

Your Income Tax

WHAT IS INCOME TAX?

The federal income tax is, as the name implies a tax levied upon incomes, and it is payable in relation to the amount of income. Income, for Federal income tax purposes, means in general any compensation for one's services, whether the compensation be in money or in goods or other services; it includes also the net value received for the product of one's labor, as farm produce in the case of a farmer; income from investments; profit from business operations; and other gains from sales and exchanges of goods and property. Certain limited categories of income are, however, tax exempt, and to the extent of such exemption are excluded in computing the tax.

Because of exemptions from the tax given to persons having less than certain stated amounts of income, as well as because of various deductions and credits allowable, only a small proportion of the number of persons receiving income have until recently been subject to the tax. Thus, of the estimated 55 million persons in this country who receive income in one form or another during the calendar year 1941, only some 26 million persons were required to file Federal tax returns for that year, while of these same 26 million, more than 9 million were not taxable due to credits and deductions allowable.

As a result of the lowering of exemptions, many more persons are now subject to the Federal income tax than before, and for the calendar year 1942 it is estimated that more than 35 million persons will file Federal income tax returns. To the large number of persons now subject to the Federal income tax, who have never reported income before for Federal tax purposes, an understanding of the law and applicable regulations is of prime importance.

An income tax return is a declaration on the part of the taxpayer of his total taxable income for the year, together with the various deductions, exemptions, and credits to which he is entitled. It is in reliance upon voluntary disclosure, and the integrity of tax payers generally, that the cost of administration of the income tax can be kept at a minimum. Though the return is a voluntary statement, any person who will

fully makes a return which he does not believe to be true and correct in every material matter is subject to the penalties provided by law.

The first requirement of the law is the filing of an appropriate return. For individuals generally, this must be done by March 15 following the end of the calendar year. The return must be filed with the appropriate Collector of Internal Revenue for the district in which is located the legal residence or principal place of business of the person making the return.

Under the present law every single person, and every married person not living with husband or wife, having a total income (earnings, together with other income) of \$500 or more, and married persons living with husband or wife throughout the taxable year, who have an aggregate income (total earnings of both husband and wife, together with other income) of \$1,200 or more, regardless of the amount of net income, must file a return.

FORM OF RETURN

Persons subject to the Federal tax must report their income to the Government on forms, or blanks, prescribed by regulations. These forms are obtainable from any Collector of Internal Revenue, and generally from any bank. Special forms are designated for corporations, for partnerships, for trusts and fiduciaries, and for nonresident aliens. Farmers who keep no books of account on the accrual method must attach a special schedule to their return (Form 1040F). For individuals, two forms are used, depending upon the amount and source of income to be reported.

Form 1040. This form is intended for general use of individuals who are citizens of the United States, or residents in this country, whether citizens or not. It contains spaces to show the amount of income from various sources, deductions allowable, exemptions and credits, and computation of tax liability. As most of these items require some explanation in order to be allowable, the form also contains appropriate schedules to show in more detail how the income or the deductions are determined.

Form 1040. This is a simplified report, which may, at the option of the taxpayer who makes his return on the cash basis, be filed instead of form 1040 by citizens and residents whose gross income was \$3,000 or less during 1942, provided all this income consists wholly of one or more of the following: salary, wages, dividends, interest, or annuities. In using this form it is necessary for dependents, and insert appropriate amount of tax in accordance with one's personal exemption

"Behind The Scenes In American Business"

—By John Craddock—

New York, Jan. 18.—ALL-

OUT. What total war means to Americans was made clear by President Roosevelt in his annual budget message to Congress. Whereas the budget for 1943 "was an instrument for transforming a peace economy into a war economy," that for 1944 fiscal year beginning July 1 will reflect "the maximum program for waging war." All told, the chief executive asked for \$109,000,000,000, of which \$100,000,000,000 would be for war expenditures alone—an outlay three times those of Great Britain, and 14 times those of Japan. It is twice the expenditures asked a year ago by the President, four times actual expenditures for the fiscal year 1942, and 16 times defense expenditures for the fiscal year 1941. Half of the \$100,000,000,000 is to be raised by taxes, necessitating an additional \$16,000,000,000 in taxes which are quite likely to be placed on

status, as shown on the table on the reverse of the form. This form has no entries for deductions allowable, since the taxes indicated in the table on the back of the form are computed after taking into account what have been considered average deductions for persons of this income class.

A taxpayer should, therefore, consider carefully which form would be appropriate for his purposes. Whichever form is employed, all the information called for in the spaces should be inserted so far as applicable to the taxpayer, in order to avoid the expense to the Government, and the possible inconvenience to the taxpayer, of subsequent check and inquiry.

With each return form is a set of accompanying instructions, and these instructions should be carefully read by the taxpayer before making his return.

Returns for the calendar year 1942 must be filed not later than March 15, 1943. They may be filed by mailing to the Collector of Internal Revenue of the appropriate district in which he is located the legal residence or principal place of business of the taxpayer. If the return is filed by mailing, it should be posted in ample time to reach the Collector's office before March 15, 1943. Returns received later than the due date are subject to a penalty variable according to the lateness in filing.

a "pay-as-you-go" basis. To critics who declare that sacrifices of Americans are not comparable to those of the British, it might be pointed out that the effort required to meet our own program fully measures up to that of our Allies. Under the 1943 budget, the per capita burden of the American effort is estimated at \$897 against \$440 for Britain.

