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## BEGIN NOW ON YOUR INCOME TAX FIGURES

Collector Milton A. Miller Says "Do Not Wait For New Law to be Passed."

The big income tax drive of 1919 is now under way and every preparation is being made to handle the largest collection in the history of income tax. "I am not waiting for the final passage of the new revenue bill by Congress," said Collector Milton A. Miller today, "nor for the new regulations and blank forms to be issued. To get this big tax in and get it accurate and complete, I urge that we all begin now."

The income tax obligations imposed by the old laws as well as the measure now in Congress, consist of two distinct operations. One is to file return or statement of all items of income and items of deductions allowable by law and to do this within the period named in the law. The other is, to pay the tax if any is due.

Neither of these obligations can be met without a careful review of income and expenditures for the tax year. That is the big job right now, and that is why I say the income tax drive is already under way. Everywhere the pencil is busy. The old year is done; all its fruits are gleaned; and every person who fared well, or earned a good competence must analyze his own case in cold figures.

When the new Bill is enacted into law, I will have the proper return forms distributed throughout the District and everybody will be informed of the date when the sworn statement or return must be filed. It is my plan to send my men out to central locations, and to have them travel through the District aiding taxpayers in the preparation of the returns and to deciding doubtful points. We will go right to the people with the Income Tax, and with the cooperation which the public can give the Government men, the returns will be filed by everybody who comes under the law's provisions, the right taxes will be paid, and the district will have done its full patriotic duty toward the Government's support.

Meanwhile, let me say again, there is no need delaying the preparation of figures. Anything that Congress does now will not affect the amount of a person's earnings for 1918. Let us avoid the heated throwing together of figures that may hit or miss. Guesses cannot be accepted as the basis of taxation. It is clearly the duty of every person to compile correct figures and ascertain whether his income for 1918 was sufficient to make necessary a sworn statement.

The year 1918 was a banner year for salaries and wages, and the high war prices brought unusual profits to the average small tradesman and to the farmer. The opinion in Washington is that a million citizens and residents will make this year their first income tax returns.

All signs indicate that the income tax this year will reach nearly every working man and woman, and nearly every merchant, shop keeper and farmer. Not all will have to pay the tax, but nearly all will be obliged to make a sworn statement of the year's income. I am therefore advising every unmarried person who earned \$1000.00 or over during the year 1918, and every married person, who together with wife or husband, earned \$2000.00, to sharpen his pencil and figure out how he stands. He must ascertain accurately his gross income from all sources. There's his salary or wages, including overtime pay and any bonus received as additional compensation. A married person having children under eighteen who are working, should include the earnings of such children.

If he sold any property at a profit, the gain must be computed and included in gross income. If he rented any property to other persons, the total rents received in the year must be ascertained, and from that figure a deduction may be taken for taxes paid on rented property, the necessary minor repairs, fire insurance, any interest he may have paid on mortgage, and a reasonable allowance for annual wear and tear of the rented property. The balance is included in gross income for the year.

Interest on bank deposits, whether withdrawn or added to his bank balances, must be included in all calculations of income. Bond interest received during the year must also be included, except interest on municipal, county or state bonds. Interest on United States Bonds need not be included by the ordinary bond holder who purchased small amounts. Holders of large amounts of Liberty bonds, however, should ask their

bankers to write to my office for the rule applying to tax on such interest.

Dividends on stock shares are income, and must be included in the gross figures, altho the law does not impose the normal tax on distributions made by domestic corporations.

A person buying and selling merchandise must find his profits for the year on the following basis: First, ascertain the gross sales or total cash receipts. Then add together the inventory at the beginning of the year and the purchases for resale. From this latter sum subtract the inventory of goods on hand at the year's end, and the result is the cost of goods sold. This cost, plus necessary expenses incurred solely through conduct of the business, is to be deducted from the gross sales, and the result is the net earnings of the business.

A professional man arrives at his professional income by ascertaining the total of fees for services and deducting therefrom all expenses connected directly and solely with his practice.

A farmer must figure up all income derived from the sale or exchange of products during the year, whether such produce was raised on the farm or purchased and resold. He is allowed to deduct from this total his expenses of the year connected with the planting, cultivation, harvesting and marketing of the crop, or the care, feeding and marketing of livestock. He is not allowed to deduct the amount expended in 1918 in purchasing stock for resale; but when such stock is sold its cost is to be deducted from the sale price in ascertaining the gain to be included in his return of income. The cost price of stock bought prior to 1917 cannot be deducted as in the case just cited, if such cost was included in the deduction made in the year of purchase.

