

# Income Tax Primer (5) - Employees

This is the fifth of eight articles in the Newspaper Enterprise Assn. Income Tax Primer, for readers who want more information than is supplied in the official instructions.

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Written for  
Newspaper Enterprise Assn.

Tax law and the Internal Revenue Service recognize that the performance of services as an employee constitutes the carrying on of a trade or business.

Deductions for expenditures for travel, transportation, meals and lodging while away from home on business and for all reimbursed expenses are available without affecting your right to claim standard deductions. Other

business expenses (such as unreimbursed business entertainment) of employees (except certain "outside salesmen") are deductible, but only if the standard 10 percent deduction is not claimed. One of such deductions, IRS recently has said, is for a portion of the expenses of maintenance and depreciation of a residence used under specific circumstances in the employee's business. First, it must be as a condition of employment that the employee is required to provide his own space and facilities for the performance of his duties.

Second, he must regularly use a portion of his residence for that purpose. It may be part-time use, but it must be regular.

If you could remain at your employer's office (or return to it) after hours, but for your own

convenience take work home, you are not entitled to a deduction. You must also have some mathematical justification for the amount deducted—based on space, amount of its business use and "expenses" such as rent, heat, depreciation.

Interest on a mortgage and real estate taxes are deductible by all taxpayers—but only if the standard deduction is not used. Unless an employee is an "outside salesman" he acquires no tax benefit from these two items if his home is partly used for his business.

Treasury ruling on this subject says that the employer must keep records to show amounts of the expenses on the residence which he attributes to business use. A part of repair costs to outside of the house and cost of all repairs to the office (or workshop) space are deductible. The employer must be able to show amount of the home used for business in terms of space; use extent in terms of time.

Tax depreciation of a part of your residence for its use in your business is complicated. Take the cost (including major improvements you have made) or the fair market value of the residence (whichever is lower), then subtract the assumed sale price realizable when the residence no longer is used in your business. Then take a fraction of that amount based on residence space used in the business and divide it by the number of years you estimate you'll be required to use the residence in trade or business.

Q—Are any expenses of looking for a job deductible?

A—Yes, if you itemize. Fees paid a job agency for procuring employment are deductible.

Q—Can you deduct any educational expenses to improve your skills as an employee?

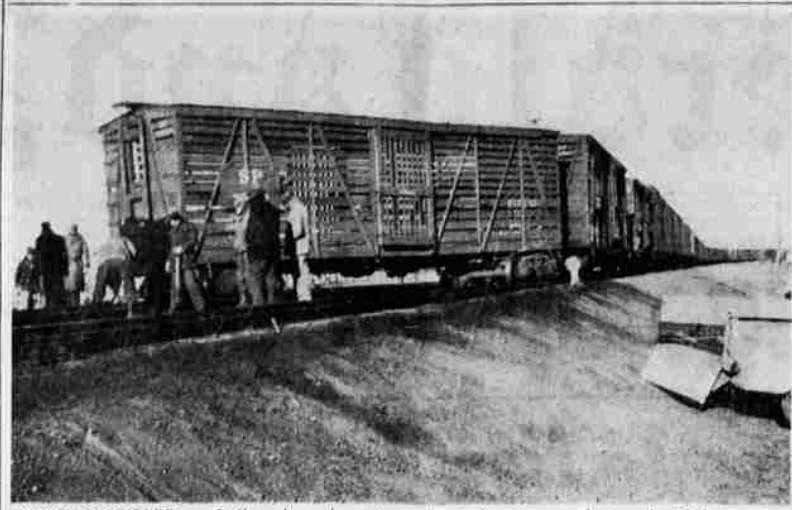
A—Yes. Tuition, laboratory fees and certain travel, meals and lodging expenses to get this training are deductible, if you were maintaining or improving skills required in your (then) present employment or your employer (or the law governing your job) required the training to keep (but not to obtain) your salary, job, or position. Such education deductions are available as a rule only if you itemize your deductions—unless your employer reimburses you for expense.

Expenses to train for a new or better job are not deductible. (Certain other exemptions in connection with training may be allowable. Consult your IRS office.)

Q—Are union dues deductible?

A—Yes, if you itemize deductions.

Next: Deductions.



**TRAIN TROUBLES** — Railroad workers turned out in zero weather early Friday morning to re-rail a cattle car which derailed at 6 a.m. from a 120 car freight just south of Alturas, Guy Brunn, Southern Pacific roadmaster, said the train derailed when it was being slowly backed at a switching station, but the slow speed prevented any overturning of freight cars. The crew had the two cattle cars back on the track by 10 a.m.

# Klamath County Leads State In Fallout Shelter Program

Klamath County has become the first county in Oregon in which all approved public fallout shelters have been designated and marked, according to a report received by local Civil Defense Director Joe Searles from the State Civil Defense Agency.

Five shelters accommodating more than 100 people have been marked in the Klamath Falls area, with the exception of one sign in front of the Medical-Dental Building and another at the Williams Building.

These signs are being placed on special posts in the sidewalk, near the curb, because there is no room on the face of the buildings to attach them. There are other buildings in Klamath Falls which have a protection factor not as high as in the five buildings mentioned.

Those buildings will not be stocked with supplies and equipment at the expense of the federal government unless the protection factor is raised to 100 and there is space for at least 50 people, Searles said.

An Army Engineer survey designated the five buildings as safe shelter sites; licenses were signed

with the owners before the buildings were marked.

Stocks of supplies have arrived at a government warehouse in Troutdale and shelter survival kits including food, water containers, medical and radiological supplies will soon be delivered here.

