

INCOME TAX DEPARTMENT  
—By—  
M. L. SEIDMAN, C.P.A.

## EDITOR'S NOTE

Income taxation is undoubtedly one of the most important problems of the day. Every change in the law, a direct effect upon the taxpayer's account with the United States government. Yet experience shows that the average person does not know how to correctly prepare his income tax return.

Believing that our readers would be vitally interested in a subject of such import, especially at this time, it has been arranged to have an income tax column which will deal with this question from a simple, practical viewpoint.

In this connection, we have been fortunate in obtaining the services of Mr. M. L. Seidman, C. P. A., who will conduct this department. Mr. Seidman is a well-known tax expert and has been a close student of taxation in all its phases. He developed a plan of taxation that was submitted to the Senate Finance Committee in executive conference prior to the enactment of the Revenue Act of 1921.

Mr. Seidman is a senior member of the firm of Seidman & Seidman, Certified Public Accountants, a nationally known tax and accounting organization. He is also Chairman of the Committee on Tax Consultants of the Committee of American Business Men, an association composed of many of the leading business men of the country.

The department will appear weekly, and to further its scope, Mr. Seidman has consented to answer through our columns all questions that might be directed to him bearing on the subject.

Questions should be addressed to The Tax Editor, in care of this publication. All communications must be signed by the inquirer, but no names will be disclosed in the published answers.

Income tax returns for 1924 will be filed under a new law that makes many changes over the last law. It will be the purpose of this series of articles, not only to point out and explain these changes, but also to unravel in as simple a manner as possible, the mass of technical language with which the law is worded, so as to assist the layman in the correct preparation of his tax return.

It will be, of course, impossible to discuss the particular problem that may be confronting any one reader. For that reason, in conjunction with the articles, a question and answer column will be maintained, where individual problems submitted to the writer will be answered.

The first question that naturally comes up in the consideration of the income tax, is the determination as to what persons are subject to the tax in the first place. Those who do not come under the law obviously have no incentive to become acquainted with its provisions. On the other hand, those who are subject to the income tax are charged with knowledge of not only every provision in the law, no matter how technical, but also the many regulations, rulings and court decisions that are constantly being issued in the interpretation of the law. It becomes very important, therefore, to determine who are deemed to comprise this latter group.

In the first place, there is the citizen of the United States. It makes no difference where that citizen lives—whether in the United States or in foreign country—he is subject to the income tax. Nor does it make any difference whether none of his income comes from the United States, he is still subject to the income tax. In other words, a citizen of the United States may reside in Africa and derive all his income from the exploitation of diamond mines in Africa, yet he and his income would be subject to the United States income tax, in spite of the fact that none of his income was derived from sources within the United States.

Next, comes the person who is not a citizen, but resides in the United States. For all practical purposes, such a person stands in the same position as does the citizen, for his entire income, whether derived with in the United States or not, is subject to the income tax. In the case of a resident non-citizen, therefore, even though all of his income may be represented by dividends in a French corporation, he would be subject to the income tax on it. The important part is that he is a resident of the United States, and as such he becomes subject to our tax laws.

But even the non-resident who never sets foot on the United States may be subject to the tax, for, to the extent that his income is derived from sources within the United States, he becomes taxable thereon. For instance, an Englishman is subject to an income tax on the interest of bonds of a corporation organized in the United States, or dividends on the stock of such a corporation. Likewise, rentals from property located in the United States would be subject to tax, even though the pro-

perty is owned by a foreigner who has no actual contact or nothing to do with the collection of the rentals.

As a general proposition, therefore, it may be concluded that citizens of the United States and persons that reside here though not citizens, are subject to tax on incomes from all sources, and that non-resident persons are subject to tax on incomes from sources within the United States only.

It should be noted in this connection that wherever the word "persons" is referred to in a discussion of the income tax law, it is used to include not only individuals, but partnerships and corporations as well. In other words, the same rules are applicable to domestic corporations as to residents of the United States; that is, they are taxable on their incomes from whatever source derived. Likewise, the same rule is applicable to foreign corporations as to non-resident individuals, to whom, they are taxable only on their income derived from sources within the United States.

Partnerships, as such, are not subject to tax, as they are not recognized as an entity distinct from the partners who make up the partnership. The partners, however, would be subject to tax under the rules already outlined.

Estates and trusts, on the other hand, are regarded as separate entities and hence are subject to the income tax.