The farmer is not required to include in his income tax computation the value of farm produce consumed by himself and family. But in cases where he exchanged produce for merchandise, groceries, etc., the market value of the articles received in exchange must be included.

All other items of income arising during the year through personal service, business or trade, through use of property or money, should be added into the gains for 1918.

Everybody wants to know what income is exempt from tax. Very few plums that fall to the average man may be legally disregarded in figuring up his 1918 income. Gifts and bequests can be eliminated; also proceeds of life insurance received by the beneficiary of an insured person. A person who cashed in an endowment policy need report as income only that portion which exceeds the total of the premiums he paid in all years on that policy. Annuities are not taxable, unless a person received in the year payments which represent, when added to all prior payments on the annuity, an amount greater than the original cost of the annuity. Dividends on unexpired life insurance policies are not taxable income; but dividends on paid up policies must be considered income. Alimony is not income to the recipient, nor is an allowable deduction on the part of the person who pays.

From the total of all items of income, there are certain deductions allowable by law. All interest paid on personal indebtedness and all taxes paid during the year are deductible, except Federal Income and Excess Profits taxes, inheritance taxes and assessments for local improvements, such as sidewalks, sewers, etc. Losses incurred in business or trade are allowable, also losses arising from fires, storms, shipwreck or other casualty, or from theft, in cases where such losses are not compensated for by insurance or otherwise. Losses incurred outside of a person's regular business are allowable to the extent of gains reported from similar transactions within the year. Debts due to the taxpayer actually ascertained to be worthless during the year are deductible.

Depreciation on property used in a profession, in business or in farming is another item that may be claimed as a deduction. The storekeeper may claim depreciation on his fixtures and on his delivery horses and wagons, but not on his stock held for sale. The professional man may claim similar deduction on his instruments; and, in the case of a physician who maintains a team or auto for making calls on patients, reasonable depreciation may be claimed. The farmer may claim depreciation on his farm buildings, aside from his personal residence, also on his farm machinery, his work horses and farm work wagons. The theory of depreciation, in connection with the Income Tax, is that wear and tear caused by use in earning income is a real expense in the earning of the income. The rate is determined by the number of years that the property ordinarily would be useful and the cost of the property is the basis of the computation. If the property suffering de-



preciation was bought or acquired prior to March 1, 1913, the market value as of that date is used, instead of the cost, in figuring depreciation. Contributions or gifts actually made in 1918 to organizations operating exclusively for religious, charitable, scientific or educational purposes, and to societies for the prevention of cruelty to children or animals, may be deducted, to an amount not exceeding 15% of the net income computed without the benefit of this deduction.

After the total of all income is found and the deduction allowable by law has been computed as an offset, the amount of income in excess of such deductions is the net income, which forms the basis of the assessment of tax.

If every person in this District will examine his own 1918 income and his allowable deductions, in line with data that I have given, he will know beyond doubt whether he must file his return when the blanks arrive. And here is how he will determine his liability to file a return. If he is single he must file if his net income was \$1000.00 or more, and this requirement is enforced whether or not he is the head of a family. If he is married, he must file his return if his net income, including that of his wife and minor children, was \$2000.00 or more.

I want to emphasize the cooperation feature of the collection of the Income Tax this year. The policy of the Internal Revenue Bureau is to aid tax payers to meet the requirements of the law. We are going right to the people, not to swing clubs or to mulct the wage-earner of his savings, but offering every helpful governmental function that will assist people to their duty.

Very respectfully,  
MILTON A. MILLER,  
Collector.

### Have Leased Machine Shops.

Messrs. McRoberts and Cohn of the McRoberts-Cohn Auto Co., have leased their machine shops to Messrs. Welch & Linniger, two young men of Pendleton. These gentlemen have on the way a full equipment of machinery which will be installed as rapidly as it arrives from Portland. They expect to be in charge of their end of the garage immediately after the 27th of this month but do not look to have all their equipment installed before the first of February. They expect to be fully prepared to handle work on any make of car, and will also be equipped with the necessary machinery for repairing and re-charging storage batteries. The new firm is composed of H. B. Welch and S. G. Linniger and they will move with their families to Heppner immediately, providing they can find houses or furnished rooms to occupy.

### Mrs. McDaniel of Hardman Dies.

Mrs. Vera Sweek McDaniel, wife of Edward McDaniel, died at her home near Hardman on Saturday afternoon last of pneumonia following an attack of influenza. Mrs. McDaniel was about 25 years of age and she is survived by her husband and three small children. Funeral services were held at Hardman cemetery on Monday afternoon.

