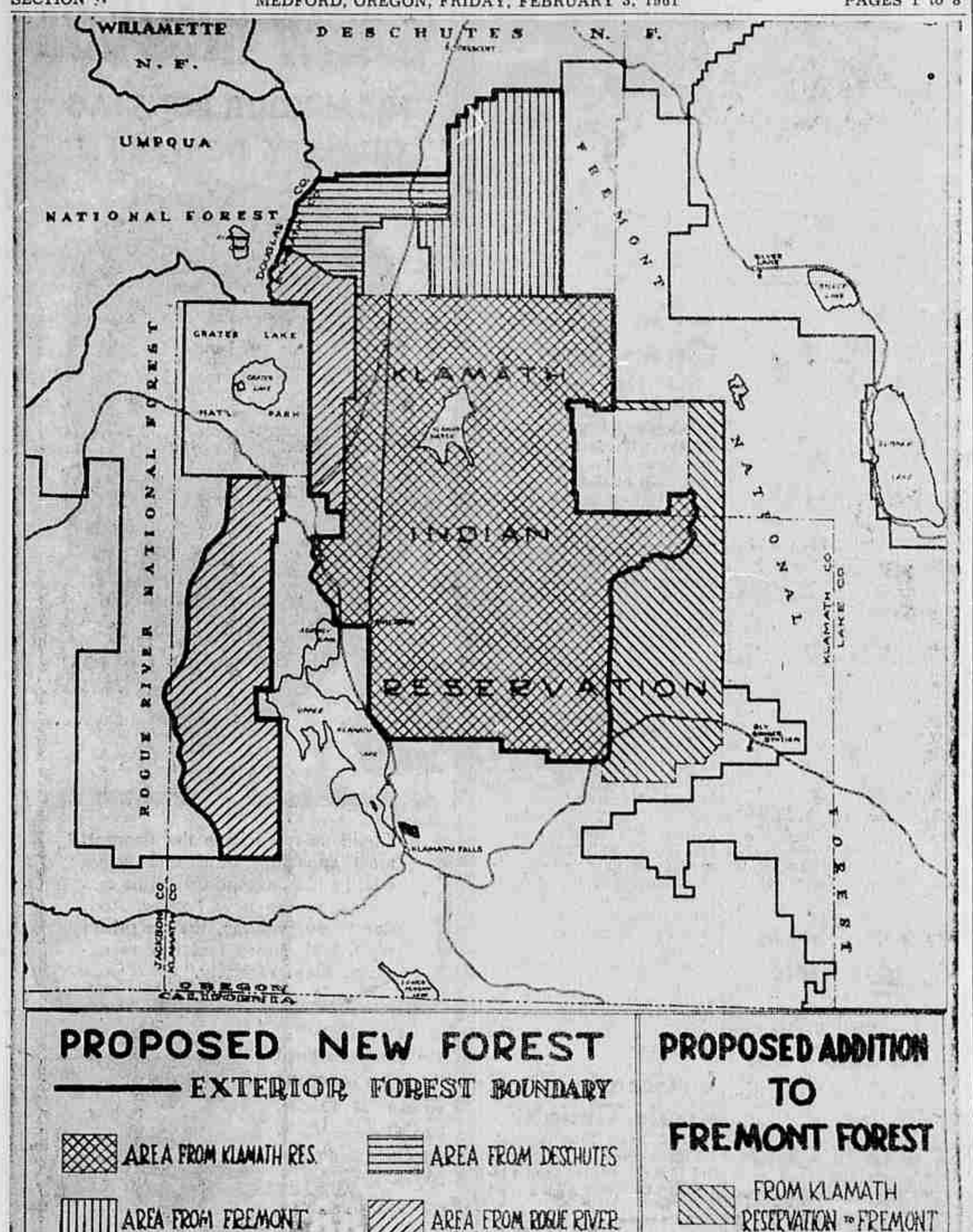

NEW FOREST—On April 1 524,744 acres of the former Klamath Indian reservation forest lands will become national forest. In a series of meetings held in southern Oregon this week by J. Herbert Stone, Portland, Pacific Northwest regional forester for the U.S. forest service, a proposal was announced to establish a new national forest consisting largely of these lands. The new national forest will mean a greater share of Rogue River national forest timber receipts for Jackson county, the regional forester said. The map shows the proposed boundary of the new national forest and the areas from other national forests which will be added to the former reservation lands to form the proposed 900,000 acre forest.

