

Interest-Dividends, Questions And Answers

A considerable amount of misinformation has been published relating to the new interest and dividends withholding requirement which is effective July 1, 1983, the Internal Revenue Service says.

Many of the more prominent questions are listed below, along with the correct information:

Q. What is this new withholding law and when will it take effect?

A. The Tax Equity and Fiscal Responsibility Act of 1982, passed by the Congress last summer, includes a variety of provisions designed to aid the national economy by reducing the Federal deficit through better compliance with tax laws. One of these measures requires banks and other financial institutions to withhold 10 per cent on payments of interest and dividends beginning July 1, 1983. This is NOT a NEW tax.

Q. How will my Individual Retirement Account be affected?

A. Not at all. The 10 per cent withholding does NOT apply to IRA's or municipal bonds. It does effect interest and dividends on savings accounts, certificates of deposit, money market mutual funds, stocks, insurance policies, and savings bonds, when cashed.

Q. Why did the Federal Government institute this tax withholding?

A. Withholding will allow the Government to substantially increase revenues from taxes WITHOUT raising taxes on those citizens who carry their full share of the tax burden. Past experience has proven that withholding is by far the most effective means of combatting non-compliance in the reporting of income. While most tax-

payers comply with the tax laws, the failure of many to report and pay taxes on interest and dividend income costs the Government billions of dollars each year in unpaid taxes.

Q. Won't withholding penalize people already paying their taxes?

A. No. Those already paying their taxes will get all of the amount withheld back by either reducing their current wage withholding, reducing their estimated tax payments, or by claiming a larger refund when they file their tax returns. This new withholding program will not be any different than the existing withholding on wages and salaries.

Q. Won't this discourage the incentive to save?

A. No. The only people who will be adversely affected are those who are not now paying the taxes they owe on interest and dividend income. Even for those who do not adjust for overwithholding, and thus do not use the amount withheld, the loss will be minimal. We estimate the yield on an asset earning 9 per cent would be reduced by 5/100 of 1 per cent. For a deposit of \$1,000, this would mean an annual loss of 50 cents. Furthermore, banks can opt for end-of-the-year withholding to eliminate even the minimal loss of compound interest.

Q. How will withholding affect older Americans?

A. The vast majority of older Americans (85 per cent) are exempt from this new law. Those over age 65 whose previous year's taxes were \$1,500 or less (\$2,500 on a joint return) are exempt. Also, those who were not required to file an income tax return last year are exempt as well. And this new law DOES NOT affect income from Social Security.

Q. What about low income individuals or those with small savings accounts?

A. Low income individuals who paid \$600 or less last year in taxes (\$1,000 on a joint return) and are under 65 will be exempt. Also, the legislation provides for an exemption for small savings accounts with interest payments of \$150 or less a year.

Q. Will it be difficult to file for an exemption?

A. No. Certificates of exemption (Form W-6) are available from the financial institution where you have an interest-bearing account or receive dividend payments. It's as simple to complete as a deposit slip. Once the exemption is filed, it remains in effect until revoked. If the financial institution does not have the form, contact your nearest IRS office.

Q. What type of information must I disclose?

A. Only your name, address, social security number, the account numbers at the institution, and whether you qualify for an exemption.

Doug Hodges Attends Seminar

Doug Hodges of Creywood Oil Co., Coke Ave., Edenton, is one of 30 tire dealers from 18 states who attended a dealer management seminar sponsored by the Goodyear Tire & Rubber Company in Akron, Ohio, last week (March 14-17).

Subjects covered during the seminar include tire market growth, trends, financial management, employee hiring and training, advertising, store planning and display and merchandising.

Sessions were conducted by Goodyear executives and by educators from Farleigh Dickinson University, Rutherford, N.J., and Washington University, St. Louis.

Q. Will this new law be a tremendous burden for financial institutions?

A. No. Administration officials have held numerous meetings with financial representatives and the regulations were drafted to minimize the potential impact of withholding. For one thing, during the first year of withholding, all financial institutions will be allowed to use the withheld money for 30 days before turning it over to the Federal Government, thus helping to offset their start-up costs.

Q. Why couldn't the Government simply strengthen the information reporting system?

A. Much nonreporting is due to inadvertence, forgetfulness, and failure to keep records. Any attempt to reach this unreported income through information reporting and audit procedures would require millions of telephone calls, letters, and visits, many involving small amounts of tax which is inevitably would have been regarded as "harassment" of taxpayers. The cost of following up on the million of apparent discrepancies would be very costly.

Forest Institute

ATLANTA—Suffering the pangs of recession more than most industries, southern forest based companies showed a firm faith in the future during the 1981-82 tree planting season.

Almost a billion trees—967,847,219—were reported planted by forest industry firms in the Southern Forest Institute's annual survey. The figures represent an increase of 14% more than the planting rate ten years ago.

SFI began the survey of trees planted by industry on its own and on other private lands in 1948, when 26 million trees were put in the ground.

Over the years many millions of these seedlings have gone to nonindustrial tree farmers who practice forest management on their own lands.

"People in the forest business are used to looking ahead," said Jim Montgomery, SFI's executive vice president. "It takes years to grow a tree for paper and lumber or plywood. Even in these tough times they know people a generation from now are going to need more homes and papers and all the other things that come from trees."

The figures do not include acres planted by direct seeding or those which were prepared for natural regeneration without planting. They also do not account for seedlings grown on state-owned nurseries planted on other than industry lands. More than half the seedlings planted were grown on company nurseries.

