Fill work sheet first

IF RETURN IS FOR CALENDAR YEAR 1920 FILE IT WITH THE COLLECTOR OF INTERNAL REVENUE FOR YOUR DISTRICT ON OR BEFORE MARCH 15, 1921

IF FOR A PERIOD OTHER THAN A CALENDAR YEAR THE RETURN SHOULD BE FILED ON OR BEFORE THE 15th DAY OF THE THIRD MONTH FOLLOWING THE CLOSE OF SUCH PERIOD

Form 1040A—UNITED STATES INTERNAL REVENUE SERVICE

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF NOT MORE THAN $5,000

OR JOINT RETURN OF HUSBAND AND WIFE IF COMBINED NET INCOME DOES NOT EXCEED $5,000

For Calendar Year 1920

Or for period begun _____, 19___, and ended _____, 19___

PRINT PLAINLY NAME, STREET AND NUMBER OR RURAL ROUTE, POST OFFICE, COUNTY, AND STATE.

Do not write in this space

FIRST PAYMENT

$

(Cashier's Stamp)

CASH CHECK M. O.

Examined by

DETACH RETURN HERE AND SEND IT TO COLLECTOR OF INTERNAL REVENUE FOR YOUR DISTRICT.

I SWEAR (or affirm) that this return, including the accompanying schedules and statements (if any), has been examined by me, and, to the best of my knowledge and belief, is a true and complete return made in good faith, for the taxable period as stated, pursuant to the Revenue Act of 1918 and the Regulations issued under authority thereof.

_____

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

Sworn to and subscribed before me this _____ day of _____, 1921.

_____

(Signature of individual or agent.)

_____ _____

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

1. Are you a citizen of the United States? _____
2. If not, are you a resident of the United States? _____
3. If neither, of what country are you a citizen or subject? _____
4. Did you file a return for 1919? _____
5. If so, what address did you give on that return? _____
6. To what Collector's office was it sent? (Give district or city and State) _____
7. Were you married and living with wife (or husband) on the last day of your taxable period? _____
8. If not, were you on the last day of your taxable period supporting one or more persons living in your household who are closely related to you by blood, marriage, or adoption? _____
9. How many dependent persons under 18 (or if 18 or over, incapable of self-support because mentally or physically defective) were receiving their chief support from you on the last day of your taxable period? _____
10. Was a separate return filed by your wife (or husband)? _____ If so, state (*a*) exemption claimed, $_____ (*b*) Name and address entered at head of that return _____
11. Write "R" if you kept no books, or books on a cash basis; or "A" if you kept books on an accrual basis _____
12. Did you pay during the calendar year 1920 to any individual rent, wages, salaries, or other fixed or determinable income amounting to $1,000 or over? _____ If so, secure from the Collector Forms 1096 and 1099, and file a return of information.
13. Did you (your wife or husband in case this is a joint return) or dependent minor child having a net income of less than $1,000 per annum, receive any interest on Liberty Bonds or any other income not reported in this return? _____ If so, give sources from which such income was received and amounts.

COMPUTATION OF TAX

14. Net income (from page 2, Schedule L)	$		17. Tax due (4% on amount of Item 16)		$
15. Less personal exemption			18. Less: Tax paid at source	$	
16. Balance (income taxable at 4%)	$		19. Income and profits taxes paid during taxable period to foreign countries or possessions of the United States (attach Form 1116)		$
			20. Balance of tax due (Item 17 minus Items 18 and 19)		$
			21. Amount of tax paid on submission of return		$

NOTE.—If the amount of Item 16 exceeds $4,000, the excess is taxable at 8%, and your return should be made on Form 1040.

AMENDED RETURNS

An amended return must be plainly marked "Amended" across the face of the return.

CHECKS AND DRAFTS

Checks and drafts will be accepted only if payable at par at your Collector's office.

ENTER IN THIS TABLE DETAILS CONCERNING REPAIRS, WEAR AND TEAR, PROPERTY LOSSES, ETC., CLAIMED AS DEDUCTIONS IN SCHEDULES A, E, AND I, ON PAGE 2 OF RETURN.

