

WESTON LEADER

VOLUME 42

WESTON, OREGON, FRIDAY, MARCH 5, 1920

NUMBER 40

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

RAILROADS GIVEN BACK TO OWNERS

Private Operation of Roads Will Be Largely Under New Conditions.

Washington.—America's rail transportation systems, operated as one great public utility since December 28, 1917, were divided among their 230 respective corporate owners when the government released control at midnight, March 1.

Director-General Hines, as the agent of the president, handed over the properties and equipment, valued at approximately \$20,000,000,000, to their old directors, free except for the jurisdiction retained by the government in the new railroad reorganization bill.

The roads go back to private control under largely new conditions. The railroad bill, signed by the president, gives the system certain new privileges, but as an offset, it enlarges the interstate commerce commission, both in power and personnel. The corporations no longer are masters completely of their bond issues, nor are they allowed to stand solidly against labor, for labor's demands, if not met by arbitration and negotiations between the parties concerned, go to a high court provided in the bill and on which sit, in addition to labor and railroad representatives, public representatives as well.

As for finances, Mr. Hines has asserted that the corporations would have had difficulty obtaining the necessary credit had the government not extended its care to them during the war. This difficulty has been swept away to some extent, for the roads can obtain loans from the government in these days of strained credit. It was explained.

The interstate commerce commission is also bound by law to consider the roads' final status in ratemaking so the properties may always stand on a solid basis.

U. S. AID ASKED IN ADRIATIC QUESTION

Washington.—The invitation of the British and French premiers to President Wilson to join them in a formal proposal to the Italian and Jugo-Slav governments to negotiate a new Adriatic settlement on the basis of the withdrawal of all previous agreements caused no surprise in official Washington.

It was pointed out, however, that while adhering to the agreement of December 9, the president in his last reply to the premiers had said that he "would, of course, make no objection to a settlement mutually agreeable to Italy and Jugo-Slavia, provided that such an agreement is not made at the expense of the nationals of a third power."

President Wilson has made it clear that he cannot accept the treaty of London as a basis for a settlement.

Under the premiers' proposal, however, no effort would be made to carry out the terms of this treaty until another attempt had been made by the United States, Great Britain and France to arrive at a settlement should the proposed negotiations between Italy and Jugo-Slavia come to naught.

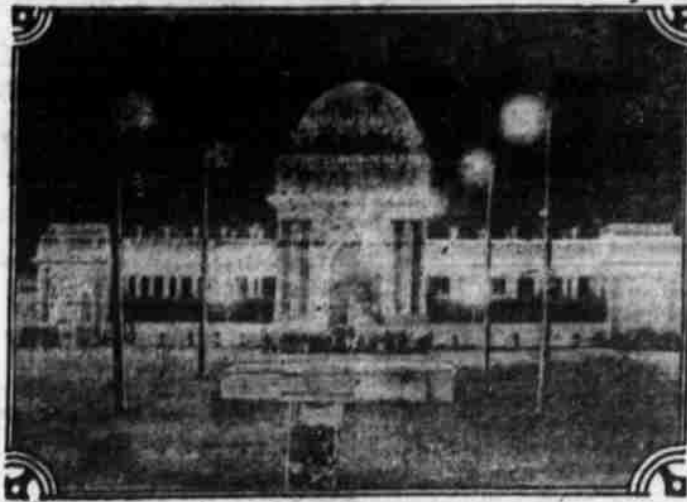
The premiers express appreciation of and agreement with President Wilson's views with regard to the future of the Albanian people and say they are willing to urge upon the governments interested that they should bring their desires into line with the American viewpoint.

Atlanta, Ga.—Attorney-General Palmer formally announced his candidacy for the democratic nomination for president in a telegram to Hiram L. Gardner, secretary of the Georgia state democratic committee.

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.

MANILA CARNIVAL BIG ATTRACTION OF FAR EAST



This is the season of the year when the Philippines become the playground for the entire orient. It is carnival season in Manila.

In 1908 the first Philippine carnival was held on historic Wallace Field in Manila in February, when the climate of the islands is at its best, and each succeeding year there has been a larger and more elaborate celebration. The 1920, or Victory Carnival, will be the greatest event of its sort ever held anywhere in the Far East.

There are commercial and government exhibits in connection with the carnival, and on no other occasion is it possible to gain at once such a comprehensive idea of the production and development of resources of the archipelago as that which is offered the visitor at the carnival city.

In the evenings the carnival becomes the center of Philippine and oriental social activity. A huge open air auditorium serves for the elaborate nightly balls, and on its mammoth floor thousands of couples swing together to the strains of music furnished by the famous Constabulary and other military bands. Probably at no other place in the world will one see an equally impressive cosmopolitan spectacle.

The Manila visitor who can plan his trip to arrive at the Pearl of the Orient for carnival time may well deem himself fortunate.

OREGON NEWS NOTES OF GENERAL INTEREST

Plans are under way for a reorganized merchants' association at Hood River.

Pendleton will hold its third annual automobile show on March 11, 12 and 13.

The Dalles city physician reports that smallpox is showing a tendency to increase.

