

Fill worksheet first

Page 1 of Return

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DELIVER OR SEND THIS RETURN WITH PAYMENT TO COLLECTOR OF INTERNAL REVENUE ON OR BEFORE MARCH 15, 1919

Form 1040A.—UNITED STATES INTERNAL REVENUE SERVICE INDIVIDUAL INCOME TAX RETURN FOR NET INCOMES OF NOT MORE THAN \$5,000 For Calendar Year 1918

FIRST PAYMENT \$ (Cashier's Stamp.)

DETACH AND KEEP WORK SHEET AND INSTRUCTION SHEET

PRINT NAME AND ADDRESS PLAINLY BELOW

CASH CHECK M.O. Examined by

- 1. Did you make a return for 1917? 2. If so, what address did you give on that return? 3. To what collector's office was it sent? 4. Give number, if any, assigned to you for 1917... 5. Were you in 1918 married... 6. If not, were you the head of a family... 7. How many dependent persons... 8. If you claim any additional exemption... 9. Write "R" if this return shows income received...

10. Did your wife (or husband) or minor child make a separate return? (If so, give name and address thereon.)

11. Did you or your wife (or husband) or dependent minor children receive any interest on U.S. Liberty Bonds, or any salary not reported elsewhere in this return or in a separate return? (If so, give sources and amounts.)

12. Enter name and address of each organization to which you made contributions claimed as deductions, and amount paid to each.

13. Enter in this table details concerning repairs, wear and tear, and property losses claimed as deductions in Schedules A, E, and I on page 2 of return (see instructions):

Table with columns: 1. Refer to "A," "E," or "I." 2. Kind of property. 3. Year acquired. 4. Cost of property. 5. Repairs not offset. 6. Rate. 7. Amount previous years. 8. Amount this year. 9. Cause of loss. 10. Amount of loss.

CALCULATION OF TAX

Table for calculation of tax with rows: M. Net Income shown on page 2, Item J; N. Less personal exemption; O. Balance (Income taxable at 6%); P. Tax due (6% on amount of Item O); Q. Less normal tax of 2% on Item F; R. Balance of tax due; S. Amount of tax paid on submission of return.

AFFIDAVIT

I swear (or affirm) that this return, to the best of my knowledge and belief, is a true and complete statement of all taxable gains, profits, and income received by or accrued to me (or the person for whom this return is made) during the year 1918, and that all deductions entered or claimed herein are allowable under the law.

(If return is made by agent, the reason therefor must be stated on this line.)

Sworn to and subscribed before me this ... day of ..., 19 (Signature of individual or agent.)

(Signature of officer administering oath.) (Title.) (Address of individual or agent.)

RETURN OF TAXABLE INCOME

(Including income of wife (or husband) and dependent minor children, unless reported in separate returns (see Instruction I))

A. INCOME FROM BUSINESS OR PROFESSION.				
1. Kind of business		2. Business address		
3. Total sales and income from business or professional services				\$
COST OF GOODS SOLD:		OTHER BUSINESS DEDUCTIONS:		
4. Labor	\$	12. Salaries and wages not reported as "Labor" under "Cost of Goods Sold"	\$	
5. Materials and supplies		13. Rent		
6. Merchandise bought for sale		14. Interest on business indebtedness		
7. Other costs		15. Taxes on business and business property		
8. Plus inventories at beginning of year		16. Repairs, wear and tear, and property losses		
9. TOTAL	\$	17. Bad debts arising from sales		
10. Less inventories at end of year		18. Other expenses		
11. NET COST OF GOODS SOLD	\$	19. TOTAL OTHER BUSINESS DEDUCTIONS	\$	
20. NET COST OF GOODS SOLD PLUS TOTAL OTHER BUSINESS DEDUCTIONS				\$
21. NET INCOME FROM BUSINESS OR PROFESSION				\$