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Fees paid to a job agency for employment are deductible, if itemized.

## Lighting Award Given

Kingsley Field Chaplain (Capt.) Jefferson E. Davis has been presented a plaque and a \$25 check in recognition of his recent blue ribbon entry in the church division of the Klamath Falls Jaycee's Christmas lighting contest.

The plaque was presented by Col. Edwin J. Witzgenberger, commanding officer of Kingsley Field, in a brief ceremony before the key officer personnel of the base. The winning display featured a lighted and animated Nativity scene. All community churches were invited to participate in the Jaycee-sponsored program.

At the time of the 1960 U.S. census, about 28 per cent of the population of St. Petersburg, Fla., was 65 or older.

## Business Boom Awaited Under Proposed Tax Cut

NEW YORK (UPI)—The business community looked forward today to higher stock prices and increased business activity under the stimulus of President Kennedy's tax cut proposals.

Wall Street analysts generally agreed that the proposed \$10 billion tax reduction would lure traders into the market.

Some, however, said the President's statement on taxes had been anticipated, thus blunting any bullish tendencies. They said the market already has been rising in expectations of Kennedy's call for lower taxes.

The National Association of Manufacturers (NAM), while endorsing the call for a tax cut, was less enthusiastic about what it described as Kennedy's over-orientation "toward a quick pick-up in economic activity."

The NAM said that any disagreement in tax law details "should be resolved on the side of long-term strength of the economy, growth and jobs, and not on the side of quick stimulation of economic activity."

Henry Gellerman of Bache & Co. said the proposed cuts, if legislated, probably would create

the two million jobs estimated by Kennedy.

He said the President's message "contains much good news for the investment community," and is "a welcome start on a much needed thorough revision of the tax law."

Martin Gilbert of Van Alstyne, Noel & Co. disagreed with those who thought that anticipation of the President's proposals might have taken the edge off increased trading prospects.

"I think the President's proposals will have a definitely bullish effect on the market," he said.

Temperatures during the 24 hours ending at 4 a.m. PST today. Newport had .19 and Astoria .18 inch of rain.

	High	Low
Astoria	40	37
Baker	24	9
Brookings	62	35
Medford	44	18
Newport	49	32
North Bend	52	31
Pendleton	44	40
Portland	35	34
Salem	43	36
The Dalles	51	33
Chicago	10	-7
Los Angeles	61	46
New York	29	24
San Francisco	54	43
Washington	33	22

## Teachers Plan January Meet

Klamath County Retired Teachers will meet in the YMCA building at 1:30 p.m. Saturday, Jan. 19. The program will include a girls' musical ensemble of 13 members from Mills Elementary School directed by Mrs. Robert Craig.

Refreshment hostesses will be Mrs. Ella Dickinson and Sarah Haraldson. Members are invited and friends are welcome.

## Tailor Class Has Openings

There is still room for additional students in the adult education tailoring course which will meet Thursday, Jan. 17, from 7-9 p.m. in Room 117 of Klamath Union High School. Mrs. Richard Lamb will be the instructor. The course is designed for women who wish to tailor a suit or coat using wool or wool blend. Tuition for the course is \$10 payable on registration.

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## Building Up In Dunsmuir

DUNSMUIR — Building construction in 1962 doubled that of 1961, according to a building inspector's report submitted to the Dunsmuir City Council. The 370 building permits for construction estimated at \$265,894.35 in 1962 reflected construction of eight new homes, one remodeled restaurant, and a motel addition as well as minor building. In 1961, 153 permits were issued for \$102,655.71 in estimated construction costs.

Sales tax collections also showed a gain over a similar period last year, according to Elizabeth Cavin, city clerk. Dunsmuir's gross collection of sales tax from July 1, 1962, to Sept. 30, 1962, was \$8,510.08. This netted the city \$7,338.82 after state and county apportionments were deducted, and compares favorably with the city's third quarter sales tax income in 1961 of \$7,201.41.

## Veterinarian Opens Office

LAKEVIEW—William D. Barry, Doctor of Veterinary Medicine, has announced the opening of a clinic in Lakeview for the practice of veterinary medicine. It will be located at 329 North K Street. Barry is a native of Lakeview and son of the late M. P. J. and Eileen Barry. He is a graduate of Oregon State and Washington State universities. He has been practicing in Klamath Falls during the past year, and was previously located at Mt. Vernon, Wash. He and his wife and 6-month-old son, John, are making their home at 337 North K Street, near the clinic location.

## Grange To Meet

Midland Grange will meet Wednesday, Jan. 16, in the grange hall at 8 p.m. sharp for a business session. Following the meeting, James Flowers, lecturer, will feature a special program of pictures of wildlife, shown and narrated by Jim O'Donahue, wildlife expert. A potluck supper will be served.

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## Log Imports Said Dangerous

WASHINGTON (UPI)—The National Lumber Manufacturers Association (NLMA) today welcomed a U.S. Commerce Department report that softwood lumber imports from Canada were "a major factor" in the difficulties of the U.S. lumber industry.

NLMA President Mortimer B. Doyle said in a letter to Commerce Secretary Luther H. Hodges that the report was "an extremely well prepared summary of many of the problems confronting our industry." The letter, dated Dec. 31, was made public today.

The U.S. industry has asked the tariff commission to authorize sharp controls on imports of softwood lumber from Canada, which totaled \$280 million in 1961. No commission decision was yet in sight.

The Commerce Department report said the U.S. lumber industry was suffering from "a complex of factors" including U.S. laws, industry operations, technological changes and international economic developments.

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