A majority of the pine seedlings reported grew from seeds of superior trees as part of southern forestry's continuing genetic improvement program. They can be expected to grow faster, straighter and be more resistant to fire and disease than run-of-the-woods trees, Montgomery said.

While industry forests and those of tree farmers are being well managed for repeated crops of trees, he said, they represent only a small fraction of the forest acreage in the South. Private, nonindustrial owners hold almost three-quarters of the southern forest.

"The South," said Montgomery, "can grow the increased wood the nation is going to need; and it can be a major factor in meeting world wood and paper needs. But industry can't do it on its lands alone. If the South is to meet its potential, good forest management must make sense to these landowners who aren't now practicing forestry."

Southern Forest Institute, with offices in Atlanta, is a division of the America Forest Institute, headquartered in Washington, D.C. The information and education arm of the forest products industry, the Institute sponsors the American Tree Farm System to encourage management of private timberlands.

U.S. Dept. Of Agriculture Food Report

The average person spent about \$25 a week for food consumed at home last spring, according to a U.S. Department of Agriculture food consumption report.

The report is drawn from data gathered during the USDA's 1977-78 nationwide food consumption survey, when households spent an average of \$16.70 per person for a week, comparable to \$24.60 at spring 1982 prices.

The largest part of that food dollar - 36 cents - went for meat, fish, poultry and eggs. The next largest share 19

cents, purchased vegetables and fruits, including juices. About 12 cents went for milk and milk products; 11 cents for flour, cereal and bakery products; and another 11 cents for beverages.

Those with more money to spend purchased more milk, milk products, bakery products and beverages. Poorer families bought more flour, cereal and eggs.

When compared with a similar survey conducted in 1965, the data showed a 440 per cent increase in the use of yogurt and a 341 per cent leap

in the amount of lowfat and skim milk purchased by consumer. Other products increasing significantly included: frozen fruit and fresh fruit juice, up 91 per cent; turkey up 81 per cent; nuts up 44 per cent; alcoholic beverages up 40 per cent; soft drinks up 38 per cent; cold breakfast cereals, up 36 per cent and fruit ades, punches and drinks up 33 per cent.

On the decline were: evaporated milk, down 61 per cent; butter down 52 per cent; shortening, down 47 per cent; coffee and canned fruit, both

down 41 per cent; nonfat dry milk, down 35 per cent; flour, down 34 per cent; hot breakfast cereals, down 32 per cent; dried fruit, 27 per cent; sugar and jelly, down 26 per cent each; and bread and fresh white potatoes, each down 25 per cent.

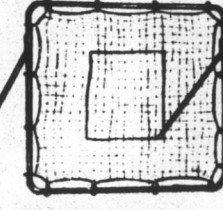
There was little change in the part of the food dollar by major food groups.

The three-step oral hygiene regimen of flossing, brushing and rinsing will help prevent tooth decay in children.

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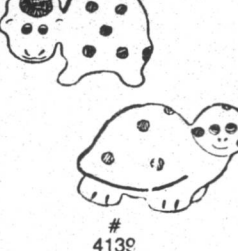
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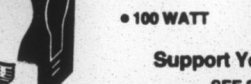


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 • 75 WATT
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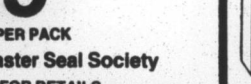
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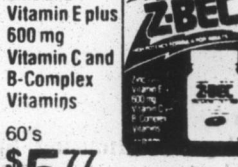
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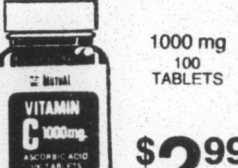
ABSORBINE JR.



4-OZ.

\$2.09

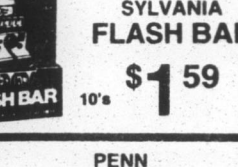
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NOTICE

Property with delinquent taxes will be advertised beginning April 7, 1983 and offered for sale May 2, 1983. To avoid an advertising cost of \$6.50, these taxes must be paid by 5 P.M. Friday, April 1, 1983.

Chowan County Tax Dept.

Shroud Of Turin

Is the death shroud of Jesus Christ actually in shrouded in Turin, Italy? Does modern man need physical proof of a supernatural Savior? Share the experience of observing a film "The Shroud of Turin" at Center Hill Baptist Church at 7 P.M., Sunday, March 27, 1983.

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6-MONTH MONEY MARKET CERTIFICATE <ul style="list-style-type: none"> • Rate guaranteed for full term of account. • Rate effective Tuesday, March 22, 1983 through Monday, March 28, 1983. • Federal regulations prohibit the compounding of interest. 	<p>MINIMUM DEPOSIT: \$2,500</p> <p>9.000%</p> <p>CURRENT ANNUAL RATE</p>
30-MONTH MONEY MARKET CERTIFICATE <ul style="list-style-type: none"> • Rate guaranteed for full term of account. • Rate effective Tuesday, March 15, 1983 until further notice. 	<p>MINIMUM DEPOSIT: \$1,000</p> <p>9.70%</p> <p>CURRENT ANNUAL RATE</p>
42-MONTH MONEY MARKET CERTIFICATE <ul style="list-style-type: none"> • Rate guaranteed for full term of account. • Rate effective Tuesday, March 22, 1983 until further notice. 	<p>MINIMUM DEPOSIT: \$1,000</p> <p>9.75%</p> <p>CURRENT ANNUAL RATE</p>

Federal regulations require a substantial penalty for early withdrawal from all certificate accounts.

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