B. INCOME FROM SALARIES, WAGES, COMMISSIONS, BONUSES, DIRECTOR'S FEES, AND PENSIONS.				
1. By whom received.	2. Occupation.	3. Name and address of employer.	4. Gross income.	5. Deductions, if any.
.....	\$	\$
.....	\$	\$
NET INCOME FROM SALARIES, ETC. (total of column 4 minus total of column 5)			\$	\$

C. INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND ESTATES AND TRUSTS (not including amounts reported under F and K). (State name and address of partnership, etc.)	\$
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D. PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY.						
1. Kind of property.	2. Year acquired.	3. Name of purchaser or broker.	4. Sale price.	5. Original cost or market value March 1, 1913.	6. Cost of subsequent improvements, if any.	7. Depreciation subsequently sustained.
.....	\$	\$	\$	\$
NET PROFIT FROM SALES (total of cols. 4 and 7 minus total of cols. 5 and 6)			\$	\$	\$	\$

E. INCOME FROM RENTS AND ROYALTIES.				
1. Kind of property.	2. Name and address of tenant or lessee.	3. Cash or equivalent received.	4. Wear, tear, repairs, and property losses.	5. Other expenses and losses.
.....	\$	\$	\$
NET INCOME FROM RENTS AND ROYALTIES (total of col. 3 minus total of cols. 4 and 5)		\$	\$	\$

F. INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID BY DEBTOR CORPORATION (Including such interest received through fiduciaries)	\$
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G. OTHER INCOME (not including dividends) (State each source separately).	1. Cash received.	2. Deductions, if any.
.....	\$	\$
NET TOTAL (total of column 1 minus total of column 2)	\$	\$

H. TOTAL NET INCOME FROM ABOVE SOURCES	\$
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I. GENERAL DEDUCTIONS NOT INCLUDED ABOVE.					
1. Interest paid on indebtedness	\$	3. Losses by fire, storm, or casualty not claimed above.	\$	5. Other deductions, if any	\$
2. Taxes paid		4. Contributions		TOTAL	\$

J. Total net income on which normal tax is to be calculated (H minus I) (Enter as Item M, page 1)	\$
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K. Dividends on stock of corporations organized or doing business in the United States (including dividends received through partnerships, personal service corporations, and fiduciaries)	\$
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L. Total net income (if this amount is over \$5,000, make your return on Form 1040)	\$
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DETACH
THE RETURN (CON-
TAINING AFFIDAVIT)
AND
DELIVER OR SEND IT
WITH PAYMENT
TO COLLECTOR OF
INTERNAL REVENUE
ON OR BEFORE
MARCH 15, 1919

KEEP THIS
WORK SHEET
AND THE
INSTRUCTION
SHEET

Page 1 of Work Sheet

Form 1040A.—UNITED STATES INTERNAL REVENUE SERVICE

WORK SHEET FOR INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF NOT MORE THAN \$5,000

For Calendar Year 1918

IF YOU NEED
ASSISTANCE
GO TO A
DEPUTY COLLECTOR
OR TO THE
COLLECTOR'S OFFICE
BUT FIRST
READ INSTRUCTIONS
AND
FILL OUT THIS SHEET
(FACE AND BACK)
IN PENCIL
AS WELL AS YOU CAN

RETAIN THIS SHEET AND INSTRUCTION SHEET

1. Did you make a re-
turn for 1917?
2. If so, what address
did you give on
that return?
3. To what col-
lector's office
was it sent?
4. Give number, if any, assigned to
you for 1917 if it does not appear
in address at head of return
5. Were you in 1918
married and living
with wife (or husband)?
6. If not, were you the head of a
family as defined in instructions
under "Personal Exemption?"
7. How many dependent persons under 18 (or
mentally or physically defective) received
their chief support from you during 1918?
8. If you claim any additional exemption on ac-
count of dependent persons other than your
children, what was their relationship to you?
9. Write "R" if this return shows
income received, or "A" if it
shows income accrued

10. Did your wife (or husband) or minor
child make a separate return?

(If so, give name and address thereon.)

