

Tax News

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It is the purpose of this column to present to the readers of The Perquimans Weekly a slight digest of the Income and Social Security (both Federal and State) tax laws, as well as the information relative to the Wage and Hour law; both based upon the last regulations received, which will be presented as questions and answers, a form which it is thought most suitable for conveying tax information.

Furthermore, it is the purpose of this column to invite questions from the readers of The Perquimans Weekly concerning features of the several tax laws mentioned that might apply to a particular case. Answers, which will be furnished in subsequent issues, will be formulated according to law, where so applicable, and opinions will be based upon the latest information available.

Introduction: The first Federal Income Tax Act was passed in 1861. Additional Acts were passed in 1862 and 1864. The fourth Act, known as the Revenue Act of 1894 was declared unconstitutional in 1895, and in 1909 a Constitutional Amendment, now known as the Sixteenth Amendment, was proposed by Congress. By February 26, 1913, all states except Connecticut, Rhode Island and Utah, had ratified it.

For legal purposes the Sixteenth Amendment became effective March 1, 1913. Since that time all the States have also passed Income Acts for State taxation.

Who is Taxable? It might be stated broadly that every recipient of income in the United States is subject to the Income Tax laws. Income taxation rests upon the principle of ability to pay. Everyone is not subject to the law in precisely the same manner or to the same extent, but a legal and moral obligation rests upon everyone to know his status.

As Affecting Individuals
Individuals Required to File a Return: Every citizen of the United States must file a return whose gross income for the taxable year amounted to \$5,000.00 or over, or whose net income amounted to (a) \$1,000.00 if single, or if married and not living with husband or wife; or (b) \$2,500 if married and living with husband or wife.

Definitions: Gross Income. All items of income subject to tax, and includes in general, compensation for personal and professional services, business income, profit from sales of and dealing in property; interest; rent, dividends, etc.

Particular attention is directed to the fact that, beginning with the taxable year 1939, the salary of all officers and employees of the State, Cities, Counties and other political subdivisions, is taxable, and such income must be included in the return for the year 1939, together with other income, should there be any.

Deductions: Certain items of expense or loss by which the statute allows a taxpayer to reduce his income subject to tax, and includes all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business; contributions; interest; taxes; losses from fire, theft, etc., and bad debts and certain other deductions.

Net Income: The balance of gross income after deductions are subtracted.

Other "Persons" Taxable As Individuals: (a) Partnerships. The income is taxable to each partner according to his proportion and not to the partnership as an entity.

(b) Estates and Trusts, with some necessary exceptions, are subject to tax under the same rates as applying to living individuals.

Where Are Returns Filed: Returns of residents of North Carolina should be filed with the Collector of Internal Revenue at Raleigh, North Carolina, or Greensboro, North Carolina, or with any office of a deputy collector located in your section. The office of the deputy collector for Eastern North Carolina is located at Elizabeth City.

What Is A Taxable Year? Income taxes are computed on the basis of a calendar year ending December 31st, or a fiscal year of twelve months ending on the last day of any month.

When Should Tax Returns Be Filed? Returns for a calendar year should be filed on or before March 15th; returns for a fiscal year should be filed within seventy-five days after the close of the year. For example: A return for a fiscal year ending June 30th should be filed on or before September 15th.

What Are The Personal Exemptions and Credits For Dependents? The personal exemption is \$1,000 for a single person, and \$2,500 for a married couple or the head of a family.

The credit for dependents is \$400 for each person (other than husband or wife) whether related to the taxpayer or not, whether living with him or not dependent upon and receiving his chief support from the taxpayer, provided the dependent is either (a) under eighteen years of age or (b)

Gift to World's Refugee Children



This bus, specially equipped to serve as freight or passenger transport, or as a soup kitchen, is the first of several which will be used in France to aid refugee children for whom the Foster Parents' Plan for War Children is caring. It is the gift of friends in America to the refugee children of the world. Originally established for the benefit of children in the bombed areas of Spain, the Foster Parents' Plan has now been extended to include Polish and Finnish refugees. Some 12,000 children are being cared for in nine colonies near Biarritz, France. Beside the unit is E. G. Muggerridge, executive secretary of the Plan.

incapable of self-support because defective. The credits are allowed as deductions in computing the tax.

