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DAILY AMERICAN

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UNSCRAMBLING INCOME TAX PROBLEMS

How We All Pay Uncle Sam's Upkeep

(EDITOR'S NOTE: Here is the fourth of five dispatches giving detailed explanations about filling out and filing the 1958 federal income tax forms, written especially for the United Press by Commissioner of Internal Revenue Russell C. Harrington.)

By RUSSELL C. HARRINGTON
Commissioner of Internal Revenue
(Written for United Press)

WASHINGTON (UP)—Some of the money you spent last year is deductible from your income when you are filing out your tax return.

The law permits taxpayers to subtract certain amounts for doctor and other medical bills, state and local taxes, contributions, interest payments and some child care and losses. It also gives you a choice of methods to claim these expenses.

The effect of the deduction from your tax is the same as with the \$600 exemption you are allowed for yourself and each of your dependents—that is, it reduces the amount of income on which you pay tax.

The first method for taking your deductions is to use the "standard deduction." This gives you a deduction equal to 10 per cent of your income. You may take it even if your expenses didn't come to that. However, you can't deduct more than \$1,000 with the standard deduction.

If you file your return on the card form 1040A, the deductions go on Page 2 of Form 1040. The table included in the instructions, you are automatically claiming the standard deduction. It was worked into the tables.

If you decide to figure out your own tax, you may either use the standard deduction or make an item-by-item list of your deductible expenses. The best way to decide whether to use the standard deduction is to make your own list of these expenses and compare the total to what the standard deduction would give you.

Should you decide to submit the itemized list, the deductions go on Page 2 of Form 1040. To help you compute which of your expenses are deductible, here is a rundown of the items that may be included:

Contributions—Deductible if they go to religious, charitable, educational, scientific or literary organizations. However, the organizations must not be operated for personal profit nor carry on propaganda or lobbying in congress or other lawmaking bodies. Political contributions, whether to parties or individual candidates, may not be deducted.

Child Care—Deductible if paid for care while the mother is working or looking for a job, or by men who are divorced, legally separated or widowers. The deduction may be as much as \$600 a year. It may be applied only against care for your own child, a legally adopted child or stepchild younger than 12, or any other dependent physically or mentally unable to care for himself.

Regardless of the number of children being cared for, you cannot deduct more than \$600, or even that much if the care cost less. The deduction can be claimed by the working wife only on a joint return with her husband.

If the couple together earns \$4,500 or more, the deduction must be reduced by the amount over \$4,500. That is, if their income was \$4,700 and their child care expenses were \$500, they could claim only \$300 on the tax return.

Some child-care payments you may not deduct are for baby-sitters when you go to the movies or for money paid one or more of your children or dependents for caring for your other children. If you have a maid who does general housework as well as caring for your children, you may deduct only for the part of her pay that represents the time spent looking after the youngsters. If you claim a child-care deduction, you must submit details either on Form 2441, new this year, or on a separate statement.

Medical Expenses—Basically, you may deduct

medical and dental expenses which amount to more than 3 per cent of your income. The first 3 per cent unless you are 65 or older. Taxpayers in that age group may deduct their total medical expenses.

In addition to the 3 per cent rule, there are ceilings on the amount of money you may deduct for medical expenses. Taxpayers claiming only themselves as exemptions cannot deduct more than \$2,500 for one year's medical-dental expenses. Married couples with no dependents are limited to \$5,000 on a joint return; with one dependent the ceiling is \$7,500 and with two or more dependents \$10,000.

The list of deductible medical items includes payments to physicians, surgeons, dentists, optometrists, qualified psychologists and Christian Science practitioners. Also deductible are the expenses for dialysis, treatment or prevention of disease; hospital bills, nursing, laboratory services; eye-glasses, hearing aids, drugs—the amount paid for drugs over 1 per cent of your income only—medical and dental supplies, including false teeth and artificial limbs, ambulatory charges and health insurance plans covering medical care. Your deduction for medical expenses must be reduced by the benefits you received under health plans during the year.

Storm Losses—Generally, the deduction allowed for storm, flood or other damages to your property is the difference between the property value just before the damage and its worth after the storm or other event (before you make repairs). The rule applies on loss of anything from a bush to the whole house. The cost of repairs or replacement may not be deducted—just the loss in value. You may not claim a loss greater than your original cost for the property and sentimental value does not count.

Interest Payments—Your interest on a mortgage, personal loan or back taxes may be deducted. These are usually clearly marked on your bills.

