

Local News

Filing an extension saves sinking ships

It was on April 15th in the year of 1912 that the deluxe ocean liner, the Titanic, sunk, just hours after colliding with an iceberg off the banks of Newfoundland. If the approaching April 15th deadline for tax filing is making you feel like your ship is about to sink, consider the following advice from the North Carolina Association of CPAs.

You can get an automatic no-questions-asked, four-month filing extension by submitting Form 4868. This will push your filing deadline back to August 15. Form 4868—Application for Automatic Extension of Time to File U.S. Individual Tax Return—allows you to postpone filing your returns for four months. Take note that the key term here is filing—not paying. While the IRS allows you an extension for filing you completed tax forms at a later date, any tax that is estimated to be due must be paid at the time you file for an extension.

But if your ship is running out of steam, an extension may be just the SOS you need to keep your head above water. Many people tend to rush through their return at the last minute losing sleep and often making costly mistakes.

To apply for an extension for your 1986 return, you must file Form 4868 by April 15, 1987. (If you file a fiscal Form 1040, Form 4868 must be filed by the regular due date of your return.) The four-month extension is automatic upon filing Form 4868; you will not receive a reply from the Internal Revenue Service. Incidentally, if you request an extension, you may not later ask the IRS to figure your taxes.

It's easy to navigate your way through Form 4868—a simple, one-page, seven-question form. You need not give the IRS any reason for requesting an extension. Again, what you will have to do is estimate your tax liability for 1986 and pay any tax due when you file the application for extension.

It is most important that you carefully calculate the amount of tax due. If you underestimate your taxes, you will have to pay interest on the unpaid amount. And, if your unpaid taxes exceed 10 percent of your total bill, be prepared to pay, in addition to interest, a failure-to-pay penalty. Generally, this penalty amounts to 1/2 of 1 percent of your unpaid taxes for each month, or part of a month that the tax is not paid. The penalty is limited to 25 percent of your unpaid taxes.

Deadline Close And You're Still Treading Water?—What happens if your four-month extension deadline is approaching and you're still treading water? Well, if you have a good reason, you may be able to get an additional two-month extension—but only if you have a very good reason. To apply for an additional extension, you may send a letter or file Form 2688—Application for Additional Extension of Time to File U.S. Individual Tax Return. This extension is not automatically granted, so you should request the extension early enough so that, if refused, you will still be able to file on time. (Except in undue hardship cases, Form 2688 or a request by letter will not be accepted unless you have first used Form 4868 for an automatic extension.) To apply for an additional extension you may give the following information: the reason for requesting the extension;

the tax year to which the extension applies; the length of time needed for the extension; whether another extension of time to file has already been granted for this tax year.

The Internal Revenue Service asks that you clearly describe the reason for your delay. Incomplete reasons such as "illness" or "practitioner too busy" will not be accepted without adequate explanation. Clearly explain reasons and attach supporting information to the form or letter.

In addition to personal sickness or injury, or a death or a serious illness in your immediate family, some acceptable reasons drawn from IRS proceedings and court cases, include the following:

A taxpayer with a substantial number (approximately 200) of security transactions during the taxable year did not have enough time to gather and analyze all the required information.

A taxpayer with a complicated deduction problem concerning medical expenses under study by his tax advisors.

A man who invested in oil properties and received information from the operators too late to complete his tax return by the due date.

Taxpayers whose records were destroyed by fire or by other casualty.

If your application for an additional extension is approved, you will be notified by the IRS. Attach this notification to your return when you file. If your application is not approved, you must file by the due date of the automatic extension.

Is Your Ship Out Of Port?—Planning a cruise around the world?

If you are a U.S. citizen or resident and are not in the United States or Puerto Rico on April 15, 1987, you are allowed an automatic extension until June 15, 1987, both to file your return and to pay any taxes due for 1986. If you file a joint return, only one spouse need be out of the country on April 15, 1987 for this automatic extension to apply. If two spouses file separate returns, only the spouse out of the country is entitled to the automatic extension.

You do not even have to file a form for this extension. But if you use this automatic extension, you must attach a statement to your return when you file, explaining that you were out of the United States or Puerto Rico on the due date of your return. It's a good idea to have some concrete proof of this fact, should the IRS ask. You do get an additional two months to file and pay, but when you file, if your return shows that taxes are owed, you will pay interest and possible penalties on the unpaid balance.

If you are eligible for this automatic extension and find that you're not yet afloat and still need additional time, you may file for an additional two-month extension by submitting Form 4868 on or before June 15th. You should indicate that you are filing under the special traveling-abroad status. When you file Form 4868, you will be required to estimate your tax liability and pay the amount due.

CPAs suggest that if it looks like you might have trouble meeting the April 15th deadline, a filing extension can bail you out.



Pictured above Ashley Edwards demonstrates how to make Poppy Seed Bread last Thursday at the Local Chef's Spectacular.

