ANSWERS TO YOUR TAX QUESTIONS

BY WILLIAM E. SCENT
KENTUCKY'S COMMISSIONER OF REVENUE

Q. Is a non-profit educational institution liable for sales tax on sales made to the general public?

A. Yes. If a school sells articles to the general public, these sales are subject to the sales tax.

Q. Must a non-profit educational institution pay sales tax on luncheon, food and school supplies sold to school children and teachers?

A. No, provided the facilities are not open to the "general public."

Q. Are the school's gross receipts from the sale of food, candy and drinks always tax exempt?

A. No. If such items are sold in conjunction with school plays, athletic events, lecture series, film and other exhibits and concerts, at which sales or admissions are made to the general public, the sales are taxable.

Q. Are any items sold by the institution of education to students, teachers and employees taxable?

A. Yes. Gross receipts from sales which are outside of the educational function, such as sales of drugs, cosmetics, clothing and other wearing apparel, jewelry, and similar items are subject to the sales tax.

Q. Which school official is responsible for obtaining the permit?

A. The principal of a high school or elementary school should apply for and obtain a Kentucky sales and use tax permit for the school for which he is principal. The comptroller, or person designated by him, of a college or university should obtain a permit for the college or university.

Q. Is a school required to pay sales tax on the items it purchases?

A. Yes, unless the items are going to be resold. If the school plans to sell the items, a resale certificate may be issued to release the supplier from sales tax liability, even though the items may be tax exempt when resold by the school.

Q. Will the school be required to pay tax on the purchase of desks, chairs, sports equipment, blackboards, etc?

A. Yes, because these items are being purchased to use and not to sell.

Q. What type of books, records, etc. are required to be kept by the retailer?

A. The Department does not wish to change the retailer's present bookkeeping system. However, he should keep adequate records and documents to show the total receipts and deductions he reports to the Department are correct as stated. These records should be supported by the normal books of accounts usually kept, together with all checks, invoices, bills, and other documents. It is not necessary to separate sales receipts and sales tax collected from your customers.

Q. Will the sales tax be reported on an accrual or a cash basis?

A. Ordinarily, the accrual basis will be used; that is, cash sales, installment sales and credit sales are reported for the month in which the sales are made. For example, credit sales made in July will be reported on the return filed for July and not reported in the month in which they are collected. Total receipts may be reported on the cash basis, provided: (1) records are maintained on a cash basis, and (2) all cash amounts received during the month (including receipts from sales made prior to July 1, 1960) are included in total receipts for such month.

Q. If the retailer uses the cash basis, will he include in his total receipts, payments received after July 1, 1960, on sales made prior to July 1, 1960?

A. Yes. If he elects to use the cash basis for accounting, all receipts are reported when collected regardless of when the sale was made.

Q. If a retailer makes a sale on credit, may he bill the customer for the tax at the same time he bills him for the selling price?

A. Yes. The sales tax passed on to customers may be collected at the same time the selling price is collected.

Q. May the retailer allow bad debts to accumulate and charge them off at the end of the year when the annual report is filed?

A. Yes. He may employ the same accounting method used in charging off bad debts for income tax purposes provided the accrual basis of accounting is used. A deduction for bad debts may not be taken if the cash basis of accounting is used.

Q. Should a return be filed if no sales were made during the period?

A. Yes. Note to retailers: As you know, the filing period for the month of July is over. Next week your August returns will be mailed to you. If you have any questions about your return or if you need assistance in filing the return, contact one of the district offices.

Q. If a person receives from the Department of Revenue a Retail Sales and Use Tax Return (Revenue Form 51A102) and he has no sales tax liability, should he file the return?

A. Yes. If the person thinks he is a consumer and not a retailer as defined in the law, he should mail the return along with a note explaining why he is not a retailer.

Q. What was the most common error in filing the first month's sales tax return?

A. Most errors were made apparently because of failure to follow instructions carefully before filing the return. Most errors involved "total receipts", "net receipts" and "taxable receipts". These are explained below.

Q. What is meant by "Total receipts"?

A. The amount to enter as total receipts should include all daily receipts (including all sales that are subject to the sales tax plus all sales that are not subject to the tax). This amount entered as total receipts must also include all tax collected from the customers.