The 1919 tax roll for Clatsop county totals \$1,618,782.66, the largest in the history of the county.

Within 90 days a company will begin drilling for oil in Clatsop county, according to F. H. Kiff, an oil expert of Oklahoma.

Douglas county holds the record so far for the number of dogs licensed by the county, 1100 dogs bearing the county license tags.

A new wage scale advancing the minimum of \$4.50 hitherto paid to \$5 a day, was announced by the saw mill owners of Bend.

George A. Briscoe, who has been superintendent of the Ashland schools for nine years, has been reelected for a two-year term.

Roseburg will be a stopping place for aircraft which it is alleged will soon be flying between San Francisco, Portland and Seattle.

The Ashland Canning company closed a most successful season with a total pack exceeding that of any previous year and valued at \$38,500.

County Agent Scott of Clackamas county announces that the last carload of eggs shipped to the New York market netted the producers 55 cents.

All high schools in Southern Oregon, except Eugene and Roseburg, have withdrawn from the Oregon State Debating league because of the prevalence of influenza.

Burglars entered the hardware store of Wardle & Campbell at Carlton and secured about \$145 worth of pocket knives and razors. Eight dollars was taken from the till.

A contract has been signed at Salem whereby Henry L. Bents of Aurora will sell his entire crop of hops for the year 1920 to an English firm at a stipulated price of 37 cents a pound.

In the biggest day's catch of the past year, 104 offending motorists were arrested by Portland police one day last week on various charges of violating the traffic laws.

The Baldwin & Swope Construction company, recently organized at Hood River, has been awarded the contract for building a new schoolhouse at Mosier to be 90 by 70 feet.

Mrs. Earl Stitt, who was burned while starting a fire in the kitchen range with oil waste, died at Lebanon. She was the English war bride of Earl Stitt, a young overseas service man.

The 1919 census of the Umatilla project, just published by the reclamation office, shows that the total value of the crops grown during the year is over \$600,000, averaging almost \$75 per acre.

One hundred China pheasants from the Simpson pheasant farm at Spring-

field were released on the 1000-acre Cartwright ranch adjoining Harrisburg, which has been made a state game reserve.

The city of Roseburg, through its attorney, B. L. Eddy, filed with the Oregon public service commission its brief opposing the proposed increase in rates sought by the Douglas County Water & Light company.

Remonstrance against the paving of Railroad street was made at the meeting of the Albany city council by abutting property owners and may result in the former decision to pave the street being rescinded.

The best Jersey bull that \$1000 will buy is to be purchased by a group of dairymen in the Alsea valley in western Benton county. This action was taken at the close of a three-day extension school held in Alsea.

Five more alleged members of the I. W. W. were indicted under the criminal syndicalism act in the final report of the Multnomah county February grand jury, returned to Presiding Judge McCourt Saturday.

State Treasurer Hoff has increased the appraisal of the estate of C. O. Bigelow, who died a few months ago in Josephine county, from \$30,713 to \$40,713. Inheritance tax on the estate as now appraised will total \$475.

From an assessed valuation of \$29,554,209 in 1909 to \$312,671,785 in 1919 is the record of Portland, as disclosed in the tax rate sheet for Multnomah county for 1920, based upon the 1919 assessment and tax roll, and issued by Henry E. Reed, assessor.

Senator Chamberlain, Senator McNary and Representative McArthur have telegraphed the Albany post of the American Legion that they are in favor of the proposed bonus bill for ex-service men or similar legislation in the interest of the former soldiers.

A ten days' fair for the year 1920 and ultimately a free gate are under consideration by the state fair board, and it is expected that some action to this end may be taken in the near future. The report of the fair board shows that all indebtedness has been paid and there remains in the treasury a small balance.

W. W. Cryder, for six years supervisor of the Umatilla national forest, with headquarters in Pendleton has been named superintendent of the Malheur forest and will succeed Supervisor C. J. Bingham, at John Day, on March 1. J. C. Kuhns of Walla Walla, supervisor of the Wenaha forest, will have charge of the Umatilla reserve after the change.

The machinery for the first unit of the Astoria Flouring Mill company's new plant is said to be working perfectly and is now grinding at the rate of approximately 1400 barrels of flour daily. Within the coming few weeks this output will be increased to over 1900. The machinery for the second unit should be ready for operation in about 30 days.

LANE MAKES FINAL REPORT TO WILSON

Retiring Secretary Says Organization of Official Washington Is Poor.

Washington.—Official Washington "a combination of political caucuses, drawing room and civil service bureaus" containing "statesmen who are politicians and politicians who are not statesmen" is poorly organized for its task which "fewer men of larger capacity would do better."

Such is an epitome of the views of Franklin K. Lane, retiring secretary of the interior, expressed in a characteristic parting report to the president on the occasion of leaving public life Monday after more than 29 years' service—the last seven in the cabinet.

"Washington," says the retiring secretary, "is rich in brains and character. It is honest beyond any commercial standard. It wishes to do everything that will promote the public good. But it is poorly organized for the task that belongs to it. Fewer men of larger capacity would do the task better. Ability is not lacking, but it is pressed to the point of paralysis because of an infinitude of details and unwillingness on the part of the great body of the public servants to take responsibility."

