Income Tax Estimating Made Easy by Primer

By S. BURTON HEATH

WASHINGTON— (NEA) —Between six and seven million Americans have a chance, June 15 to save hundreds of millions of dollars.

This series of dispatches is a part of special supplement to NEA's anual Your Income Primer, to help you decide whether you are one of those millions, and—if you are—what to do about it.

Those who can save are the taxpayers who last March 15, under the old Income Tax law, expected that their 1948 taxes would be greater than the amounts their employers withheld from wages to pay the taxes.

They were required to file estimates on Form 1040-ES, and to send with the estimates one-fourth of the amounts by which they expected income tax to exceed withholdings. A second installment, the same size as the first, is due June 15, and other installments Sept. 15 and Jan. 15.

But the new law has reduced the amount of income tax these people will owe next March. It also cut their withholding, but only since May 1. So the average person whose March 15 estimate showed him owing money to Uncle Sam will owe less under the new law. Some won't owe anything at all. Others won't even be required to file estimates under the new law, though they were under the old one.

Actually there is nothing to be done that will save the average taxpayer money in the long run. If you choose to continue overpaying, you can get the excess back next April or May, without interest for the period between now and March 15. But it will save bother for both you and the treasury, and give you the privilege of using your own money during this year—or getting interest on it from savings bank or government bonds—if you clear up things now.

These dispatches will be of direct value to three groups of persons:

First, to those who filed 1948 estimates last March 15.

Second, to those who should have filed such estimates but who did not—whether the reason was ignorance, carelessness, or decision to wait and see what Congress did about cutting taxes.

Third, to those whose prospects have improved since March 15, so that they now have to file estimates that were not required, as things looked last Spring.

The new law requires that you file an estimate June 15:

(1) If you have reason to expect that your income during 1948 will be as much as $4500, plus $600 for each personal exemption including your own; or

(2) If you have reason to expect that your income during 1948 will be as much as $600 of which more than $100 is from sources not covered by tax withholding.

This is different than the old law. It increases the exemption by $100 for each person legally chargeable against your income. And also it gives you full advantage of the brand new extra personal exemptions for persons who are over 65, or blind, or both.

Let's suppose, to illustrate the point, that you and your wife both are reaching the age of 65 before Jan. 2; you both are blind; you have one dependent nephew whose father was killed in the war and whose mother can't support him. Last March you expected your 1948 income to be about $6200.

Under the old law you had to file an estimate. You did so, and paid a small installment on the difference between the tax on that amount and your withholdings.

Under the new law you do not have to file. You get a basic $4500 exemption; plus $600 each for yourself and your wife because you are over 65; plus another $600 each for yourself and your wife because you are blind. That makes seven personal exemptions totalling 7 x $600 or $4200. Add them to $4500, and you get $8700. As the law now stands you need not file an estimate until your expected income exceeds that $8700.

But you did file, because the old law required it. And you did pay something with that 1040-ES. What do you do now?

Well, when you get a bill from the Collector for the June 15 installment, ignore it.

Send him, instead, an Amended Estimate. Presumably it will show no tax due above the withholding. In the extreme case cited, it would show a refund due from the withholdings, as well as from the installment paid March 15. But you must wait until next winter to get that back.

Most taxpayers are neither blind nor over 65 years old, therefore most cases will be less clear-cut than that described. The best way to handle their problems will be discussed in later dispatches. But first, the important changes made by the new law should be clarified.

A CONVENIENT INCOME TAX ESTIMATE BLANK
For Husband-and-Wife Joint Returns

(This is NOT a government form. It should NOT be filed. It is provided by this newspaper for your convenience in estimating the tax you probably will owe next March 15. We suggest that you clip and use it—then attach it to your own copy of your official estimate Form 1040-ES, as a record how your estimate was figured.)

Figures used on each line from 1 through 14 should be the best guesses you can make now about income and outgo for the entire year 1948. They should include everything for both husband and wife, lumped together, whether or not your state has a community property law. What income is taxable, and what deductions are legal, are covered by the same regulations discussed in this year's YOUR INCOME TAX PRIMER, and used for preparing your return last March 15.

