

Internal Revenue Service Plans on Modern Machines To Snare Tax Dodgers

Washington — UPI — Most people struggling to figure out their federal income tax before the April 17 deadline don't know it but they are part of the end of an era.

Not that Uncle Sam is junking the income tax, or even lowering it. Not a bit. He's going to make evading it more dangerous.

Starting next January, the Internal Revenue Service begins using electronic memory devices, high speed computers and other marvels of modern day processing.

These will replace cumbersome manuals and business machine methods, thumbing through files, hit-and-miss seeking for taxpayers who have moved to a new address, and other tedious tasks.

Initial use will be for several southern states—the Carolinas, Alabama, Mississippi, Florida, Georgia and Tennessee. Business returns in these areas will be processed elec-

tronically in 1962, and individual returns the following year.

From the taxpayer's point of view, the most important thing about the introduction of "automatic data processing," as the experts call it, is that it will make it more difficult to cheat by not reporting income.

In short, you're not going to like the new system if you "forget" to report stock dividends — or to file a return at all some years. The electronic brain to be installed in a new National Computer Center at Martinsburg, W.Va., has been designed to discover your "forgetfulness."

Automatic data processing will permit a more meticulous review of returns than ever before. Now, the Service's 50,000 employees can give only limited scrutiny to the returns nearly 61 million taxpayers are filing for 1960. All returns are checked for mistakes in

arithmetic but in the more complicated returns only some computations are checked. A limited number of returns are sifted more thoroughly for omitted income. (How the latter are chosen is a closely guarded secret. But it is admitted that chances of audit go up with income and deductions.)

Electronic processing will subject returns to closer, more exhaustive tests of accuracy and completeness. It may also free Treasury agents from clerical duties so they can spend more time on tax enforcement.

By 1970 there will be an

estimated 72 million taxpayers, about 20 per cent more than now. A similar increase may occur in the total number of documents handled by Internal Revenue each year — now a monumental 400 million. It is all the Service can do to keep up with this avalanche of paper. Indeed, as many taxpayers know, the Service often falls months behind.

Eventually, the Service expects to have nine data processing service centers throughout the nation. They will have machines which will transfer the information on tax and information re-

turns to magnetic tapes.

Fed Into Computer

The tapes will be shipped to Martinsburg, where they will be fed into a big computer — the national tax brain. Using its master file of accounts on every taxpayer in the nation, the computer will:

— check the arithmetic of the returns and compute taxes due the government or refunds due the taxpayer.

— keep track of taxpayers who move from one collection district to another. This will help locate people who have unclaimed refund checks as well as discover people who claim a tax refund for one

year when they still owe taxes for a prior year.

— provide a consolidated tax account showing each taxpayer's standing with Internal Revenue at any time.

— decide which returns should be audited by agents, because of suspiciously heavy deductions, suspiciously little income or for other reasons.

— match information reported on various forms with what the taxpayer reports. For example, the Service gets information reports from corporations on payments of \$10 a year or more in dividends and interest payments of more than \$600 a year. It also gets

employers' reports on wages and salaries paid and taxes withheld. These "information returns" flow into Internal Revenue offices by the millions.

Now, few "information returns" are matched with tax returns to see if the taxpayer is reporting all his income. Often "information returns" are received in one office and tax returns in another. Ultimately, automatic data processing is expected to permit 100 per cent matching.

To facilitate matching new returns with old ones and with information documents, each taxpayer probably will

have his own account number. The Service is considering using Social Security numbers, since most working peo-

ple have them. It is asking Congress for authority to assign numbers to taxpayers accounts.

High Court Holds Truck Differential Law Constitutional

Salem — UPI — The Oregon Supreme Court ruled Wednesday that the law differentiating between log trucks and other types of trucks is constitutional.

A decision written by Justice Kenneth O'Connell reversed an order of the Douglas county circuit court acquitting Carrol Marion Pyle of a charge of operating a truck loaded in excess of weight limits provided by law.

Pyle had moved a commodity other than logs, poles and piling. The axle load on his truck was 2,100 pounds overweight and the overload penalty was \$65.

A log truck carrying the

same weight would have had an overload of only 100 pounds and the penalty would have been less — \$25.

He contended this was an unconstitutional discrimination between log trucks and those handling other types of cargo.

Not Arbitrary
Judge O'Connell wrote that the classification between the two types of trucks is "not arbitrary and does not violate the equal protection of due process clauses of the federal and state constitutions."

The high court noted that ordinarily logs, poles and piling vary greatly in size, shape and weight and it is difficult to accurately estimate weight and distribution of such a load.

The court also noted that logs usually are loaded in woods where it is impracticable to provide scales.

The opinion said if a log hauler exceeds a limit especially granted to him, he "suffers a more severe penalty than does the hauler of other commodities for similar excess weight violation."

Judge Eldon F. Caley was reversed.

Other decisions:
Robert F. Daly vs. Thomas Jackson, et al, appellants; appeal from Linn county; Judge Victor Olliver affirmed; suit to require Jackson and others to cause a corporation of which all were stockholders to issue a \$25,000 note, Daly favored.

Leonard L. Browning, appellant vs. Terminal Ice & Cold Storage Co.; appeal from Multnomah county; opinion by Justice William Perry; Judge James W. Crawford affirmed; personal injury action under employers liability act, \$77,735 verdict for Browning affirmed.

Case Dismissed

Norman Reid, et al vs. Ella L. Reid, appellant; appeal from Multnomah county; opinion by Justice Perry; Judge Robert C. Belloni affirmed; suit involving title to property, proceedings dismissed.

Karl Scott, et al vs. Lawrence Warehouse Co., appellant; appeal from Multnomah county; opinion by Justice Alfred T. Goodwin; Judge Charles W. Redding modified and case remanded; judgment for \$23,510 against the warehouse company for alleged failure to deliver certain lumber, judgment increased to \$23,877 under cross-appeal.

State vs. O. Wayne Dodson, appellant; appeal from Benton county; opinion by Justice Hall S. Lusk; Judge Fred McHenry affirmed; conviction of Dodson on a charge of drunken driving affirmed.

Machinery Accidents Lead Farm Deaths

New York (Science Service) About 11,700 deaths annually are reported among farm residents who are victims of accidents both on and off the farm.

The Metropolitan Life Insurance company says this number is equivalent to a death rate of 55 per 100,000, compared with 52 per 100,000 for the whole population of the continental United States.

Machinery accidents kill nearly 900 farmers per year. Drownings, firearm accidents and falls are other leading causes of accidental farm fatalities, most of which occur among males.

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