



Listing of Dependents Major Type Of Exemption on Income Tax Return

Editor's note: This is the third of five dispatches in which the Commissioner of Internal Revenue provides simple guideposts for preparing and filing your income tax returns.

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Commissioner of
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(Written for UPI)

Washington—UPI—You pay no Federal tax on the first \$600 of your income. That's an allowance every taxpayer gets automatically.

The law also gives each taxpayer a \$600 exemption for his wife (or her husband) if they file a joint return or if only one spouse files and the other has no gross income and

rate individual returns, each must take his own exemption.

Taxpayers are allowed exemptions for other reasons. Each exemption means another \$600 subtracted from your taxable income. In this article I shall indicate some of the other bases for exemptions.

The major type of exemption is for dependents. There are five tests that must be satisfied for a person to qualify as your dependent and hence as a \$600 exemption on your income tax. They are:

Half of Support

1. You must have furnished more than half of his or her support in the taxable year.

2. The dependent's gross income must have been less than \$600 for the year, unless the dependent is your child under 19 or a full-time student. (I will explain this further below.)

3. The dependent must be closely related to you, or, if not, must be a member of your household who is living in your home.

4. The dependent must be a citizen of the United States. If he is not, he must be a resident of this country, Canada, Mexico, Panama or the Canal Zone.

5. The dependent must not make a joint return with his or her husband or wife.

There are two other—rather special—types of exemptions: for old age and blindness. If you were 65 or older Jan. 1, 1959, you have an extra \$600 exemption. If you were blind on or before the last day of 1958 you may take an extra \$600 exemption regardless of your age. If you qualify on both counts, you

may take both extra exemptions.

If your wife qualifies for either or both of these extra exemptions, you may claim them for her if she is not filing a separate return.

Additional Exemptions

Old age and blindness exemptions are in addition to the automatic \$600 allowance every taxpayer has. Hence, a blind person 66 years old would have on his own account \$1,800 of exemptions.

The blindness and old age exemptions apply to a wife or husband who died during the previous year. But they are not applicable in any circumstances to a dependent.

Minors are a special case. Contrary to the general rule, your children who are under age 19 or who are full-time students of any age may be claimed as \$600 exemptions even though they themselves earned \$600 or more. To be a full-time student, the law requires full-time study at a recognized school for at least

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

But to benefit by either of these exemptions you must have provided more than half the youngster's support.

Must File Return

(You may take a \$600 exemption for a child born to you last year who died before the year was out. You may take this deduction even if the child lived only a few seconds or minutes—but not if it was still-born.)

Regardless of whether you claim him or her as an exemption, a child who earned \$600 or more must file an income tax return of his own. A youngster may claim his own personal exemption on this return without changing the right of the taxpayer who is contributing more than half his support to claim the child as a dependent.

If the child earned less than \$600 and taxes were withheld, he is entitled to get

that money back. To do so, he must file a return.

Related to the matter of dependents is the "head of household" category. The law provides special, slightly lower tax rates for single persons who qualify as "heads of household." Usually, this means a person who is unmarried or legally separated who furnished for the entire year more than half the cost of maintaining a household for at least one relative. If that relative is an unmarried child, grandchild or stepchild who shared a home with you, he need not qualify as a dependent.

If the relative is a parent who qualifies as a dependent, the household you maintain for him or her need not be where you live. "Heads of Household" must use Form 1040 to claim the lower rates.

Rule Different

The rule of one-half support is a bit different in the case of persons where support is paid by several individuals.

Consider the mother who is supported by several of her children, none of whom contributed more than half the total. One of them whose share of the bill is 10 percent or more of the total may be chosen by the others to

claim the \$600 exemption. The exemption cannot be divided. The other children who contributed more than 10 percent must file a written statement with their returns that they will not claim the mother as an exemption. They may use Form 2120 to make this declaration.

Another question about dependents is the status of divorced or legally separated persons. You may not claim an exemption for your spouse if you were divorced or legally separated during the year, regardless of whether you paid for the support of that person.

(Next: Deductions.)

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Earth Found To Be Pear-Shaped, Flight Of Vanguard Shows

New York—(Science Service)—The earth is pear-shaped, not bulging at the equator as has been thought.

Studies of the orbital flight of Vanguard I show that the earth's sea level is 50 feet higher than expected in the north polar regions and 50 feet lower than expected in the south polar regions. Accounting the pear shape is the fact that outside the polar areas sea levels in the Northern Hemisphere are 25 feet lower than thought, and 25 feet higher in the Southern Hemisphere.

Based on Flight Data

These new results of the shape of the earth from satellite observations were reported at a press conference here by Dr. John O'Keefe of the National Aeronautics and Space Administration.

The new shape was found by Drs. O'Keefe, Ann Eckels and R. Squires of NASA, based on orbital flight information supplied by Joseph W. Stry, at the Vanguard satellite section of the Naval Research Laboratory, Washington.

Changes in the perigee height of Vanguard I, when it is nearest the earth, first led

the scientists to suspect the earth was not shaped like a bulging ellipse. If it had been, the perigee height of Vanguard should have been the same whether the satellite was over the Northern or Southern Hemispheres.

Not Symmetrical

Orbital information showed, instead, that its perigee height was lower than expected over the Northern Hemisphere and higher over the Southern Hemisphere, thus proving the earth was not symmetrical on either side of the equator.

Whatever the reason for the pear shape, the forces causing it are still at work. Otherwise, Dr. O'Keefe said, studies of such ancient formations as the pyramids would have shown changes that are not now evident.

The combination of narrowing in the Arctic regions and a broad base for earth in the Antarctic area means earth's sub-crustal mantle must have a much larger mechanical strength than previously believed in order to support the pear-like shape. The change in shape will undoubtedly lead to a better understanding of the earth's structure.

Benson Urges Federal Aid Curb

Washington—UPI—Secretary of Agriculture Ezra T. Benson urged farm belt lawmakers Tuesday to help fight inflation by curbing the cost of government aid to farmers.

He appeared before the House Agriculture Committee to seek approval of the administration's plan for lower farm price supports and relaxed production controls.

The committee's Democratic leaders served notice in advance that they want no part of the new program. They said the committee will not approve any reduction in price supports.

Benson said present support and production programs have "obviously failed" in controlling surplus crops and have helped large farmers more than smaller ones.

Telephone Workers Get Added Benefits

Portland—UPI—An official of Communication Workers of America said Tuesday new improved pension benefits have been negotiated for about 500 Oregon employees of Pacific Telephone and Telegraph company.

Minimum pensions have been increased to \$115 a month for retired persons over 65 and to \$85 a month for those under 65. Previous minimums were \$100 and \$75.

Washington—UPI—Five common mistakes that lead people to pay more income tax than they have to:

—Failure to claim all allowable deductions when making an itemized list of deductions.

—Claiming the standard 10 percent deduction when an itemized list of allowable deductions would exceed 10 percent of income.

—Filing of separate returns by a man and wife when a joint return would reduce their tax.

—Failure to claim all eligible dependents, especially children under 19 or in school (though they may have earned more than \$600 of their own) and relatives you may be supporting jointly with others.

—Not deducting pay received under an employer-financed plan while you were absent from work because of injury or illness.

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