11. Did you or your wife (or husband) or
dependent minor children receive any
interest on U.S. Liberty Bonds, or any
salary not reported elsewhere in this
return or in a separate return?

(If so, give sources and amounts.)

12. Enter name and address of each
organization to which you made
contributions claimed as deductions,
and amount paid to each.

13. Enter in this table details concerning repairs, wear and tear, and property losses claimed as deductions in Schedules A, E, and I on page 2 of return (see instructions):

1. Refer to "A," "E," or "I."	2. Kind of property. (If buildings, state also material of which constructed.)	3. Year ac-quired.	4. Cost of property (or market value March 1, 1913).	5. Repairs not offset by claims for wear and tear or losses.	Wear and tear (depreciation) and depletion charged off—			Losses not compensated for by insurance	
					6. Rate	7. Amount previous years.	8. Amount this year.	9. Cause of loss.	10. Amount of loss.
			\$	\$		\$	\$		\$

CALCULATION OF TAX

M. Net Income shown on page 2, Item J	\$	P. Tax due (6% on amount of Item O)	\$
N. Less personal exemption (see Instruction VI)		Q. Less normal tax of 2% on amount of Item F	
O. Balance (Income taxable at 6%)	\$	R. Balance of tax due	\$
NOTE.—If the amount on line O exceeds \$4,000, the excess is taxable at 12%, and your return should be made on Form 1040.		S. Amount of tax paid on submission of return	\$

TAXPAYER'S RECORD OF PAYMENTS

PAYMENT.	AMOUNT.	DATE.	CHECK OR M.O. No.	BANK OR OFFICE OF ISSUE.
First.....	\$			
Second.....	\$			
Third.....	\$			
Fourth.....	\$			

A. INCOME FROM BUSINESS OR PROFESSION.				
1. Kind of business		2. Business address		
3. Total sales and income from business or professional services				\$
COST OF GOODS SOLD:		OTHER BUSINESS DEDUCTIONS:		
4. Labor	\$	12. Salaries and wages not reported as "Labor" under "Cost of Goods Sold"	\$	
5. Materials and supplies . . . . .	.....	13. Rent . . . . .	.....
6. Merchandise bought for sale . . . . .	.....	14. Interest on business indebtedness . . . . .	.....
7. Other costs . . . . .	.....	15. Taxes on business and business property . . . . .	.....
8. Plus inventories at beginning of year . . . . .	.....	16. Repairs, wear and tear, and property losses . . . . .	.....
9. TOTAL	\$	17. Bad debts arising from sales . . . . .	.....
10. Less inventories at end of year . . . . .	.....	18. Other expenses . . . . .	.....
11. NET COST OF GOODS SOLD	\$	19. TOTAL OTHER BUSINESS DEDUCTIONS	\$	
20. NET COST OF GOODS SOLD PLUS TOTAL OTHER BUSINESS DEDUCTIONS				\$
21. NET INCOME FROM BUSINESS OR PROFESSION				\$

B. INCOME FROM SALARIES, WAGES, COMMISSIONS, BONUSES, DIRECTOR'S FEES, AND PENSIONS.				
1. By whom received.	2. Occupation.	3. Name and address of employer.	4. Gross income.	5. Deductions, if any.
.....	\$	\$
.....	\$	\$
NET INCOME FROM SALARIES, ETC. (total of column 4 minus total of column 5)			\$	\$

C. INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND ESTATES AND TRUSTS (not including amounts reported under F and K). (State name and address of partnership, etc.)	\$
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D. PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY.						
1. Kind of property.	2. Year acquired.	3. Name of purchaser or broker.	4. Sale price.	5. Original cost or market value March 1, 1913.	6. Cost of subsequent improvements, if any.	7. Depreciation subsequently sustained.
.....	\$	\$	\$	\$
NET PROFIT FROM SALES (total of cols. 4 and 7 minus total of cols. 5 and 6)			\$	\$	\$	\$