Another point should be carefully noted. The fact that a person is subject to tax does not necessarily mean that he is required to file a return or to pay a tax. It merely means that such a person comes within the scope of the law. Whether a return must be filed or a tax paid is governed by a different and distinct set of rules. In other words, every one who must file a return would of course be subject to the tax, but it does not follow that every one who is subject to the tax must file a return. Likewise, every one who must pay a tax must file a return, but every one who must file a return must not necessarily pay a tax. These are three separate divisions, although one is contained within another. The broadest division consists of those who are subject to the tax. The next division is of those that have to file returns. That subject will form the basis of the second article of the series.

## LEGISLATORS PREPARE FOR 1925 SESSION

(Continued from Page One)

pro tem apparently lay between James J. Nejdl of Whiting, who is seeking re-election, and Senator Thomas Daily of Indianapolis.

Both candidates declared they had strong support pledged to them. Nejdl's workers asserted that he was certain of 18 votes, one more than the number necessary to elect.

Clyde S. Walb, republican state chairman, arrived today for a conference with the legislative leaders. Walb will insist that the republican members of the legislature fulfill their campaign pledges of economy and business-like conduct of the session.

House republicans will caucus tomorrow night on organization of the lower branch.

The legislature will convene at 10 o'clock Thursday morning and Governor Branch will deliver his gubernatorial message.

A flood of bills will be ready for presentation when the legislature gets down to work. One hundred and thirty measures have already been submitted to the legislative reference bureau for drafting. This number is larger than was ready at the start of any session for several years.

Lincoln, Neb., Jan. 6.—The forty-third session of the Nebraska state legislature opened here today. Governor-elect and Mrs. Adam McMullen, Beatrice, were expected to arrive and take up their new home today in the executive mansion vacated by Governor and Mrs. Bryan. Bryan will step down from the governorship Thursday.

Pierre, S. D., Jan. 6.—A stormy session is in store for the South Dakota legislature, leaders said as both houses convened to organize today. The session will last sixty days.

Governor Carl Gunderson, who succeeds W. H. McMaster as chief executive, has plans to raise a big educational fund by increasing the tobacco-tax. This move is expected to cause a wordy fight.

Highway and banking measures are also expected to provide fireworks.

St. Paul, Minn., Jan. 6.—With good roads and the proposal to reorganize the state government to fight about, the Minnesota legislature convened in its 44th biennial session today at noon. Republicans are in control.

Bismarck, N. D., Jan. 6.—With non-

partisans again in control, the North Dakota legislature convened for organization today. Tomorrow Arthur G. Serle will be formally inaugurated as governor, succeeding R. A. Nestos.

## IMITATE "KING OF THE IVORIES"

## Clever Entertainment Given At Meeting Of K. Of C. Last Night

A clever entertainment was given last night, Frank Gillig, John Kintz and Fred Baker, about 100 of the members attending.

The committee initiated the Harry Snodgrass orchestra. Frank Gillig was dressed in a striped suit, resembling the uniform worn by Harry Snodgrass "King of the Ivories" who entertained thousands over the radio from the state capitol building at Jefferson City, Mo., with piano selections twice a week.

Snodgrass, in the person of Mr. Gillig, and other members of the orchestra had the crowd guessing as to their musical ability until it was seen that another orchestra, composed of Mr. and Mrs. Ed Coffey, experts on the keys and traps, were playing back of the curtain.

When the Snodgrass orchestra stopped playing, the good music still could be heard and the crowd saw the joke. In the attendance contest, Bob Meibers won a box of fine hand-picked apples.

The meeting was thoroughly enjoyed and the committee is arranging another surprise and clever program for January 19.

## HAWKINS STILL HELD IN JAIL

## Attempts Of His Mother To Provide \$20,000 Bond Are Unsuccessful

Dayton, Ohio, Jan. 6.—(Special to Daily Democrat)—Norton Hawkins, head of the defunct Hawkins Mortgage Co. of Portland, Ind., was still held in jail here today in default of \$20,000 bond.

All attempts of his mother, Mrs. Geneva Hawkins, and his attorney, Fred Warner, to provide \$20,000 bond were unsuccessful.

Homer Elliott, U. S. district attorney, after a conference with Benson Hough, district attorney for Ohio, filed an application for Hawkins' removal before Federal Judge Hickenlooper.

Removal of Hawkins to Indianapolis to stand trial on charges of fraudulent use of the mails is sought by Elliott.

