

Your Income Tax — 2 Use Care In Picking Forms

By FRANK O'BRIEN
AP Newsfeatures

The amount and kinds of income you had in 1954 determine which of the tax forms you are eligible to use.

You may have a choice of forms. In that case, your choice will probably depend upon whether you decide to accept the standard deduction for personal expenses, or to itemize your deductions so as to get more than the standard allowance.

The standard allowance is approximately 10 per cent of your adjusted gross income; that is 10 per cent of your total income after any business-connected deductions have been subtracted. Deductions will be discussed in articles 7 and 8 of this series.

There are just two basic individual income tax forms — 1040 and 1040A. But 1040 can be used as either a short form or a long form. There is no separate short form 1040 or long form 1040.

The forms have been considerably revised this year to conform to the new tax law. But the 1954 federal income tax forms are basically the same as those used now for many years.

Persons with adjusted gross income of \$5,000 or more must use form 1040. In doing so, they may either itemize their personal deductions, or take the standard deduction allowance.

Persons with income of less than \$5,000 may use form 1040A, short form 1040, or long form 1040, depending on the kinds of their income, and how they want to handle it.

There are a number of deciding factors. Here they are, beginning with form 1040A, the simplest tax return, through 1040 short and 1040 long:

1040A—To be eligible to use this form, your income during 1954 must fit these specifications:

1. It must be less than \$5,000. That means up to \$4,999.99. If it is a joint return, the combined income of husband and wife must not exceed \$4,999.99.

2. It must consist entirely of wages from which income tax was withheld and reported on a withholding form (W-2) you get from your employer or employers, or

3. of wages up to \$4,999.99 from which tax has been withheld, plus not more than \$100 more of other wages, interest, and dividends. This would not include dividend receipts excluded from your income, because only the taxable part counts in this \$100. If it is a joint return, the husband and wife together must have no more than \$100 of income from

which taxes were not withheld.

4. Your income must not include receipts from any of the following if you are to use 1040A: —annuities; rents; royalties; retirement income; business profits or professional earnings; farming; transactions in securities or other property; earnings as a participant in partnerships, estates or trusts; or reimbursed expenses which are taxable.

5. You may not use form 1040A if you want to deduct business-connected expenses from your income (such as traveling costs); or if you have a tax credit coming to you from dividend or retirement income; or if you claim the special "head of household" status or the



new "joint return status" of a widow or widower whose spouse died in 1952, 1953 or 1954.

Commissioner of Internal Revenue T. Coleman Andrews urged all who are eligible to use form 1040A: "This card-type form was specifically designed to make tax filing as easy as possible for many millions of taxpayers. For those millions who can use it, it is simplicity itself. The ease of preparation will save the user time and inconvenience. We will save time and money because the card processing is accomplished mechanically. Our savings are the tax payers' in the final analysis, for it is the taxpayers' money that pays for the collection of the nation's revenues."

As previously, users of this form simply put down their name and social security number (husband and wife), address, whether or not it is a joint return, total wages, total taxes withheld, other income, credits and exclusions, and list exemptions.

The wages, withholdings, other income, credits and exclusions of both husband and wife are set down separately on the card if it is a joint return.

You then put the card, along with your W-2 forms, in an envelope mailed with the form, and send it to the district director.

The district director's office, using this information, figures your



ASSEMBLY LINE GIVING to the March of Dimes was demonstrated by these members of Brownie Scout Troop 57 at the Rotary Club dime board in front of the First National Bank Friday afternoon. Troop 57 is sponsored by Alpha Theta chapter of Beta Sigma

Phi. Mrs. Katherine Duval is troop leader and Mrs. Charles L. Dunn and Mrs. H. W. Warren are assistant leaders.

(Mountaineer Photo).

tax for you and sends you a bill or refund.

The special credit (line 11 on the card) is for any excess social security payments you or your wife may have made last year, and will be discussed in the sixth article in this series. The exclusion (line 12) is for pay received while off work due to sickness and will be discussed in the fifth article of the series. If you claim either of these you should enclose a written explanation with your 1040A return.

The box at line 10 on the 1040A card, for "other income" is for all income other than wages on which taxes have been withheld. This would include any wages on which tax has not been withheld, interest, and dividends. You may exclude \$50 of your dividend income under the law, entering only the remainder. If it is a joint return, your wife is entitled to a separate \$50 exclusion.

If what you and your wife (if it is a joint return) enter at line 10 adds up to more than \$100, you may not use 1040A, even though your total income might be well under \$5,000.

A special, single-page instruction sheet for form 1040A was mailed with the form, in addition to the regular instruction booklet. It tells you how to use the form,

line by line.

Short form 1040—Here, your adjusted gross income must be less than \$5,000—up to and including \$4,999.99, that is. You may have total income of over \$5,000 and still use this form if your deductions for employee expenses cut your adjusted gross income to under \$5,000.

Any sort of income may be reported on this form, so you may want to use this short form 1040 if you are forced off of 1040A by some kind of income that may not be reported there. For instance, if you want to claim a tax credit for dividend income, or have any retirement or rental income, you must use form 1040, short or long.

Also, if you have some employee expenses that you want to deduct from your income (not possible with 1040A), this is your next simplest form. These business-connected deductions, in general, include certain reimbursed expenses, and costs to you as an employee of travel and transportation, or your expenses as an outside salesman.

You may use this form and deduct from your tax any credits you have coming to you from dividend or retirement income. But you may not itemize personal expense deductions and still use the short

form.