E. INCOME FROM RENTS AND ROYALTIES.				
1. Kind of property.	2. Name and address of tenant or lessee.	3. Cash or equivalent received.	4. Wear, tear, repairs, and property losses.	5. Other expenses and losses.
.....	\$	\$	\$
NET INCOME FROM RENTS AND ROYALTIES (total of col. 3 minus total of cols. 4 and 5)			\$	\$

F. INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID BY DEBTOR CORPORATION (Including such interest received through fiduciaries)	\$
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G. OTHER INCOME (not including dividends) (State each source separately).	1. Cash received.	2. Deductions, if any.
.....	\$	\$
NET TOTAL (total of column 1 minus total of column 2)	\$	\$

H. TOTAL NET INCOME FROM ABOVE SOURCES	\$
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I. GENERAL DEDUCTIONS NOT INCLUDED ABOVE.					
1. Interest paid on indebtedness	\$	3. Losses by fire, storm, or casualty not claimed above.	\$	5. Other deductions, if any	\$
2. Taxes paid	4. Contributions . . . . .	.....	TOTAL	\$

J. Total net income on which normal tax is to be calculated (H minus I) (Enter as Item M, page 1)	\$
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K. Dividends on stock of corporations organized or doing business in the United States (including dividends received through partnerships, personal service corporations, and fiduciaries)	\$
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L. Total net income (if this amount is over \$5,000, make your return on Form 1040)	\$
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INSTRUCTIONS FOR FILLING INDIVIDUAL INCOME TAX RETURN FOR NET INCOMES OF NOT MORE THAN \$5,000

I. HOW TO DECIDE WHETHER TO MAKE A RETURN.

1. Calculate your net income by filling in page 2 of the worksheet according to page 2 of the instructions.
2. Add the net income of your wife (or husband) and dependent minor children, if any, except as provided in paragraph 4.
3. The total family income, calculated in accordance with paragraphs 1 and 2, must be reported, either in your return or in a separate return by wife (or husband), if it equals or exceeds—
 - (a) \$2,000 if you are married and live with your wife (or husband).
 - (b) \$1,000 if you are not married or do not live with your wife (or husband).
4. Income of a minor or incompetent, if derived from a separate estate under control of a guardian, trustee, or other fiduciary, must be reported by his guardian or other legal representative.

II. ACCRUED OR RECEIVED INCOME.

1. If you keep books showing income accrued and expenses incurred during the year, make your return from your books, but do not fail to include all your income even if it is not entered in your books.
2. If you do not keep books showing income accrued and expenses incurred, report income received and expenses paid.
3. If you report income accrued, you must include all income that accrued in 1917 but was not received until 1918, unless it was reported in last year's return.
4. If you report income received, you must include all income constructively received, as bank interest credited to your account.

III. RECEIPTS EXEMPT FROM TAX.

The following classes of receipts are exempt from income tax, and need not be reported on page 2 of the return.

1. Pay, not exceeding \$3,500, for active services in the military and naval forces of the United States.
2. Gifts (not made as a consideration for services rendered) and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will, or inheritance is taxable and must be reported).
3. Interest on bonds and other obligations of the United States issued before September 1, 1917, and on such bonds and other obligations issued since that date, provided your holdings do not exceed the exemptions allowed by law.
4. Interest on bonds and other obligations of United States possessions (Philippines, Porto Rico, etc.).
5. Interest on bonds and other obligations of States, territories, political subdivisions thereof (such as cities, counties, and townships) and the District of Columbia.
6. Interest on Federal Farm Loan bonds.
7. Proceeds of life insurance policies paid on the death of the insured.
8. Amounts received by the insured under life insurance, endowment, and annuity contracts, provided such payments do not exceed the premiums paid in. The amount by which the total payments that have been received exceed the total premiums paid in is income and must be reported in Schedule G.
9. Amounts received from accident and health insurance and under workman's compensation acts plus the amount of any damages received by suit or agreement on account of injuries or sickness.

