

Income Tax Facts

Editor's Note: This is one in a series of articles on federal income tax filing. These articles are based on information provided by the American Institute of Certified Public Accountants and the Southern Oregon Society of Certified Public Accountants in cooperation with the Internal Revenue Service.

THE HOME AS INCOME PRODUCER

If you rent all or part of your home, the income you receive is taxable. However, the government is only interested in taxing the amount you gain over and above your expense for maintaining the lodging. You can save valuable tax dollars by being aware of the expenses you can deduct from the rent you receive.

Assume that you own an eight

room house. Since you only need six rooms, you decide to rent the other two rooms as a furnished apartment. You will now have two kinds of deductible expenses, those expenses that apply to the house as a unit, and those expenses that apply particularly to the apartment.

As a home owner, you can deduct any property taxes you may have to pay. You can also deduct the interest on a mortgage. This is true whether you rent part of the house or not, but there are some additional deductions you can take from the rent you receive for the two rooms. You can deduct such items as insurance, repairs, collection fees, depreciation, and brokerage commissions. But remember, these deductible expenses must apply directly to the two rooms you are renting. In other words, if you make repairs to the whole house you can only deduct from rent income the cost of repairs applicable to the two rooms being rented.

If you supply any utilities such as gas or electricity to your tenant without making a separate charge, you can deduct a portion of the amount you pay for these utilities from the rent you receive.

Income from renting all or a part of your home should be reported in Schedule G of Form 1040. However, if you perform any substantial services for your tenant, then the rent becomes business income and should be reported on Schedule C. For example, you may be supplying hotel-type services such as breakfast, laundry or cleaning. If such is the case, then you are actually receiving payment for the use of both your property and your services. In effect, you are in the hotel business and must report your income as business income.

If you can show that it is necessary for you to work at home as a part of earning your income from a business, profession, or job, you may be able to deduct a portion of your household expenses as business expenses.

It may be that you use a room as an office. You have equipped it with a desk, a couple of chairs or other materials for performing your work. You can deduct a portion of the following expenses as legitimate business expenditures: depreciation of your home, heat, light, insurance and so on. You can also deduct any portion of your telephone bill applicable to your business affairs.

If you happen to be renting your home from someone else, you cannot deduct an amount for the depreciation of the house, but you can claim a share of the rent you pay as a deduction.

Some of the expenses for your home office are fully deductible. These are expenses that relate exclusively to your business, such as supplies, postage, depreciation of your office furniture, and so on.

Whether you are renting your home or using part of it as an office, remember to keep records of as many of your expenses as possible. Although you are entitled to deduct the expenses discussed in this article, the Internal Revenue Service may ask for an explanation of some of the items you deduct. It pays to have whatever information you can gather to support the expenses you claim.

You can get additional information on deductible expenses from the free instruction booklet issued each year by the Internal Revenue Service. A copy will be sent to you together with your income tax forms.



"Of course I admire your taste in music, Father, only waltzes aren't music!"

Sloganeer Has No Peer; He Likes Ike

NEW YORK (AP) — He dubs himself the "sloganeer without peer" and he doesn't care who the next U.S. president will be, because his business is buttons—campaign buttons.

Buttneer Emanuel Ress has made millions of campaign stickers, labels and buttons since going into business in 1947. Probably his most famous slogan was "I Like Ike," which he says he created long before President Eisenhower was a candidate.

Ress' latest button baby was unveiled Thursday for Vice President Richard M. Nixon's campaign.

"Nixon Man of Steel," it reads.

"I really like that and so do the vice president's campaign people," said Ress. He said he offered the slogan to the Nixon camp after he learned of the vice president's participation in settling the steel industry dispute.

A presidential election year is always a busy time for Ress and his slogan-makers. Here are some of his latest offerings:

"We need Adlai Badly" or "Two strikes are not out—I'm for Adlai" (Stevenson); "I'm for Stu, are you?" (Sen. Stuart Symington); "Who But Hubert?" (Sen. Humphrey); "Back Jack" (Sen. John F. Kennedy); "LBJ All the Way" (Sen. Lyndon B. Johnson); "Nothing Finer than Meyner" (New Jersey Gov. Robert B. Meyner).

At least one of Ress' candidates already has withdrawn from the race. And what do you do with a room full of "Who Else But Nelson?" or "Roll With Rock" buttons?

"They will be paid for, I'm not worried," said Ress, referring to New York Gov. Nelson A. Rockefeller's withdrawal.

Ress, a 52-year-old native New Yorker, got into the business by accident. He worked as a volunteer on the 1940 Wendell Willkie campaign. And when his job in a Wall Street brokerage firm ended he was hired by the button-making company which supplied Willkie's backers. When he got out of the Army he started his own business.

Ress believes that wearing a campaign button is "showing a badge of courage, showing what camp you're in."

What is sloganeer Ress' personal politics? "I don't care who wins," he said. "My business is buttons." After a pause, he added: "But I like Ike."

Ike Proposal To Set Mark

WASHINGTON (AP) — About \$½ billion dollars—a record—will be proposed by President Eisenhower in the next budget for the Department of Health, Education and Welfare.

This was learned Friday from an informed source.

The President said in his State of the Union Message Thursday that his budget for the 1961 fiscal year, starting in July, would propose higher expenditures in every major category of health, education and welfare except one.