MYTH EXPLODING—American ingenuity has blasted the myth of German superiority in producing precision optical instruments, machined to tolerances as fine as 1-10,000 of an inch, are flowing from plants of Mergenthaler Linotype, Westinghouse to exceed that of this country in Electrica and Minneapolis-Honeywell Regulator Company and the latter's production alone is said to be World War I. An example of the ingenuity that made this possible is the system of humidity control devised by Minneapolis-Honeywell engineers. One of the bottlenecks of optical manufacture has been the effect of humidity on glass which, on some days, halted production entirely. The engineers discovered that glass absorbs and exudes moisture—minute amounts of water come out of the glass and deposit particles of soluble salt when humidity is falling, making the glass sticky, and moisture stays within the glass when humidity rises. Using the know-how acquired in 58 years of devising temperature controls, they hit upon a plan for controlling humidity which makes production possible, regardless of the weather, for the first time in optical history. This system has been made available to all companies manufacturing sighting equipment for the armed forces.

THINGS TO COME: A new strip cartoon magazine to be issued quarterly by Parents Magazine. It will present true stories of today's heroes and heroines. A civilian ration kit pocket-size, with four tiny compartments for sugar, coffee, butter and an egg. A new odorless garden fertilizer, made mostly of garbage, by Jean MacLean Chemical Co. A new non-wheat grade cake mix, high in protein value, a product to be marketed by Soy Food Mills under the trade name "Golden Soy."

"NOTHING FOR SALE": Buyers flocked to the American Furniture Mart in Chicago in record numbers last week, but manufacturers had little to offer. In

fact, sales were rationed to keep down the volume of orders that would have set a new all-time high and some even displayed "Nothing For Sale" signs. One of the most stringently rationed items was upholstered furniture—with either wooden springs or none at all. Modernistic furniture, much of it demountable—enough for a four-room apartment could be packed in a 6x6x6 case predominated the market, accounting for 36 per cent of the total. Because of an increase in the birth rate, Lullabye Furniture reported it was 60 days behind on deliveries. A survey by the Walnut Manufacturers Association showed exhibits of dining room and bedroom furniture to be 47 per cent below 1941 and 33 per cent less than last year. The dearth of furniture was said to be partly due to the fact that 65 per cent of the nation's furniture makers are selling to the government and others are trying to get war contracts.

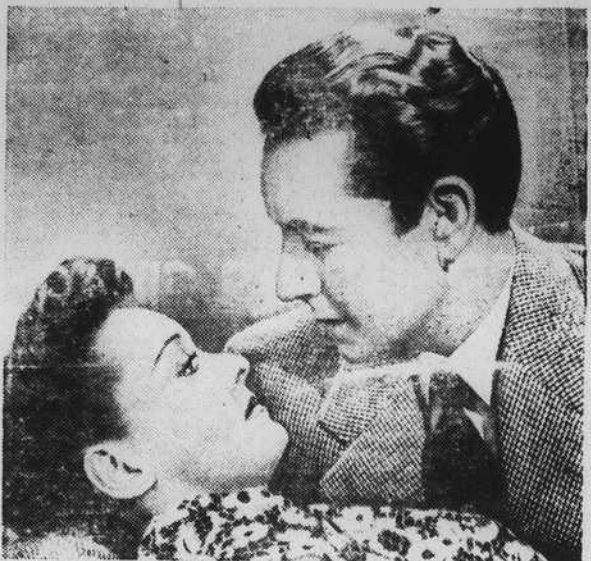
TO THE RESCUE: Now that gas and rubber rationing are making stay-at-homes of millions of Americans, it isn't surprising that old-fashioned games—the kind that were popular in the Gay Nineties—are coming back. In fact, a survey of game popularity by Marshall Field & Company of Chicago, turned up some interesting facts. Games like rook, parchesi, flinch and dominos led the field. All sorts of games for two are being played more and more while chess and checker sets, popular with the armed forces are in big demand. And children's games aren't old-fashioned. Today's kiddies are playing with toy soldiers and guns and tanks and other make-believe fighting equipment (fashioned from non-critical materials). War games which have captured the youngsters' imaginations are "Commandoes," "Flight Patrol," "Flying Aces," and the like. So instead of playing cowboy and Indian and cutting out paper dolls, the kiddies are working out technical war maneuvers and pretending that they, like their big brothers, are in the fight, too.

BITS O' BUSINESS: It's the department store buyers who throw the parties now for manufacturing sellers, reversing an age-old custom. They're eager for anything they can find. Lockheed has put a new giant transport in the air capable of spanning an ocean with a light tank and its complement of troops. The huge plane is powered by four Wright 2,000-horsepower air-cooled radial motors.

Subscribe To
The Cherryville Eagle

At The Movies IN CHERRYVILLE

Playing - Thur. and Fri. - Lester Theatre



Playing Sun. Late Show-Mon., Tues. Lester Theatre



ANNOUNCEMENT

WE HAVE THIS WEEK COMPLETED MOVING OUR STORE FROM WEST MAIN STREET TO THE KENDRICK BUILDING FORMERLY OCCUPIED BY McDOWELL BROS. ON THE SQUARE.

THIS BUILDING HAS BEEN REPAINTED ON THE INTERIOR, AND WE ARE HAPPY TO ANNOUNCE TO THE PUBLIC WE WILL BE BETTER PREPARED TO SERVE YOU IN THE FUTURE. WE HAVE MORE ROOM AND OUR NEW STORE IS MODERN AND MORE CONVENIENT.

WE APPRECIATE YOUR PATRONAGE SINCE COMING TO CHERRYVILLE AND WANT YOU TO VISIT US IN OUR NEW BUILDING.

Western Auto Asso. Store

CHERRYVILLE, N. C.

Home Owned

LEE W. CAUBLE

DIAL 2281

Home Owned