

How will new tax law affect you?

Last summer, the Economic Recovery Tax Act of 1981 was signed into law. It provisions large affecting taxpayers as early as July 26, 1981, and continues for several years thereafter.

The new tax law does more than simply lower personal income taxes; it also provides for a number of charitable contributions, and for those planning for their own retirement, it allows tax relief for taxpayer couples, either American citizens or aliens and taxpayers who pay for the care of a child while they work.

To help you understand the major provisions of the Tax Act, here is a summary of the changes affecting the individual taxpayer.

Individual Tax Rates and Deductions
Tax withholding rates for individuals were reduced by five percent on Oct. 1, 1981, and are scheduled to be cut another 10 percent on July 1, 1982, and an additional 10 percent on July 1, 1983.

Beginning in 1982, the individual tax brackets, the personal exemption, and the zero bracket amount will be indexed, that is, adjusted for inflation as measured by the Consumer Price Index. The purpose of this change is to avoid individuals being pushed into higher tax brackets because of inflation.

Tax Exempt "AB-Savers"
Taxpayers investing in qualified AB-Savers Certificates between Oct. 1, 1981, and Dec. 31, 1982, can exclude from their income up to \$1,000 of the interest on individual certificates, or \$2,000 on joint returns. These certificates will mature on January 1, 1983, and have an investment yield equal to Treasury bills issued at the most recent auction before the certificate.

Sale of a Home
Homeowners age 55 or older can exclude up to \$25,000 of the gain on the sale of their principal residence if the sale occurs after July 26, 1981. To qualify for this once-in-a-lifetime exclusion, you must have owned and used the property as your principal residence for at least one year immediately preceding the date of sale.

Previously, such homeowners could exclude up to \$100,000 of the gain on the sale of their home.

Homeowner's Gain on Sale of a Home
If you have 18 months in which to reinvest the profit in a new house of greater or equal value, and not pay a capital gains tax. The 24-month period also applies to sales made before July 21, if the old 18-month rollover period did not expire before that date.

For 1981 and subsequent years, the maximum credit you can take is one quality dependent child, or two if you have a second child and dependent Care Credit will increase. If you have one quality dependent child, the maximum credit ranges from \$600 of your income to more than \$28,000, or \$750 if your income is \$28,000 and less. If you have two or more quality dependents, the maximum credit will range from \$900 to \$1,400, depending on whether your income is above \$28,000, or \$18,000

or less, respectively.

"Marriage Tax Penalty" Relieved
If you and your spouse are wage earners, you may be able to deduct up to \$1,500 in 1982 and \$2,000 in 1983 from your federal income tax.

Married Couples Filing Joint Returns
Married couples filing joint returns have often been subject to higher taxes than the single individuals earning the same income.

In 1982, two-earner couples will be allowed to deduct five percent of the first \$20,000 earnings of the spouse with the lower income — or a maximum deduction of \$1,500. In 1983, the deduction will be ten percent — or a maximum deduction of \$3,000.

Individual Retirement Arrangements (IRAs)
Beginning in 1982, workers who are already covered by a pension plan may qualify to set up an Individual Retirement Arrangement (IRA).

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Tax notes

January legal holiday changes regular tax date

Beginning January 15 in Martin Luther King Day, a legal holiday in the District of Columbia, this year, taxpayers throughout the nation will have until Monday, Jan. 18, 1982, for any returns or make any payments of federal tax.

Section 6159 of the Internal Revenue Code, which provides for the extension of the due date of a legal holiday in the District of Columbia, is amended to provide that the date of a legal holiday in the District of Columbia shall be treated as a regular business day for purposes of the Internal Revenue Code.

Payments and returns affected by this act are as follows: (1) Payment of 1981 estimated tax due by individuals by the date of the legal holiday; (2) Payment of estimated tax in full by individuals who are first required to make "pre-determination" payments; (3) Payment of estimated tax in full by corporations and other entities; (4) Certain deposits of social security taxes; (5) Certain taxes and excise taxes.

Taxpayers with questions on this or any other federal tax topic can have their questions answered by calling the IRS toll-free at 1-800-829-1040.

