

Married Couples Usually Save Money By Submitting Joint Income Tax Returns

Editor's note: This is the second of five articles to help taxpayers make out their federal income tax returns.

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Internal Revenue Commissioner
Written for United Press

Washington—(U.P.)—Married couples usually can save money by filing a joint return instead of separate returns for their federal income tax. The only sure way to tell which method costs less is to figure the tax both ways.

The law allows you to file either jointly or separately in any year, whichever way you select. In other words, you are not bound to file jointly this

year just because you did last year.

The same blank forms are used whether you file jointly or separately. Generally, if the combined income of husband and wife was less than \$5,000, you can make the choice between the simple card Form 1040A or the longer Form 1040. If your income was \$5,000 or more, you must file on Form 1040.

Separate Tax Years

There are certain situations in which joint filings are forbidden. These happen in relatively few cases, but should be remembered. They are: If you

were divorced or legally separated on or before Dec. 31, 1956; if you are married to a non-citizen who does not live in this country; or if you and your wife report your income on the basis of different tax years (that is, if you report your income on a 12-month period ending Oct. 31, for instance, and your wife uses the calendar year).

Even if your wife had no income at all, you may file a joint return. And if you didn't marry her until New Year's Eve—before midnight, of course—you may still file a joint return.

If your wife worked a little during the year and earned less than \$600, it will probably be to your advantage to file a joint return, rather than letting her file separately. She might get a refund by filing separately in this case, but you could not file a joint return and you would lose her as an exemption. More about exemptions tomorrow.

If your wife or husband died during the year and you did not remarry before the end of the year, you may file a joint return for the full year. And under certain circumstances the surviving spouse may claim the same income-splitting benefits of a joint return for the two years following.

When husband and wife file a joint return, both must sign the return and both become liable for any amount of tax owed.

Special Tax Rates

In filing a joint return you add both the husband's and the wife's income and list the ex-

emptions and deduction (standard or itemized) to which both are entitled. Special tax rates are provided for calculating the tax you owe if you file jointly. The rates are figured as if your joint income were split in half and you each paid the tax on one half.

Keep in mind if you file separate returns that if one of you itemizes his or her deductions the other must also itemize.

Whether filing jointly or separately, if you compute your tax and find you owe more tax, attach a check or a money order for the full amount due. Make it payable to "Internal Revenue Service" and send it with your return to the director of internal revenue for your district.

When you file jointly, you attach both the husband's and the wife's forms W2 to the joint return. If your returns are separate, attach the right return.

One tax item which affects couples more often than it affects individuals is buying or selling a house.

As a general rule, if you sell your home or any other personal property, such as stocks or bonds, you must pay a tax on the profit you make. There is an exception which applies in certain cases where you sell your residence.

If you sold your home during 1956 for a higher price than you paid in buying it and making improvements on it, you need not pay a tax on the profit if you buy another home within 12 months and pay as much or more for the new one as you

got for the old one.

If you sold your home and are building a new one—rather than buying an existing home—you have 18 months instead of 12.

If you buy a new home for less than you sold the old one, you must pay tax on part, or all, of the profit from selling the old. If you owned the old home for more than six months the tax may be at lower rates.

Report all of this in detail on a separate tax form, called Schedule D, and summarize it on page 3 of Form 1040.

I will discuss the tax deductibility of interest payments on the mortgage the day after tomorrow, in an article on all kinds of deductions.

Tomorrow: Exemptions and dependency allowances.

Quotes From the News

By UNITED PRESS

London—Great Britain's Home Secretary R. A. Butler, representing Prime Minister Harold Macmillan in Parliament and supporting the U.S. policy of stationing American servicemen in Britain.

"The purpose of this policy, far from provoking war, is to prevent it. The U.S. forces in the United Kingdom are part of the deterrent against war."

Washington—Maj. Gen. E. A. Walsh, president of the National Guard association, answering Defense Secretary Charles E. Wilson's statement that during the Korean war the National Guard was used by young men as a "draft-dodging business":

"In my book, one who performs honorable military service in time of war or national emergency has no right to be tagged as a draft dodger, as Mr. Wilson unfortunately has chosen to call him."

New York—Charles Van Doren, deciding not to pocket his winnings of \$122,000 but to continue answering questions on a television quiz show:

"I hate to quit. It takes more guts to quit than to go on."