Q. Should cash received on account be included in total receipts?

A. This depends on the bookkeeping system. If the permit holder uses the "cash" method, he will include all cash sales plus all cash collected on account during the month. If he uses the "accrual" method, he will include all cash sales plus all charge sales made during the month.

Q. Can a merchant keep the amount of sales tax he collects and remit this amount to the Department of Revenue without filing out the "Total receipts" and "Taxable receipts" lines on the Retail Sales and Use Tax Return?

A. No. To file his return properly, the permit holder will enter his total receipts for the month on line one of the tax return. This is to include all taxable sales, all non-taxable sales and all sales tax collected for the month. Non-taxable sales are deducted to determine "Net receipts".

Q. What is meant by "Net receipts"?

A. This is the amount remaining after all deductions have been taken from Total receipts. The deductions entered on line 2 of the return are to be itemized on the back of the return. They would include non-taxable sales made during the month plus other allowable deductions.

A. This is the amount subject to the sales tax. Since the sales tax is included in the total receipts (explained above), it should be taken out before the three per cent tax rate is applied.

STRATEGY—Keen Johnson, (center), Democratic senatorial candidate from Kentucky, discusses campaign strategy with Democratic Presidential nominee John F. Kennedy, (left), and vice-presidential nominee Lyndon Johnson in Kennedy's Washington office. The former Kentucky Governor discussed the candidates campaign appearances in Kentucky. Kennedy, following the meeting, termed Keen Johnson an "outstanding Kentuckian" who is an important member of the Democratic team which will build a "New Frontier."

Bald Hill

by Mrs. Elmer Ritchie

The last holiday of the summer has passed, but the hot weather still persists. Farmers are trying to house tobacco, handicapped by the heat. This week also ends the summer vacation for our county children.

Congratulations to the newly weds, Mr. and Mrs. Chester Blevins. Mrs. Blevins was Miss Ruth Mynear, daughter of Mr. and Mrs. T. R. Mynear. The couple are employed in Danville and will make their home there. They are both graduates of K. S. D.

T. F. Dotson is slowly improving from his recent illness.

Mr. and Mrs. Will Jenkins spent Sunday with Mr. and Mrs. Leo Bromagen.

Misses Geraldine Laytart, Bourbon county and Lois Jane Curtis Nicholas, were Sunday

(Continued on page 7)

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ALL-STAR JAPANESE SPECTACULAR
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ALL GIRL AUTO THRILL SHOW
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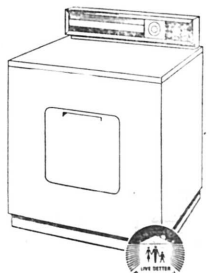
SEPT. 9-17



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Simple, safe operation...saves dollars on upkeep

The burning elements in an electric dryer is simple rugged, fool-proof. It's a simple case, and because electric heat is simple to control, few parts are needed. That's why an electric clothes dryer costs less to buy—as much as $10 less than other type dryers. Fewer parts mean few things to go wrong. That's why electric dryers require less service. You save dollars instead of pennies.

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Many of our parks have scenic lakes that are well-stocked with game fish. Others are located on gigantic man-made lakes that produce record catches of bass, bream, and crappie.

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LAST DAYS OF CONEY SEASON SAT. & SUN., SEPT. 17-18
KENTUCKY DAYS at CONEY ISLAND CINCINNATI
BARGAIN DAYS-SEPT 17-18 All Rides & Amusements 1/4-1/2-1/2 OFF
LAST CHANCE THIS SEASON TO RIDE
The Spook, Crazy Orbit & Land of Oz Rides—Jolly Caterpillar & Helicopter
Dance at Enchanting MOONLITE GARDENS Saturday, Sept. 17
BUDDY ROGER and His Orchestra Last Dancing of the Season, No Dancing Sunday.
Admission & Park is habited to improvements at the exclusive swing system
Save Time & Worry—Read The Mercury Ads

BALD HILL

(Continued from page 6)

dinner guests of Mr. and Mrs. Eugene Gates and children.

Mr. and Mrs. Wayne McKenzie spent last weekend with Mr. and Mrs. Ray McKenzie.

Mr. and Mrs. Frazier Earlywine spent Sunday with Mr. and Mrs. Shell Morris.