1. Refer to "A," "E," or "I."	2. Kind of property (if buildings, state also material of which constructed).	3. Date acquired.	4. Age when acquired.	5. Cost, or if acquired prior to March 1, 1913, the fair market value on that date.	6. Repairs, ordinary and incidental.	Wear and tear, obsolescence, and depletion charged off. 7. Rate.	8. Amount previous years.	9. Amount this year.	10. Losses not compensated for by insurance or otherwise. Cause and how amount was arrived at.
				$	$		$	$	$

INDIVIDUAL RETURN OF TAXABLE INCOME

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

SCHEDULE 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:

4. Labor _____ $ _____
5. Material and supplies _____
6. Merchandise bought for sale _____
7. Other costs (list principal items and amounts at foot of page) _____
8. Plus inventory at beginning of year (see page 2 of instructions) _____
9. TOTAL _____ $ _____
10. Less inventory at end of year _____
11. Net Cost of Goods Sold _____ $ _____

State amount of salary to self included in Item 12, _____ $ _____

OTHER BUSINESS DEDUCTIONS:

12. Salaries and wages not reported as "Labor" under "Cost of Goods Sold" $ _____
13. Rent on business property in which taxpayer has no equity _____
14. Interest on business indebtedness to others _____
15. Taxes on business and business property _____
16. Repairs, wear and tear, obsolescence, depletion, and property losses _____
17. Bad debts arising from sales or professional services _____
18. Other expenses (list principal items and amounts at foot of page) _____
19. TOTAL (Items 12 to 18, inclusive) _____ $ _____

20. NET COST PLUS TOTAL DEDUCTIONS (Item 11 plus Item 19) $ _____

21. NET INCOME FROM BUSINESS OR PROFESSION (Item 3 minus Item 20) $ _____

SCHEDULE 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. Amount received.	5. Expenses. (Explain below.)	
			$	$	
NET INCOME FROM SALARIES, ETC. (Total of column 4 minus total of column 5)			$	$	$

SCHEDULE C.—INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND FIDUCIARIES.

(State name and address of partnership, etc.) _____ $ _____

SCHEDULE D.—PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY, AND FROM LIQUIDATING DIVIDENDS.

1. Kind of property.	2. Name and address of purchaser or broker.	3. Sale price or liquidating dividends.	4. Date acquired.	5. Cost, or if acquired prior to March 1, 1913, the fair market value on that date.	6. Cost of subsequent improvements, if any.	7. Depreciation.	
		$		$	$	$	
NET PROFIT FROM SALES (total of columns 3 and 7 minus total of columns 5 and 6)		$		$	$	$	$

SCHEDULE E.—INCOME FROM RENTS AND ROYALTIES.

1. Kind of property.	2. Name and address of tenant, lessee, etc.	3. Amount received.	4. Repairs, wear, tear, and property losses.	5. Other expenses. (Explain below.)	
		$	$	$	
NET INCOME FROM RENTS AND ROYALTIES (total of column 3 minus total of columns 4 and 5)		$	$	$	$

SCHEDULE F.—INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID AT SOURCE

(including such interest received through partnerships, personal service corporations and fiduciaries) _____ $ _____

SCHEDULE G.—OTHER INCOME (not including dividends, which should be reported in Schedule M).

	Amount received.	
Amount paid for you at source on tax-free covenant bonds	$	
TOTAL		$

SCHEDULE H.—TOTAL NET INCOME FROM ABOVE SOURCES. (Total net income less total deficits, shown in above Schedules) $ _____

SCHEDULE I.—DEDUCTIONS (except those included above).

1. Interest paid $ _____
2. Taxes paid _____
3. Losses by fire, storm, etc. (explain in table on page 1) $ _____
4. Bad debts (explain below) _____
5. Amounts paid to beneficiaries, etc. $ _____

TOTAL $ _____

SCHEDULE J.—NET INCOME (without deducting contributions). (H minus I) $ _____

SCHEDULE K.—CONTRIBUTIONS (list below names and amounts paid to each corporation) $ _____

SCHEDULE L.—NET INCOME UPON WHICH TAX IS TO BE COMPUTED (J minus K). (Enter as Item 14, page 1.) $ _____

SCHEDULE M.—DIVIDENDS (including dividends received through partnerships, personal service corporations and fiduciaries) $ _____

SCHEDULE N.—TOTAL NET INCOME (L plus M). (If this amount is over $5,000, make your return on Form 1040) $ _____

EXPLANATION OF DEDUCTIONS claimed in Schedule A, Items 7 and 18; Schedule B, column 5; Schedule E, column 5; Schedule I, Item 4; and Schedule K.

