Penalties for Delay and Failure to Make Returns—Early Compliance Urged.

All income tax returns covering the year 1919 must be filed by Monday, March 15. Each taxable return must be accompanied by check or money order for the full amount or at least one-quarter of the amount of tax due.

Cash payments are accepted only at the collector's main office; if sent by mail, they are at the sender's risk.

Residents of Oregon should file their returns with, and make payments of income tax to, Milton A. Miller, Collector of Internal Revenue, Portland, Ore.

Those who must file returns but have not done so are warned that the revenue law imposes heavy penalties for failure to get returns in on time or to make payments on time.

Early filing and early payments are urged, in order to relieve the internal revenue offices as much as possible of an overload on the final day, March 15.

Stock Reducing Sale of Shoes

Wednesday, Mar. 3, to Saturday, Mar. 13, 9 P. M.

Entirely disregarding the advancing costs these shoes, which we bought last year, must go to make room for the new ones now enroute. Will have to move at LITTLE OR NO PROFIT at all. Only a small glimpse of the good savings that may be had during this Sale.

EXAMPLE

Ladies' small sizes patent leather, button and lace, Cuban or low heels at - \$1.70	Misses gunmetal or kid, English, lace, in sizes 11 to 2. \$4.00 grades at - \$2.90
2 pairs for - \$3.50	Men's gunmetal English lace. \$7.50 value for - \$5.40
Ladies' black kid cloth top French heels in sizes from 3 to 6½, would be valued easily at \$9.00, but they go for - \$4.80	Men's brown calf blucher, \$8.50 grade \$6.90
Growing Girls' gunmetal button, low heels, broad toes, a \$7.00 value at - \$3.80	Boys' brown grain bluch. \$4.50 val. \$3.65
	Boys' brown Army Junior, \$5.50 val. \$4.15
	Small boy's gunmetal bluch. \$4.50 val. \$3.60

And then there are hundreds of others. See the Salem Daily Papers of March 2 or better still, come in and see the shoes themselves. It will pay you to go for miles and buy all you need for a year, as they will surely cost more later.

Every Pair Guaranteed



LITTLER & UPMEYER

At the Electric Sign "SHOES"

167 North Commercial St. SALEM, OREGON

To The Public

On Monday, March 1st, the railroad lines of the Southern Pacific Company were returned to their owners for operation. As a war measure they have been in charge of the government during the last two years and two months. The stockholders in that period had nothing to do with the management.

In taking over the management of this property, the policy of the owners will be to give a satisfactory service as lies in their power in return for the patronage given us; to seek the co-operation of shippers and passengers and of the whole people in having our service reasonably responsive to the public needs.

We have to ask the patient forbearance of the public during the readjustment period of the next six months. It is true during these six months the Government continues the standard return allowed the lines while under its control, based on the pre war earnings. But this return is subject to certain legislative directions by congress that will affect operations during this period which ends August 31st next. We expect, however, within this six months to mature plans for the future. These plans had to be held in abeyance thus far because of uncertainty as to the legislative conditions to accompany the return of the roads to their owners for operation, and these conditions have been determined by congress only within the last few days. We now have to study what is before us in law and in fact and get our bearings anew.

The operating organization as it existed under Southern Pacific management has been to some extent disarranged during the period of Federal control and operating practices have been changed, but the benefit of any new practices that may have proved efficient in the public service during the Government control period will, of course, be retained.

We could not purchase equipment after we entered the war because the Government took control and war financing occupied the field, while during the rest of the time the question of adequate credit had to wait for answer in Congressional action. On the other hand, the locomotives and cars in service have been subjected to the most active use and new rolling stock has not been renewed throughout the country in normal numbers for the increase of normal traffic. The burden of extraordinary war movements fell heavily upon all kinds of rolling stock, making it impossible to shop the equipment at the proper time, and repair work was further delayed by shortage during the larger part of the war period in both men and material.

The problem before us at once, therefore, is how to put to the best use the passenger train cars and the freight cars that are in service, and how to put into good condition for service every piece of equipment to be had. This problem is before every railroad. Abreast of this is the larger question whether the earnings under the new law, the "Transportation Act of 1920," will be enough to establish the credit of the railroads at a point where they can provide themselves with the facilities of all kinds that they need to give the public proper service. We have the will if only we can find the ways and means. These are not easy to find, for an assumed earning of even 6 per cent, and no assurance of that, is not attractive to anyone having money to invest when money is worth 7 or 8 per cent in the open market.

Hence, the effect of the new Act of Congress upon earnings and upon the credit of the railroads cannot be immediately determined. This Act provides for a rate-making structure, under which for the next two years the railroads will be permitted to earn up to 5½ per cent annually on the value of the railroads as may be determined by the Inter-State Commerce Commission. The Commission has power at its discretion to increase these possible earnings to 6 per cent. The added one-half of one per cent to be used only for improvements to the property.

