

Which Tax Form Is Best?

Which tax form is best for me—the 1040 or the 1040A?

Can I claim my wife as a dependent if we file separate federal tax returns?
How much can I deduct for gasoline tax? Answers to these and hundreds of other questions taxpayers have about their federal income tax is given in a tax column below.

Questions used in the column will be those most frequently asked by taxpayers. Both in questions and the answers are being prepared for the Mercury by the Internal Revenue Service.

Q-1. Just worked out my income tax and I find that despite withholding I still owe almost \$100. Can I pay this off in installments?

A-1. No. Any tax due must be paid when the return is filed. One way to avoid this situation is to figure a way to decrease the amount of income tax withheld from your wages. Quarterly payments of estimated tax will also avoid large balances when it comes time to file.

Q-2. Where do I get all the forms that the tax return calls for? Expense.

A-2. These and other forms may be obtained at your local IRS office or by writing your District Director. Ask for Form 1106 "Statement of Employee Business Expenses" and Form 5003 "Moving Expense Adjustment." In many cases, there are also forms available at post offices.

Q-3. Is the 2 percent dividend credit still in effect?
A-3. The 1964 tax law eliminated any credit for dividends received after December 31, 1964. However, the dividends received after that date by qualifying corporations, is not subject to costs for your non-parochial school deductible item?

A-4. No. The law does not allow a deduction for these educational expenses.

Q-5. My husband left me and I don't know where he is. What should I do about a tax return I have on my own?
A-5. If you are a separate return until your marital status is cleared.

Q-6. I'm transferring my deductions and want to claim the amount of interest included in the carrying charge allowable to the year. To determine that portion, divide the carrying charge by the total number of monthly payments and then multiply by the number of months in the tax year.

Q-7. The portion of the carrying charge by the total number of monthly payments and then multiply the result by the number of months in the tax year.

Q-8. I just moved and am not sure where I should file my return. My old district office has a record of my estimated tax payments. Should I use there or with my new district office?

A-8. File the return with the district director serving you now. On the 17b, page 2 of your return, give the district where your estimated tax was paid.

Q-9. I was 65 last year. Does that mean I don't have to file a return?
A-9. Returns are required for taxpayers 65 and over when gross income is \$1,200 or more. Do not include social security benefits since they are not taxable. You should write to your District Director for the free IRS Publication, document 5069, "Tax Benefits for Older Americans," which will help you with your return.

Q-10. They put in a new sewer where I live and I was assessed for part of the cost. Is this deductible?
A-10. The law generally does not permit deductions for local benefits that tend to increase the value of the property. You should capitalize the cost of your assessment, however, and add it to the cost of your property.

Q-11. My son has an \$800 scholarship for college. Will this affect my decision for him?
A-11. An amount received as a scholarship by your child who is a student is not included in determining total support so you will be able to continue to claim him as a dependent if the other requirements are met.

Q-12. I retired last year and have a pension from my company. Is it taxable?
A-12. If the company paid the entire cost of the pension, the amount you received will be taxable to you. If you paid part of the cost, then there will be a portion which will be subject to tax and the remainder will be taxable. If you will recover the amount of your contributions with three years after your first payment, your pension will not be taxed until you have received your first year. You will not recover the amount of your contributions within the three years, a portion of the pension will be taxable each year. The percentage to use in figuring the taxable portion is obtained by dividing your net cost of the pension by the amount you expect to receive during the life of the pension contract. Additional information on this subject may be found in IRS Document No. 5018, "Retirement Income and Credit," available free at your local Internal Revenue Office.

Q-13. Do you have to be married to file head of household?
A-13. No, generally you must be unmarried or legally separated. In certain cases where a person maintains a household for a relative, he is eligible to file as head of the household. This is explained on page 4 of the 1040 Instructions.

Q-14. For some reason I didn't get my 1040 forms in the mail. Maybe it was because we moved last year. Where can I get the one I need?
A-14. Federal tax forms are available in many banks, post offices and from any local Internal Revenue Service office.

Q-15. Are income tax rates any lower this year?
A-15. The tax rates you will be paying on your 1965 income are approximately lower than the rates in effect on 1964 income.

The lower rates on 1965 income became effective January 1, 1965. These rates range from 14 percent to 70 percent compared to the 1964 range of 16 percent to 77 percent.