DETACH THE RETURN (CONTAINING AFFIDAVIT) AND DELIVER OR SEND IT WITH PAYMENT TO COLLECTOR OF INTERNAL REVENUE ON OR BEFORE THE 15th DAY OF THE THIRD MONTH AFTER THE CLOSE OF THE TAXABLE PERIOD

KEEP THIS WORK SHEET AND THE INSTRUCTION SHEET

RETAIN THIS SHEET AND INSTRUCTION SHEET AVAILABLE FOR INSPECTION BY REVENUE OFFICER.

Page 1 of Work Sheet

Form 1040A—UNITED STATES INTERNAL REVENUE SERVICE

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF NOT MORE THAN $5,000

OR JOINT RETURN OF HUSBAND AND WIFE IF COMBINED NET INCOME DOES NOT EXCEED $5,000

For Calendar Year 1920

Or for period begun _____, 19___, and ended _____, 19___

PRINT NAME AND ADDRESS PLAINLY BELOW

_____
(Name)

_____
(Street and number or rural route)

_____
(Post office) (County) (State)

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

TAXPAYER'S RECORD OF PAYMENTS

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

1. Are you a citizen of the United States? _____ 2. If not, are you a resident of the United States? _____ 3. If neither, of what country are you a citizen or subject? _____
4. Did you file a return for 1919? _____ 5. If so, what address did you give on that return? _____
6. To what Collector's office was it sent? (Give district or city and State) _____ 7. Were you married and living with wife (or husband) on the last day of your taxable period? _____
8. If not, were you on the last day of your taxable period supporting one or more persons living in your household who are closely related to you by blood, marriage, or adoption? _____
9. How many dependent persons under 18 (or if 18 or over, incapable of self-support because mentally or physically defective) were receiving their chief support from you on the last day of your taxable period? _____
10. Was a separate return filed by your wife (or husband)? _____ If so, state (*a*) exemption claimed, $_____ (*b*) Name and address entered at head of that return _____
11. Write "R" if you kept no books, or books on a cash basis; or "A" if you kept books on an accrual basis _____ 12. Did you pay during the calendar year 1920 to any individual rent, wages, salaries, or other fixed or determinable income amounting to $1,000 or over? _____ If so, secure from the Collector Forms 1096 and 1099, and file a return of information.
13. Did you (your wife or husband in case this is a joint return) or dependent minor child having a net income of less than $1,000 per annum, receive any interest on Liberty Bonds or any other income not reported in this return? _____ If so, give sources from which such income was received and amounts.

_____

_____

_____

COMPUTATION OF TAX

14. Net income (from page 2, Schedule L)	$	17. Tax due (4% on amount of Item 16)	$
15. Less personal exemption		18. Less: Tax paid at source	$
16. Balance (income taxable at 4%)	$	19. Income and profits taxes paid during taxable period to foreign countries or possessions of the United States (attach Form 1116)	$
		20. Balance of tax due (Item 17 minus Items 18 and 19)	$
		21. Amount of tax paid on submission of return	$

NOTE.—If the amount of Item 16 exceeds $4,000, the excess is taxable at 8%, and your return should be made on Form 1040.

AMENDED RETURNS

An amended return must be plainly marked "Amended" across the face of the return

CHECKS AND DRAFTS

Checks and drafts will be accepted only if payable at par at your Collector's Office

ENTER IN THIS TABLE DETAILS CONCERNING REPAIRS, WEAR AND TEAR, PROPERTY LOSSES, ETC., CLAIMED AS DEDUCTIONS IN SCHEDULES A, E, AND I, ON PAGE 2 OF RETURN.