## Brothers Learn Via Radio That Parents Are Killed

Kansas City, Jan. 6.—(Special to Daily Democrat)—Informed by radio that their parents had been killed in a grade crossing crash, R. C. and J. R. Moseley, brothers, were enroute to Fort Worth, Tex., today after abandoning their trip to Chicago last night on learning of the tragedy just after they boarded an east bound train.

Station WBAP at Fort Worth broadcast the fact that Mr. and Mrs. H. L. Moseley had been killed near Weatherford, Tex., yesterday when their automobile was struck by a train. The announcer requested that anyone in Kansas City listening in telephone the Union station and have the brothers page before they boarded a train for Chicago.

The information booth at the station was swamped with telephone calls from radio fans.

All eastbound trains were paged before their departure and the brothers were found on a Chicago & Alton train a few minutes before it was to leave.

## Former Postmaster At Berne Moves To Ohio

Berne, Jan. 6.—Today Berne lost one of her esteemed business men and family. Mr. and Mrs. Vilas Schindler and family, who moved their household goods to Hicksville, Ohio. Mr. Schindler, recent postmaster of Berne, and nine years an efficient employee in the local post office is entering the chick hatching business at Hicksville.

His household goods was removed

street this forenoon and was trucked to Hicksville today. Mr. Schindler and his family made the trip to their new home at Hicksville in their auto.

Mr. Schindler is the manager of the new Hicksville Hatchery & Supply Co., which is owned by Mr. Schindler, Henry Amstutz, of Berne, and Rev. William Amstutz, of Berne. They have erected an up-to-date building to house their industry and have equipped it with modern hatching supplies. Besides the hatching of chicks, the firm will also handle supplies that are associated with the business.

Take Laxative BROMO QUININE Tablets to work off the cause and to fortify the system against as attack of Grip or Influenza. A Safe and Proven Remedy. The box bears signature of E. W. Grove, 30c.

Call 436 for Taxi.

Quality Coal. Phone 199.

Emerson Bennett. 273tf

Fate Of Bernard Grant In Hands Of Pardon Board

UNITED PRESS SERVICE

Springfield, Ill., Jan. 6.—The fate

of Bernard Grant, 19, now hangs ap-

parently on an unofficial petition for

reprieve now in the hands of the

state board of pardons and paroles.

The plea, however, probably will be

looked upon as an official petition and

the pardon board, it is expected, will

decide Grant's fate on its contents.

Grant was convicted of killing a

Chicago policeman and sentenced

to hang. The supreme court gave him

a rehearing and he was granted a re-

rieve in October until Jan. 16, by

Governor Small. The case of Wal-

ter Krauser, Grant's alleged accom-

panie, who also was sentenced to the

gallows, is still in the hands of the

supreme court which does not con-

clude results until February 4.

They are not expensive either—60

tablets—60 cents and children take

them like candy.

A very sickly child, age 9, gained

12 pounds in seven months and is

strong and healthy.

One skinny woman gained 9 pounds

in 24 days.

"Be sure to get McCoy's Cod Liver Oil Compound Tablet."

## SHERIFF'S SALE

No. 1234. Western Reserve Life Insurance Company vs. John B. Miller, Inez Miller, Monroe State Bank, Monroe, Indiana.

In virtue of an Order of Sale to me directed from the Clerk of the Adams Circuit Court, I will expose at public sale, to the highest bidder on Thurs-

day, the 29th day of January, A. D. 1925, between the hours of 10 a. m.

and 1 p. m. of said day, at the door

of the Court House in Decatur, Adams

County, Indiana, the rents and profits

for a term not exceeding seven years,

the following described real estate,

to-wit:

The southeast quarter of the north

west quarter of Section 19, township

27, north range, 15 east of the 2nd

Principal Meridian, excepting there-

from and subject to a right of way

over the public Bluffton & Frankfort

R. R. Co. (now the Tedford, St. Louis & W. R. R. Co.) as now located on

over and across said tract.

Also a tract of land described as

commencing 12 rods 3 1/2 feet

North of the southeast corner of west

half of northeast quarter of section

and running the same distance

North and 2 rods 3 1/2 feet to the

west 11 rods and 7 feet to a stake in

the road there being; thence along

said road 17 rods and 7 feet to the

place of beginning, containing 76

square rods, 10 rods long by 7 rods

wide. Also the following parcel of land:

Commencing at the southeast corner

of the northeast quarter of the north

west quarter (1/4) of Section Twenty-

five, township 28, range 15, section 19, east

of Adams County, Indiana, containing

Eighty (80) acres more or less.