Most Married Couples Said To Meet Requirements for Joint Tax Returns

Editor's note: This is the second of five dispatches in which the Commissioner of Internal Revenue provides simple guidposts for the preparation and filing of your income tax return.

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(Written for U.P.I.)

Washington—(UPI)—Uncle Sam gives married folk a break on their taxes.

If they meet several basic conditions—and most married couples do—husbands and wives can file a joint return, thereby possibly reducing their tax bill.

Before filing, however, figure your tax two ways: on the basis of separate returns and on a joint basis. You may select whichever way means the smaller tax.

Even if you filed separate returns last year, you may file jointly for 1958 income. You have a new choice each year.

Here's why a joint return may save you money: as you know, our rate structure is progressive. As taxable income increases, the tax rate goes up. For example, a man with $10,000 taxable income will pay more than twice the tax a person earning $5,000 a year pays (all other things being equal). Now, when you file a joint return you are taxed as if your combined income were divided evenly between husband and wife and each were paying only for his half. That way, the tax rate is lower.

Infrequent Circumstances

Joint filing is not permitted in some relatively infrequent circumstances. They are: if you were divorced or legally separated on or before Dec. 31, 1958; 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 (for example, you report your income for a 12-month period ending June 30 and your wife uses the regular calendar year).

You may even file a joint return if your wife had no income at all last year. In fact, that is one set of circumstances in which the joint return is virtually certain to reduce your tax bill.

Even if you didn't marry her—or him—until New Year's Eve, but before midnight, you are considered married for the entire year (for tax purposes) and may file a joint return.

If you wife worked only irregularly or part time and earned less than $600, a joint return will probably be to your advantage. She might get a refund (for taxes withheld) if she filed separately, but you would lose her as an exemption and would not be able to file a joint return. (I'll discuss exemptions in detail in tomorrow's article.)

You may also file a joint return if your spouse died during 1958 and you did not remarry before the end of the year. In some circumstances the surviving spouse may claim the same income-splitting benefits of a joint return for the two years following.

A couple filing jointly has the same choice of forms an individual has. Generally, if the couple's combined income was less than $10,000, either the short card form 1040A or the long form 1040 may be used. If income was $10,000 or more, the couple must use form 1040.

When husband and wife file a joint return, both must sign it. Each becomes individually liable for any tax owed the government. The wife, for example, can be held legally liable even though she did no work and received no income during the year.

Pay Requirement

The way to avoid any problem is to enclose with your return a check or money order for the amount you owe (if you compute your tax yourself). This is not just a suggestion, but a requirement.

In filing a joint return you add both the husband's and the wife's income (if any) and list the exemptions and deductions (standard or itemized) to which both are entitled. Keep in mind, however, that if you file separate returns and one of you itemizes his or her deductions, the other must also itemize his.

You must attach to your joint return both the husband's and the wife's Forms W-2. If you file separately, attach the right W-2 form to 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 in 1958 for a higher price than you paid, you need not pay tax on the profit if you buy and occupy another house within 12 months before or after the sale and pay as much or more for the new one as you got for the one you sold.

Have 18 Months

If you sold your home and built a new one—instead of buying an existing house—you have 18 months after the sale instead of 12. That is, you must move in within 18 months.

If you buy or build a new house 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 house for more than six months, the tax may be at lower rates.

Information of this kind should be reported in detail on a separate tax form, called Schedule D. Summarize it on page 3 of form 1040.

I will discuss deducting interest payments on the mortgage on your house in the fourth article of the series.

(Next: Exemptions)

Tips on Reporting Income for Taxes

Washington —(UPI)— Besides your regular wages or salary, you must report as income on your tax return such monies as interest on your savings account, jury fees, tips, royalties from patents or copyrights, stock dividends, rents, estate or trust income, annuities, pensions and contest or gambling winnings.

Some items not subject to income tax are dividends on a veteran's life insurance, social security benefits, state bonus to veterans, life insurance proceeds upon death, workmen's compensation for sickness and injury, state unemployment benefits, refunds of Federal income tax, repayment of loans, and monthly government allowances to families of servicemen.

Protestants Defend Knights of Columbus Against 'Document'

Washington—(UPI)—A Protestant organization has undertaken to defend the Catholic Knights of Columbus against the implications of a "Hate Document" now being circulated in America.

Protestants and Other Americans United for separation of church and state said the document, which purpurts to be a secret "oath" taken by Knights of Columbus, is completely "fraudulent."

"This 'oath' couched in fantastic language is supposed to bind Knights of Columbus to 'wage war' on their opponents and 'to spare neither sex nor condition,'" a statement issued here by POAU said.

'Oath' Widely Circulated

"It seems strange that credence should be given to a manifest fabrication of this sort," it added, "yet we are convinced that the 'oath' is being widely circulated and that it is gaining acceptance in some quarters" as a valid document.