1. Refer to "A," "E," or "I."	2. Kind of property (if buildings, state also material of which constructed).	3. Date acquired.	4. Age when acquired.	5. Cost, or if acquired prior to March 1, 1913, the fair market value on that date.	6. Repairs, ordinary and incidental.	Wear and tear, obsolescence, and depletion charged off. 7. Rate.	8. Amount previous years.	9. Amount this year.	10. Losses not compensated for by insurance or otherwise. Cause and how amount was arrived at.
				$	$		$	$	$

2—10469

WORK SHEET OF INDIVIDUAL RETURN OF TAXABLE INCOME

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

SCHEDULE 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:

4. Labor _____ $ _____
5. Material and supplies _____
6. Merchandise bought for sale _____
7 Other costs (list principal items and amounts at foot of page) _____
8. Plus inventory at beginning of year (see page 2 of instructions) _____
9. TOTAL _____ $ _____
10. Less inventory at end of year _____
11. Net Cost of Goods Sold _____ $ _____

State amount of salary to self included in Item 12, _____ $ _____

OTHER BUSINESS DEDUCTIONS:

12. Salaries and wages not reported as "Labor" under "Cost of Goods Sold" _____ $ _____
13. Rent on business property in which taxpayer has no equity _____
14. Interest on business indebtedness to others _____
15. Taxes on business and business property _____
16. Repairs, wear and tear, obsolescence, depletion, and property losses _____
17. Bad debts arising from sales or professional services _____
18. Other expenses (list principal items and amounts at foot of page) _____
19. TOTAL (Items 12 to 18, inclusive) _____ $ _____

20. NET COST PLUS TOTAL DEDUCTIONS (Item 11 plus Item 19) _____ $ _____

21. NET INCOME FROM BUSINESS OR PROFESSION (Item 3 minus Item 20) _____ $ _____

SCHEDULE 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. Amount received.	5. Expenses. (Explain below.)	
			$	$	
NET INCOME FROM SALARIES, ETC. (Total of column 4 minus total of column 5)			$	$	$

SCHEDULE C.—INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND FIDUCIARIES.

(State name and address of partnership, etc.) _____ $ _____

SCHEDULE D.—PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY, AND FROM LIQUIDATING DIVIDENDS.

1. Kind of property.	2. Name and address of purchaser or broker.	3. Sale price or liquidating dividends.	4. Date acquired.	5. Cost, or if acquired prior to March 1, 1913, the fair market value on that date.	6. Cost of subsequent improvements, if any.	7. Depreciation.	
		$		$	$	$	
NET PROFIT FROM SALES (total of columns 3 and 7 minus total of columns 5 and 6)		$		$	$	$	$

SCHEDULE E.—INCOME FROM RENTS AND ROYALTIES.

1. Kind of property.	2. Name and address of tenant, lessee, etc.	3. Amount received.	4. Repairs, wear, tear, and property losses.	5. Other expenses. (Explain below.)	
		$	$	$	
NET INCOME FROM RENTS AND ROYALTIES (total of column 3 minus total of columns 4 and 5)		$	$	$	$

SCHEDULE F.—INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID AT SOURCE

(including such interest received through partnerships, personal service corporations and fiduciaries) _____ $ _____

SCHEDULE G.—OTHER INCOME (not including dividends, which should be reported in Schedule M).

	Amount received.	
Amount paid for you at source on tax-free covenant bonds	$	
TOTAL		$

SCHEDULE H.—TOTAL NET INCOME FROM ABOVE SOURCES. (Total net income less total deficits, shown in above Schedules) _____ $ _____

SCHEDULE I.—DEDUCTIONS (except those included above).

1. Interest paid _____ $ _____
2. Taxes paid _____
3. Losses by fire, storm, etc. (explain in table on page 1) _____ $ _____
4. Bad debts (explain below) _____
5. Amounts paid to beneficiaries, etc. _____ $ _____

TOTAL _____ $ _____

SCHEDULE J.—NET INCOME (without deducting contributions). (H minus I) _____ $ _____

SCHEDULE K.—CONTRIBUTIONS (list below names and amounts paid to each corporation) _____ $ _____

SCHEDULE L.—NET INCOME UPON WHICH TAX IS TO BE COMPUTED (J minus K). (Enter as Item 14, page 1.) _____ $ _____

SCHEDULE M.—DIVIDENDS (including dividends received through partnerships, personal service corporations and fiduciaries) _____ $ _____

SCHEDULE N.—TOTAL NET INCOME (L plus M). (If this amount is over $5,000, make your return on Form 1040) _____ $ _____

EXPLANATION OF DEDUCTIONS claimed in Schedule A, Items 7 and 18; Schedule B, column 5; Schedule E, column 5; Schedule I, Item 4; and Schedule K.