IV. FARMER'S INCOME SCHEDULE.

If you are a farmer, get from the collector and fill out a "Schedule of Farm Income and Expenses." Transfer the net farm income to line 21 of Schedule A of the return. Report income from salaries, rents, interest, sales of property, etc., in Schedules B to G of the return. Send your Schedule of Farm Income and Expenses with the return to the collector.

V. PERIOD TO BE COVERED BY RETURN.

1. You must report your net income for the calendar year 1918, except under the conditions stated in paragraph 2.
2. If you are engaged in business and keep books of account which are regularly closed each year at the end of some month other than December to determine your annual profit or loss, you may, after obtaining the collector's approval, make a return covering the period from January 1, 1918, to the date on which you closed your books, and thereafter for each period of 12 months.
3. If you make a return for a part of the calendar year 1918, your personal exemption shall be as many twelfths of the amount that would be allowed for a full year as there are months in the period covered by the return.
4. The dates on which the period covered by the return begins and ends, if other than the calendar year 1918, must be plainly stated at the head of the return; answers to questions 5, 6, and 7 must be given for that period; and the affidavit must be changed accordingly.

VI. PERSONAL AND FAMILY EXEMPTION.

1. If you were married and lived with your wife (or husband) or were head of a family in 1918, you may subtract from your net income, before calculating your tax, a family exemption of \$2,000 plus \$200 for each person under 18 (or mentally or physically defective) who received his chief support from you. If husband and wife make separate returns, this exemption may be claimed by either (but not by both) or may be divided between them.
2. If you were not married or did not live with wife (or husband) and were not head of a family in 1918, you are entitled to a personal exemption of \$1,000 plus \$200 for each dependent person under 18 (or mentally or physically defective) who received his chief support from you.
3. If you were entitled to any of the foregoing exemptions during a part of the year only, you may claim as many twelfths of the exemptions stated as there were months in such part of the year. Any part of a month may be counted as a month.
4. The personal or family exemption must be reported on line N, page 1, of the return, and must be supported by answers to questions 5, 6, 7, and 8.
5. A "head of family" is a person who is the chief support of one or more persons living in his household, who are closely related to him (or her) by blood, marriage, or adoption.

VII. WHEN TO USE FORM 1040 INSTEAD OF THIS FORM.

You must make your return on Form 1040—

- (a) If your net income is over \$5,000.
- (b) If the net income reported in this return exceeds \$4,000 and the entire family exemption has been claimed in a separate return made by wife (or husband).
- (c) If this form does not provide for all the facts you have to report (as, for example, if you receive income from a partnership or personal service corporation with a fiscal year falling partly in 1917 and partly in 1918).

VIII. AFFIDAVIT.

1. The affidavit must be executed by the person whose income is reported unless he is a minor or incompetent or unless he is ill, absent from the country, or otherwise incapacitated, in which case the legal representative or agent may execute the affidavit.
2. The oath will be administered without charge by any collector or deputy collector of internal revenue, or (if you are in the military or naval service of the United States) by any military or naval officer who is authorized to administer oaths for purposes of military or naval justice and administration. If an internal revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

IX. WHEN AND WHERE THE RETURN SHOULD BE SENT.

Send your return to the collector of internal revenue for the district in which you live or have your place of business so that it will reach him on or before March 15, 1919. If the address of the collector is not printed on the return and you do not know it, ask at the post office or bank.

X. WHEN AND TO WHOM THE TAX MUST BE PAID.

1. The tax should be paid, if possible, by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at [insert name of city and State]."
2. Do not send cash through the mail, or pay it in person except at the office of the collector or a regularly established internal revenue stamp office.
3. At least one-fourth of the tax is due at the same time that this return is due.
4. An additional amount sufficient to bring the total payments up to one-half of the tax is due on or before June 15, 1919.
5. An additional amount sufficient to bring the total payments up to three-fourths of the tax is due on or before September 15, 1919.
6. The entire remainder of the tax is due on or before December 15, 1919.
7. If any payment is not made when due, a penalty of 5 per cent of the amount due but unpaid will be incurred. The entire unpaid balance of the tax will also become due 10 days after demand therefor by the collector.
8. If you pay in cash, do not fail to get a receipt at the time of payment. If you pay by check or money order, your canceled check or your money order receipt will serve as a receipt.