Q-16. I want to file early since I have a refund coming. However, I haven't gotten my W-2 yet. Is there anything I can do to speed it up?
A-16. The law requires employers to issue W-2 forms by the end of January. If you haven't received it by that date ask him about it.

Remember that you must enclose with your tax return copy 2 of a W-2 form from each of your employers if you had more than one last year.


Q-17. How should I make out my check for the balance I owe?
A-17. Checks should be made out to the Internal Revenue Service. Never send cash through the mails. If in doubt you will have no record that the payment was made.

Q-18. On a sales return, do I have to list my wife's social security number? She does not work but received a few dollars in dividends.
A-18. Your wife's social security number should be listed, if she does not have one, she should apply for a number to the Social Security Administration, using a Form SS-5. Even though she may not work, any separate income she receives from stock investments, savings accounts or similar sources makes it necessary for her to have one.

Banks and corporations are required to report dividend and interest payments to the Internal Revenue Service by filing the payee by both name and social security number.

Q-19. What state and local taxes are deductible on my federal tax return?
A-19. State and local income taxes, general sales taxes, state gasoline taxes, annual ad valorem personal property taxes, and real estate taxes levied for the general welfare are deductible. Deductions are generally not allowed for: automobile taxes based on other than the value of the car, drivers license, state and local sales taxes specifically on alcoholic beverages, tobacco and certain miscellaneous taxes.

You will find further details on what is and is not deductible in the 1040 Instruction booklet.



Plant the Seed

where you expect to Reap

ITS what you might call a commonly recognized agricultural principle that if you want to get your harvesting on a particular piece of ground, that's the place to sow your seed.

Using the same general type of reasoning, it is obvious that if you want to harvest a nice crop of prosperity... in the form of better business, a better job, a better community in which to live... it's advisable to plant your trade dollars where they will produce growth for you, rather than for somebody else.

The homes we live in... the jobs and businesses which support us... the schools and churches that teach our children and enrich our lives... the convenient stores and service establishments that supply our everyday and emergency needs... none of these were built, nor are they supported by the dollars that are spent in some other community or city.

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Know Your Teachers



MRS. LUCILLE IRVIN, Principal-teacher at the Moorefield Elementary School is a graduate of Millersburg (female) College, Millersburg, Ky. and Georgetown College, Georgetown. She is an active worker in Moorefield Methodist Church, Homemakers Club and self club work. She is a former member of the Nicholas County Board of Education, and has been an elementary teacher in Nicholas County for 25 years. Teaching, church and club work takes much of "Miss" Lucille's time but her family, a husband and four children, have never been neglected.

MISS EVELYN BRIELEY, the past 26 years teaching the following county schools: Upper Licks, Cane Run, Park, Nicholas County Grade School, East Union and Moorefield.

HONEY BEE 4 H The Honey Bee 4-H had a meeting Jan. 19. The president, Corana Livingood, called the meeting to order. She

NOTICE To All Taxpayers

On June 3, 1965 the Kentucky Court of Appeals ruled that beginning with the January 1, 1966 assessment, all property must be assessed at ITS FULL FAIR CASH VALUE. Therefore it will be necessary for each taxpayer to list all property at FULL CASH VALUE with the Nicholas County Tax Commissioner's office by March 1, 1966. The Tax Commissioner's office located in the Court House in the room formerly used by the Old Age Assistance Office will be open daily 8 A.M. to 4 P.M.

A.V. "Doc" Allison
Nicholas County Tax Com.

Portrait of a mother drying clothes



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Out Our Way

There will be a special service Sunday night for members of Wesley Chapel who are 65 or more. This service is sponsored by the C.V.P. Rev. Brazier of Pilgrimage Holiness Church conducted the prayer service at Wesley Chapel on Monday night.

Rev. August Piers of the Baptist Church will conduct the service on Tuesday night.

Thomas O'Bannon went to Louisville, Tuesday, because of the illness of his sister.

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3116 Electric Dryer	1	\$198.00	\$130.00
3131 Electric Dryer	1	\$185.00	\$165.00
WA4C Automatic Washer	1	\$265.00	\$239.00
Westinghouse Hair Dryer	1	\$17.95	\$14.95
Interior Accent Paint	5	\$5.95	\$5.25
2 Foot Aluminum Step Ladder	4	\$8.88	\$3.95

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