GENERAL INSTRUCTIONS

INDIVIDUAL RETURN

PERSONS REQUIRED TO MAKE A RETURN OF INCOME.

1. A return of net income must be filed by every citizen of the United States whether residing at home or abroad, and every person residing in the United States, though not a citizen thereof, whose net income for the taxable period 1920 amounted to—

(*a*) $1,000 if single or if married and not living with wife (or husband).
(*b*) $2,000 if married and living with wife (or husband).

2. Under these conditions a return must be filed even though the amount of net income is not sufficient to incur tax liability. Note especially paragraphs 17 to 22 under "Credits for Personal Exemption and Dependents."

3. If the combined income of husband, wife, and dependent minor children equaled or exceeded $2,000, all such income must be reported either on a joint return or on separate returns of husband and wife. If single and the income, including that of dependent minors, if any, equaled or exceeded $1,000, one return must be filed. A minor, however, having a net income of $1,000 or $2,000, according to the marital status, must file a return.

4. The 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.

5. Income of (*a*) estates of decedents before final settlement; (*b*) trusts, whether created by will or deed, for unascertained persons or persons with contingent interests; or income held, or which under the terms of the will or trust may be held, for future distribution, is taxed to the fiduciary as a single person, except that from the income of a decedent's estate there may first be deducted any amount properly paid or credited to a beneficiary.

6. If the net income of a decedent from the beginning of the taxable period to the date of his death was $1,000, if unmarried, or $2,000, if married and living with wife (or husband), the executor or administrator shall file a return on Form 1040 or 1040A for such decedent.

WHEN TO USE FORM 1040 INSTEAD OF THIS FORM.

7. You must file 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 filed by wife (or husband).
(*c*) If the combined net income of husband and wife exceeds $5,000.

PERIOD TO BE COVERED BY RETURN.

8. Your return must be filed for the calendar year ending December 31, 1920, or for the fiscal year ending on the last day of any month other than December. The dates on which the period covered by the return begins and ends, if other than a calendar year, must be plainly stated at the head of the return, and answers to questions 7, 8, and 9 on page 1 of the return must be given accordingly.

9. You were required to file your return for 1918 on the basis of your annual accounting period. Having established an accounting period for 1918 this period must be adhered to for subsequent years, unless permission was received from the Commissioner to make a change.

ACCRUED OR RECEIVED INCOME.

10. 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 though it is not entered on your books.

11. If you do not keep books showing income accrued and expenses incurred, report income received and expenses paid.

12. If you report income accrued, you must include all income that accrued in the taxable year though not actually received.

13. If you report income received, you must include all income constructively received, such as bank interest or salary credited to your account.

14. If you have computed your income from installment sales in conformity with Articles 42 to 47, inclusive, of Regulations 45, you must attach to your return a schedule showing separately for the years 1918, 1919, and 1920 the following information: (*a*) Gross sales; (*b*) cost of goods sold; (*c*) gross profits; (*d*) percentage of profits to gross sales; (*e*) amount collected; (*f*) gross profit on amount collected.

ITEMS EXEMPT FROM TAX.

15. The following items are exempt from Federal income tax; the nontaxable income, however, described in classes (*c*), (*d*), (*e*), (*f*), and (*h*) below must be reported in Item 13, page 1 of the return.

(*a*) Pay, not exceeding $3,500, for active services in the military or naval forces of the United States, received during the taxable period prior to the termination of the present war as fixed by proclamation of the President.

(*b*) Gifts (not made as a consideration for service 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).

(*c*) 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, to the extent provided by the acts authorizing the issue thereof and by subsequent acts.

(*d*) Interest on bonds and other obligations of United States' possessions (Philippines, Porto Rico, etc.).

(*e*) Interest on bonds and other obligations of States, Territories, political subdivisions thereof (such as cities, counties, and townships), and the District of Columbia.

(*f*) Interest on Federal Farm Loan bonds.

(*g*) Dividends on stock of Federal Reserve Banks. Dividends paid by member banks, however, are treated as dividends of ordinary corporations.

(*h*) Interest on bonds issued by the War Finance Corporation, only if and to the extent provided by the act authorizing the issue thereof.