A table on the back page of the instructions mailed to you with your tax forms will tell you your tax liability according to your marital status, the number of your exemptions, and the size of your adjusted gross income. The table automatically gives you the standard allowance for personal deductions.

Long form 1040—Regardless of the size of your income, if you want to itemize your personal deductions, you must use the long form. If your adjusted gross income is over \$5,000 you must use it, whether you want to itemize, or want to take the standard deduction for personal expenses.

The principal difference between long and short 1040 is that in using the long form you work out your tax liability yourself, instead of finding it in a table. You get the help of a table, on page 14 of the instructions, that does part of the work for you after you have found your taxable income.

The next article, No. 3 in this series, will deal with the joint return, in which important changes have been made by the new tax law, and requirements for filing

Donald Green Returns To Naval Base

By MRS. SAM FERGUSON
Mountaineer Reporter

Donald B. Green, U. S. Navy, who has been spending a leave with his parents, Mr. and Mrs. Marvin Green of Fines Creek, has returned to the Naval Air Station in San Diego, Calif. He returned from service in the Philippines in November.

Green has been in the Navy since August, 1951. He attended the Fines Creek High School before entering the service.

Mr. and Mrs. Cauley Rogers visited the former's brother and sister-in-law, Mr. and Mrs. Charlie Rogers, in Asheville Sunday.

Mrs. Reeves Ferguson and daughter, Nancy, left Tuesday to visit friends and relatives in Ashland

as a head of household. (Next: The new law on joint returns.)

The Younger Set



By PEGGY REEVES

And SUZANNE C...

Hello! The Younger Set was really thankful when this week rolled around! Mid-term exams are over. All that's left is a final exam at the end of the year. Our polio campaign is nearing completion, but as of yet we do not know the results. Monday in assembly, we saw a short movie on the accomplishments of the March of Dimes, with Helen Hayes as narrator. It was very inspirational and we're sure this picture will boost the march.

Speaking of movies, the Key Club sponsored a full length movie "Guadalcanal Diary," Tuesday morning. Practically the entire student body turned out for the movie, and those who didn't see it certainly missed a wonderful show! Thank you, Key Club!

The Key Club is also beginning plans for the annual Junior-Senior Prom to be held February 12. Plans are incomplete right now, but from what we've heard we can expect a wonderful prom.

Monday, the Senior Class was increased by one. She is Bates Ray, who hails from Woodfin High School. She is now living at Lake Junaluska. The Senior Class is glad to have you, Bates! Hope you like WTHS as well as we do.

and Newport News, Va.

A. J. Brown has returned to his studies in the 6th grade after being absent several days on account of sickness.

On the sick list in this community are Joe Kirkpatrick, Mr. and Mrs. Charles B. McCracken, Mrs. M. M. Kirkpatrick, and Mrs. R. F. Brown.

A number of people here have purchased new TV sets recently: Zeb Clark, Frank Green, M. C. Green, Floyd Fisher, Wayne Moore, and Joe Clark.

Furman Noland has a new jeep. Wayne Ferguson a new car.

Vernon Ferguson and Robert Price left this week for Detroit.

The Bethel Blue Devils won a victory over the Mountaineers last Thursday in their gym. This was the first loss of their last. Our next meet will be tomorrow night at Brevard in our gym.

Without all the parties, etc., everyone seems to be in town for just one thing to do. That is, ends. The teachers during the week? We merchants and townspeople member the Younger Set pushing for that "Youth" Maybe our great-grandchildren enjoy it!

Congratulations to Charles and Barbara Davis, Mr. and Mrs. James Anne McCracken, and Charles and Ann are the senior class at W. High.

CARROLL MEDFORD IS PROMOTED

Carroll V. Medford, and Mrs. Guy Medford, Canton, recently was promoted private first class while in the 123d Transportation Service Company at Fort

Private Medford attended High School before entering Army approximately one year. He has been at Fort May 1954.

Wife Preserves



Small, one and one-half quart jars may be kept at room temperature, but it is best to keep large canned jars in a cool place.

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To these merchants... most of whom are our members... we would advise, ADVERTISE continually. REMEMBER... there is a DAILY MARKET for every business firm with either merchandise or services to offer! Tell the young... the old... those in the passing parade... how you can SERVE them. Help them through the NEWS-PAPER and...



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WESTERN NORTH CAROLINA TOBACCO TOPS THE MARKET

The Burley Tobacco Market in Western North Carolina, which closed recently, broke all records for values. This was in a year when the markets generally in other sections of the country were smaller. The crop in the Mountain region was both larger and higher quality.

Our farmers were particularly fortunate in having favorable weather conditions, and sufficient moisture. Three things are necessary to produce high quality Tobacco; good weather, good farming practices and good Fertilizer.

In the production of this bumper crop, more BLUE RIDGE BRANDS of Tobacco Fertilizers were used by the farmers in this section than ever before. Many of these users have reported the biggest

yields and best quality they have ever made, and the highest dollar returns.

When planning your program for next year, restricted acreage, it is more important than ever to get the highest return per acre that is possible.

BLUE RIDGE Tobacco Plant Food is formulated particularly for the Mountain Soils of this section. They are produced at somewhat higher costs to insure the best quality leaf, with a lower chlorine content and more of some of the added elements that is found in many other tobacco fertilizer brands.

Ask your Dealer for BLUE RIDGE Tobacco Brands this year, and give your crop the best. Start it off right by using BLUE RIDGE Tobacco Plant Food fertilizer on your beds.

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