The budget is to be submitted to Congress Jan. 18. For the current 1960 fiscal year, Congress provided \$3,446,227,081 for the department.

The exception, the informed source said, is federal aid for schools in areas where there are large concentrations of federal employees. Eisenhower reportedly will renew his plea to Congress to limit this aid to responsibility for children of parents who live and work on federal property and pay no local taxes.

NIXON TO SPEAK

SOUTH BEND, Ind. (UPI) — Vice President Richard M. Nixon will receive the seventh annual Patriotism award from Notre Dame University's senior class next month. Nixon also will deliver an address at the school's traditional Washington's birthday exercises Feb. 23.

Bad Boy Of British Politics Finds Most People Love Him

LONDON (AP) — Aneurin Bevan, the Peck's bad boy of British politics, has learned in illness that most everyone loves him after all.

The 62-year-old fighting Socialist, with his keen sense of irony, must find some humor in the situation as he stares at the ceiling in his room at London's Royal Free Hospital. He underwent a major stomach operation Dec. 29. In the hidebound London clubs where the mere mention of his name touched off apoplectic rages there are references now to "Good old Nye."

Get-well notes keep pouring in on him from Conservatives as well as Laborites. Men who have clashed with Bevan for years in the House of Commons openly express relief as the medical bulletins indicate he is recovering.

Queen Elizabeth II and Prime Minister Harold Macmillan sent messages of encouragement and asked to be kept informed of his progress.

The fiery Welshman's absence from the public arena — even temporarily—brought home to political friends and foes alike how much color and drama he lent to the scene all these years. Only Sir Winston Churchill can be compared with Bevan in that respect, and Churchill at 85 now takes no part in debates in the House of Commons.

Bevan is still a full blown Socialist. His beliefs still stir up controversy even within the ranks of his own Labor party. But he is not regarded as a party rebel any more.

The left wingers Bevan once led have launched a new attack on moderate Hugh Gaitskell's leadership of the party.

Bevan has not committed himself to this movement. On the contrary, as deputy leader of the party he protected Gaitskell at the Laborites' convention last Novem-

ber by making a crafty speech which headed off a split on doctrine.

Bevan has been the bogey man of British Conservatives and many American officials for so long it is hard to visualize him as a sort of senior statesman.

The U.S. State Department professed complete neutrality in the British national election last autumn. And yet, even 3,000 miles away, it was almost possible to hear the sighs of relief in Washington when Macmillan's Conservatives won.

A Labor victory would have put Bevan in as foreign secretary, brought about a complete reap-

praisal of the intimate relationship between London and Washington and possibly added new strains to the NATO alliance.

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Manville Rites Hit Snag

HOLLYWOOD (UPI) — Anita Roddy-Eden, ninth ex-wife of Tommy Manville, today faced legal problems that threaten her current marriage for her failure to establish Nevada residence in divorcing the playboy four years ago.

Miss Eden disclosed Friday she also was threatened with perjury charges and has been paying blackmail to someone in New York for the past two and a half years in connection with the residence question.

She said her husband, actor John Sutton, prompted her to

disclose the legal entanglements after he intercepted a blackmail note last month. She said it was the first he knew of the situation.

"We have got to clarify this thing," Sutton said. "One can't go around not knowing if one is married or unmarried. Something must be decided."

The actor said he planned to meet with his attorney, Rexford Eagan, this weekend to decide a course of action.

"There is only one issue," Mrs. Sutton said, "my marriage to John. I don't want anything from Tommy. I'm paying heavily for what I did. But we were trying to meet a deadline of Sept. 15, 1955 to which Mr. Manville had agreed for the decree."

Mrs. Sutton said she received the decree Sept. 13, 1955, but had been in Hollywood up to Sept. 11. She revealed she had not been in Reno for more than a week at a time on any one occasion during the residence period.

"I've been warned that I can be extradited to face charges in Reno over the matter," she said. Perjury charges are also a possibility if the decree is challenged, she added.

Mrs. Sutton said she was in Reno last week in an attempt to "establish quietly a valid residence period" but left Friday night after talking to Manville over the phone for the third time.

She said Manville told her "his New York attorney is attempting to have the district attorney in Reno prosecute me on perjury charges."

Concerning the blackmail payments, the attractive former singer said only she had no plans to seek action against anyone.

Manville told a Los Angeles newspaper (Herald-Express) in a phone conversation from New York his attorneys advised him he was legally clear to go ahead with his 11th marriage to a White Plains, N.Y. waitress, Christina Erdlen.

Basin Briefs

Merrill VFW Auxiliary will sponsor the showing of a cancer film at the Merrill Elementary School on Wednesday, January 13, beginning at 7:30 p.m. Dr. Frank E. Trotman will be present to answer any questions. The public is invited to attend.

Mrs. Garwood Walp of Merrill was a surprised guest at a coffee hour held at her home on Thursday morning. A dozen neighbors took the occasion to extend best wishes to the Walp family who recently moved into their newly-constructed home.

St. Augustine's Altar Society, Merrill, will have installation of officers and business meeting on Wednesday, January 13, at the parish hall. A potluck luncheon will begin at 1 p.m.

NEVER AGAIN

LONDON (UPI) — George Gostelow, 24, caught in his first attempt at blasting open a safe, was asked in court Friday if he would try again. "Never no more. It was my first time. I was blown right across the office," replied Gostelow.

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