The fourth installment of estimated federal tax payments received by farmers during the first five months (June through October) of the marketing year were below the established target price level of \$3.81. Twelve Kentucky farmers received a total of \$66,825 in wheat deficiency payments.

Marketing cards to be returned
After all sales are completed, market cards must be returned to the ASCS office. Farmers should be sure to check off the marketing card for any errors. Failure to return the marketing card could result in the 1982 quota being reduced to zero.

Wool program applications now being taken
Wool producers will submit applications for their replacement livestock which were in their lowest level in 81 months.

See you see it in The Mercury.



ly start

This was a familiar scene in the county early this week, as subzero temperatures got the better of batteries throughout the area.

Pictured, Allen Atkinson attempted in vain to jump-start his car on Dorsey Avenue Monday.
—Mercury photo.

Ford's footnotes

by Senator Ed Ford

This is the first of my weekly columns that I plan to submit during the session of the 1982 General Assembly which convened last week in Frankfort. This promises to be one of the most difficult sessions in recent memory.

Although much speaking-time was spent on the issue of organizational and "housekeeping" chores that inevitably surround a session, several major issues did start coming into focus — most notably, tight state finances and restructuring.

Gov. John Y. Brown Jr. presented his budget proposal to a joint session of the Legislature on Thursday night, promising a "no-frills" budget emphasizing education and human services.

The governor's budget address cannot enter this year than ever before, and that will probably turn out to be a good thing — the complexity of setting a nearly \$1-billion budget, coupled with the severe financial uncertainty Kentucky now faces, will likely require a very lengthy budget-revision process before the General Assembly approves a final version.

Appropriations and revenue committees on both sides of the Legislature plan to begin their budget hearings this week. In a plan now being considered, District 18 would be severed from Jefferson County and placed in southeastern Kentucky, an area where the population has increased but the state has started some controversy, again because the senator from the 18th District was recently elected to a five-year term.

Right now, the largest restructuring sticking point is the loss of one senatorial district in Louisville due to population loss. In a plan now being considered, District 18 would be severed from Jefferson County and placed in southeastern Kentucky, an area where the population has increased but the state has started some controversy, again because the senator from the 18th District was recently elected to a five-year term.

The Index of Prices Paid by U.S. Farmers for commodities and services, interest, taxes and farm wage rates for December was 150 percent of its 1977 base.

The index was down one point from November, but six points (4.2 percent) above a year earlier. Most of the decrease was accounted for by sharply

Farm numbers leveling off

livestock Market

Paris, Ky. (AP) —

CATTLE — Receipts 87; Prime 27.50; Choice 28.00; Good 28.50; Utility 29.00; Cull 29.50; Yearling 30.00; Heifer 30.50; Cow 31.00; Steer 31.50; Bull 32.00; Yearling 32.50; Heifer 33.00; Cow 33.50; Steer 34.00; Bull 34.50.

HOGS — Receipts 112; Heavy 24.00; Medium 24.50; Light 25.00; Yearling 25.50; Slaughter 26.00; Cull 26.50; Pig 27.00; Suckling 27.50; Weaner 28.00; Farrowing 28.50; Gilt 29.00; Sow 29.50; Boar 30.00.

SHEEP — Receipts 15; Heavy 18.00; Medium 18.50; Light 19.00; Yearling 19.50; Slaughter 20.00; Cull 20.50; Lamb 21.00; Wether 21.50; Yearling 22.00; Slaughter 22.50; Cull 23.00.

POULTRY — Receipts 10; Turkey 1.50; Chicken 1.60; Duck 1.70; Quail 1.80; Game 1.90; Pheasant 2.00; Partridge 2.10; Quail 2.20; Game 2.30; Pheasant 2.40; Partridge 2.50.

ASCs notes

Wool program applications now being taken
Wool producers will submit applications for their replacement livestock which were in their lowest level in 81 months.

See you see it in The Mercury.

Kentucky farm receipts down

Kentucky farmers received lower prices for nearly all commodities during December. Core prices were at their lowest level since January 1979, while beef cattle prices fell to their lowest level since April 1973.

Barley prices for lettuce, milk and alfalfa were partially offsetting. The index was 19 points (12 percent) below a year ago.

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