When you have an installment purchase on which interest fees take the form of carrying charges, the law provides a formula for computing interest. First, find how much you owed on the purchase at the beginning of each month. Add these amounts, divide by 12 and compute 6 per cent of that figure. The final answer is your interest charge for the year.

Taxes—Most state and local taxes directly levied on you may be deducted. These include income, real estate, personal property and sales taxes. They do not take in federal sales and excise taxes; federal social security or income taxes; hunting or dog licenses; water assessments or automobile inspection fees.

Finally, remember that you need worry about what expenses are deductible only if you decide to itemize your deductions. If you take the standard deduction, you may not claim other single items of expenses.

YES, NO DEDUCTION...

WASHINGTON (UP)—The government wants you to know that you cannot deduct from your income taxes the money you gave Junior for cutting the grass.

It seems a little black-and-white illustration in "Your Federal Income Tax," an official guide, has given some parents the wrong impression on this point.

The illustration shows a youngster pushing a lawnmower. Beneath it was the rule that parents may deduct as a business expense wages paid to their children.

It should have said that to be deductible the wages must be for work that is part of the parent's regular business.

The Internal Revenue Service has received several hundred inquiries about deducting lawnmowing and similar "chore wages" paid to children.

If you're not in the lawnmowing business, you can't do it.

What's Going On In Rome

MUSIC

TEATRO DELL'OPERA—Opera season: "La Bohème," by Puccini; Emilio Tili, conductor; this afternoon at 5 and Tuesday night at 9.

TEATRO ARGENTINA—Symphony concert by the Santa Cecilia Academy Orchestra; Fernando Previtali, conductor; soloist: Giocanda De Vito, violinist (works of Porcino, Tchaikovsky); this afternoon at 3:30.

EXHIBITS

NATIONAL GALLERY OF MODERN ART, Valle Giulia—Commemorative exhibit of works by Roberto Mattioli. Hours: 9:30-4 weekdays; 9:30-1:30 Sundays Through Thursday.

PALAZZO DELLE ESPOSIZIONI, Via Milano entrance—Views of Naples from the Baron Lemmerman collection. Also, paintings of Rome by Alberto Ballelli. Hours: 10-1, 4-8.

OBIELISCO GALLERY, 146 Via Sistina—Paintings and sculpture by Ogorov Kepes. Hours: 11-3:30.

ODYSSEA GALLERY, 36/c/d Via Liguria—Paintings and drawings by Cesare Mocchicelli. Hours: 11-1, 4-8; closed Sundays.

ROME-NEW YORK ART FOUNDATION, 20 Piazza San Bartolomeo, Isola Tiberina—New Trends in British Art. Hours: 10:30-1, 4:30-8.

SCHNEIDER GALLERY, 10 Rampa Minganelli—Paintings by Italian artists. Hours: 10:30-1, 4:30-8.

SELECTA GALLERY, 2 Via di Propaganda—Works of Andrea and Pietro Casella.

LA MEDUSA, 124 Via del Babuino—"Segno e Materia," group show. Opening Monday at 6 p.m.

LA FELUCA, 38 Via Prati—Portraits by Paolo Ghiglia.

LA SALITA, 10/c Salita S. Sebastiano—Paintings by Gioetta Fiorini, Concetto Pozzati, Uirico Schettini.

FILMS

In English:
ARCOBALENO THEATER, Palazzo di Vetro, Via XX Settembre—"The Tarnished Angels," with Rock Hudson, Robert Stack and Jack Carson. Today at 6, 8, 10 p.m. Tel. 470-470.

In French:
FIAMMETTA THEATER, 3 Via S. Nicola, 10/c Salita S. Sebastiano—"Les Femmes de Paris," with Brigitte Bardot, Jean Marais. Today at 5:30, 7:45, 10 p.m. Tel. 470-464.

In Italian:
ARIANO, Piazza Cavour—"Le Fatiche di Ercole" (also at the Moderno, New York).

ARISTON, 15 Via Cicerone—"Casale di Parigi" (also at the Capitol).

BARBERINI, Piazza Barberini—"Sorrisi di una Notte d'Estate."

CORSO, 41 Piazza S. Lorenzo in Lucina—"L'Arpa Bismiana."

EUROPA, 10 Corso d'Italia—"Peyton Place" (also at the Capranica, Roxy).

FIAMMA, Via Bisceglie—"Pal Joey."

