

## BUSINESS MEN, FARMERS FACE HIKE IN TAXES

Special Deductions Will Be Allowed Both Classes, However.

This is the fifth of six articles detailing the new federal income tax regulations that upward of three million more citizens must meet before March 15.

By ROBERT TALLEY  
NEA Service Writer

WASHINGTON, Jan. 27.—Business men, professional men, farmers and corporations face increases in federal income taxes in the new law.

The tax on corporation incomes is increased from 12 per cent to 14½ per cent in the case of corporations filing consolidated returns. The \$3,000 exemption formerly granted small corporations has been eliminated.

Income of business men, professional men and farmers are subject to the same tax increases as those of salaried persons or wage-earners and to the same personal exemptions and credits.

### Special Deductions Made

But business men, professional men, and farmers also are entitled to certain deductions which reduce their taxable income.

Typical deductions allowed for a mercantile business are amounts paid for rent, light, heat, hire of clerks and other employees, advertising, stationery, stamps, telephone, delivery and other expenses incident to the conduct of the business.

The expenses of a manufacturing business include labor, supplies, power, selling costs, administration, etc.

The farmer may deduct all amounts paid in production, harvesting, and marketing of crops, including labor. He also can deduct for repairs to his farm buildings, but not to his dwelling.

### Expenses Are Allowed

A doctor, dentist, lawyer or other professional man may deduct all necessary expenses in the pursuit of his profession. These include his office rent, salary of assistants, cost of supplies and even the expense of operation of an automobile used in making professional calls.

If a physician uses part of his home for an office, he may deduct, as a business expense, the rental value of the rooms so occupied. Also, he may deduct a portion of the wages paid domestic servants whose time is partly occupied in caring for these rooms.

Membership dues in professional societies may also be taken off.

If a business man or professional man uses the same automobile for both business and pleasure he should allocate the operating expense on the basis of the time used for each.

### Auto Use Cuts Tax

For example, if the total expense of operation and maintenance plus depreciation, in the taxable year amounted to \$800 and the car was used three-fourths of the time for business and the remainder for pleasure, he would be allowed to deduct from his taxable income \$600.

Traveling expenses, if incurred in the course of one's business or profession, are deductible. This includes the amounts spent for food and lodging and even for tips—but the law says the tips must be "reasonable."

For the benefit of automobile owners, it should be explained that—regardless of whether the machine is to be used for business or pleasure—the purchase price can not be deducted from income.

If used for business, it is a capital expenditure; if used for pleasure it is a personal expenditure—and both deductions are expressly prohibited by the law.

### Credit on Gas Taxes

However, if used exclusively for business, all expenses of operation, plus depreciation, can be deducted. In either case, it is permissible to deduct sums paid for registration fees, taxes, etc.

While the federal gasoline tax of one cent a gallon can not be deducted by the consumer, credit may be obtained for state gasoline taxes if the state law levies this tax on the consumer and not on the dealer.

Even President-Elect Roosevelt must pay an income tax on his \$75,000-a-year presidential salary after he takes office March 4, since the revenue law passed last summer taxes the salary of the President and of federal judges who take office after its enactment. Representatives, senators and all federal employees already are paying.

City, state and municipal employees, however, are exempt from the federal income tax if their services are rendered in connection with the exercise of an essential governmental function, as distinguished from a proprietary function.

For example, the governor of a state, the mayor of a city, councilmen, school teachers, firemen and policemen do not have to pay income taxes to Uncle Sam; but the tax must be paid by employees of a municipal water plant, electric light plant, or street railway, since their activities are proprietary rather than governmental in character.

Items of income exempted include proceeds from a life insurance policy paid by reason of death, inheritances, and state workmen's compensation.

Next: Prospects of more income tax increases in 1933.

### PRISON RIOTING FEARED

Continued Idleness of Inmates Is Dangerous, Warden Warns.

By United Press  
SALT LAKE CITY, Jan. 27.—Continued idleness of inmates in the Utah state penitentiary will result in serious disturbances, R. E. Davis, warden, warned state authorities.

Only two-thirds of the 300 convicts are employed, he said.

"The busy prisoner has no time to become involved in plots of escape or trouble of any kind," Davis said. "Idleness breeds discontent and allows 'repeaters' to weeds of rebellion which frequently results in bloody riots."

## Let's Explore Your Mind

BY DR. ALBERT EDWARD WIGGAM, D. Sc.



1 ARE GENIUSES AND BRILLIANT PEOPLE LESS MORAL THAN AVERAGE PEOPLE?  
2 CAN YOU JUDGE A PERSON'S CHARACTER BY HIS HANDWRITING?  
3 HAS THE ENTRY OF WOMEN INTO BUSINESS CHANGED MAN'S TASTES AND IDEALS IN SELECTING WIVES?

WRITE YES OR NO HERE

4 CAN YOU JUDGE A PERSON'S CHARACTER BY HIS HANDWRITING?  
5 HAS THE ENTRY OF WOMEN INTO BUSINESS CHANGED MAN'S TASTES AND IDEALS IN SELECTING WIVES?

WRITE YES OR NO HERE

AUTHOR'S NOTE—These answers are given from the scientific point of view. Not all moral questions can be answered with absolute scientific accuracy. The decision as to what is right conduct or sound morals is possible without science. Science puts the rights of individuality.

1. No, they are far more moral as a rule. F. A. Woods, biologist, showed that the members of the Royal European families who are rated high by historians for intellect are almost uniformly rated high for moral character.

2. Terman, psychologist, found brilliant children of 9 have the same moral development as average children of 14. Hartshorne and May, Yale psychologists, found high intelligence

everybody has the same characteristics. Everybody has some honesty, some aggressiveness, etc.

It is only when they try to tell how much of each human trait a particular person possesses that handwriting experts and all character readers fall down hopelessly.

Dr. June Downey, psychologist, has found some slight tendencies expressed by one's handwriting, but not enough to justify hiring or firing or marrying or divorcing a person by this method.

3. Not a particle. He still wants the same kind of wife his grandfather selected—intelligent, good-looking, tactful, independent, yet just dependent enough to keep his ego inflated.

True a man likes his home and fireside, but chiefly to smoke his pipe and relate to an admiring family how he talked up to the boss, or made a good deal, or slew a lion in his pathway, even though his wife secretly may suspect he did it with the jaw-bone of an ass, and not having any other hand, used his own.

4. Many "handwriting experts" honestly think they "hit" people's characteristics. Of course they do, because

questions dealing with problems of conduct, morals, beliefs, husband and wife, parent and child—any question in the field of human relationships. Questions of general interest will be answered in this department. If personal reply is desired enclose stamped (3c) self-addressed envelope. Address Dr. Wiggam in care of The Indianapolis Times.

### AGE PENSIONS URGED

Deluse Pleads for Plan Before Engineering Society Members.

Declaring old age pensions are more economical and humane than the present poor house system, Otto P. Deluse, former grand president of the Eagles, Thursday urged members of the Indianapolis Engineering Society to support the pension measure which will be presented be-

fore the general assembly. The meeting was in the Board of Trade building.

The bill he outlined would provide a maximum of \$25 a month for elderly persons. The cost would be divided between the state and the be-

cause you want a new radio? If you have building and loan stock to trade, see Times Swap ads, or call Swap Bureau, Riley 5551.

All of the committee rooms are finished with parquet floors, but the beauty of these will be concealed beneath thick carpeting.

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