Knowing Allowable Deductions Said Secret of Trimming Tax Payments

Editor's note: This is the fourth of five dispatches on how to file your income tax without paying more than required to. Today's dispatch covers allowable deductions.

By EDWARD COWAN

Washington — (UPI) — The secret to trimming your federal income tax is knowing what deductions you can take.

The government allows you to subtract from your income for tax purposes expenditures of many kinds. There is no single formula covering what is deductible, although there are several general categories of deductible expenses.

So, the best way to make sure you are claiming all the deductions you are allowed is to pay close attention to what is deductible and to review your 1960 expenditures. (Some people keep a running account all year rather than risk forgetting something at tax filing time.)

List Everything

One taxpayer in three takes itemized deductions. Two out of three elect to claim the standard deduction of 10 per cent of gross income. As a rule, the way to decide which is best for you is to figure out with a pencil and paper whether your itemized deductions would exceed 10 per cent of your income.

Sit down with your records and checkbook stubs and list everything you believe tax deductible. (We'll discuss what is deductible in a few paragraphs.) Then put the list away for a few days — out of sight but not out of mind. See if you recall any other deductible expenditures you had.

When you have jotted down all the individual deductions you can think of, total them up and see if the sum exceeds 10 per cent of your income. If it does not, you probably would be wiser to take the standard deduction of 10 per cent. Otherwise, itemize your deductions.

If you itemize, you must use Form 1040 or Form 1040A, the punch card popularly called the "short form." There is a $1,000 limit on standard deductions.

In filing a joint return you can deduct the eligible expenses of both husband and wife. You may not include expenses of your dependents which they paid out of their own funds.

What is Deductible?

Biggest source of deductions for most families are interest on home mortgages and medical payments.

Interest payments: All kinds are deductible. To compute installment purchase carrying charges, a kind of interest, follow this formula: Take the amounts you owed on the time purchase at the beginning of each month last year; add these amounts, divide by 12 and take 6 per cent of that figure. That is your deduction provided it does not exceed the total carrying charge for the year.

Medical expenses: If you were under 65 at the end of 1960 you may deduct medical and dental expenses which exceed 3 per cent of your income. If either you or your wife was 65 or over before the end of the year, you may claim all medical expenses incurred by you both.

Pursuant to a 1960 Act of Congress, you may also deduct — this year, for the first time — all medical expenses of your dependent parents who were 65 or over by the end of the year. In a joint return this applies to your wife's parents if they were your dependents and 65 or older. For a dependent parent under 65 the 3 per cent rule applies.

Medical Payments

Deductible medical outlays include payments to physicians, surgeons, dentists, optometrists, qualified psychologists and Christian Science practitioners.

Also deductible are expenses for hospital bills, nursing, laboratory services, eye glasses, hearing aids, artificial limbs, ambulance charges and the cost of transportation to and from a doctor's office or hospital.

Payments for drugs and medicines may be deducted if they exceed 1 per cent of your income. This includes drugs for persons of all ages.

You also may deduct payments for hospital and medical care plans. But your medical expense deductions must be reduced by reimbursements you got from health insurance or similar sources during the year.

Taxes: Most state and local taxes directly levied on you may be deducted. These include state income, real estate, personal property and state and local sales taxes. You may not deduct federal excise, social security or income taxes; hunting or dog license fees, water assessments or auto inspection fees.

Child Care: Costs are deductible only if incurred while a mother was working or looking for a job or by men who are divorced, widowers or legally separated. The child must have been under 12. If he or she is the taxpayer's dependent he need not be a son or daughter.

