# BUSINESS AND FINANCE

## Taxpayers Ask IRS

Raleign -- Holt McPher- commission since 1972.

man of the N.C. Medical Stephen Nelson, an emer-

Q. I am 65 years old and have tion must be made by both taxpay-just sold my home. I've heard that ers if the property is jointly owned because of my age, I may not have If the adjusted sales price is more to paye tax on some of the profit I than \$20,000, you may still be able

because of my age, I may not have to pay tax on some of the profit I made from the sale. Is this true?

A. Yes. If you were 65 or older before the date of the sale or exchange of your house, you may be able to exclude from your income all or part of the gain from the sale. However, you are allowed to do this only once in your life, and you must have owned and used the property as your principal residence for at least five of the eight years immediately before the date.

If the adjusted sales price is more than \$20,000, you may still be able to exclude part of the profit. For more information, see IRS Publication 523, Tax Information on Sell-ing Your Department of the your principal residence for at least five of the eight years immediately before the date.

Former Editor Reappointed By Govenor

son, former editor of the

High Point Enterprise, has

been reappointed as chair-

Care Commission by Gov-

ernor James E. Holshou-

er, Jr. McPherson has

QQ

Governor Holshouser al-

chairman of the unexpired term on the N.C. loans and the educational

Q. I made a down payment on a home I wanted to have built, but the construction company has just declared bankruptcy. I am told I have no chance of recovering my money. Is there some kind of loss which I can declare on my tax

A. When a construction com pany becomes insolvent and fails contract, the unrecoverable de-posit made for the construction of

in Winston-Salem, to fill an construction grants and lances.

YOU CAN BE YOUR OWN

### New Law Demands Action

RALEIGH -- All North degeneration caused by drugs or alcohol Carolinians who believe advanced age, or due to The county director of that a disabled adult is conditions incurred at any social services is required This column of questions and answers on federal tax your job and your travel expenses matters is provided by the local office of the U.S. Internal Revenue Service and is published as a public service to more information, see IRS Publicataxpayers. The column answers questions most frequently taxpayers. The column answers questions most frequently taxpayers are taxpayers. The column answers questions most frequently taxpayers. The column answers questions most frequently taxpayers are taxpayers. The column answers questions most frequently taxpayers are taxpayers. The column answers questions are taxpayers are taxpayers are taxpayers and taxpayers are ta report such information to sumption or absorption of reported. their county director of social services.

The report may be made orally or in writing and '75 Return report shall be immune from any civil or criminal Greensboro - Liberalized filed the 1040 form may to perform under the terms of a bad faith or with a sonal exemption credit,

travel back and forth each week. Are any of the travel and living expensed in the property as your principal residence for at least five of the eight years immediately before the date of the sale.

A. No. In a case like yours, your home, for tax purposes, is considered a lost terms capital loss, and is subject to the limitations on designed to the law, a considered a non-business bad debt.

The deposit must be treated as years of age or over who home, for tax purposes, is considered a non-business bad debt.

The deposit must be treated as years of age or over who home, for tax purposes, is considered a non-business bad debt.

The deposit must be treated as years of age or over who allowed the limitations on description of the sale.

The deposit must be treated as years of age or over who ductions for capital losses. Report of your home is \$20,000 or less, you may elect to exclude the entire gain from your income. This election of the sale was a residence is considered a non-business bad debt.

The deposit must be treated as years of age or over who ductions for capital losses. Report incapacitated due to mental the loss on Schedule D, Form or or details, see IRS publication 548, Tax information of Deduction for Bad Debts. disabled adult is any person 1975 tax return that will a good idea to work out the 18 years of age or over who mean less taxes for the is physically or mentally majority of taxpayers.

Medical Care Commission. 10an program. It also sets licensing standards for This commission sets hospitals, establishes criso appointed Dr. David policy for several of the teria for the certification of Department of Human Emergency Medical Techgency room physician at Resources' programs in- nicians and adopts regula-Forsyth Memorial Hospital cluding health facility tions for certifying ambu-

> Many taxpayers who have always itemized and



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# Less Taxes With

malicious purpose. housing credit--these are According to the law, a some of the changes on the 1040A this year and take the standard deduction. It's tax liability both itemizing and by taking the

Take the change in the epilepsy, organic brain standard deduction. On last damage or other physical year's return, taxpayers were limited to 15% of saving a adjusted gross income to a maximum of \$2,000. This year, the percentage has been increased to 16% with a maximum of \$2,600 for a married couple filing jointly, or \$2,300 for a single person (\$1,300 for a married person filing seperately).

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#### WHAT IS YOUR QUESTION

Dying-Death-Estate Planning A. J. WOLFE

Can you tell me why when my older sister died the funeral parlor didn't tell her son that she had already made arrangements and that the arrangements had been paid for in advance before she died? I know the funeral parlow people knew because I was with her when the arrangements were made. But I live out of town, and when I got there, her son had made liability unless they acted in standard deduction, per- find it to their advantage to arrangements with the help of the people at the funeral

parlow as to where she was to be buried, etc.

Can we get any of that money back that my sister paid for her funeral. She also paid for a plot that she didn't use, what happens to it? (Beatrice)

standard deduction. While Dear Beatrice:

Your sister was certainly thoughtful and loving to go through the process make all the arrangements ahead of time. It is just unfortunate that those living nearest to her were not aware of those plans. To answer your first question...the person handling the matter at the funeral home probably was not aware of the pre-need arrangements your sister had made, and her son obviously didn't know. However, it has been known to be overlooked on purpose, but usually this is an honest mistake. When one does make arrangements ahead of time it is wise to advise more than just one person of the plans. In this case you knew about the plans, but then you might have died before she did, then there wouldn't be anyone to even bring the situation to attention today.

Secondly, if she, in fact, had pre-planned and pre-paid the expenses then there is definitely due a refund to her estate, from the funeral home. That is if the same funeral home was used. If a different one was used, then you better check the terms of the agreement.

Thirdly, the cemetery plot can be sold. Of course this property is now part of the estate and whoever is handling it will have the authority to decide on that. In order to do this you will have to have a deed to the property or a paid in full contract...at least something show ownership. Of course there are other alternatives that could be considered.

Dear Mr. Wolfe:

If a person dies without leaving a will, what happens to his estate? (Robin)

Dear Robin:

If a person dies intestate (that is, leaving no will) our state legislature has provided one for you by directing that your assets be distributed in a certain manner, In general, distribution is as follows:

1. If you die leaving a spouse and child or children

the estate is divided in a certain manner among them. 2 If you die leaving a spouse and no child or children, or descendents of congres surviving, the estate will be divided in a certain manner between the spouse and the parents of the deceased.

3. If you die with no spouse surviving but with children or descendents of chaldren surving, the

2. If you die leaving a spouse and no child or children, or descendents of children surviving, the estate will be divided in a certain manner between the spouse and the parents of the deceased. 3. If you die with no spouse surviving but with

children or descendents of children surviving, the estate is divided among the children or their descendents. 4. If you die without spouse surviving and without

children or descendents of children surviving, the entire estate passes to the decedent's parents. In the event there is no parent surviving it then passes to brothers and sisters equally.

5. If there is no spouse, child, grandchild, parent, or brother or sister, or nieces and nephews surviving, then the property passes to the University of North Carolina.

You can see that such a statutory distribution may not be your wishes at all. It may be exactly the opposite of your personal wishes. \*\*\*\*\*\*

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