"We could save money for the government if we had more discretion as to how we should use that given us. For the benefit of the civil servants there should be quicker promotion or discharge and a sure insurance when disability comes. For the higher administrative offices there should be salaries twice as high as those now given and they should be made to feel that they are the ones responsible for the work of the department."

TWO PARLIAMENTS PROVIDED FOR IRISH

London.—By the provisions of the new Irish home rule bill, two parliaments will be set up—one for the north and the other for the south of Ireland; the northern to consist of 52 members and the southern of 128 members. The representation in the imperial parliament would be 12 for north Ireland and 30 for south Ireland, necessitating the reapportionment of Ireland, which is provided for in the bill.

The northern area would be composed of the counties of Antrim, Fermanagh, Down, Fermanagh, Londonderry and Tyrone and the boroughs of Belfast and Londonderry.

A "council for Ireland," composed of 40 members, half of whom would be selected by each of the parliaments, is also provided for in the bill. The legislative powers of the new council would be only those granted it by the two legislatures, but the framers of the bill hope it will form a nucleus around which would be built one parliament for the whole of Ireland.

INCOME TAX IN NUTSHELL

WHO—Single persons who had net income of \$1,000 or more for the year 1919.

Married couples who had net income of \$2,000 or more.

WHEN—March 15, 1920, is final date for filing returns and making first payments.

WHERE—Collector of Internal Revenue for District in which the person resides.

HOW—Full directions on Form 1040A and Form 1040; also the law and regulations.

WHAT—Four per cent normal tax on taxable income up to \$4,000 in excess of exemption. Eight per cent normal tax on balance of taxable income. Surplus, from one per cent to sixty-five per cent on net incomes over \$5,000.

Titles involving five sawmills and logging equipment, together with 160 acres of timber, passed from the Grove Lumber company to a Roseburg company composed of Charles McElhinney, R. L. Whipple and Ernest Whipple. A large amount of lumber also goes with the mills, and the total property is worth approximately \$50,000, it is said. The sawmills have a capacity of 15,000 feet daily each.

INCOME TAX RETURNS DUE

Business Men, Farmers and Wage Workers Must File Schedules of Income for 1919.

MARCH 15 LAST FILING DATE.

Net Incomes of \$1,000 or Over, if Single; or \$2,000 or Over if Married, Must Be Reported.

The Income Tax imposed by Act of Congress on earnings of the year 1919 is now being collected.

Returns under oath must be made on or before March 15 by every citizen and resident who had a net income for 1919 amounting to:

\$1,000 or over, if single; or if married and living apart from wife (or husband); or if widowed or divorced, \$2,000 or over, if married and living with wife (or husband).

The status of the person on the last day of the year fixes the status for the year with respect to the above requirements.

Under any of these circumstances a return must be made, even though no tax is due.

Husband and wife must consider the income of both, plus that of dependent minor children, in meeting this requirement; and, if sufficient to require a return, all items must be shown in a joint return or in separate returns of husband and wife.

A single person with minor dependents must include the income of such dependents.

A minor who has a net income of \$1,000 or more is not considered a dependent, and must file a separate return.

Personal returns should be made on Form 1040A, unless the net income exceeded \$5,000, in which case Form 1040 should be used.

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

How to Figure Income.

The best way to find out whether one must file a return 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.

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.

Guesswork, estimates and other hit-or-miss methods are barred when a person is making out his Income Tax return. Accuracy and completeness must be insisted upon. The return is a sworn statement. As such it must be thorough and accurate.

Salaried persons and wage earners must ascertain the actual compensation received. Overtime, bonuses, shares in the profits of a business, value of quarters and board furnished by the employer and other items which are compensations for services must be included.

It must be borne in mind that compensation may be paid in other forms than in cash. A bonus paid in Liberty Bonds is taxable at the market value of the bonds. A note received in payment for services is taxable income at its face value, and the interest upon it is also taxable.

Other Returns Due.

Every partnership doing business in the United States must file a return on Form 1065; and every personal service corporation must file a similar return.

Corporations must file annual returns on Form 1120.

Trustees, executors, administrators and others acting in a fiduciary capacity are required to file returns. In some cases, Form 1041 is used; in others, Form 1040; and still others, returns on both forms are required.

Information returns, on Forms 1000 and 1006, must be filed by every organization, firm or person who paid, during 1919, an amount of \$1,000 in salary, wages, interest, rent, or other fixed or determinable income to another person, partnership, personal service corporation or fiduciary. These information returns should be forwarded directly to the Commissioner of Internal Revenue (sorting division), Washington, D. C.

A member of the legislature of 1919 cannot legally be named master fish warden, according to an opinion by Attorney General Brown, given at the request of State Game Warden Shoemaker. The 1919 legislature, Brown points out, permits increasing the salary of the master fish warden, thus raising a bar to the naming of a member to that post. The same conditions, he says, obtain in the positions of deputy fish and game wardens.