

Your Annual Income Tax Primer

By RICHARD A. MULLENS
Written for NEA Service

One way to tell a smart taxpayer is to see how he decides whether to itemize deductions or claim the standard deduction.

The smart taxpayer will add up the deductions he could itemize and compare the total with the standard deduction. If this is done, it's an easy matter to choose whichever gives the larger deduction.

This article will give you some helpful tips on deductions for medical expenses, child care expenses, and losses from theft or casualty.

Page 10 of the official instructions lists a number of specific examples of expenditures which are and are not deductible as medical expenses.

One item likely to raise questions in your mind is transportation costs primarily for rendition of medical services. This would, of course, include such items as railroad fare to a hospital or recuperation home and cab fares in metropolitan areas. But what about a trip to Florida or California for

your health? The transportation cost of such a trip would be deductible only if your doctor prescribes that you go to a more favorable climate to alleviate a specific condition and not merely to improve your health generally.

You should note that the cost of meals or lodging while away from home receiving medical treatment is not deductible unless you stay in a hospital or similar institution.

Where the main reason for presence in an institution is medical attention, the entire cost is deductible. However, where medical care is not the principal reason for being in an institution, only the cost attributable to medical care is deductible.

For example, if a person is placed in a home for the aged primarily for personal or family reasons instead of medical reasons, only the cost of medical care or nursing attention is deductible as a medical expense.

You are allowed the deduction for expenses of medical care incurred on behalf of yourself, your spouse and your dependents. For this purpose, the test of a dependent is only whether you provided more than 50 per cent of his support. This means that you can deduct medical expenses paid by you on behalf of your father when you support him even though he earned over \$600 and, hence, could not be claimed as an exemption.

Unlike other deductible items, only the medical expenses which exceed a certain percentage of your adjusted gross income are deductible.

The so-called child care deduction for working mothers has several restrictions. For one thing, even though you qualify for the deduction, you cannot claim it and the standard deduction too.

Like other personal deductions, it can only be deducted if itemized on page 2 of Form 1040. Child care expenses are now deducted under the heading of "Other Deductions."

The only people entitled to this deduction are women (including working wives) and men (provided they are widowers, legally separated, or divorced) who, in order to be gainfully employed, must pay for the care of one or more of the following described dependents:

A son, daughter, or stepchild who is under 12 years of age or any dependent who is physically or mentally unable to care for himself.

A taxpayer is considered to be gainfully employed if he is working for someone else, is self-employed, or is looking for work.

For any one year, you cannot deduct more than \$600 for such expenses regardless of how much you actually spent. If you spent less than \$600 for care of the dependent while you were "gainfully employed" then you can only deduct the amount spent.

The amount of the deduction is subject to two further limitations if you are a working wife. These two limitations do not apply, however, to a working wife whose husband is incapable of self-support because of a mental or physical disability. The limitations are:

1. The working wife must file a joint return with her husband, and

2. Her dependent's care deduction must be reduced by the amount by which the adjusted gross income on the joint return exceeds \$4,500. For example, if she has spent \$500 for dependent's care while "gainfully employed" and the adjusted gross income on the joint return was \$4,650, her deduction would be reduced by \$150 (\$4,650 minus \$4,500) to \$350.

Do not include in the deduction any amounts paid for a child or other dependent's care to someone who is also your dependent for tax purposes. Thus, if a widower pays his 17-year-old daughter \$60 a month to stay at home and take care of his younger children, he is not entitled to a \$500 child care expense deduction for those payments.

Property losses caused either by a casualty or theft can be shown on page 2 of Form 1040 even though the property is for your own personal use. Casualty losses include damage from fire, storm, flood, lightning, hurricane and other sudden, unexpected or unusual causes. Thus damages from a bursting boiler or frozen pipes would be a casualty loss.

You can deduct damages to your car caused by a collision unless the collision was due to your willful negligence. Faulty driving is not classed as willful negligence, but driving while intoxicated is so classed.

The amount of the loss or damage to be deducted should be computed in accordance with the official instructions on page 10.

If you have difficulty determining the fair market value of the property both before and just after the loss, as required by the instructions, remember that such things as repair bills, insurance adjusters' estimates, and police or fire department records are good evidence of the amount of your loss.

A loss from a casualty or from theft should be deducted in the year the loss occurred. If you are covered by insurance, the loss must be reduced by any recovery.

If your casualty loss in 1958 exceeds your 1958 income you can deduct the excess from your 1959 and 1957 incomes and get a refund. Do this by filing a claim on a form you can get from your District Director of Internal Revenue.

ORDERS TAKEN FOR

HEALTH FOODS

1403 Main TU 4-5726

Expert Care for Your Pets

while you are away on vacation or during any emergency

Individual Escape Proof Runs
Heated Sleeping Quarters
High Protein Balanced Diet
Pick Up and Delivery
Only Healthy Animals Admitted
Attendant on Duty 24 Hrs. A Day

ALSO

Professional training all breeds, field or obedience. Trained dogs and puppies for sale. Grooming, stripping and bathing. Modern cat kennels.

Shasta Cascade Kennels

Merrill Highway L. P. (Pat) Montgomery TU 4-5078

Form 2441
2000-59

STATEMENT OF EXPENSES FOR CARE OF CHILDREN AND CERTAIN OTHER DEPENDENTS
For Taxable Year 1958

This deduction for "child care" is not allowable if you have the standard deduction on Form 1040 or if you have Form 1040-A.

