

## California Split Movement Growing

Dunsmuir, Calif. — (UP) — Spread of the "superior California" movement into three northern California counties has been revealed here by Carmen Fleming, executive secretary of the secessionist movement.

Fleming said chapters have been organized in Siskiyou, Shasta and Lassen counties and organizers are active in Modoc county.

Fleming denied that the movement to create a new state was extremist. He said John Adams, John Hancock and Thomas Paine were regarded as extremists in their day.

"With southern California legislators demanding water off the bottom of the creek, I see no solution for the protection of water rights in the counties of origin other than by state division," Fleming said.

He said the Tehachapis would be the "logical dividing line" between California and a proposed new state.

The southwestern Oregon county of Curry has given moral support to the movement.

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# Salary Paid During Sickness; Injury May Be Tax Deductible

Editor's note: This is the fifth and last of a series of articles to help taxpayers in making out their federal income tax returns.

By RUSSELL C. HARRINGTON  
Commissioner Internal Revenue  
Written for United Press

Washington — (UP) — Income when you are sick or injured, income from dividends, and pension or annuity policy income are all subjects which continue to give taxpayers trouble in filing their federal income tax returns.

In this final article I shall try to answer the most frequent questions.

**Sickness and Injury:** Accident or health insurance payments and amounts you receive as compensation for your injury or sickness, are exempt from tax.

**Sick Pay:** You may exclude from your income up to \$100 a week of pay you receive under a plan which continues your wages while you are absent from work because of injury or illness.

There are special rules which show up in the following examples:

If you are sick at home for seven days or less, the pay you

receive during your period of sickness, up to the limit of \$100 per week whether you are sick for less than a week or for many weeks.

If you are sick at home for more than a week without ever being hospitalized, the pay you receive after the first week may be excluded from your income—one-fifth of your weekly pay (but not more than \$20) for each day missed if you are on a five-day week; one-sixth (but not more than \$18.67) if you are on a six-day week.

If you are absent from work because of injury, hospitalized or not, your pay for the entire time may be left out of your income when you are calculating your tax; again, up to the \$100 weekly limit.

If you make any claims under these provisions, be sure to attach a statement to your return to support the claim.

**Dividends:** The law allows you to exclude the first \$50 (or less) of dividends you received during the year. It also allows you a credit against your tax, up to four per cent of the amount of dividends above \$50. Generally

speaking, these rules apply to dividends paid on the common and preferred stock of U.S. corporations. They do not apply to so-called "dividends" paid on withdrawable savings accounts at savings and loan associations, mutual savings banks or the like. Veterans administration dividends on GI life insurance policies are not considered income for tax purposes.

A few examples: A stockholder received \$40 of dividends last year on his stock in several corporations. He reports this but need not pay tax on it, because the law lets him exclude up to \$50 of dividends.

Another stockholder received \$110 of dividends. He reports the \$110, excludes the first \$50 and pays tax on the other \$60. On the \$60 included in taxable income, he can take four per cent of it as credit against the final amount of tax he owes—that is, he can subtract that four per cent amount from his tax liability, and pay the remaining tax owed.

Or take a man and his wife. He with \$60 of dividends and she with \$40. He reports \$60, excludes \$50 and pays tax on \$10, and takes four per cent of that \$10 as credit against his total tax. She reports and excludes her entire \$40. She may not apply her unused allowance to her husband's excess, even though they file a joint return.

**U.S. Savings Bonds:** If you report your income on the cash basis, you do not have to pay tax on the interest until you receive it. In the case of "E" bonds, that is not until you cash them in, and then you lump the interest in with the rest of your income and pay the tax due on the total.

**Retirement Pay and Annuities:** First, let it be understood that you owe no federal income tax at all on social security benefits, railroad retirement act pension, veterans pensions, benefits to families of veterans, or disability pay to military personnel who have retired.

Provisions for other kinds of retirement income are somewhat like those for dividends: You need not pay tax on part of it and you may be able to claim a tax credit for some of the amount you do pay tax on.

You need not be retired to enjoy these tax benefits, but in some cases you must be 65 or older.

Generally speaking, any contributions you made towards a pension through the years you were working comes back to you tax free.

On the other hand, if your employer footed the bills, you are taxable for the payments as you receive them now. However, if you paid taxes on the contributions as he was making them to your pension fund, or if you paid part of the cost, you may now receive tax free the portion you paid in or paid taxes on.

Those are the general rules for pension or annuity income for which you are not taxable. The law provides rules for the amounts on which you do pay tax.

Under certain conditions, it allows you a credit against your tax. The credit is 20 per cent of your retirement income, up to \$240 per person.

To be eligible for this credit, you must have reached 65 by the end of 1956 (unless you were a civilian employee of federal, state or local government, or a member of the armed forces and are receiving income under a public retirement system).

If you are 65 or older, retirement income, for the purpose

of computing your tax credit, includes pensions, annuities, interest, dividends and rent. If you are under 65 and are a retired government worker, your only retirement income on which you can get a credit is that which you receive under a public retirement system. In neither case does retirement income include money you are earning now, and it may be necessary to deduct part of your current earnings in figuring out your retirement credit.

One further qualification: You (or your deceased husband or wife) must have earned more than \$600 in each of ten years prior to 1956. The ten years do not have to have been consecutive.

Conclusion: I hope this series has been helpful.

Here again are several points which bear repeating. File your return as early as you can. The

deadline is midnight, April 15.

Be sure you have figured your tax correctly, and have looked into all the angles which may

apply to you and may give you a lower tax. Our job is to collect every cent of tax which is owed, but no more.

Late filing or errors can make it necessary to charge you interest or penalties.

If you need more assistance, call on your Internal Revenue Service.

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**Hornbrook School  
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Yreka — Bonds totaling \$47,000 for Hornbrook schools were sold to the Bank of America by the Siskiyou county supervisors this week. The bid was awarded after conferences with Hornbrook school board members.

The bank offer included \$16,000 maturing 1958 through 1965 at 5 per cent interest, and the remaining \$31,000 maturing between 1966 and 1982 at 4 1/2 per cent interest.

**Jacksonville Lions  
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Jacksonville — The Jacksonville Lions club netted \$69 for the March of Dimes last night when it sponsored a pancake supper at the Jacksonville Community hall.

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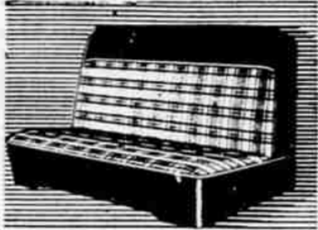


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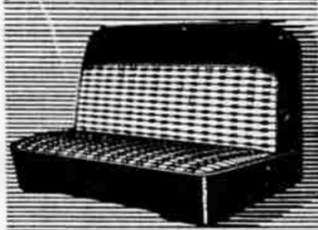


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