## REMEMBER YOUR NEIGHBOR AROUND THE CORNER

The Food Administration, by direction of Mr. Hoover, has been directed to assist in the work of raising the needed funds for relief of the Armenians. Four million Armenians are facing starvation. A few weeks without aid will mean the depopulation of a large part of Armenia. We have been fighting to save the Armenians and others from the thralldom of tyranny. Now, that we have won the victory, shall we let the people die? Can you picture the thin lips, the sunken eyes, the bony cheeks, the claw-like fingers, and the emaciated bodies of thousands and thousands of little children who have forgotten how to smile? Thousands upon thousands of these little children have already perished, and their thin little forms have been buried in the sands by the roadside and afterward dug up by the wolves of the desert. Look at the bright-eyed, ruddy cheeked little folks around you, and picture them with the light of hope faded from their eyes, the color gone from their cheeks, and their bodies wasted until they look like walking skeletons. Would you not make every sacrifice in your power to save them from death by starvation? Just over the way, just around the corner, just out of sight is Armenia where this condition prevails. There must be immediate relief. We have been asked to give, and we have given freely. There is not time to argue about how this situation might be handled to better advantage. WE MUST ACT AT ONCE.

Morrow county has been asked to give \$1600.00. The drive is to be made Feb. 17 to 24. Let us not wait for solicitors to call upon us. Do not wait for the organization to be completed, but write, call up, or notify in person Joe J. Nys, at Heppner, how much you will give. Mr. Nys is the treasurer. Do not put this off. DO IT NOW. If you were hungry, would you want somebody to wait until the last of next month to send you something to eat? If you are in position to do so, the best way to notify Mr. Nys is to mail him a check, and make the check about the same size you would if you were sending it to one of your neighbor's little boys or girls if he or she were in Asia and in need of food. Put down the paper, get your check book, or go to the telephone, or write a three line letter, and Mr. Nys will do the rest.

S. E. NOTSON,  
County Food Administrator.

### Mr. Gates Turns Down Offer.

We are informed by City Attorney Nys that he is in receipt of a communication from H. V. Gates and he turns down the offer of fifteen thousand dollars made him recently by the City Council for the water plant. Mr. Gates did not intimate just what price he was willing to accept and he will only consider selling his interests to the city on an arbitrated basis.

### Will Locate at Astoria.

Dr. H. T. Allison was in Heppner for a couple of days the first of the week, coming over from Butter creek, where he has been visiting with his brother during the past week. Dr. Allison has received his honorable discharge from military duty, this having been handed him before Christmas. He had fully intended to return to Heppner and take up the practice of medicine but on visiting Astoria he found an opening that he was looking for and has decided to go there and establish offices. The new location will bring him in touch with a practice that does not require so much driving and long trips at all hours of the day and night, and he feels that this is a better location on this account. Dr. Allison will move to Astoria at once, and his many friends at Heppner wish for him abundant success in the new location.

### Fire Threatens Elevator.

Fire broke out in the office room of the big elevator belonging to the Farmers Elevator Co., on yesterday morning and no small excitement was caused by the alarm. A defective flue was found to be the cause of the blaze which was discovered in time to prevent any damage. Upon going into the wall near where the chimney goes up it was discovered that there had been some very poor work done on the flue and an opening had been left in the back side through which fire had come into contact with the boards of the wall. This large building, which is all wood construction, would have made a terrific blaze, once it got under headway and the result would have been the wiping out of the warehouses in that vicinity, which at this particular time are pretty well filled with grain. The fire ladders responded promptly.

### Authorize Sale of Old School Building.

At a meeting of the tax payers of School District No. 1, held on Friday afternoon at the office of C. E. Woodson, the sale of the old school building belonging to the district was authorized. The meeting was quite well attended and it was the unanimous vote of all present that the proper thing to do was to sell the building and the board is authorized to proceed to dispose of the same at open sale to the highest bidder. There is a lot of splendid timber in this old building and no doubt it will bring a good price as there seems to be quite a number of people interested in getting hold of it. A date for the sale of the building will be announced later by the directors.

### Something Worth Seeing.

The colored troops overseas are furnishing all sorts of laughs for the more sophisticated doughboys. One of them concerns a chocolate-colored Yank who had never seen a body of water larger than a creek and who was so impressed by the size of the ocean that he refused to look at it after the fourth day out. Suddenly he was called by a friend. "What do you want?" he answered dully from his berth. "Dar's a sailin' ship goin' by." "Come an' see a sailin' ship." "Look a here, nigger," came the sharp retort. "I'm done sick of youah 'sailin' boats an' whales. I'll done sail into you if you don't remember what I told you befoah. Call me when you done see a tree, and foah nothin' else. Understand?"

