

IRS Advice Not Always Correct

The Internal Revenue Service will provide free tax advice to some 44 million citizens before April 15, but its information may only be worth as much as it costs—nothing.

Dr. Robert S. Holzman, professor of accounting and a specialist in tax matters at the University of Connecticut, charges that IRS agents and their publications frequently offer conflicting and erroneous advice, while accepting no responsibility for their actions: courts have repeatedly ruled that if a mistake is made, it is the taxpayer's fault.

Writing in the February Reader's Digest, Holzman says: "The shocking truth is that agency employees can and do make mathematical errors, distribute the wrong forms, offer incorrect advice, overstep their own bounds and even change the rules retroactively." In evidence, he cites among others a study made last year by the General Accounting Office, where staffers posed as puzzled taxpayers at various IRS offices and discovered an error rate of 15 percent.

Two examples illustrate the scope of misinformation the taxpayer is apt to receive:

"Your Federal Income Tax," published by the IRS, was distributed to 2.7 million individuals in 1977. In it, one couple found an example on deducting property losses closely analogous to a loss they themselves had experienced. Following the example, they claimed a casualty loss deduction of \$2400. The IRS refused to

allow the deduction and was upheld by a judge of the U.S. Tax Court, who explained: "such informal publication is not a source of authoritative law in the tax field."

In another incident, a taxpayer was notified that he owed additional tax. Since he wanted to have the matter reviewed by a U.S. Tax Court, he asked the IRS how much time he would have to appeal. Two different IRS representatives gave him the same deadline. When he filed, however, the IRS threw his petition out on the ground that it was late. The Tax Court concurred, noting that he should have been "capable of determining the 90-day period himself."

To its credit, the IRS has introduced a simplified short form that is less error-prone than its predecessor, beefed up its assistance centers and intensified its training program. But much remains to be done. "The agency should inform taxpayers in clear and unequivocal language what its employees can and cannot do," Holzman writes, adding that it should also warn them that the taxpayer will be liable for any errors made. It should continue simplifying its forms and improving its training programs to help reduce the rate of error. Finally, the Congress should produce a tax law written in such a way that average taxpayers can understand it and file their returns without professional help.

Elderly and Handicapped To Get New Smoke Detectors For Homes

Twenty-eight elderly and handicapped Winston-Salem residents will soon have new smoke detectors installed in their homes because of the generosity of the local National Exchange Club.

Members of the club recently presented the Winston-Salem Fire Department with a check for \$400 to purchase the detectors. Firefighters in the City's four districts will install the early warning systems.

"If our donation saves one life, our efforts will have been well worth it," said Jim Hunter, president of the club.

Chief A.B. Bullard told those attending the presentation that early detection

of a fire can greatly reduce the property loss.

"Early detection can certainly reduce or eliminate the loss of life," he stressed. "Our department's objective is to encourage every homeowner to install some type of early warning system in their home."

The Exchange Club members will be aided by employees of the Experiment in Self Reliance (ESR) Outreach Program in determining who is eligible to receive a smoke detector.

"The districts will keep a record of each recipient and return to the home when it's time for the battery to be replaced," Chief Bullard said. "Fire personnel will also map out a home fire

escape route for the recipients."

The Exchange Club's gift is the first given to the Fire Department, which is working to have smoke detectors installed in every Winston-

Salem home. "We will make inspections on request to determine where detectors should be placed," said E. W. Hooven of Fire Prevention.

Evergreen Graves

From Page 1

pauper's grave," said Russell. "If they have any insurance at all, they don't qualify."

Russell said the wooden boxes cost \$110.

Bolick said he doesn't see a need to require masonry liners now, because of a voluntary effort with the funeral directors to use masonry liners when possible. The superintendent said that a "much greater percentage of graves are equipped with masonry liners in past years."

newsline

Debit Policies Examined

Raleigh State Insurance Commissioner John Ingram has scheduled a hearing on March 15 about so-called debit (industrial) insurance policies and the practices of agents that sell such insurance. The Federal Trade Commission recently released a study that reported that debit life insurance sold door-to-door and paid for monthly or weekly in small amounts is "victimizing" the poor, uneducated and uninformed with high prices for low coverage.