Also eligible is the cost of care for any other dependent physically or mentally unable to care for himself.

In all circumstances a child care deduction may not exceed $600. You may not deduct payments to baby sitters you hired so you could go out socially.

Contributions: Deductible if they go to religious, charitable, educational, scientific or literary organizations. However, the organizations must not be operated for personal profit, not carry on propaganda nor engage in lobbying in Congress or other lawmaking bodies. Political contributions, whether to parties or individual candidates, may not be deducted.

In general, a deduction for donations may not exceed 20 per cent of income. But it may go as high as 30 per cent if the extra 10 per cent covers donations to churches and certain tax-exempt organizations.

Employee Expenses: If you incurred business expenses for your employer for which you were not reimbursed, or only partly reimbursed, the net cost to you is deductible. To take this deduction you must do two things: (1) itemize all expenses you had, including those for which your employer paid; (2) include his advances or reimbursements to you in your income.

Education Expenses: You may deduct education expenses incurred primarily to maintain or improve skills required in your present job, business or profession, or to meet requirements to keep your present position. The expense is not deductible if its primary purpose was to qualify the taxpayer for a better job, higher salary or new type of work or to fulfill his general educational aspirations.

Next: Payments and deductions on interest, dividends, sick pay and taxes.

Two Injured In One Car Crashes

Two men sustained apparently minor injuries this week when cars they had been driving were involved in separate one-car collisions in Medford. One of the men was later arrested on a charge of drunk in public.

Arrested was Victor Graham Gibbons, 46, of 5179 Crater Lake highway. Police said they found him intoxicated at the scene of an accident near the intersection of Riverside ave. and Manzanita st., about 9:30 p.m. Wednesday.

Police said a car operated by Gibbons apparently went out of control and struck the rear of a parked car on Riverside ave. Gibbons was later treated at the Medford police station for cuts on his head and lip. Police also cited him for violation of the basic rule.

Injured in another one-car accident was Clarence Joseph Campbell, 24, of 825 Posse lane. Police said Campbell sustained a small cut on his head when a car operated by him struck a steel light pole at a service station at 843 West Jackson st.

Campbell told police he was blinded by the headlights from another car as he was turning into the station. The accident occurred about 7 p.m. Wednesday. No citations were issued. Police said the entire front end of Campbell's car was damaged.

Campbell was taken to Rogue Valley hospital where he was treated for the cut and released.

Realtors Hear Aims of Group

Chief aims of the Medford Board of Realtors in 1961 will be "to promote high standards of conduct and to protect the welfare of real estate and its uses," the president, H. O. Martin, said recently. He spoke at the January business meeting of the board at the Jackson hotel.

Martin stated that the community should be informed that the board demands that all members conduct their business in accordance with the code of ethics of the National Association of Real Estate Boards.

Committee chairmen appointed were Chris Barker, membership and attendance; Don Herried, civic affairs, publicity and public relations; Bill Frohnmayer, legislative; and Bill Pelser, grievance. A committee also will be appointed to screen all bills to come before the legislature.

The retiring president, Frohnmayer, gave a report on Oregon's new trust deed law which should make more loan money available if it passes, he said.

Forest Personnel Attend Course

Two Rogue River National forest men were in Seattle, Wash., last week to attend a course in safety conducted by the U. S. bureau of labor.

They were Doug Baker, Prospect district ranger, and Doug Finch, assistant fire control officer for the forest.

The course covered all phases of accident prevention. Representatives of government agencies from Oregon, Washington, Montana, Idaho and Alaska attended.

Christmas Savings Go for Other Bills

New York — (UPI) — The belief that Americans saved $1.5 billion in Christmas clubs last year to defray yuletide expenses is largely humbug.

According to a leading Christmas club operator, 31 cents of every dollar saved went for Christmas purchases. Of the balance, 10 cents went for taxes, seven cents for year-end bills, two cents for miscellaneous items — and 51 cents for regular savings and investments.