

GENERAL NEWS

Nicholas students link Carlisle.

Continued from Page 1
 before, but I think because it's Carlisle, Ky. it's a tighter bond between us," he said.
 Chipriano said the biggest question his students ask in their letters is "How many people are in your family?"
 "They also ask the basic question of 'What is Carlisle, Ky. like?'" he said.
 NICKS fifth grader, Blary Thersburg asked her pen pal how old she was and what color eyes she had.
 "I asked if he had a dog," said Dunder Blaker.
 "What they ate," Stephanie Edwards asked her pen pal.
 "How many letters and letters he had," said Amanda Anderson.
 "How his family was doing," said Larry Zachary.
 Chipriano said his class is preparing to videotape their area of Pennsylvania and send it to their pen pals to answer many of their questions.
 "Herrin told some of her students said they were going to increase their correspondence with their pen pals through the summer months."
 "Mr. Chipriano wants it to become a yearly thing between the two schools," she added.
 "My Momma Carlisle satiated now that her baby has written home!"
 "Our kids are very excited about the whole idea of the exchange," said Chipriano.



Cheryl Herrin's class



Hannah Gabriel's class



Sue Denton's class

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Tax Time - 1988

An Accent Special

The Carlisle Mercury Thursday, March 17, 1988

Tax reform means many changes

1986 law's effects felt now

By Chip Miller
 Of the Carlisle Mercury Staff
 The Tax Reform Act of 1986 enacted sweeping changes in Kentucky's tax system, the full impact of which will first be known to many Nicholas County taxpayers when they begin to sift through their tax documents.
 "I guess one of the biggest things that the act did was that it tried to close a lot of the loopholes under the past act," Blair said.
 "In the past there have been differences in the two codes (state and federal)," Blair said.
 "But now all the differences are unbelievable," he said.
 Blair said there are now 39 differences between the federal tax laws and Kentucky's tax laws.
 "The biggest of those being the depreciation bill," he said.
 Blair said some improvements came from the new Kentucky tax laws.
 "Well I guess the biggest thing is that the tax reform act did lower the tax brackets... both for individuals and corporations," said local CPA Procter Blair.
 Blair said that by lowering the tax brackets there "should be more of an incentive to make money as opposed to shuffling income and showing losses."
 In 1987, Blair said there were five brackets.
 Also, Blair said the personal exemption has been raised \$1,900 with the new law.
 "People that have had personal interest reduction have been reduced," he said.
 Interest such as that on life insurance loans, credit cards, student loans and other consumer loans have been reduced to 65 percent, Blair said.
 He said this would be even lower in 1988, down to 40 percent.
 "So it's gradually being phased out," he said.
 But, Blair added, interest on people's home and a second home is still 100 percent deductible.
 "Medical deductions are also further limited," he said.
 Blair added miscellaneous deductions just have about all been eliminated.
 "I think it (Tax Reform Act) was written with the idea that the act was going to simplify things, but all it did was make it more complex," he said.
 Blair said the new tax laws have made it much more difficult for the average person who used to do his own returns.
 "It's so hard for the person who deals with the tax problems every day to keep up and who does hundreds of returns every year," he said.
 "I think with the changes, it's real important to plan ahead," he said.
 He said planning before didn't really apply to everyone, but now the changes are making the tax process more complex.
 "If you prepare and plan, there are ways to reduce your taxes," Blair said.
 Blair ended by saying that anyone planning to do their own taxes should become familiar with the procedure and the new changes beforehand.
 He also said those not familiar with that knowledge should seek advice of someone who knows.

Will the 1986 reforms include you?

- To save on taxes this year and in years ahead, taxpayers should begin planning now, advises the Internal Revenue Service.
 - Taxpayers need to learn how the Tax Reform Act of 1986 affects them, and they may need to adjust their tax withholding. Free IRS Publication 919, "Is My Withholding Correct?" can help do this.
 - The changes made by the Tax Reform Act of 1986 have been many. These changes include:
 - Lower tax rates. For 1986, the tax rates ranged from 11 percent to 50 percent. For 1987, there are five tax rates, from 11 percent to 38.5 percent; in 1988, there will be only two rates, 15 percent and 28 percent.
 - Medical expenses. Only the amount that is more than 7.5 percent of adjusted gross income is deductible. For 1988, only 40 percent of personal interest will be deductible. For 1989, 20 percent; for 1990, 10 percent; and for 1991, no deduction will be allowed.
 - Miscellaneous deductions. Generally, only the amount that is more than one percent of adjusted gross income is deductible.
 - Dividend exclusion. The dividend exclusion of \$100 (\$200 on a joint return) is no longer available.
 - Married couple deduction. The deduction for a married couple when both work is repealed.
 - Political contributions. Deduction repealed.
 - IRA deduction. The IRA deduction of a taxpayer already covered under a retirement plan may be reduced or eliminated depending on the amount of adjusted gross income. For a single person, for example, the deduction begins to phase out when adjusted gross income is \$25,000 and is eliminated when it is \$35,000.
 - Charitable deduction for nonitemizers. No longer available.
 - Unemployment compensation. Fully includable in income.
 - Capital gains. Taxed as ordinary income at a maximum rate of 28 percent. Along with these changes, the following should also be considered:
 - Personal exemption. The personal exemption amount for 1987 is \$1,900 for each individual, spousal, and dependent; in 1988, the personal exemption increases to \$1,900.
 - The old zero bracket amount has been replaced by the higher standard deduction.
- For an in-depth discussion of the new tax law, Publication 920, Explanation of the Tax Reform Act of 1986 for Individuals, is available by using the order blank in the tax return package or by calling 1-800-424-3676.

Payments are taxable

All government payments, such as those for approved conservation practices, generally must be included in a farmer's income, the IRS says, whether received in cash, materials, services, or commodity certificates. However, some payments received under certain cost-sharing conservation programs do not have to be included.

Detailed information is in IRS Publication 225, Farmer's Tax Guide, available by writing or calling the IRS.

Special Pull Out Section

11A

The Carlisle (KY) Mercury, March 17, 1988 - 11