Farm Facts

SEPTEMBER—1960

PROFITS FROM SMALL GRAIN. Kentucky, because of its small farms and hilly land, will never be an important small grain state, but small grain (wheat, barley, oats and rye) can be important on many Kentucky farms. These crops have the advantage that they can be planted in the fall after tobacco, corn and other row crops, and harvested early the following summer. They spread the risk of grain failure due to summer droughts, reduce erosion and leaching, provide winter grazing and produce profitable harvests.

Improved soil fertility, coupled with new and better varieties make these crops much more dependable than a decade ago. They are now more resistent to low temperatures and diseases, have stronger straw and produce higher yields. Wheat acreage in under strict government allotment but there is no restriction on barley, oats or rye. Wheat is usually produced as a cash crop, oats and barley as feed grain, and rye for winter pasture.

Success with small grain depends primarily upon seeding the right variety at the proper time and the use of CERTIFIED seed. Only proven varieties, recommended by the Experiment Station, and certified by Certification also assures purity, germination and freedom from seed borne diseases and noxious weeds in the seed.

WILD ONIONS, or garlic, are not the problem they used to be. They can now be controlled either by spraying or cultural practices. My own farm in Todd County was literally covered with them a dozen years ago. In recent years we have harvested hundreds of acres of small grain without finding a single onion. Our method of control: plowing (or deep discing) before sowing grain; high fertilization (especially nitrogen); and a heavy rate of seeding—2 bushels or more per acre. This not only controlled the onions but has given excellent yields of wheat, barley and oats.

We are not bothered with wild onions in our pastures either. Ky. 31 Fescue has taken care of that. Onions cannot stand the competition from Fescue when it is sowed thick, properly fertilized and grown in combination with a legume.

OUT GOES BANGS. The bang's disease, from Kentucky bank's disease, from Kentucky herds is essential to proper development of the livestock program in the state. A sound livestock industry cannot be built on diseased herds. Furthermore, Kentucky breeders will soon lose out-of-state markets for their animals unless the disease is eliminated from the state. Fortunately, rapid progress is being made in the testing program. Already 41 counties have been declared modified certified brucellosis free. 25 counties are in the process of testing, and most of the remaining are organizing their testing programs. Only a few counties, surprisingly concentrated in Central Kentucky, are slow in initiating this important work. The Department of Agriculture at Frankfort hopes to complete preliminary state-wide testing by 1964 so that the entire state can then be declared modified certified brucellosis free.

NEW THINGS TO COME. Recently I saw two new developments which will leave their effects on Kentucky agriculture. One was a display of labor saving devices for reducing the cost of producing burley tobacco, the other was a field test with the new, highly palatable Kentucky tall Fescue. Work with tobacco production equipment centers around Midway where a committee of farmers are testing every innovation for saving labor in producing tobacco, from direct sowing of seed in the field to mechanical primers and harvesters. The results of this work is bound to be beneficial. The new Fescue, known now as 45-50, surpasses my expectations. It is not only palatable but seems to be hardy, vigorous and productive. Seed will be available next year for additional field trials and commercial seed production will start soon.

PIN-UP OF TOMORROW . . . Dancer Joee Bromley is bringin' up her daughter with no trouble at all, as one can see here. Daughter Jane is 19 months old.

Henryville News

by Harrison Hamilton

Rev. Moses Sutton filled his pulpit Sunday at the Methodist Church.

Rev. William Barber will be absent for a while because of duties at his school. He will not be with us anymore until November.

Mr. and Mrs. James Williams and daughter, of Indiana, visited here with his parents, Mr. and Mrs. Jasper Williams, over the weekend.

Mr. and Mrs. Chester Young of Middletown, Ohio, visited here with their family over the weekend.

Mrs. Ruth Williams entertained with a Stanley party Monday night at her home on Pickerel St.

The Junior Choir of the Christian Church rendered song services Sunday at North Middletown and Cane Ridge, which was a big meeting day at the Old Cane Ridge meeting house.

Mrs. Hattie Steverson, Mrs. Pearl Summers and Mrs. Norene Stevenson attended a Stanley Party given by Miss Lucy White of Paris.

Mrs. Allene Clark is reported to be improving at the Nicholas County hospital.

The members of High Street Christian Church were very happy to have Mr. Nilan Wheeng visit with them the weekend of Aug. 27. The 29 yr. old Mr. Wheeng, a Buddist, from Asia, heads his country's literary division in its ministry of Education. He will be moved up to head of the Dept. of Fundemental Education and com-

munity Development upon his return to Combdia. He has visited with our minister Elder William J. Barber.

