



Your Money's Worth

By SYLVIA PORTER
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THE NEW TAX LAWS' MEANING TO YOU - I SUMMARY OF LAWS

This month, two major tax laws went on the statute books of the United States — laws which will affect millions of taxpayers, both individuals and corporations, from coast to coast.

Under one of the laws, the Retirement Act of 1963, all self-employed professional and business men will, beginning in 1962, be able to get special retirement plan tax breaks for the first time. The benefits, to be similar to the special retirement tax benefits until now limited to employees and corporation executives, will be available to millions — individuals and partners, doctors and lawyers, accountants and engineers, real estate operators and plumbers, independent salesmen and bakers, etc.

Under the second of the laws, the Revenue Act of 1962, businessmen are being handed a tax cut amounting to more than \$1 billion a year. The bonanza will apply to this current calendar year of 1962 and will be available to the businessmen without any reduction in the tax rates they pay on their incomes.

For years Congress flirted with the idea of passing a law permitting tax-sheltered retirement pensions for the self-employed. By the time this last session got around to passing the law, the original proposals had been revised, refined, softened, hardened and mangled to the point where the experts are just beginning to find out what was done. And even the law's most ardent supporters admit their astonishment that anything was done at all.

Almost from the day President Kennedy took office, Congress wrestled with the Revenue Act which it finally passed at the end of the session. It also revised, refined, softened, hardened and mangled the administration's original proposals so many times that here too the experts are just starting to find out what's in the new law.

In this series of eight columns, beginning today, I will submit the major points in both laws which are of the most direct meaning and bread-and-butter importance to you.

To summarize at the start, here is the essence of the Retirement Act of 1962.

If you are self-employed, you will from 1963 on be able to earmark and deduct part of your current earnings for a future retirement fund. While you are accumulating this fund, the income earned by the fund will be tax-free and your taxes will become due only when you retire and start withdrawing from your fund.

Also to summarize at the start, here are the major things the Revenue Act of 1962 does.

It gives businessmen who buy machinery, equipment and other tangible personal property for their business an entirely new tax credit which, the Treasury estimates, will create for these businessmen a \$1 billion a year tax savings pot. The credit applies to all qualified purchases starting with years ending after 1961, so the tax savings will be available when businessmen file their 1962 returns.

It clamps down hard on types of expense account deductions and sets up far tougher rules for proving the expense deductions too. There will be brand new limits on entertainment expenses, on entertainment facilities such as golf clubs and boats, on combined business-pleasure trips, on deductions for business gifts. No longer will you be able to uphold your expense account deductions with "estimates."

It demands much more information be reported on the payment of dividends and interest by corporations, banks, savings associations, the like. It also provides for the imposition of stiff penalties on those who fail to heed the new reporting requirements.

And there are many other provisions in the new law. For instance, 1962 will be the last year for a special capital gains tax break for businessmen who sell appreciable personal property (such as a car, office equipment). . . There are new limits on tax exemption of income earned by U.S. citizens working abroad. . . Tax haven operations via foreign corporations are being restricted. . . The tax advantage of certain foreign mutual funds is wiped out. . . And so on.

Next: How the retirement plan tax break will work for the self-employed professional or business man.

The Family Council

Editor's note: The Family Council consists of a judge, a psychiatrist, three clergymen, three editors and a women's editor. Each article is a summary of a family disagreement presented to the Council. The Council deals with problems, major and minor, encountered by guidance counselors and social workers. Edited by Mrs. Alma Deany. (Copyright by General Features Corp.)

Brenda T. — No matter how I word a remark, he takes it as a dig.

Herbert T. — She can't hide the fact she considers me in the way.

Brenda T. — I'm at my wit's end with Herbert. He's so edgy that nothing I do is right. If I'm silent he thinks I'm sulking. And if I speak he gets irritated.

How can you have a civil conversation with a man who takes every remark as an insult, or tries to find hidden meanings in any innocent word? The other day he coughed. I said, "You ought to take something for that." He glared at me and asked, "Why? Does it bother you?" I know he's under a strain. He failed a civil service test and he's studying to take it again. But he has no right to jump on me like that. I'd leave him until the exam is over, but he needs me to keep house and typewrite his notes.

Herbert T. — I have a boring job I can't stand. After enduring eight hours of it each day, I drag myself home for an evening with a wife who really doesn't need me around at all. And she shows it by making me feel in the way. She holds a big job in a department store and makes more money than I do.

One way I can make life happier for myself is to change jobs and that's what I'm determined to do. I was upset and badly prepared when I took the test for a government position, but I'm taking it again and this time I'm studying the manuals carefully.

Once my income picks up, I'll have things out with Brenda. I'm fed up with just being tolerated by her. I want some respect.

The Council: Herbert is first and last an angry man. Hostilities seem to be piled up within him from 'way back. Maybe he's still sore at his parents and teachers. Now he's at odds with his employer, and feels pushed around by Brenda. But behind these animosities we see a man who can't stand himself.

Herbert needs help. Someone — a teacher, a clergyman, a vocational advisor, a psychological counselor — must help him first to like himself. At present he feels scorn for himself, for not earning much money, for failing a competitive test, for not making Brenda or himself or anyone happy. Once he is helped to

appreciate himself as an all right guy, a battler against odds, a fellow with quite a list of talents and virtues (even though they're not readily redeemable in cash), he should be able to see the good in many other areas, even perhaps in his home.

Psychologically Herbert carries the unreasoning chip on his shoulder which, if allowed to proliferate, can lead to the mental illness called para-

noia (delusions of persecution). A paranoid may hit the ceiling over a simple greeting like "Hello there, fella." He'll look for a hidden dart anywhere. To nip this tendency fast, we must counsel Herbert to give Brenda's comments the very best interpretation possible. Certainly as his wife she's pro-him, on his side, for there's no percentage in it for her if he's miserable.

A bitter self-pitying man can twist any remark into a hurt. In Herbert's hypersensitive state, even a line about the weather might start him off. "It stopped raining," Brenda might say. "Aren't you glad? Now I can go down

LAVISH RECEPTION

Manila — UPI — Mexican President Adolfo Lopez Mateos received a lavish reception Saturday as the first Latin American head of state to visit the Philippines.

for a walk and leave you alone," her self-deprecatory husband might reply.

Some quickie tips for Brenda: Bear in mind his fragile ego. Lubricate it, salve it, coddle it with soothing lotions of approval. Also, don't take his "venom" personally. He's not as irritated by you as he sounds. He's irritated by life, and you're the one who's around to listen. That's the irritation to work on.

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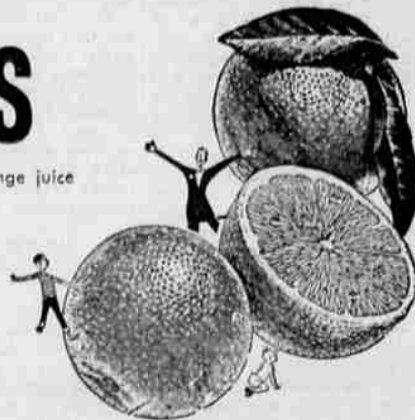
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