(*i*) Proceeds of life insurance policies paid upon the death of the insured to individual beneficiaries or the estate of the insured.

(*j*) 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.

(*k*) Amounts received from accident and health insurance and under workmen's compensation acts plus the amount of any damages received by suit or agreement on account of injuries or sickness.

(*l*) Compensation paid by a State or political subdivision thereof to its officers or employees.

(*m*) Compensation paid by the United States to Federal judges, appointed prior to February 24, 1919, and to the President of the United States.

FARMER'S INCOME SCHEDULE.

16. If you are a farmer or a farm owner renting your farm out on shares and keep no books of account, or keep books on a cash basis, obtain from the Collector, and attach to this return, Form 1040F, Schedule of Farm Income and Expenses. Enter the net farm income as Item 21 in Schedule A, page 2 of this return. If your farm books of account are kept on an accrual basis, the filing of Form 1040F is optional. Report income from salaries, rents, interest, sales of property, etc., in Schedules B to G of the return.

CREDITS FOR PERSONAL EXEMPTION AND DEPENDENTS.

17. If you were married and living with your wife (or husband) or were head of a family on the last day of your taxable period, you may subtract from your net income, before calculating your normal tax, an exemption of $2,000 plus $200 for each person under 18 (or if 18 or over, incapable of self-support because mentally or physically defective) who was receiving his chief support from you on that date. If husband and wife make separate returns, this exemption may be claimed by either (but not by both) or may be divided between them.

18. If you were not married or did not live with wife (or husband) and were not head of a family on the last day of your taxable period, you are entitled to a personal exemption of $1,000 plus $200 for each dependent person under 18 (or if 18 or over, incapable of self-support because mentally or physically defective) who was receiving his chief support from you on that date.

19. An exemption of $1,000 may be claimed in cases where Form 1040A is filed for estates in process of administration, or with respect to income held for future distribution.

20. If by reason of a change in your accounting period you make a return for a part of a year, 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.

21. The personal exemption must be reported as Item 15, and supported by answers to questions 7, 8, and 9 on page 1 of the return.

22. A "head of family" is a person who actually supports one or more persons living in his (or her) household, who are closely related to him (or her) by blood, marriage, or adoption. (As to credit for taxes claimed in Item 19, page 1 of the return, see Articles 381 to 385, inclusive, Regulations 45.)

AFFIDAVIT.

23. 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. A minor, however, making his own return, must execute the affidavit.

24. The oath will be administered without charge by any collector, deputy collector, or internal revenue agent, 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.

WHEN AND WHERE THE RETURN MUST BE FILED.

25. If the return is for the calendar year 1920, file it with the Collector of Internal Revenue for the district in which you live or have your principal place of business on or before March 15, 1921. If for a period other than the calendar year, the return should be filed on or before the 15th day of the third month following the close of such period.

26. In case the taxpayer had no legal residence or place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Md.

27. 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.

WHEN AND TO WHOM THE TAX MUST BE PAID.

28. 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)."

29. Do not send cash through the mail, or pay it in person, except at the office of the collector.

30. The tax may be paid in four equal installments as follows: The first installment shall be paid at the time fixed by law for filing the return, and the second installment shall be paid on the 15th day of the third month, the third installment on the 15th day of the sixth month, and the fourth installment on the 15th day of the ninth month after the time fixed by law for filing the return.

31. The total tax may be paid at the time of filing the return, or if not so paid, one installment must be paid and the balance may be paid in installments, or in full, on or prior to any subsequent installment date referred to above. Failure to pay any installment on the date fixed by law makes the taxpayer liable for the payment of the balance of tax due upon notice and demand by the collector.

PENALTIES.

For Making False or Fraudulent Returns.

32. 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.

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

For Failing to Pay Tax When Due, or Understatement of Tax Through Negligence.

34. Five per cent of the tax due but unpaid, plus interest at the rate of 1 per cent per month during the period in which it remains unpaid.

INSTRUCTIONS FOR FILLING IN INDIVIDUAL INCOME TAX RETURN

SCHEDULE A.—INCOME FROM BUSINESS OR PROFESSION.

Report in this schedule on the return income from—

(*a*) Sale of merchandise, or of products of manufacturing, construction, mining, and agriculture.