Parks homemakers

by Mrs. William F. Williams

Mrs. Horace Bell was hostess to the Parks Homemakers Club which met at her home September 1.

Mrs. Rubel Williams, vice president, called the meeting to order. Mrs. Robert Nelms gave the devotional. Ten members and one visitor, Miss Ann Williams, answered the roll call with, "a Girl Scout deed I have done this summer".

Reading, Citizenship, Membership, publicity and music goals for 1960-61 were given by the different chairmen.

Mrs. Harvey Wagoner gave a report on a Civil Defense Program to be planned for Nicholas County.

In the citizenship program which Mrs. Harvey Wagoner is chairman, the club works for the betterment of the community and county. This club visited the County Home at Christmas with gifts, and the Johnson Memorial Nursing Home at Easter, taking ice cream and cake for their Easter Sunday dinner. Flowers and cards are sent to persons sick and in the hospital. The club also learns more about foreign countries.

The Civil Defense Program comes under the Citizenship program, besides other worthy causes. This is the first citizenship program one of the more important projects of the club.

A book report, "Farewell to Arms" by Ernest Hemingway was given by Mrs. Robert Nelson.

The first sewing lesson, How to Use and Alter Your Patters" was given by Mrs. Albert Hamilton and Mrs. Sherman Hollar.

The club will have a family barvride and wiener roast at Blue Licks State Park, Saturday night, September 10.

The next meeting will be at the home of Mrs. Dorsey Lynn Watkins, Lexington, October 6.

Much regular farm equipment can be used to fight forest fires: Tractors, plows, harrows, orchard sprayers, hand pumps, rakes, shovels, axes.

Chuck Roast
Carefully selected Tablerite quality, for a juicy roast of excellent flavor
Blade Cut lb. 39¢
IGA Tablerite Lean Bacon . . . . lb. 49¢
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Potatoes 10 lb. bag 49¢
Juicy Elberta Peaches 6 lbs. 39¢
Home Grown Tomatoes lb. 10¢
Carrots . . . . bunch 10¢

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Presidential Party
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$80,000 in Cash Prizes
Reg. Size 3/31¢
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VOTE!
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Ivory Liquid 58¢ 22-oz. bottle
Mr. Clean Giant 59¢ with coupon
Joy 22-oz. 58¢ with coupon
Dash 25-oz. pkg. 37¢
ELECT THESE FAVORITES

Comet Cleanser Reg. Size 2 for 25¢
Bagwell Apple, Grape, Blackberry Jellies 4 lb. jar 59¢
Carnation Evaporated Tall Can Milk . . . . 10¢
KRAFT 8-OZ. BOTTLE French Dressing . . . . 25¢

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IGA ...for the lady who pushes the cart...

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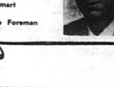

THOSE FAMILIAR GREEN telephone trucks you see daily on the streets and highways in and around Carlisle are sure signs of progress. The trucks are also a symbol of assistance to residents and motorists in the area.

The history of Southern Bell is filled with accounts of heroism and service rendered to people in distress and in need. The men constructing, installing and repairing telephone facilities are well trained in first aid and lifesaving technique.

Just recently one of our installers, O. L. [illegible], was "Johnny on the spot." He happened to be [illegible] on one of our poles when he noticed a nearby [illegible] on fire. He quickly summoned the Fire Dept. for help and as a result saved the home from complete destruction.

Every truck with the Bell emblem on it is equipped with a first aid kit and is driven by a man who has been trained in its use. Each man carries a card signifying that he has received approximately 16 hours of Red Cross training in first aid. The men are instructed to assist any person in accidents they encounter in their daily work.

When you see these friendly men in the green trucks stringing wires and servicing telephones, remember, they are fine people to have around. Telephone people are anxious to help their neighbors, for you are their neighbors.

Here's one more thing I'd like to remind you of—those handy Yellow Pages in the back of your telephone directory. With fall house cleaning coming up, it's the greatest way to "hunt" all over town for what you need. Cleaning supplies, paint, repair people—you name it and you'll find it in your Yellow Pages. Count time and steps saved when you use them.

Well, today's column just serves as a simple reminder that telephone service is always ready to help you and your family in many ways. We hope it serves you often.