### Boardman People Here.

Quite a delegation of Boardman people were up to Heppner on Tuesday, being called here by business pertaining to their school district. Among the party were H. H. Weston, Chas. Nizer and Mr. Mitchell, all prominent citizens of the irrigation section, and there were also several other men in the party whose names we did not gather. They motored up from Boardman and after attending to their business here, returned home. Some of these days a good road will be built from the county seat down Boardman way, and then we shall get better acquainted with our neighbors on the Columbia.

### Death Claims Mrs. H. V. Smouse.

After an illness of about two weeks, beginning with influenza and developing into pneumonia, Mrs. Clara Smouse, wife of Henry V. Smouse of Ione, passed away at the Heppner Sanatorium on Sunday afternoon. Mrs. Smouse had undergone an operation for pyemia and it was hoped that this would bring relief and restore her to health. The disease had taken too firm a hold, however, and it was impossible to save her. Mrs. Smouse was aged about 32 years, and besides her husband she leaves three small children. Funeral services were held at Ione on Wednesday.

## \$50,000 CO. TACKLES HOTEL PROPOSITION

Local Capitalists Organize and Will Put Up Modern Hostelry.

There is immediate prospect that Heppner's hotel problem will be solved, and that before many weeks, or just as soon as the proper plans can be drawn, a modern, 50-room building, of concrete construction, will be erected and then Heppner will be on the map again as the best little town in all of Eastern Oregon. This is according to plans that are now being formulated, and a company has organized and filed their articles of incorporation with the department at Salem in the sum of \$50,000 for the purpose of putting the hotel proposition across in good shape.

As we get it, the plan is to begin operations just as soon as the details are worked out and the building will likely go up on the corner recently acquired by Gilliam & Bisbee from Vic Groshens, and known as the Groshens corner, on Main street and just south of the Palace hotel site. We are making the announcement upon rumor, only, but it is understood that the new company have a place to put the building and that the site is a prominent one.

The incorporators of the new company are W. P. Mahoney, Frank Gilliam, J. G. Thomson, W. O. Minor and Phill Cohn. The sum of \$30,000 is already pledged and this assures the starting of the structure and there should be no difficulty experienced in placing the balance of the stock.

This announcement is certainly good news. Heppner has suffered much from the lack of proper hotel facilities since the big fire of July 4th and there is no doubt but that much harm has been done the town because of this great inconvenience. This starts the work of rebuilding the burnt over district and others will follow. In fact, we understand that Messrs. Gilliam & Bisbee, are going right ahead with their new building project, and it is expected that construction on this will begin early in the spring, work on the hotel and the Gilliam & Bisbee building going on at the same time. The announcement that there were many contracts let for the construction of residences in the city, which appeared in an issue of the Oregonian the first of the week, is without foundation, whatever, so far as we can learn, and it is regretted that the correspondent from this place does not exercise a little better judgment in the statements he makes. It certainly would be great if such were the truth but no good can come from putting forth such bogus "optimism" through the columns of the leading daily of the state. Yet it seems that Heppner is doomed to suffer from this source, and the next time a heavy rain comes we can expect a "boom" writup from the Heppner correspondent in the Portland paper. We trust that the building bug will now become popular in this town, and we can say that there is further important announcements forthcoming in this line, and they will be made at the proper time.

### J. A. Gibbons Receives Serious Injuries.

Report reaches Heppner that J. A. Gibbons of Boardman, is now in a hospital at Portland slowly recovering from very serious injuries received a short time ago at Messner. Mr. Gibbons, who at the time of the accident was working at the coal bunkers in some manner caught with the heavy weight, suffering a broken arm and leg and having some ribs and his collar bone broken also. A timely cry for help perhaps saved his being crushed to death. He was taken to Portland where his injuries are being cared for but it is reported that his recovery has been very slow. He had but recently gone to work for the railroad at Messner and had charge of the coal bunkers.

Since the resignation of W. W. Smead as secretary of the Morrow County Fair Board the commissioners have been looking up another man to take his place. We understand the position has been offered to F. R. Brown, and that he has the acceptance of the same under advisement. There remains another director to be appointed also, to take the place of Jack Hnyd.

WANTED—Man with teams or tractor to do cropping and plowing on farm 15 miles south of Ione, Ore. Or would buy 8 horses and 3-bottom plow. State price, etc.

CHAS. M. WAGNER,  
48 1/2 Jefferson St., Portland, Ore.