

Your Annual Income Tax Primer

By RICHARD A. MULLENS
Written for NEA Service

A somewhat complicated but very useful provision in the tax law permits a taxpayer, under certain conditions, to postpone paying tax on the gain from the sale of his residence.

In this day and age of rising prices, it is not unusual for a man who bought a home for \$7,500 in 1940 to find that it is worth \$15,000 to \$20,000 today.

That sounds good for the homeowner, but under the old law it could result in a real hardship. Suppose such person were suddenly transferred to a job in another city. Under the old law, if he sold his home for say \$17,500, the capital gains tax on a profit of \$10,000 could run as high as \$2,500.

This would mean that without putting up additional cash or borrowing money, he could not buy as nice a new home as was his old one.

The law was changed in 1954. Now, even though you sell your principal residence at a gain, the gain is not taxed if you buy a new residence within a period beginning one year before the date of sale and ending one year thereafter and if the "adjusted sales price" of the old residence is less than the cost of the new one.

As usual, this general rule needs some explanation. For example, "adjusted sales price" of the old residence means the selling price less expenses of sale and also less any "fixing-up expenses." The latter means expenses for work performed within 90 days before the contract of sale on the old residence in order to assist in its sale. Such expenses must be paid within 30 days after the date of the contract of sale in order to qualify as "fixing-up expenses."

The rule also applies if the cost of constructing a principal residence is as much or more than the adjusted sales price of the old residence.

In this case, if you begin construction of the new residence yourself (that is, you do not take over a construction contract begun by another person) before the expiration of one year after the sale of the old residence, you may have an additional six months in which to complete the new house and move in.

The one-year or 18-month period referred to above is suspended while taxpayer serves on extended active duty with the Armed Forces of the U.S., but not for more than four years after the date of sale of the old residence.

The term "residence" includes a house, houseboat, or house trailer. If you live in more than one place, it must be your principal residence.

When part of the principal residence is used as your principal residence, and part is used for business purposes or rented out, only the allocated gain on that part of the property used as the principal residence is not taxed. The gain on the business or rented part of the property must be reported.

For example, if a taxpayer renting one-third of his residence sells it for \$6,000 profit, he must report one-third of the gain, or \$2,000 but need not report \$4,000 of the profit if he otherwise complies with the special rules on sale of a residence.

Also, Barron notes, a growing number of companies, mindful of the financing opportunities offered by the current market, have decided to raise money by floating convertible debentures.

"While perhaps not technically equity financing, such flotations, in fact, inevitably mean a greater availability of common stock," says the publication.

In the first half of 1958, the total of corporate securities offered for sale, totaled \$6,222,000,000 and of this only \$816,000,000 was in equities.

For the full year of 1957, financing totaled \$12,884,000,000 with common stocks making up \$2,927,000,000 of the total.

The lure of floating common stocks is the big demand for them. Corporations have had a tendency to resort to bonds in their financing. These have an advantage in that the corporation does not have to pay income taxes on the interest it pays on its bonds. It does have to pay taxes on the dividends it pays to stockholders. The disadvantage in bonds is that in case of a bad year, a company may be thrown into bankruptcy if it cannot meet bond interest.

SPEEDUP SOUGHT

OAKLAND, Calif. (UPI)—George Mathews, 94, has asked the court to speed up his request for a divorce that would end his marriage of 5½ years.

Mathews told Judge Chris B. Fox, "I want to live my last few years on earth in peace."



CENTENNIAL THEME is exemplified at Ricky's Town and Country through centennial dinnerware and a trading post for buy, sell and swap items. Bob Scholl, manager, with a centennial beard, stands beside the china display. Bavarian luncheon or salad plates, cups and saucers and ash trays are imported through Tirschenreuter and imprinted in this country with a center picture on the coupe shaped plates. The picture has four scenes—Mount Hood, Oregon Coast, covered wagons on the Oregon Trail and a picture of Crater Lake.

Ranger Given New Position

Promotion and transfer of Rexford A. Resler, district ranger, Union Creek District, to the supervisor's office of the Willamette National Forest, Eugene, has just been announced by Forest Supervisor C. E. Brown. Resler will handle the timber management activities on the Willamette Forest.

Resler served four and one half years with the Air Force as instructor in radio communication and repair.

He was graduated from Oregon State College in 1953 with a degree in forestry and received a master's degree in 1954, while on part time work with the Forest Service.

Home Extension

The Midland Home Extension Unit met at the county fairgrounds, at which time new officers were named.

Fanny Horsley was named chairman succeeding Edythe Casebier, resigned; Helen Warren was elected vice chairman succeeding Pauline Risley, resigned; and Thelma Houck was named food chairman, succeeding Sue Combes, resigned.

After a noon sack lunch, members enjoyed an open meeting of visiting, knitting and discussing a low calorie menu which will be demonstrated at the next meeting.

MECHANIZE FARM METHODS

TAIPEI, Formosa (UPI)—Agriculture officials have launched a long-range program to mechanize 1,000-year-old farming methods on this island stronghold of the Chinese Nationalists.