XI. PENALTIES.

For making False or Fraudulent Return.

Not exceeding \$10,000 or not exceeding one year's imprisonment, or both, in the discretion of the court, and, in addition, 50 per cent of the tax evaded.

For Failing to Make Return on Time.

Not more than \$1,000, and, in addition, 25 per cent of the amount of tax due.

For Failing to Pay Tax When Due.

Five per cent of the amount unpaid, plus 1 percent interest for each full month during which it remains unpaid.

INSTRUCTIONS FOR FILLING IN TAXABLE INCOME**A. INCOME FROM BUSINESS OR PROFESSION.**

Report here income from

(a) Sale of merchandise, or of products of manufacturing, construction, mining, and agriculture. (For farm income see Instruction IV on the back of this sheet.)

(b) Business service, such as transportation, storage, laundering, hotel and restaurant service, livery and garage service, etc., if you own the business. If you are engaged in the business as an employee, report your salary or wages in Schedule B.

(c) A profession, such as medicine, law, or dentistry, if you practice it on your own account. If you are employed on a salary, report your salary in Schedule B.

In general, report in Schedule A any income in the earning of which you incur expenses for labor, rent, etc. Do not report here partnership profits or profits of personal service corporations, which should be entered under C, or dividends from other corporations, which should be entered under K.

If you are a farmer (or a farm owner renting your farm to another person on shares), enter on line 21 your net income from farming, as shown by your "Schedule of Farm Income and Expenses."

Kind of business.—Enter "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," etc.

If you keep books showing income accrued, report such income instead of cash received, and report expenses incurred instead of expenses paid.

Income received from sale of lands, buildings, equipment, stocks, bonds, and other property not dealt in as a business should be reported under D.

Total sales and income from business or profession.—Report the total amount received from sales, less any discounts or allowances from the sale price.

Other business deductions.—Do not include cost of business equipment or furniture, expenditures for permanent improvements to property, or living and family expenses. Do not deduct interest on your own investment in your business

or salary or wages for your own services or the services of your family, unless these items are included as income in Schedule B or G.

Rent.—Report here rent for business property (not including rent for dwelling you occupy).

Interest.—Report here interest on business indebtedness, including indebtedness incurred to purchase or carry business property.

Taxes.—Report here only taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Repairs, wear and tear, and property losses.—Report here (a) ordinary repairs required to keep property in usable condition, (b) depreciation during the year on business property, only to the extent not offset by repairs or losses claimed in this or previous returns, and (c) losses of business property by fire, storm, theft, etc., not compensated for by insurance or otherwise, and for which no claim for insurance is pending. Explain these deductions in table, page 1 of the return, Item 13.

Do not claim depreciation or losses on articles that have been taken into your inventory at a figure reflecting the reduction in value.

Bad debts.—Report here only debts arising from sales that have been reported as income, which have been definitely proved to be worthless and have been charged off within the year.

Other expenses.—Do not include your personal exemption here. This is to be reported as Item N.

Net loss.—If the net cost of goods sold plus other business expenses is in excess of the total amount of sales and income from business or professional services, report the difference as a loss by using red ink or a minus sign.

B. INCOME FROM SALARIES, WAGES, COMMISSIONS, BONUSES, DIRECTOR'S FEES, AND PENSIONS.

If salary, wages, or other compensation received by you, your wife (or husband), or dependent child was at the rate of \$1,000 or more per annum, report it on a separate line, together with the occupation or position and employer's name and address. All other income from salaries, wages, commissions, etc., at a rate less than \$1,000 per annum should be reported on a single line.

Do not report pay, not exceeding \$3,500, for active services in the Army or Navy (see Instruction III, paragraph 1, on the other side of this sheet).

Explain deductions in any convenient blank space on the return. Do not enter your personal exemption here.

C. INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND ESTATES AND TRUSTS.

Report your share (whether received or not) in the profits of the partnership or personal service corporation or in the income of estate or trust (if placed to your credit), not including the part of such share that consisted of dividends on stock of ordinary corporations (to be included in Item K), interest on obligations of the United States (see question 11), or (in the case of estates and trusts) interest on

corporation bonds containing a tax-free covenant, upon which a tax of 2 per cent was paid (or will be paid) by the debtor corporation (to be included in Item F).

Report in Schedule B salary received from partnership or personal service corporation.

D. PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY.

Use this schedule for all sales of real estate, and for sales of other property that you do not deal in as a business.

Kind of property.—Describe the property as definitely as you can in a word or two, as "farm" "house," "lot," "stocks," "bonds."

Sale price.—State the actual consideration or price, or, in case of an exchange, the fair market value of the property received.

Cost.—Enter the original cost of the property or, if it was acquired before March 1, 1913, its fair market value on that date. Expenses incidental to the purchase

may be included in the cost if never claimed in income tax returns as deductions from income. Enter in column 7 the amount of wear and tear (depreciation) or depletion sustained since March 1, 1913 (or since date of acquisition if subsequent to March 1, 1913). (This is a deduction from cost, though treated for convenience as an addition to the sale price.)

Losses.—If the total of columns 5 and 6 is in excess of the total of columns 4 and 7, report the difference as a loss by using red ink or a minus sign.

E. INCOME FROM RENTS AND ROYALTIES.

Kind of property.—Describe briefly, as in D.

Cash or equivalent received.—If a tenant rented your property on a cash rental basis, but paid the rent in crops or other property, report the amount of the rent as income for the year in which you received such crops or other property (unless your return shows income accrued).

Wear, tear, repairs, and property losses.—See instructions for Schedule A, above. Explain in Item 13, page 1 of the return.

Other expenses and losses.—Report taxes on rented or leased property and interest on indebtedness incurred or continued to purchase or carry it. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed.

F. INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH TAX OF 2% WAS PAID BY DEBTOR CORPORATION.

This item should include all interest received directly or through fiduciaries on bonds of corporations organized or doing business in the United States, containing a clause by which the debtor corporation agrees to pay the interest without any deduction for taxes, provided exemption from withholding was not claimed by the

owner of the bonds. If exemption was claimed, the interest received must be reported in G. (The amount of tax paid by the debtor corporation is treated as a credit against the tax due. See Item Q, page 1 of the return.)

G. OTHER INCOME (NOT INCLUDING DIVIDENDS).

Report in this schedule interest received on bank deposits, notes, mortgages, etc., and all other income not reported in Schedules A to F, except—

(a) Dividends received from corporations organized or doing business in the United States (see Item K).

(b) Receipts exempt from tax, as stated in Instruction III on the other side of this sheet.

State separately income from each source.

Deductions.—Interest paid on loans secured by bonds may be reported here as an offset to the interest received. Explain deductions in any convenient blank space on the return.

I. GENERAL DEDUCTIONS.

Interest.—Report here interest paid on personal indebtedness as distinguished from business indebtedness (which should be reported under A, E, or G above). Do not include interest on indebtedness incurred for the purchase of bonds and other obligations, the interest on which is exempt from tax (see Instruction III, page 1).

Taxes.—Report here taxes paid on your dwelling and household property, not including those assessed against local benefits of a kind tending to increase the value of the property assessed. Do not include Federal income taxes, nor estate or inheritance taxes.

Losses.—Report here losses of property not connected with your trade, business, or profession, sustained during the year from fire, storm, shipwreck, or other

casualty, or from theft, which were not compensated for by insurance or otherwise, and for which no claim for insurance is pending. Explain such losses in Item 13 on page 1 of the return.

Contributions.—Report here only contributions made within the year to corporations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, or to the special fund for vocational rehabilitation. The total amount of contributions to be entered here must not exceed 15 per cent of the net income computed without the benefit of this deduction.

Other deductions.—Bad debts arising out of personal loans may be reported here.