Earned Income Credit: This section of the law deals with the allowance of a special credit in addition to those already mentioned, which is based upon "earned net income." The credit is allowed only to individuals and not to estates, trusts, partnerships, corporations or other taxpayers. The credit is allowed against a net income for purposes of the normal tax only. It is 10% of earned net income as defined, but not over 10% of the net income. Earned net income is income from personal services rendered, less expenses incurred in connection with the earning of such income. Taxpayers having net income of \$3,000 or less may always receive a credit of 10% of the net income. Those having net income of \$3,000 or more are to consider that a minimum of \$3,000 is earned income, regardless of the true nature of the income, thereby being assured of a minimum credit of \$300. In no case may earned income be considered as more than \$14,000. Where taxpayers are engaged in trade or business in which both labor and capital are factors, a reasonable allowance as compensation shall be considered as earned income, but this amount may not be over 20% of the commercial or book profits of the business. Such profits are those computed without regard to Federal income tax laws. Persons in the so-called learned professions consider their entire business income as earned. The earned income credit is unchanged under the alternative capital gain and loss tax computations.

What Are The Rates? Special forms for the different classifications of taxpayers will be furnished upon request by your nearest office of the Collector of Internal Revenue. Instructions that accompany the forms should be carefully studied. Without endeavoring to give a full explanation of the rates at this time, a brief mention of some of the simpler ones is made:

Individuals: Normal Tax—4% of net income less several specific credits as follows: Personal Exemption; Credit for Dependents; Interest on Government Obligations, Etc.; Earned Income Credit.

Surtax—The surtax is computed at the graduated rates shown on the table accompanying the return. The first \$4,000 of net income, after deducting personal exemption and credit for dependents, is exempt.

An example of the computation of the tax of an individual is as follows:
 An individual received a salary of \$4,000 as an officer of a corporation; \$3,000 interest on commercial investments, and \$3,000 interest on Government bonds. Total gross income \$10,000. He paid \$300 taxes on real estate and \$100 personal property tax. He is married, living with wife and has two children under eighteen years of age.

Gross Income	\$10,000.00
Allowable Deductions	400.00
Entire Net Income	\$ 9,600.00
Personal Exemption (Head of a family)	\$2,500.00
Credit for Dependents (Two Children)	800.00
Total Exemptions	3,300.00
Balance Subject to Surtax	\$ 6,300.00
Less Exemption	4,000.00
Balance Taxable	2,300.00
Amount Taxable at 4%	\$ 2,000.00
Amount Taxable at 5%	300.00
Balance Subject to Surtax	\$6,800.00
Less Int. on Gov. Bonds	\$ 3,000.00
Earned Income Credit (10% of Salary \$4,000)	400.00
Bal. Subject Normal Tax	\$2,900.00
Computation Normal Tax	\$2,900.00 at 4%
	116.00
Total Tax	211.00

"Isn't 'zythum' a funny word for you to be so fond of, mother?"
 "What do you mean, child?"
 "Well, I heard daddy say you were fond of the last word, so I looked it up."

Beer Committee Extends Campaign Into Every County

Drive Against Lawless Retailers Continues as Licenses of 40 Operators Are Revoked

Investigators for the beer industry will visit every North Carolina county during 1940 to make certain that retail beer dealers conduct reputable places of business.

Edgar H. Bain, of Goldsboro, State Director of the Brewers and North Carolina Beer Distributors Committee, has announced that the industry's "clean up or close up" campaign has resulted in the revocation of 40 licenses in 13 counties, and revocation proceedings against a score of other dealers in eight counties.