Miami Beach, Fla.—Walter Reuther, commenting on a statement by the Executive Council of the merged AFL-CIO that union officials should speak up "freely and without reservation" before a congressional investigation of labor racketeering:

"It is an important historical step to rid the labor movement of a small minority of crooked, corrupt leaders."

San Francisco—Henry Ford II, president of Ford Motor Co., suggesting the withholding of aid from Soviet satellites is not in "our own best interests":

"I think we need to be realistic and decide whether our trade and aid policies toward such satellite areas as Poland, Hungary, East Germany and Red China are really in our own interests."

The Family Council

Editor's note: The Family Council consists of a judge, a psychiatrist, three clergymen, a newspaper editor, a women's editor and two writers. Each article is a summary of an actual report. The Family Council does not give advice; it merely reports on problems that have been dealt with by responsible agencies and counselors.

Mr. F. G.—We must ask our son to leave.

Mrs. F. G.—How can we be sure?

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Mr. F. G.—My wife and I are in our 60s and are the parents of two married sons. Our younger son had been living in another part of the country until last year when he lost his job and returned with his wife and child to stay with us.

During this year our son has had a lot of trouble getting situated. He has had three different jobs and none has worked out. I feel that it is not good for him to stay with us. We have a fair income and it's not a great burden on us to have him and the family, but I feel he is getting too choosy about jobs because he knows he can count on us. I feel we should tell him he must leave.

Louis was always a bit of a problem—not lazy exactly, but never wanting to take any more responsibility than he absolutely had to.

When he is in trouble? We have

so cruel as to turn out our son when he is trouble? We have a house with plenty of room. We have no excuse to refuse to have him.

I feel that Louis' real trouble is with his wife. She is very domineering and makes too many demands on him. He has become very nervous and irritable and the two of them fight a lot. We don't interfere, but I think he likes to feel there is someone around who is on his side.

My husband has always been hard on Louis, telling him he wasn't man enough to go in for sports or into business competition. It's true that Louis was a bit backward about some things, but he is a smart boy and shouldn't have been teased about them. He lost his self-confidence and now we have to help him build it up again.

The Council: Mrs. F. G. is right that Louis must have lost both self-confidence and self-reliance, partially at least, through his father's teasing. However, these parents cannot now help him to regain both by letting him fall back into their arms.

Mrs. F. G. is probably also right in her feeling that Louis is seeking help from his parents in connection with his difficulties with his wife. But they are not helping him by offering him "someone around who is on his side." He must learn to be on his own side and to stand up for himself against his domineering wife.

On the other hand, it would be cruel to "turn out" Louis when he is jobless. His parents do not have to manage the matter in a way that will make it such a blow. A kinder, more sensible procedure would be to tell Louis that they feel it would be best for him and his family if he would set up his own home when he gets his next job—and that should be as soon as possible.

Since Louis is having so many difficulties on both the job and marital fronts, it would be advisable for him to see a physician. If his physical health is up to par, the physician might recommend some form of psychotherapy for him and his wife to help them straighten out their affairs.

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Information Office Budget Target

Washington—(U.P.)—Rep. John E. Moss (D-Calif.) says he will try to get Congress to cut off any further appropriations for the Office of Strategic Information.

President Eisenhower has proposed that the agency be given \$105,100 for its operations in the fiscal year beginning July 1. But Moss said he will ask the House Appropriations Committee to reject the President's request.

Mr. Eisenhower asked for the new funds even though the House Government Operations Committee unanimously recommended last year that OSI be abolished.

OSI was set up in the Commerce Department in 1955 to act as a "clearing house" for nonsecret information which might be of strategic value to an enemy.

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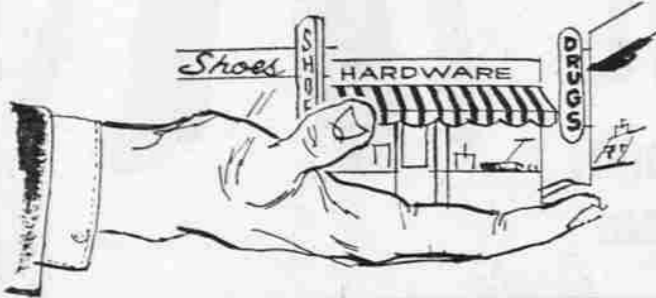
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