IMPERIALE, 148 Via del Corso—"La Bella di Mosca."

METRO, 7 Via del Corso—"La Dinastia del Petrolio" (also at the Aventino).

QUATTRO FONTANE, Via Quattro Fontane—"Around the World in 80 Days."

RIVOLI, 2 Via Lombardia—"La Giungla degli Immacolati."

SUPERCINEMA, 42 Via del Viminale—"The Ten Commandments."

SPORTS

HORSE RACES—At Capannelle track: today at 2:30 p.m.

CIRCUS

FERDINANDO TOGNI CIRCUS—On Viale Trastevere (Piazza Ippolito Nievo); every day at 4 and 9 p.m.

CLUB MEETINGS

LADIES' BRIDGE AND CANASTA GROUP—Meetings on the second and fourth Tuesdays of every month; at the Excelsior Hotel at 3 p.m.

ROTARY CLUB meets every Tuesday at 8:30 p.m.; dinner at the Excelsior.

ZOO

GIARDINO ZOOLOGICO, Villa Borghese—Open 8 a.m. to sundown daily.

NIGHT CLUBS

LA BIBLIOTECA, 9 Largo Teatro Valle—Dancing, restaurant. Tel. 531-292.

BRICKTOP, 5, 135 Via Veneto—Nightly entertainment. Tel. 470-998.

LA CABAIA, 93 Via Monte Brianza—Alternating dance orchestra; bar. Tel. 564-121.

KIT-KAT, 23 Via Liguria—Night club. Tel. 487-242.

OPEN GATE CLUB, 3 Via S. Nicolo da Tolentino—Floor show, restaurant. Tel. 481-623 - 461-225.

PIPISTRELLO (Bat Club), 27 Via Emilia—Dancing, American bar. Tel. 474-123.

RANCIO GRANDE, Via Cristoforo Colombo—Restaurant, dancing. Tel. 603-315.

TOR FIORENZA, 2 Via Monte delle Gioie—Dancing, American bar. Tel. 830-982.

In Other Cities

In Milan:

TEATRO ALLA SCALA—Opera season: "Madame Butterfly," by Puccini; Gianandrea Gavazzeni, conductor; this afternoon at 3.

In Naples:

TEATRO SAN CARLO—Opera season: "La Bohème," by Leoncavallo; this afternoon at 6.

In Palermo:

TEATRO MASSIMO—Opera season: "Norma," by Bellini; this afternoon.

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Crossword Puzzle

ACROSS

1. Lofty mountains
5. Greek letter
8. Flat-bottomed boat
12. Roman emperor
13. Coal pile
14. Pulled apart
15. Image
16. Nocturnal bird
17. Poker stake
18. Fish
20. Send out
22. Tote
24. Expert
27. Eggs
28. Devoured
32. Injure
33. Dance step

DOWN

34. Light carriage
35. — and con
36. Occupy a chair
37. Small engine
39. Ignited
40. Cut off in pronouncing
42. Make ashamed
44. Short letter
46. Gaiter
47. Cabbage salad
49. Building site
51. Cattle
54. Dislike greatly
55. Intimidate
56. Level

TOTAL POT MAP

ARISE OPA ERA
MEETS DENOTES
USE RAREST
TROT ADAGE
REVERSE ELLIS
ANA ATTAR ANT
POLAR ESSENCE
METRE SEAM
SEVERE ART
OPENING EASEL
DIN POE STOVE
ACT ERE TENET

Solution of Yesterday's Puzzle

57. Pitcher
58. Cry of a cat
59. Network
DOWN
1. Keel-billed cuckoo
2. Guided
3. Delay
4. Of the sun
5. Hew
6. In what way
7. Loaf
8. Sober
9. Thoughtful
10. Scrap
11. Tiny
12. Cereal grass
21. Crown boy
22. Thicket
23. Profit
25. French capital
26. Betrothal
29. Gone by
30. Small bird
31. Self
37. Encountered
38. Old Irish coin
41. Dowry
43. Bread maker
45. Biblical country
46. Boil slowly
47. That woman
50. Have debts
52. Openwork fabric
53. Compass point

1 2 3 4 5 6 7 8 9 10 11
12 13 14 15 16 17 18 19 20 21
22 23 24 25 26 27 28 29 30 31 32
33 34 35 36 37 38 39 40 41 42 43
44 45 46 47 48 49 50 51 52 53
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