"A majority of beer dealers conduct reputable places of business," Colonel Bain said, "but there is a minority which disregards the law and public decency. Our campaign is directed at these scattered outlets. During the next 11 months, our field representatives will check on these outlets and when necessary, we will request the county officials to revoke their licenses."

In recent months, dealers in Buncombe, Mecklenburg, Guilford, Iredell, Gaston, Columbus, Brunswick, Lenoir, Haywood, Henderson, Burke, and Wayne counties have lost their licenses through efforts of our committee and local enforcement officers.

Petitions requesting the revocation of licenses are now pending before county boards of commissioners of Richmond, Craven, Lenoir, Alamance, Cabarrus, Transylvania, Buncombe and Rowan counties, Colonel Bain said.

Meetings Being Held By AAA Committeemen

"Ask your county or community committeeman," will be the advice given farmers who have problems concerning the Triple-A program when a series of meetings now in progress in the State have been concluded. The 4,700 AAA committeemen in North Carolina are being trained to better administer the Federal farm program, E. Y. Floyd, AAA executive officer of State College, explained.

The time and place of each meeting will be announced locally by the county farm agent, Floyd said. In addition to the committeemen, other agricultural workers in the counties are being invited to attend the meetings and learn about the Triple-A program.

These include home demonstration agents, assistant farm and home agents, vocational teachers, and representatives of the Farm Security Administration, the Soil Conservation Service, Production Credit Association, Farm Credit Administration and Seed Loan division.

Floyd said that discussions by Extension specialists in forestry, dairying, agronomy, and horticulture are features of the meetings in several of the counties.

Specialists R. W. Graeber, J. A. Arey, E. C. Blair, and H. R. Niswonger are attending the meetings in Wake, Stanly, Randolph, Watauga, Ashe, Davie, Gaston, Clay, Cherokee, and Iredell Counties. Specialists W. J. Barker, A. C. Kinney, L. T. Weeks, and L. P. Watson are assisting with the meetings in Beaufort, Wilson, Jones, Sampson, Columbus, Person, Rockingham, Martin, Hertford, and Hoke Counties.

Timely Questions On Farm Answered

Question: What are some of the sources of protein in hog feeds?

Answer: At least one-third, by weight, of the protein supplement should be composed of products from animal sources, such as digester tankage or high grade fishmeal. Fifteen pounds of skim milk or buttermilk will replace one pound of tankage. The remainder of the protein requirement may be provided from plant sources, such as cottonseed meal, soybean oil meal, or peanut oil meal. Complete directions for the feeding, breeding, and management of swine are contained in a new Extension circular which may be obtained on request to the Agricultural Editor at State College. The circular number is 238.

Question: What are the fertilizer requirements of the tobacco plant bed?

Answer: Two hundred pounds of a 4-8-3 fertilizer mixture for each 100 square yards of bed should be sufficient. If a lower grade fertilizer is used, it can be supplemented with from 50 to 100 pounds of cottonseed meal, provided the meal is thoroughly mixed with the soil. The fertilizer should be broadcast on the bed and thoroughly mixed with the upper 3 or 4 inches of the soil. Avoid the use of manure containing tobacco leaves, stalks, or roots.

Question: Should a general plan be followed in locating fruit trees?

Answer: Preferably. The location of the different fruits should fit in with the general plan of landscaping.

FASHION PREVIEW



Everyone, whether a stay-at-home or traveler, needs an all-around coat for every season. A suggestion by the February Good Housekeeping is this oatmeal tweed in soft beige. The back is loose and flared and the sleeves full length. Completing its charm is a flattering sailor collar of lynx-dyed fox.

plant bed?
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Question: Should a general plan be followed in locating fruit trees?
Answer: Preferably. The location of the different fruits should fit in with the general plan of landscaping.

ing and beautifying the farm home. Apple, cherry, pear and nut trees may be set in the rear of the lawn as shade trees or near corners of farm buildings in order to provide attractive settings. Peach and plum trees may be set in the poultry yard or along the border of the vegetable garden. Grape vines may be trained as arbors, planted as a rear line fence for the lawn, or along the borders of the garden.

