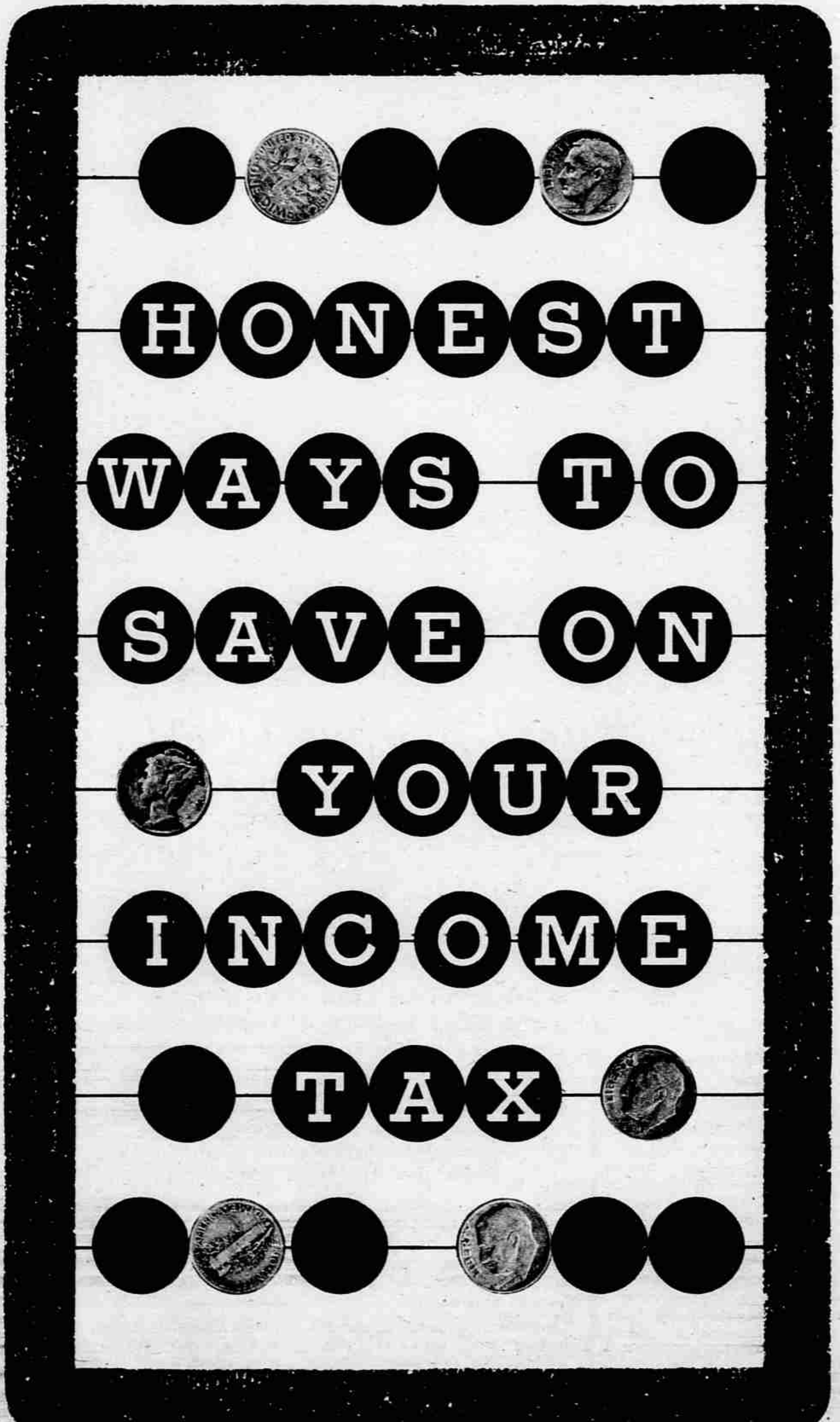
KIPLINGER EXPERT TELLS:



There's no

and surprising,

Millions of people will pay too much in taxes during the next few weeks. If you fail to take the deductions, exemptions, exclusions, and credits to which you are legally entitled, you may be one of them.

If you pay *more* income tax than you should, there is very little chance that the Internal Revenue Service will correct your mistake.

But if you pay *less* tax than you should, chances are very good that you will be called by the tax men and asked to explain. Each year, the Government gets a little tougher, and this year it will be tougher than ever.

Though you may already be aware of some of the ways to save on income tax discussed here, be sure you haven't overlooked any when you start figuring out how much you owe Uncle Sam or, hopefully, how much he owes you.

Some Income Isn't Taxable

Certain kinds of income aren't taxable at all, and there's no point in reporting them. Social Security benefits, gifts (from Aunt Mary, Grandfather Seth, or anyone else), insurance-policy death benefits, state unemployment benefits, accident- and health-insurance proceeds, and veterans' benefits are examples. There are others, too, but that will give you the idea.

If you were away from your job sick last year, be sure to check the sick-leave provisions of the tax law. The basic rule is fairly simple: If you were out because of an injury or were hospitalized, you needn't pay tax on up to $100 a week of your wages. If you were merely ill at home, the tax-free $100-a-week starts after the first week.

Deductions—It Pays to Be Penny-Wise!

Watch your deductions. Most people take the standard 10 percent deduction up to the $1,000 maximum and don't bother itemizing. Often, they actually pay less tax than if they did itemize. But it does pay to figure your tax both ways before deciding which to use.

Everyone is aware of the big items—interest on the mortgage, contributions to the church, state and local taxes, and such. It's the small ones that tend to slip by.

The fender on your car may have been dented early last year. Any part that wasn't covered by insurance is a casualty loss, deductible on your tax return. Same goes for a cigaret hole burned in the arm of your sofa on New Year's Eve, storm damage to a tree in your yard, or the theft of a suitcase from your car while you were on a trip.

Don't overlook such items as the gas you bought to drive the family car on church business, clothing you contributed to the Salvation Army, contri-