

Questions About Extra Exemptions on Income Tax Returns Explained for Payer

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

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Written For United Press
Washington — (U.P.) — You are a \$600 exemption, which means you do not have to pay federal income tax on \$600 of your income. Your wife is another, on your return if you file jointly, on her own if you file separately, but not on both.

Beyond this basic exemption for the taxpayer, we get into a number of questions covering such things as support of elderly relatives, school age children who earn money, divorced couples, survivors of persons who have died, and extra exemptions for the aged and blind.

Each taxpayer gets an extra \$600 if he is 65 or older, and still another \$600 if he is blind. The \$600 extra exemption for blindness can be claimed by the taxpayer at any age. The exemption for blindness applies only to the taxpayer, husband or wife or both, but not to dependents.

The Internal Revenue Service perhaps rates you older than you think you are, by one day, and it may be money to you. You are considered to add a year to your age on the day before your birthday. So, if your 65th birthday fell on or before Jan. 1, 1957,

you may legally claim that extra \$600 for age in your return for 1956.

Exemptions for dependents are figured differently than for husband and wife. For example, a taxpayer who supports his 70-year-old mother is entitled to just one \$600 exemption for her and nothing extra for her age.

Only Exception
For a person to qualify as taxpayer's dependent, the taxpayer must provide more than one-half of his or her support. The only exception to this rule is where several persons contribute to the support of an individual.

For example, if several sons and daughters support their mother and none of them contributes more than half the support, they may designate one of their number to claim the \$600 exemption for her as a dependent. The person designated must contribute more than ten per cent of the support, and all the others who contribute more than ten per cent must file a declaration that they will not claim the exemption. Such a declaration is made on Form 2120, available at any Revenue Service office.

The law permits a child under 19 or a full-time student of any age to be claimed as a dependent. The law defines a full-time student as one who is engaged in full-time study at a recognized school for at least five

months of the year, or who is in one of several full-time on-the-farm training programs.

A child may earn money, even more than \$600, and still be claimed as a \$600 exemption on his father's tax return. The deciding factors are that the child be under 19 or a full-time student, and that the taxpayer who claims him must contribute more than half his support.

However, if a child earns \$600 or more he must file a return for himself. He may claim his own personal exemption on his own return. This means he actually qualifies as two exemptions if someone else is footing more than half his living expenses. One exemption on his own return and one on the return of the supporter.

If a child earns less than \$600 and his employer withholds taxes from his pay, then the child is entitled to a refund of those taxes. Like everyone else, he must file a return to get that refund.

The law provides special tax rates for any individual who qualifies as "head of household." This term means generally an unmarried or legally separate person who furnished more than half the maintenance cost of a household which was also home during the entire year for (a) any related person who qualifies as the taxpayer's dependent or (b) your unmarried child, grandchild or stepchild, even though that child is not a dependent. You may also qualify as a head of a household if you maintain a home elsewhere for your father or mother and either one of them qualifies as your dependent.

Household Costs
The cost of maintaining a household includes such items as the rent, insurance, repairs, utilities, food. It does not include clothing, education, medical expenses and the like, even though you may pay them.

Form 1040 must be used to claim the benefits of the lower tax rates for a head of household.

If you are divorced or legally separated from your wife at the end of the year, you may not claim her as an exemption, even if you paid her support.

When a question of dependency comes up, remember that the dependent must meet five tests. First, you must have furnished more than half of his or her support. Second, the dependent's gross incomes must have been less than \$600 for the year (unless the dependent is your child who is under 19 or a full-time student). Third, the dependent must be related to you, or a member of your household and living in your home. Fourth, the dependent must be a citizen of the United States (living anywhere) or a citizen of any country living in Canada, Mexico, Panama or the Canal Zone. And fifth, the dependent must not be making a joint return with

his or her husband or wife.

Tomorrow: You can claim deductions for Hungarian relief, but not for political contributions; all about those puzzling deductions.

Anti-Western Drive Visioned in Hungary

Vienna — (U.P.) — The puppet Communist Hungarian regime plans a massive anti-Western propaganda drive that may include "spy trials" of Western nationals, according to reliable sources here.

Four Britons, one American and one Norwegian are imprisoned in Communist jails. All but the Norwegian are being held incommunicado.

Wednesday, January 30, 1957

MEDFORD (OREGON) MAIL TRIBUNE—THREE

Egypt Balks Efforts To Start Suez Talks

London — (U.P.) — Egypt has balked all efforts to start early talks on a Suez settlement, diplomatic officials have reported. They said open and back-stage moves to arrange direct negotiations among Egypt, Britain, France and other interested parties have met with no re-

sponse from Cairo. Britain and France have urged and are continuing to press for the resumption of full scale negotiations on an early settlement of the Suez Canal problem. But the diplomatic sources said Cairo was "stalling" and

taking its time before committing itself to a new round of direct talks.