Little Lights

By **Violet Alloy Storey**
 (From February Good Housekeeping)

God bless each little light that burns
 In an unexpected place—
 On an altar in a darkened church
 Or in a sad, sad face.
 God bless each little light and fan
 Its flame and keep it bright.
 There is so much of darkness that
 We need each little light.

At a recent election a returning officer was questioning a Chinaman who had been naturalized.

"What's your name?" asked the officer.

"Sneeze," said the Chinaman.

"Is that your Chinese name?"

"No," was the reply. "I had to translate it into English."

"Then what is your name?" demanded the officer, getting angry.

"Ah Chew," said the Oriental.

TAYLOR THEATRE

EDENTON, N. C.

Friday, Jan. 26—

William Powell and Myrna Loy in

"ANOTHER THIN MAN"

Saturday, Jan. 27—

Three Mesquiteers in

"HEROES OF THE SADDLE"

Sunday, Jan. 28—

Jane Withers and Joe Brown, Jr.

—in—

"HIGH SCHOOL"

Monday and Tuesday, Jan. 29-30—

Nelson Eddy and Ilona Massey in

"BALALAIKA"

(Where there's wife, women and song)

Wednesday, Jan. 31—

Gleason Family in

"THE COVERED TRAILER"

CLOUDS OF CARBON ROLL OUT



"When you see a cloud of smoke," a motorist recently said, "don't look for the fire department—look for the nearest Pure Oil dealer's station. Somebody is getting a Solvenized Tune-Up Treatment."

YOUR EYES WILL TELL YOU WHY PURE OIL'S NEW SOLVENIZED TUNE-UP PLAN IS SUCH A HIT WITH MOTORISTS IN 25 STATES

WHAT A SATISFACTION it is to see excess carbon which has been choking your motor, coming out the exhaust.

Don't put off getting this Solvenized "Tune-Up" Treatment for your car. It is **STEP No. 1** of the "TUNE-UP" PLAN.

It gets rid of that excess carbon which clogs performance, sets up knocks, wastes gas and oil. It costs \$1.00—money back if not satisfied—you to be the sole judge. Takes only thirty minutes—the smartest dollar you ever spent, the best half-hour, too.

Then take **STEP No. 2** of the "TUNE-UP" PLAN—start using Solvenized Pure-Pep Gasoline, a premium quality gasoline **AT THE PRICE OF REGULAR**. Gallon for gallon it is as good a gasoline as you can get for the money, plus the same exclusive solvent which tends to clean and lubricate the entire fuel system and keep excess carbon from piling up.

Try this 2-Step Tune-Up Plan. Start today.

Note: If your car is new and relatively carbon-free, we strongly recommend use of this Solvenized premium quality gasoline, even without the Treatment, because it fights carbon formation—helps keep performance "factory fresh."

NOTRE DAME BOY GETS RESULTS



Dave Harris, Chicago, Ill.

Dave Harris, senior at Notre Dame University, often makes the round-trip from his home to South Bend (200 miles) on one full tank of gasoline.

He recently started using the Solvenized Tune-Up Plan. On the very first trip after the treatment, the car was driven around South Bend for 20 miles before starting back to Chicago. Dave did not believe he had enough gasoline for the trip but when he stopped for more, the tank still held over a gallon of gasoline! An increase in gasoline mileage of over 10%!

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WAR NEWS! H. V. KALTENBORN

Pure Oil's New Committee brings you the latest news from Europe. Tune in every Monday, Wednesday, and Friday, 6:30 P. M. Eastern Time—5:30 P. M. Central Time—Columbia Stations.

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