POAU said that "careful research" has proved there is no foundation whatever for the document. It is sometimes passed off as authentic on the grounds that it was once published in the congressional record. This is true, POAU said—but it was published in the record (in 1913) only as "a sample of bigotry."

POAU, which has often criticized Catholic activities as a threat to U.S. constitutional principles of separation of church and state, said its statement was issued in the hope of preventing the injection of any such false issues in the 1960 election campaign.

It noted in this connection "the possibility of a presidential candidate of the Roman Catholic faith"—presumably a reference to Democratic Sen. John F. Kennedy of Massachusetts.

"We believe that there are serious and pressing church-state issues involved in the candidacy of a person of Roman Catholic faith," POAU said. "Some of these issues are the Catholic boycott of public schools, the Catholic hierarchy's drive for public funds, the appointment of an ambassador to the Vatican, and the possibility of a national law, like the law in Massachusetts and Connecticut, which forbids physicians to give birth control information.

"Dishonest controversialists must be given no opportunity to blow up such inane items as the 'Knights of Columbus oath' into hostile headlines or to divert attention from significant issues by such old wives' tales."

Sophomore Girls Organize Club

Sophomore Tri Hi Y girls met at the Young Men's Christian association recently to organize their club and nominate officers.

Fourteen girls from the sophomore class at Medford High school were present to nominate officers. Officer nominations were president, Rita Johnson, Marida Winchell, and Becky Rowan; vice-president, Nancy Donahue, and Susan Yoder; secretary, Karen Simcox, Jackie White: treasurer, Salli Reule, Betty Kyker; Chaplain, Suzy Thomp. Elections will be held at the next meeting.

A committee of Betty Kyler, Becky Rowan and Jeanette Dahlstrom was apponited to select a club name.

Plans for a slumber party were discussed and will be announced at the next meeting Feb. 12 at 7:30 p.m. at the YMCA.

U. S. candy consumption is 18 pounds per capita a year.

Burden of Annual Tax Filing Chore Lighter This Year

By United Press International

Washington – (UPI) – Nearly one American in three is filing a Federal income tax return this year. For millions of taxpayers, the burden of this annual chore is lighter this year thanks to a change in the rules.

We estimate that by midnight April 15, the filing deadline, some 30 million taxpayers will have made their accounting for 1958 to Uncle Sam on the pocket-sized, punch card Form 1040A.

About twice as many people will be able to use Form 1040A as last year. The reason: we liberalized the rules.

The government won't lose any money – in fact it may even save some in clerical costs – and the extra 15 million taxpayers eligible to use Form 1040A will probably save lots of time this income tax season.

Pretty Much Same

Except for this change, the tax rules and rates are pretty much the same as last year. Congress made quite a few technical changes in the tax laws last summer, but they generally do not affect the ordinary wage or salary earner.

In particular, one thing is as important this year as it ever was: file your return as soon as you can. If you're entitled to a refund, you'll have to wait less time for it if you file early.

In all, nearly 70 million persons will file 1958 returns. You must file if you were a citizen or resident of the United States under 65 years of age with income last year of at least $600. If you were age 65 by Dec. 31, 1958, you must file only if your income was $1,200 or more.

You will also have to file a return if you made less than $600 (or $1,200 over 65), had some money withheld by your employer and want to get it back in a refund.

Two Basic Returns

There are two basic tax returns – Form 1040A, a buff-colored punch card about the size of a check, and Form 1040, four pages printed on white paper.

Many taxpayers incur needless trouble for themselves by filing the long Form 1040 when they could use the short card Form 1040A.

Form 1040A is for persons whose gross income was less than $10,000 last year including not more than $200 from dividends, interest, and wages on which tax was NOT withheld by an employer. For example, a man whose salary was $500 (on which tax was withheld) and who got $40 in dividends from stock or from odd jobs would be eligible to file on Form 1040A. But if he got $250 in dividends or odd income he would have to file on Form 1040. In both cases, the taxpayer must report both his regular income and his "other" income.

A husband and wife earning less than $10,000 from their combined wages and salaries, with no more than $200 from dividends, interest, and wages not subject to withholding of income, also may use the Form 1040A to file a joint return. (More about joint husband-wife returns in tomorrow's article.)

16 Items

Form 1040A calls for 16 items of basic information such as your name and address, social security number, employer's name, your wages, amount of tax withheld, names of children and other dependents and signature.

You'll also find three lines relating to the computation of your tax liability. If your income was less than $5,000, you have the option of figuring your own tax from the Tax Table or having the Internal Revenue Service do it for you. You then will be sent a bill for the balance due or a check for the refund.

QUITS COLLEGE POST

New York —(UPI)— Mark Van Duren, holder of the Pulitzer Prize for poetry and one of the nation's most esteemed literary critics, announced Monday he would retire in June as professor of English at Columbia University. Van Doren, a member of the Columbia faculty since 1920, said he was stepping down from his teaching post to be "free to do more writing and, when I feel like it, not to do anything."