

# Here's Help On Figuring Your Income Tax

This year many Fieldcresters will overpay their federal income tax bills, simply because they'll fail to take all the deductions to which they are entitled.

The following suggestions will help you in determining the deductions which you are allowed:

The greatest possibilities for savings are in the exemptions. You can claim a child under 19 or a full-time student. You may be able to claim dependent relatives. You and your brothers and sisters can take turns year to year in claiming dependent parents under certain conditions.

Read your instructions carefully and claim all you are entitled to, even though they may not have been claimed for withholding tax purposes.

Other savings can be made if you understand the kinds of income that do not have to be reported. Some of these are social security, veteran's disability compensation, gifts, death benefits for life insurance, inherited property, including cash, unemployment compensation and accident and health insurance benefits. Also, the first \$50 of cash dividends on stock is not subject to tax.

**Contributions** that may be deducted include contributions to church, Community Fund, building fund campaigns for a hospital or college. The fair market value of clothing and furniture contributed to a charitable organization is also deductible. The instruction book that you received from the Internal Revenue Service gives information on the various organizations that are considered charitable for tax purposes.

**Interest** you paid during 1961 is deductible. The biggest item here, generally, is the interest on a home mortgage. The lending agency's monthly statement usually shows the apportionment of the payment among principal, interest, taxes, and insurance, or the agency furnishes you with a yearly statement of the apportionment.

Also, deduct carrying charges paid on an auto loan, to a finance company or even to department stores on installment purchases, up to 6% of the average monthly unpaid balances.

**Taxes** of various kinds are deductible. Real estate taxes head the list. This figure is not necessarily the total of the payments collected for taxes in your mortgage payment, but the actual payments made either directly or to your bank.

Include also in your tax deduction schedule the cost of your auto and driver's license, sales tax (A table showing N. C. sales tax deduction guides is printed on this page), and the state tax on gasoline at 7c per gallon in North Carolina and Virginia.

Be sure to include the North Carolina State income tax withheld from wages, as shown on the NC-2 form which you received from Fieldcrest. Add whatever amount you paid when you

filed your 1960 return or deduct any refund received in 1961.

**Medical-Dental** expenses may be deducted in part when they are unusually high. Be sure you understand that only the cost of drugs and medicines in excess of one per cent of your income is allowed.

For example, if your income is \$5000 and your medicines cost \$65, you do not deduct the \$65 but instead, you can deduct only \$15—the amount in excess of \$50 which is one per cent of your income.

Add to this \$15 the cost of hospitalization insurance, fees paid to doctors or dentists, the cost of eyeglasses, false teeth, hearing aids, etc.

From the total, subtract three per cent of your income (\$150 in our example). The remainder, if any, is your allowable deduction.

In your expense for medicines or drugs, do not include other items you buy at a drugstore such as cosmetics, tooth paste or toiletries. Vitamin pills, tonics, and other formulas to preserve general health are not deductible.

In your medical-dental expenses, you cannot deduct hospital expenses which were paid by your hospitalization insurance. However, you can deduct the

premiums you paid for hospitalization insurance. Premiums paid for life insurance are not deductible.

**Miscellaneous** is a catch-all for all other deductions you couldn't find room for anywhere else. The IRS instruction booklet you received with your tax forms indicates the types of allowable miscellaneous deductions.

Don't overlook a possible deduction for casualty losses not covered by insurance. Working wives, widows or widowers should be careful to determine whether they are eligible for deductions for child-care expenses.

If you will take the time and trouble to fill out the income tax return right the first time, it will save time and trouble later. Be careful and accurate in filling in the details and providing supplementary information.

If you have unusual items or complications you may wish to obtain available assistance from the Internal Revenue Service or consult with a competent accountant or attorney.

Don't forget to sign your name, or if it is a joint return, don't forget to have your wife sign, too. Be sure to attach your W-2 form from Fieldcrest and get the whole works in the mail by the April 15 deadline.

## Use Table For N. C. Sales Tax Deduction

The U. S. Internal Revenue Service has released a table to be used as a guide for determining the deduction for North Carolina sales tax on 1961 federal income tax returns.

Adjusted gross income	FAMILY SIZE					
	single person	2 persons	3 persons	4 persons	5 persons	6 or more
Under \$1,000	\$ 13	\$ 15	\$ 17	\$ 20	\$ 22	\$ 23
\$1,000 under \$1,500	22	26	27	29	31	32
\$1,500 under \$2,000	28	32	33	35	37	38
\$2,000 under \$2,500	34	39	40	41	43	44
\$2,500 under \$3,000	39	44	45	46	48	49
\$3,000 under \$3,500	46	50	53	54	56	57
\$3,500 under \$4,000	51	55	58	59	61	62
\$4,000 under \$4,500	59	62	65	67	68	71
\$4,500 under \$5,000	64	67	70	72	73	76
\$5,000 under \$5,500	71	73	76	79	81	82
\$5,500 under \$6,000	76	78	81	84	86	87
\$6,000 under \$6,500	83	85	88	90	92	95
\$6,500 under \$7,000	88	90	93	95	97	100
\$7,000 under \$7,500	92	94	97	99	101	104
\$7,500 under \$8,000	97	99	102	105	108	111
\$8,000 under \$8,500	101	103	106	109	112	115
\$8,500 under \$9,000	105	107	110	113	116	119
\$9,000 under \$9,500	110	112	115	118	121	124
\$9,500 under \$10,000	114	116	119	122	125	128
\$10,000 under \$11,000	122	124	127	129	134	135
\$11,000 under \$12,000	129	131	134	136	141	142
\$12,000 under \$13,000	137	139	142	144	149	150
\$13,000 under \$14,000	143	145	148	150	155	156
\$14,000 under \$15,000	150	152	155	157	162	163
\$15,000 under \$16,000	155	157	160	162	167	168
\$16,000 under \$17,000	159	161	164	166	171	172
\$17,000 under \$18,000	162	164	167	169	174	175
\$18,000 under \$19,000	164	166	169	171	176	177
\$19,000 under \$20,000	165	167	170	172	177	178