Debit insurance is called industrial insurance, because it was first introduced in England to factory workers who wanted to lay aside enough money for a decent burial. It provides low income people with limited benefit protection, for small weekly premiums, supposedly to keep these people from not having any insurance at all.

W. Kenneth Brown, deputy insurance commissioner, says he has found that the most significant problem is the "oversell" where prospects are sold more insurance than they can afford or need either through lack of knowledge on the purchaser's part and/or high pressure sales tactics.

There are some instances where the purchaser has bought more than one policy at "tremendous cost" to the policyholder based on the policyholder's income.

Brown says many industrial policy buyers could probably get more for their money from buying from conventional sales sources if they were qualified both monetarily and for health reasons. However, Brown added, rarely do the sales representatives of the conventional companies and products go to the underprivileged to sell these "better" products.

It was pointed out in the Federal Trade Commission study that the typical customer of such policies earns three to ten thousand dollars per year, is a minority, a female and living either in the South or Midwest. According to the FTC study, although the policies are sold in every state, there seems to be a particular concentration in the South.

Brown says the major complaints to the Insurance Commissioner's Office come when the payment and receipt book held by the policyholder does not agree with the book kept by the agent, and when the policyholder discovers that the premiums paid to the company add up to more than the amount which can be collected on the death of the insured.

Car Registration Lagging

Raleigh—The Division of Motor Vehicles of the state Department of Transportation reports that during the first two weeks of the registration/renewal period, approximately 36 percent fewer tags and stickers have been sold this year in this initial 14-day," said Elbert L. Peters, Jr., Commissioner of Motor Vehicles.

"But there are indications that sales have picked up during the past two weeks," he said. "We encourage vehicle owners to purchase their tags or stickers now while the lines are usually short."

Peters said owners who have not received a 1979 renewal card should notify the motor vehicles division immediately by telephone at (919) 733-6505 between 8:30 a.m. and 10 p.m. Monday through Friday. A renewal card will be issued and mailed to the vehicle owner.

Stickers or tags may be purchased at branch offices or through the mail from the Division of Motor Vehicles, 1100 New Bern Avenue, Raleigh, N.C. 27697. Peters said the agency cannot guarantee delivery of tags or stickers ordered through the mail after February 1.

DOT Hearing Set

Raleigh—A public hearing to provide area residents with an opportunity to participate in the annual update of the state's Transportation Improvement Program (TIP) will be held in Salisbury.

Schedule: 7:30 p.m. on Wednesday, February 14, the meeting for residents in state highway division 9, will be held in the commissioners' meeting room at the community building.

Division 9 is composed of Davidson, Davie, Forsyth, Rowan and ...

Included in the TIP are aviation, public transportation and highway projects. The TIP is the state Department of Transportation's basic planning document which balances anticipated revenues against estimated future project costs.

Sugars Threaten Teeth

Raleigh—A state dental expert says hidden sugars in variety of foods are more dangerous than eating sugar alone.

"Good nutrition is the base of healthy bodies and healthy teeth," Dr. George Dudley, head of the dental health services program of the state Department of Human Resources, said.

"But what most people don't realize is just how damaging constant intake of sugar is to teeth and gums. An individual, particularly a child, would be better off eating all of the sugar he or she is going to eat during the day at one time rather than eating small amounts of sugar several times during the day.

"So many things have sugar in them—cereals, juice, soft drinks, canned vegetables, etc. In fact, people don't realize that sugar is added to many things they eat including, in some instances, table salt."

"People can recognize the hidden sugars in foods by reading labels. Sugar is listed under several names such as sucrose, glucose, corn syrup, coconut oil or dextrose. All of them can be changed to acid in the mouth producing, over a period of time, dental diseases.

"What happens when people eat sugar is that it breaks down rather quickly in the mouth to form acids which cause dental cavities and gum diseases," Dudley said.

WINSTON-SALEM CHRONICLE

The Winston-Salem Chronicle is published every Thursday by the Winston-Salem Chronicle Publishing Company, Inc. 603 Pepper Building - 102 W. 4th St. Mailing Address: p.o. box 3154, Winston-Salem, N.C. 27102. Phone: 722-8624. Second Class postage paid at Winston-Salem, N.C. 27102.

Subscription: \$8.32 per year payable in advance (N.C. sales tax included).


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Member N.C. Black Publisher's Association. PUBLICATION UPS NO. 067910

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