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Around Hollywood

Hollywood — (U.P.) — They used to joke around town that TV would turn movie studios into bowling alleys.

The virtual shut-down of RKO studio is a step toward that sad possibility. Thanks to the revolution in show business, the gates through which passed such stars as Ginger Rogers, Cary Grant and Fred Astaire will soon be closed.

RKO executives announced its backlog of pictures would be taken over by Universal-International for distribution. RKO will continue to produce a few pictures, the announcement said. And financial sources indicated it was necessary to continue some operation for three years so the owner, tire magnate Tom O'Neil, can collect a \$10 million tax loss.

The big beige studio on the corner of Gower st. and Melrose ave. in the heart of old Hollywood apparently has seen its last days of movie-making. Four movies are in the preparation stage. "Galveston," "The Naked and the Dead," "Rachel Kaid" and "Ten Days of August." Whether they'll all go before the cameras is not known, and all are slated for out-of-town location shooting.

Sound Stages Empty
The publicity, prop set, and wardrobe departments are closed. The company's 32 film exchanges throughout the country folded, with some 800 employees pink-slipped. The sound stages are empty.

The studio, first called Robertson-Cole, was built by an English firm on 13 1/2 acres of dusty grain fields in 1920.

In 1922 the studio became FBO, standing for Film Booking office. RCA purchased control in 1929 and merged with the Keith-Albee vaudeville circuit, giving the film factory the name of RKO, for Radio-Keith Orpheum.

AKO merged with Pathe in 1931 and acquired the Pathe Culver City studio built by the late director Thomas Ince.

After World War II the studio didn't combat the general decline of the movie business. Millionaire Howard Hughes took over in 1948, but apparently was busy with other interests. Production ground to a virtual standstill except for his own production of "Jet Pilot," which still hasn't been released. O'Neil bought control in 1955.

Difficulty Explained
Why did RKO fall into trouble? Trade sources point out the big business in theaters today is done by supercolossal

block busters such as "Giant," "The Rainmaker" or "The Rainmaker."

Movie industry circles believe the RKO difficulty is the first of a series of cut-downs. Republic Studio also has closed its film exchanges. MGM reportedly is considering selling some of its mammoth backlog in an attempt to cut down on a staggering overhead.

Stories that Warners and 20th Century-Fox would merge to share facilities also have been circulated. In 1946 the industry employed 24,000 workers; now it's 11,000.

RKO workers said they understood their Gower st. studio would be converted into a tire assembly shop.

Weather Still Hides Fate of Big Airplane

Montreal — (U.P.) — Weather and the rugged crags of a mountain range still hide the fate of 62 persons aboard a big airliner that vanished more than six weeks ago.

The mystery of what happened to Trans-Canada Airlines flight No. 810 may never be solved. Another TCA plane disappeared 10 years ago in the same snowy wilderness and never was found.

Perhaps there is one chance in many millions that there are still survivors among the 59 passengers and three crew members on the four-engine North Star. Daylight searches still are made when the weather breaks for a day or two.

But no trace has been found to explain what is now listed as the worst civil aviation disaster in Canadian history.

Korean Veteran Bonus Resolution Presented

Salem — (U.P.) — A joint resolution calling for a constitutional amendment to provide a bonus for Korean veterans or their dependents has been introduced in the Oregon House.

Sponsors of the resolution were State Reps. Norman R. Howard and William A. Grenfell Jr. and Sen. G. D. Gleason, all Portland Democrats.

The resolution provides for a maximum bonus of \$600 to be financed by selling bonds and levying a state tax.

One of the few asphalt deposits in the United States is located near Santa Rosa in New Mexico.

Norblad Asks Probe On Price of Gasoline

Washington — (U.P.) — The high price of gasoline in Oregon should be investigated by the United States Attorney General, according to Rep. Walter Norblad.

The Stayton Republican asked Attorney General Herbert Brownell to conduct a thorough investigation of "strange check-board pricing" which he said has resulted in heavy increases in at-the-pump gasoline prices in his home state.

Norblad said price reductions have been granted for gasoline in Denver, Dallas and New England where they are from 7 to 10 cents per gallon lower than in Oregon.

The Congressman wrote Brownell: "If the stocks of gasoline were being materially reduced as a result of the shipments to Europe, I could understand a possible price increase on the West Coast, but this is not the case."

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