## Tax News By FREDERICK B. HILL Certified Public Accountant Norfolk, Virginia

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 apon 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 25, 1913, all states ex-cept 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 ubject to the Income Tax laws. Inome taxation rests upon the princiie of ability to pay. Everyone is ot subject to the law in precisely the same manner or to the same exant, but a legal and moral obligation sts upon everyone to know his atus.

As Affecting Individuals Individuals Required To File A Retwrn: Every citizen of the United Ftates must file a return whose gross sacome for the taxable year amounted to \$5,000.00 or over, or whose net ncome amounted to (a) \$1,000.00 if single, or if married and not living credit of \$300. In no case may earnwith husband or wife; or (b) \$2,500 if married and living with husband than \$14,000. Where taxpayers are

Definitions: Gross Income. All tems of income subject to tax, and personal and professional services. rent, dividends, etc.

Particular attention is directed to the fact that, beginning with the taxcers and employees of the State, subdivisions, is taxable, and such in- gain and loss tax computations. ome must be included in the return



HE PERCUMANS WERKLY, RENTFORD, N. C., FRIDAY.

This bus, specially equipped to serve as freight or pas-senger 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 bene-

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 \$8,000 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,

ed income be considered as more engaged in trade or business in which both labor and capital are factors, a reasonable allowance as compensation cludes in general, compensation for shall be considered as earned income, but this amount may not be over 20% usiness income, profit from sales of of the commercial or book profits of and dealing in property; interest; the business. Such profits are those computed without regard to Federal income tax laws. Persons in the socalled learned professions consider ble year 1939, the salary of all offi- their entire business income as earned. The earned income credit is un-Cities, Counties and other political changed under the alternative capital

**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 coun- nut off meal. Complete directions ty during 1940 to make certain that for the feeding, breeding, and manretail 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, Ire-

## 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 of meal, or peaagement of swine are contained in a new Extension circular which may be obtained on request to the Agricul-

tural Editor at State College. The circular number is 238.

Answer: Preferably. The location Question: What are the fer- of the different fruits should fit in tilizer requirements of the tobacco with the general plan of landscap-

g and benutifying the farm. Apple, cherry, pear and nut may be set in the rear of the as shade trees or near corner farm buildings in order to pro-attractive settings. Peach and p trees may be set in the poultry y or along the border of the vegets garden. Grape vines may be train as arbors, planted as a rear line fence for the lawn, or along the borders of the garden.

## Little Lights

By Violet Alleyn Storey (From February Good Housekeeping)

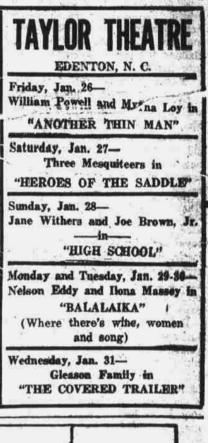
God bless each little light that burns In an unexpected place-On an altar in a darkened church Or in a sad, sad face. God bless each little light and fan Its flame and keep it bright. We need each little light.

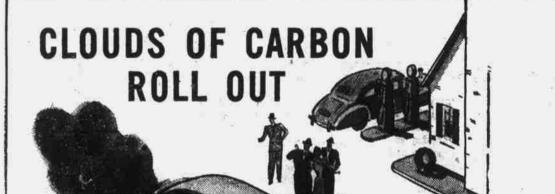
At a recent election a returning officer was questioning a Chinaman who had been naturalized. "What's your name?" asked the

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?" de manded the officer, getting angry. "Ah Chew," said the Oriental.





Everyone, whether a stay-at-

home or traveler, needs an all.

round coat for every season. A sug-

gestion by the February Good

Housekeeping is this oatmeal tweed

in soft beige. The back is loose and

Bared and the sleeves full length.

Completing its charm is a flattering

- ----

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 fertili-

zer is used, it can be supplemented

with from 50 to 100 pounds of cotton-

seed 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

Question: Should a general plan

be followed in locating fruit trees?

tobacco leaves, stalks, or roots.

sailor collar of lyng-dyed for,

plant bed?

'or the year 1939, together with oth- forms for the different classificaer income, should there be any.

Deductions: Certain items of exense or loss by which the statute alws a taxpayer to reduce his in- Instructions that accompany the come subject to tax, and includes all he ordinary and necessary expenses aid or incurred during the taxable ear in carrying on any trade or Jusiness; contributions; interest, taxca; losses from fire, theft, etc., and ad debts and certain other deductions.

