

INCOME TAX RETURNS



Q. Why did you use color on the 1040 tax form you mailed to me?

A. Color is used to draw attention to the lines on the tax form that give people the most trouble. It is hoped that the number of errors made on tax returns will thereby be reduced.

Last year, one of every nine tax returns filed contained an error that slowed processing. If the taxpayer was expecting a refund, it was delayed until the error could be corrected.

Two-color forms were sent to about 30 million taxpayers. The balance of the forms mailed to taxpayers and those which will be available at local banks, post offices and IRS offices, are printed in black ink.

Q. I mailed a check to a charity in December, but it was not cashed until this January. Does this mean I can't deduct it on my 1968 return?

A. You may take the deduction in the year you wrote and mailed the check. This means that a check dated by you in December 1968 can be deducted on your 1968 return.

Q. The label on the tax return I received in the mail is wrong. What should I do?

A. Draw a line through the incorrect part and put in the proper information. Return the corrected label with your return when you file so that your return will be properly identified and the needed correction can be made on your tax account.

Q. What insurance premiums are deductible as a medical expense?

A. Premiums paid for policies providing medical care are deductible as a medical expense for taxpayers who itemize. No deduction can be taken for life insurance premiums or for those paid to provide weekly benefits in case of disability.

In 1968, insured employees of Adams-Millis Corporation paid \$109.20 for medical insurance premiums if they had family coverage; employees who did not have dependents insured paid \$34.80 for medical insurance premiums.

Don't forget that medical insurance premiums should be handled differently than other medical expenses. Most medical expenses need to be reduced by 3 per cent of the taxpayer's gross income before they can be deducted.

For medical insurance premiums, however, one half of this cost up to a maximum of \$150 may be deducted without regard to the 3 per cent rule. The excess is then subject to the 3 per cent rule. This is explained in the 1040 instructions.

Q. Do you have to report as income insurance compensation for injuries received in an auto accident?

A. No, damages for injuries suffered in an accident are tax free.

Q. If I file my income tax return now, how long will it take for me to get my refund?

A. The normal processing cycle for refunds mailed now is 5-6 weeks if the return is accurate and complete. Send your return to your regional service center.

If there is a delay beyond the usual 5-6 weeks period due to the large volume of returns being received, or missing or inaccurate information, you should hear from IRS about your refund within 10 weeks from the time you filed. Taxpayers should wait at least 10 weeks from the time they filed before writing about their refund.