Below Mrs. Eure prepares hot yeast rolls and cinnamon rolls for eating by the ladies who attended the presentation.

The local chef's spectacular is an annual event held each year by the Perquimans County Extension office in the Spring. This year five people participated in the event.



Family Dollar reports sales and earnings for quarter

MATTHEWS, NC—Family Dollar Stores, Inc. (NYSE symbol FDO), a discount store chain operating 1,203 stores in a 24 state area ranging as far north as Michigan, south to Florida and west to Texas, today reported that sales in the second quarter had reached record high levels, but that earnings for the quarter had decreased. For the second quarter ended February 28, 1987, sales were \$146,698,989, or approximately 10 percent above sales of \$132,996,711 for the second quarter of the prior fiscal year. Net income was \$8,117,095, or approximately 9 percent below net income of \$8,954,904 for the comparable quarter, and earnings per share decreased to \$.28 from \$.31.

For the six months ended February 28, 1987, sales were \$272,989,082 or ap-

proximately 13 percent above sales of \$242,115,736 for the first six months of the prior fiscal year. Net income was \$13,775,670, or approximately 9 percent below net income of \$15,171,669 for the comparable six-month period, and earnings per share decreased to \$.48 from \$.53.

In commenting on the results, Leon Levine, Chairman of the Company, stated that: "After reporting 45 consecutive quarters of record earnings, as well as sales, on a comparable basis, the Company now has reported two quarters with earnings decreases. These decreases are primarily related to the decrease in sales in existing stores during recent quarters. While total sales continue to increase due to sales from new stores opened in the Company's store expansion program, sales in existing stores decreased approximately 3 percent in the second quarter ended February 28, 1987, and approximately 2 percent in the six months ended February 28, 1987.

"Family Dollar is implementing several major programs in an effort to produce meaningful existing store sales gains. In an increasingly competitive retail sales environment, the Company has adopted a 'low every day' pricing policy, and reduced prices on a wide variety of merchandise during March 1987. The advertising campaign promoting this policy emphasizes that Family Dollar 'will not be undersold' on identical items appearing in any competitor's advertisement. At the same time that we are promoting this aggressive pricing policy, we are proceeding with the previously announced conversion of existing stores to a new interior layout and improved merchandise presentation that places increased emphasis on apparel and other softline departments.

While the pricing policy will reduce annual gross profit margins, we expect that, for the longer term, this policy and the store conversion program should generate increased

sales in existing stores which is of critical importance to Family Dollar's profitable growth."

Lewis E. Levine, President of the Company, reported that Family Dollar continues to add new stores to the rapidly expanding chain. At the beginning of the first and second quarters of the current fiscal year, the Company was operating 1,107 and 1,150 stores, respectively, compared to 920 and 986 stores in operation at the beginning of the first and second quarters of the prior fiscal year. Thirty-five stores were added to the chain during the second quarter this year, compared to the addition of 44 stores during the second quarter last year. Since the end of the second quarter on February 28, 1987, 18 new stores have opened, including the first store in Kansas. As previously announced, the Company expects to open approximately 190 stores in the current fiscal year, which would bring the number of stores in operation by August 31, 1987, to approximately 1,300.

Cantata service set

The Hertford United Methodist Church will once again be presenting its Easter Cantata, "The Way Of The Cross". The service is to be held on Palm Sunday night, April 12, at 7:30 p.m. in the sanctuary of the church under the direction of Miss Caroline Wright, music director.

The Cantata will portray the life of Christ through music and pageantry with children and adults from the different community churches taking part. This has been a very meaningful service in the past and has been well attended. Come join this service of worship.

Information on tax refunds

Nearly 1.5 million North Carolinians have already filed federal income tax returns. Over 800,000 refunds have been issued, totalling \$536 million for an average refund of \$670.

Another 1 million returns and extension requests are expected by April 15.

The Internal Revenue Service has announced extended hours or tax assistance on its toll-free lines and in walk-in areas statewide to provide last-minute tax help.

On Saturday, April 11, the lines will be open from 10:00 a.m. to 3:00 p.m. on April 13, 14, and 15, the lines will be open from 8:30 to 7:45 p.m.

Taxpayers can call 1-800-424-1040 for answers to last minute questions.

The IRS Tele-tax number 755-1498 provides recorded tax information on 150 topics. Taxpayers can also use this number to get information on the status of tax refunds. The taxpayer will need to provide the social security number, filing status, and exact amount of refund to use this service.

Most IRS offices in North Carolina which provide walk-in assistance will be open an additional hour each day through April 15 and from 9:00 a.m. to 2:00 p.m. on Saturday, April 11. Taxpayers can call 1-800-424-1040 to

verify locations and times.

For returns filed after March 31, refunds will take 8-10 weeks to be issued. For the 14,000 taxpayers who have filed their returns electronically from the Raleigh, Durham or Fayetteville areas, refunds are being issued in an average of 18 days. The electronic filing project will be greatly expanded for next year.

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