No guarantee of any kind is given to any railroad, but half of any earnings over 6 per cent are to be taken by the Government to make loans to railroads that may need them for improvements or to care for obligations falling due, or to obtain and lease equipment to the carriers that cannot afford to buy it.

Obviously these elements in the situation will have to be considered in making our plans. The Inter-State Commerce Commission is the deciding body with respect to value of the properties, as well as the rates which are to yield the 5½ per cent return thereon, and much will depend upon the vision and promptness of action with which that body accepts its great responsibilities.

In the meantime, it is particularly desirable, in view of the shortage of equipment, that every effort be made by shippers and the railway forces to continue heavy car loading and train loading, and to lose no time in loading and unloading cars.

Believing that we will have the full co-operation of the people served by our lines in dealing with the problems presented, it is due them that in thus aiding us they should know what problems we have to meet. You can rest assured that we are not idle with respect to them.

WM. SPROULE, President.

FARMER'S INCOME SUBJECT TO TAX

Gains for 1919 Must Be Figured Under U. S. Law—Returns Due March 15.

LAND SALE PROFITS TAXABLE.

Necessary Farm Expenses May Be Deducted—Special Form for Farm Income—Cash or Accrual Basis for Computing.

A farmer, shopkeeper, or tradesman must figure up his net income for 1919; and if the farm or business income plus his other income was sufficient to require an income tax return a complete return must be filed with the collector of internal revenue by March 15.

A farmer should ascertain the gross income of his farm by computing all gains derived from the sale or exchange of his products, whether produced on the farm or purchased and resold.

Farm Expenses.
From his gross income a farmer is allowed to charge off all of his necessary expenses in the conduct of the farm during the year. These include costs of planting, cultivating, harvesting and marketing. In addition to these costs he may deduct money spent for ordinary farm tools of short life bought during the year, such as shovels, rakes, etc. Also, the cost of feed purchased for his live stock may be treated as an expense in so far as this cost represents actual outlay, but the value of his own products fed to animals is not a deductible item.

Other farm expenses allowable are the cost of minor repairs on buildings (but not the dwelling house), on fences, wagons and farm machinery; also bills paid for horseshoeing, stock powders, rock salt, services of veterinary, insurance (except on dwelling house), gasoline for operating power and sundry other expenses which were paid for in cash.

As to hired help, all the productive labor is a deductible expense; but the wages of household servants, or help hired to improve the farm, as in tree-planting, ditching, etc., cannot be claimed against earnings. A farmer is not allowed to claim a salary for himself or members of his family who work on the farm.

Wear and Tear.
Purchase of farm machinery, wagons, work animals, etc., also the cost of construction or extension of buildings, silos, fencing, etc., should be considered additional investments in the farm and are not proper deductions against income.

A reasonable allowance may be claimed for wear and tear on farm buildings (except the farmhouse), fences, machinery, work animals, wagons, tanks, windmills and other farm equipment which is used in the conduct of the farm.

As to autos and tractors, the cost of these is not an expense, although the cost of their upkeep is an allowable deduction, if the machines are used exclusively for farm purposes and not for pleasure. Also, in such cases, a deduction for wear and tear is allowed.

Farm Losses.
The loss of a growing crop is not a proper deduction from income, inasmuch as the value of the crop had not been taken into gross income. The loss of a building or of machinery through storm, lightning, flood, etc., is an allowable deduction, but care should be used to ascertain the correct loss sustained, as restricted by income tax regulations.

No deduction is allowed in the case of loss of animals raised on the farm, but a loss is deductible from gross income if the animals had been purchased for draft or breeding purposes.

Shrinkage in weight or value of farm products held for favorable market prices cannot be deducted as a loss, for the reason that when such products are sold the shrinkage will be reflected in the selling price.

Sale of Farms and Land.
The value of agricultural lands has been jumping during the past few years, and during 1919 many owners sold out part or all of their lands at big profits. All such gains constitute income and must be taken into the net income for the year.

Any person who sold part of a farm or ranch, or part of a parcel of land, must also show any gains realized by the sale.

The method of figuring gains and losses on such transactions is prescribed in the Income Tax regulations, copies of which may be secured from Internal Revenue Collectors.

Forms for Returns.
The Internal Revenue Bureau has issued an improved Form 1040F for the use of farmers. This form, together with Form 1040A or 1040, will give the farmer explicit information as to how to properly figure his net income for 1919.

There are two methods of figuring a farmer's income tax return this year. He may make his return on the basis of the difference between the money and goods received for his products and the cash paid out for actual allowable farm expenses within the year. Or he may make his return on the accrual basis, which means computing the receipts and expenses that pertain to the taxable year, excluding income earned and expenses incurred in previous or succeeding years.