1. Name of taxpayer claiming the deduction Mrs. Jane Public

2. Name of child for whom care was provided Edgar

3. Name of person providing care Mrs. Harry Nalls

4. Amount paid for care \$450.00

5. Total amount of expenses paid \$450.00

6. Amount of deduction \$450.00

7. Balance due \$0.00

8. Total amount of expenses paid \$450.00

9. Amount of deduction \$450.00

10. Balance due \$0.00

11. Total amount of expenses paid \$450.00

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99. Amount of deduction \$450.00

100. Balance due \$0.00

Form 2441 may be obtained at Internal Revenue Service office.

OBJECTS TO NAME

ATLANTA (UPI)—Gov. Ernest Vandiver has refused to sign a bill setting up a Civil War centennial commission until the Legislature changes the measure to read "War Between the States" instead of "Civil War."

DEDICATE DUKE MANSION

NEW YORK (UPI)—The James B. Duke mansion, former residence of the tobacco manufacturer and a New York landmark, was dedicated Monday as the new home of the Institute of Fine Arts of New York University.

GOOD TRADE

BEATTY—The Beatty Tavern, which recently reopened under the management of Mr. and Mrs. William C. Walker of Chilquin, reports a good trade. The Walkers recently renovated the tavern, which was formerly under the management of Jonathan and Dorothy Crume. Walker expects to do more work on the tavern at a future date. The restaurant is managed by Edith George and Joanne Ling, who formerly managed the lunch counter at Newberry's in Klamath Falls.

NOTICE!!

Old Friends and Patrons, Am now working at
HAL CLINES BARBER SHOP
Town & Country Shopping Center
CLEM BRANISS

Western Thrift Invites You To Take Advantage Of These

Valentine's Day SPECIALS!

Choose her gift from our selection of the finest

Perfumes

You'll find her favorite among these brands:

- LeGai
- Coty
- Dana's Tabu
- Dana's Tweed
- Primitif
- Hypnotique
- Chantilly

Candy

Choose from our fresh stock of Russell Stover and other fine brands. All attractively Valentine gift-wrapped!

SPECIAL!

Helena Rubinstein's "YOUNG TOUCH" HAND LOTION Regular 3.00 size **\$1.50**

EVENING IN PARIS SOLID PERFUME

In gold rouge case. Reg. 1.00 value. **29c**

Helena Rubinstein's ULTRA FEMININE Hormone Creme Reg. 5.50 Size **\$3.50**

BUDDING BEAUTY "Look 'n' See Set" by TUSSEY Pomade Lipstick and Compressed powder Compact. Reg. 2.25 value **\$1.25**

CUTEX LIPSTICK 3 shades in leatherette case 1.25 value **49c**

1/2 PRICE SALE

Once a Year Offer **GIANT** PROFESSIONAL SIZE FORMULA **42** HAIR SPRAY REGULAR PRICE \$1.69 NOW ONLY **84c**

Add Federal Tax to All Taxable Merchandise

Check these terrific Western Thrift Specials! These prices are effective only on merchandise in stock, so hurry to Western Thrift now and SAVE!

Valentine's Day Greeting Cards

Every type of card you could wish for. Choose from our gigantic selection. Hurry for best selection!

1c up

ELECTRIC BLANKETS

- 2-year guarantee
- Moth-Proof
- Washable!
- Dual Control **\$17.95**
- Single Control **\$13.95**

DROP CLOTHS

Giant 9x12-ft. size. Heavy plastic. Regular 98c. **69c ea 2/1.29**

BAND AIDS Reg. 63c box **3 boxes 1.00**

FOAM RUBBER Floor Mats All colors and designs. Regular 2.49 each. **\$1.88**

Pure Natural Latex RUBBER GLOVES Extra long length, natural curved fingers. All colors. Reg. 39c pair. **39c pair**

CENTURY ELECTRIC HEAT PAD Full 1-Yr. Guarantee **only \$2.98**

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635 Main St. Dept. TU 4-3943

Hi-Fi Club News

WIN FREE PRIZES! WINNERS EVERY WEEK!

Tomorrow Night's Prizes:

1st PRIZE -- Westinghouse Transistor Radio with Leather Carrying Case

2 - 2nd PRIZES -- Your Choice of 45 RPM TOP-HIT TUNES from Derby's Music Co.

4 - 3rd PRIZES -- Free Cartons of King Size Coke.

Here's How To Join The Hi-Fi CLUB!

Sign up now and get set for fun and prizes! When you get your FREE membership card you are automatically enrolled in the Hi-Fi Club... then you're eligible to win the valuable weekly prizes shown here... and for all the other privileges of membership!

To Obtain Your Hi-Fi CLUB Membership Card, See Your School Representative.

HERE ARE YOUR SCHOOL REPRESENTATIVES:

KUHS Carolyn Ball and Carolyn Osbourn

FREMONT JUNIOR HIGH Cheryl Ball

ALTAMONT JUNIOR HIGH Chuck Blofsky

MERRILL HIGH Donna Connor

BUTTE VALLEY HIGH - DORRIS Lloyd Logan

TULELAKE HIGH - MALIN HIGH - SACRED HEART

Contact School Principal for name of Rep.

Sparkling Fun

Put sparkle in your parties and Hi-Fi Club sessions with the real refreshment... ice-cold Coca-Cola! Enjoy that cold crisp taste when you spin records and bring out the snacks... Coke goes great with food and fun! Your Hi-Fi Club is sponsored by—

Coca-Cola Bottling Company of Klamath Falls

Drink Coca-Cola

SIGN OF GOOD TASTE