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

Other "Persons" Taxable As Individuals: (a) Partnerships. The inone is taxable to each partner ac-. unding to his proportion and not to ite partnership as an entity.

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

Where Are Returns Filed: Re-Elizabeth City.

What Is A Taxable Year? Inof a calendar year ending December 1.1st, or a fiscal year of twelve Personal Exemption (Head month.

Filed? Returns for a calendar year should be filed on or before March 15th; returns for a fiscal year should le filed within seventy-five days after the close of the year. For example: A return for a fiscal year Amount Taxable at 5% \_\_\_\_ ending June 80th should be filed on or before September 15th.

What Are The Personal Exemptions and Credits For Dependents? (10% of Salary \$4,000) The personal exemption is \$1,000 for a single person, and \$2,500 for a married couple or the head of a

The credit for dependents is \$400 wife) whether related to the tax-nyer or not, whether living with him rust dependent upon and receiving

and support from the taxpayer, and the dependent is either (a) intition years of age or (b) it up."

What Are The Rates? Special tions of taxpayers will be furnished upon request by your nearest office of the Collector of Internal Revenue. 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 turns of residents of North Carolina \$4,000 as an officer of a corporation: trained to better administer the should be filed with the Collector of \$3,000 interest on commercial invest-Internal Revenue at Raleigh, North ments, and \$3,000 interest on Gov-Carolina, or Greensboro. North Caro- ernment bonds. Total gross income lege, explained. I na, or with any office of a deputy \$10,000. He paid \$300 taxes on real collector located in your section. The estate and \$100 personal property ing will be announced locally by the office of the deputy collector for tax. Is married, living with wife county farm agent, Floyd said. In astern North Carolina is focated at and has two children under eighteen years of age.

Gross Income \_ \$10,000.00 come taxes are computed on the basis Allowable Deductions \_\_\_\_\_ 400.00 ings and learn about the Triple-A Entire Net Income \_\_\_\_\$ 9,600.09 conths ending on the last day of any of a family) \_\_\_\_\_\$2,500.00

Credit for Dependents -When Should Tax Returns Be (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% \_\_\_\$ 2,000.00 300.00

> Balance Subject to Surtax \_\_\$6,800.00 Less Int. on Gov. Bonds \_\_\$ 3,000.00 Earned Income Credit

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

Sur-1998年9月1日1日 第二日子·克·特·特尔和斯特尔人名法

dell, Gaston, Columbus, Brunswick, Lenior, 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, Lenior, 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 Federal farm program, E. Y. Floyd, AAA executive officer of State Col-

The time and place of each meetaddition to the committeemen, other agricultural workers in the counties are being invited to attend the meetprogram.

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 As-sociation, Farm Credit Administra-tion and Seed Loan division.

Floyd said that discussions by Ex. tension 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 wonger are attending the meetings in Wake, Stanly, Randolph, Wa-tauga, Ashe, Davie, Gaston, Clay, Cherokee, and Iredell Counties. Specialists W. J. Barker, A. C. Kim-rey, L. T. Weeks, and L. P. Watson are assisting with the meetings in Beaufort, Wilson, Jones, Sampson, Columbus, Person, Rockingham, Martin, Hertford, and Hoke Con

said,"don't look for the fire department-look for the nearest Pure Of dealer's station. Somebody is getting a Solvenized Tune-Up Treatment." Pure Oil

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It gets rid of that excess carbon which clogs performance, sets up knocks, wastes gas and oil. It costs \$1.00money 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.

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

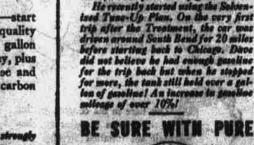
WAR NEWS

KALTENBORN

Note: If your car is now and relatively carbon from, an strong recommend use of this Solvenked premium gaulity gauline, an without the Treasment, because it fights arrive formation-had beep performance "factory fresh." "Res. U. S. Pat. O PRog. U. S. Pat. Of Dave Harris, Chicago, Ill.

**NOTRE DAME BOY GETS RESULTS** 

Dave Harris, senior at Noire Dame University, often makes the round-trip from his bonne to South Bend (200 miles) on une fuil tank of gambine. He recently storted using the Solven-ized Tune-Up Plan. On the very first trip after the Trestment, the car was driven around South Bend for 20 miles before worther back to Chicage. Dave



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