INCOME

1. (a) Wages, salary, commissions, etc. gross .... $____
   (b) Deductible expenses of travel necessary to earn the above .... ____
   (c) Net wages, etc., subject to tax (1a minus 1b) .... $____
2. Dividends .... ____
3. Interest received .... ____
4. Profit on rents .... ____
5. Other taxable income, except profit on sale of capital assets .... ____
6. Total of Items 1 to 5, inclusive .... $____
7. Profit (ADD) or Loss (SUBTRACT) on sale of capital assets (See Note below) .... ____
8. Total estimated taxable income (Item 6 plus or minus Item 7) .... $____

DEDUCTIONS

9. Contributions .... $____
10. Interest paid .... ____
11. Taxes .... ____
12. Casualty losses (fire, burglary, storm, etc.) .... ____
13. Medical deduction, net .... ____
14. Miscellaneous (including business expenses not deductible in Item 1, above) .... ____
15. Total estimated deductions (add Items 9 through 14) (See Note below) .... ____
16. Net income subject to tax (Item 8 minus Item 15) .... $____
17. ____ Personal Exemptions at $600 each (including over-65 and blind) .... ____
18. AMOUNT ON WHICH TAX IS TO BE COMPUTED (Item 16 minus Item 17) .... $____

COMPUTATION

A. Taxable amount, taken from Item 18 above .... $____
B. One-half of amount shown in A .... $____
C. TENTATIVE Tax on amount shown in B .... $____
   20% of everything to and including $2000; plus
   22% of everything from $2000 to $4000; plus
   26% of everything from $4000 to $6000; plus
   30% of everything from $6000 to $8000.
   For larger amounts see table on page 4 of Instruction Sheet that came with Form 1040 last March.
D. From Tentative Tax, Item C, subtract:
   (1) 17% of everything in Item C up to and including $400 .... $____
   (2) 12% of everything in Item C from $400 up to and including $100,000 .... ____
   (3) Total reduction (add D1 plus D2) .... ____
E. ACTUAL TAX on one-half of husband-wife combined income (Item C minus Item D3) .... $____
F. MULTIPLY Item E by TWO to get estimated tax to go on Line 1, Form 1040-ES .... $____

Item 7.—Capital Loss claimed can not be more than $1000. You need report only half of Capital Gain on assets held more than 6 months, and can claim only half of actual losses on them up to the $1000 top.

Item 15.—If this item is less than 10% of the amount shown in Item 8, you can disregard your own estimated deductions. In that case, if Item 8 is under $5000 use the tax table. If Item 8 is from $5000 to $9999.99, take 10% of Item 8 as Item 15. If Item 8 is $10,000 or more, enter $1000 as Item 15.

Also, you have the privilege of using the Tax Table where Item 8 is under $5000—or taking the standard deduction, where Item 8 is $5000 or more—without troubling to estimate Items 9 through 14, if you choose.

Item D.—Tentative taxes above $100,000 are not provided for in this blank.

Strip Teasing Isn't Obscene Judge Rules

CINCINNATI — (AP) — A strip tease artist swaying through her take-'em-off routine isn't obscene, she's one of God's children, says Judge Stanley Struble.

In a long and almost poetic ruling, the common pleas jurist declared unconstitutional Thursday an Ohio statute dealing with obscene literature.

"There can not be any obscenity in 'God's own handiwork'," Judge Struble said.

He acquitted Oscar Lerner, Cincinnati news dealer, who was charged with possessing and selling obscene literature. He declared unconstitutional a 1943 amendment to the obscene literature law.

"Obscene litetrature statutes," said the judge, "are shackles on the brains of men, which is as bad if not worse than shackles on the limbs of men."

Of a strip-tease series in a magazine, he commented:

"These front views, as well as the other views,s are of God's own children as he made them in his own image. There can be no obscenity in God's own handiwork.

"There is nothing unchaste or shameful in a woman disrobing—they do disrobe.

"Sure, normal sex ideas are all right. All mankind have sex ideas. Nature is aflame with sex ideas—the hoot of the owl, the coo of the dove, the blossoms of the flowers, plants and trees, the spawning of fish.

"Sex," said the jurist, "is the why and wherefore of life and living."

City Police, Fire Examinations Set

The Eugene Civil Service Commission will give examinations June 29 for appointments to the city police and fire departments.

Applications were available from the city finance office Friday, but interested men will have to file their applications with the city prior to 5 p. m. June 23.

Starting salaries for both police and firemen, under the new city budget, probably will be advanced from $205 to $220 monthly. The new fiscal year budget is expected to allow for an increase of two or three police officers, not allowing for personnel changes. New firemen will be needed to man the two proposed fire stations, and those made eligible by the examination will be first on call.

City Finance Officer Henry Beistel said his department at least hopes 15 or 20 men will take the written examinations. To be eligible, they must have had at least two years of high school education. Age limits in the police department are 21 to 35; in the fire department 19 to 30. An applicant must be living in the city at the time of appointment.

Apartment Court Building Permit Issued

Frank Wills of Eugene Friday had $25,000 city building permit for construction of an apartment-court at 325 Twelfth Ave. W.

The pumice structure will contain ten three-room apartments. Plans and specifications were drawn by George R. Wiseman of 1649 Moss St.

The ETERNAL HUSBAND