He received his appointment in 1953 as a junior forester on the Siuslaw National Forest where he served as timber sale officer on the Waldport District until July 1955, when he was made district ranger of the newly formed Mary's Peak Ranger District. In May of 1957 he was moved to the Union Creek District.



Examine me for Noles Blend-Vue Lenses!

Now you can have the comforts of youth and freedom from bifocal discomforts through this sensational new lens which eliminates the objectionable tattle-tale age line and unpleasant eye-jump caused by old-fashioned bifocal lenses. Blendvues are the perfect lenses for our high-style imported PERSONALITY GLASSES frames.

• Open All Day Saturday
• Green Stamps
• Courteous Credit Always
our 54th year
COLUMBIAN OPTICAL CO.
730 Main St. TU 4-7121
* Drs. Omar J. Noles and Don R. Heylor Sr.

New Capital Deficit Seen At \$1 Billion By Expert

By ELMER C. WALZER
UPI Financial Editor

NEW YORK (UPI)—Estimates on 1959 financing show there will be a deficit of \$1 billion in new capital, according to Girard L. Spencer of the stock exchange firm of Salomon Bros & Hutzler.

As a result of this excess of demand for long-term capital and a continuing restrictive monetary policy, pressure is expected to continue in the money market.

Interest rates are likely to continue to rise, says Spencer, at least during the first half of the year. But the rise is expected to be less rapid than in the second half of 1958.

Spencer anticipates a supply of \$23.7 billion in long-term funds seeking investment. He places demand for these funds at \$24.7 billion.

Here are the sources of supply: Life insurance companies \$4.7 billion, mutual savings banks \$2.2 billion, savings and loan associations \$5.5 billion, corporate pension funds (not funded with insurance companies) \$3.3 billion, state and municipal retirement and pension funds \$1.6 billion, fire and casualty insurance companies \$1.3 billion, and other long-term funds \$5.1 billion.

Demand for long-term funds is expected to come from mortgage financing \$13.3 billion; state, municipal and public revenue authority financing \$3.5 billion, and corporate financing \$7.9 billion.

Spencer arrives at his mortgage financing estimate on the basis of 1,150,000 private housing starts.

Corporate financing consists of \$8.6 billion bonds and notes, \$10.5 billion preferred stocks, and \$1.6 billion common stocks, less \$2.8 billion maturities and sinking fund retirements.

It is interesting to note that this calculation includes more than \$2 billion in stocks, including preferreds.

Wall Street has been looking for a rise in stock offerings for industry financing in 1959. In the first place, the stock market is strong for making a climate to absorb new offerings, and the bond market unpopular as well as cluttered with municipal flotations.

The Journal of Commerce notes that public utility companies are the first important group to take advantage of the rise in the stock market to step up equity financing.

Some pickup is noted in equity financing by industrial companies but thus far this has been

Gilchrist High News

By RUTH FORSTER

The Gilchrist High School winner of the Betty Crocker Home-maker of Tomorrow contest is Sue Roland of Gilchrist. On a 50-minute examination on homemaking knowledge given to all graduating senior girls, Sue received the highest score. Her paper has been entered in competition with those of other Oregon school winners for the state title Betty Crocker Home-maker of Tomorrow.

Each state winner will receive a \$1,500 scholarship from General Mills, an educational trip April 4-10 with her school adviser to Washington, D.C., colonial Williamsburg, New York City and Minneapolis. She will be a candidate for the All-American Home-maker of Tomorrow. To the runner-up in the state will be given a \$500 scholarship.

Sue was presented with a pin representing the slogan, "Home is Where The Heart Is," by Dorothy Houston, homemaking instructor at a student body meeting last week.

ROCK 'N ROLL DANCE



featuring
Capital Recording Star
GENE VINCENT
BE-BOP-A-LULA

PLUS
CLAYTON WATSON
and the **SILHOUETTES**

THIS IS A REAL ROCKIN' BAND AND HAS BEEN TOURING WITH JIMMY RODGERS AND JERRY LEE LEWIS AND WILL BACK GENE ON HIS RECORDS FROM NOW ON.

AUDITORIUM
SAT. NIGHT
DANCING 9-1 — \$2.00 PER PERSON

MEET NALLEY'S CHILI CON CARNE TWINS

HOT "MEXICAN" STYLE

MILD "WESTERN" STYLE

Nalley's CHILI CON CARNE WITH BEANS

Nalley's HOT CHILI CON CARNE WITH BEANS EXTRA HOT

TWO DELICIOUS VARIETIES OF CHILI CON CARNE!

Nalley's have the flavor for you—hot or mild—Mexican or Western style. And—when we say "Con Carne" we mean "with meat"—with all the top-grade lean beef a good Chili needs. Plenty of tender, plump beans, too! Compare Nalley's Chili Con Carne with any other brand. You will find more meat, more flavor... and two varieties to suit your taste. Take your pick of Nalley's Chili twins—or mix one of each for a third delicious flavor.

NALLEY'S BEEF STEW

For real home style beef stew in minutes—serve Nalley's. Nalley's exclusive pre-braising process seals in all the delicious meat juices... gives Nalley's beef stew a flavor all its own.

Nalley's

Look for the new Nalley's label when you buy... the symbol of Fine Foods