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

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

In general, report in Schedule A any income in the earning of which you incurred expenses for labor, rent, etc.

If you are a farmer (or a farm owner renting your farm to another person on shares), see page 1 of instructions, paragraph 16.

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

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

Total sales and income from business or profession.—Report the total amount derived from sales or from services, less any discounts or allowances from the sale price or service charge. (For installment sales see page 1 of instructions, paragraph 14.)

Inventories.—Write "C," or "C or M," on lines 8 and 10 immediately before the amount column, to indicate that inventories are valued at either cost, or cost or market, whichever is lower.

If you are engaged in a trade or business in which the production, purchase, or sale of merchandise of any kind is an income-producing factor, secure from the Collector of Internal Revenue and file as a part of this return a *Certificate of Inventory, Form 1126*.

Other business deductions.—Do not include cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, or living and family expenses.

Salaries.—Enter as Item 12 all salaries and wages not reported as "Labor" under "Cost of Goods Sold." Salary or wages for your own services or the services of your dependent minor children if deducted, must be reported as income in Schedule B.

Rent.—Enter as Item 13 rent on business property in which you have no equity. Do not include rent for dwelling you occupy for residential purposes.

Interest.—Enter as Item 14 interest on business indebtedness to others. Do not include interest to yourself on capital invested in or advanced to the business.

Taxes.—Enter as Item 15 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, obsolescence, depletion, and property losses.—Enter as Item 16, (*a*) ordinary repairs required to keep property in usable condition, (*b*) reasonable allowance for exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence, and (*c*) losses of business property by fire, storm, or other casualty, or theft, not compensated for by insurance or otherwise and not made good by repairs claimed as deductions. Explain these deductions in table at foot of page 1 of return.

Do not claim any deduction for depreciation in the value of a building occupied by you as a dwelling, or of other property held for personal use.

Bad debts.—Enter as Item 17, only debts arising from sales or professional services that have been reported as income, which have been definitely ascertained to be worthless and have been charged off within the year.

Additions to a reserve for bad debts, as such, do not constitute allowable deductions.

A debt previously charged off as bad, if subsequently collected, must be returned as income for the year in which collected.

Deficit.—If Item 21 shows a deficit, indicate by using red ink or a minus sign.

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

Report all salaries or other compensation credited by or received from outside sources, and any salaries included as a deduction in Schedule A for (*a*) yourself, (*b*) your wife (or husband) if a joint return is filed, and (*c*) each dependent minor child having a net income of less than $1,000 per annum. Use a separate line for each entry, giving the information requested.

Report pay in excess of $3,500 for active service in the military or naval forces of the United States received during the taxable period prior to the termination of the present war as fixed by proclamation of the President. Report all retired pay from these sources.

Any amount claimed as a deduction for necessary expenses against salaries, etc., should be fully explained in space at foot of page 2 of the return or in an attached statement.

SCHEDULE C.—INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND FIDUCIARIES.

Report your share (whether received or not) in the profits of a partnership or personal service corporation, or in the income of an estate or trust, except the part of such share that consisted of (*a*) interest on corporation bonds containing a tax-free covenant on which a tax of 2 per cent was paid at source (to be included in Schedule F), (*b*) dividends on stock of corporations (to be included in Schedule M), and (*c*) interest on obligations of the United States (to be included in Item 13, page 1, of the return).

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

If the taxable period on the basis of which you file your return fails to coincide with the annual accounting period of the partnership, personal service corporation, or fiduciary, then you should include in your return your distributive share of the total net income for such accounting period, ending within your taxable period.

SCHEDULE D.—PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY, AND FROM LIQUIDATING DIVIDENDS.

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

Sale price or liquidating dividends.—State the actual consideration or price, or, in case of an exchange, the fair market value of the property received. Liquidating dividends are returnable in the first year in which the aggregate of all such payments exceeds the cost of the stock, or if acquired prior to March 1, 1913, the fair market value on that date, when, and in such event, the entire amount received must be reported. All amounts subsequently received constitute taxable income in their entirety for the year in which received.

Cost.—Enter the original cost of the property or, if it was acquired prior to March 1, 1913, the fair market value on that date. Attach statement explaining how value at March 1, 1913, was determined. Expenses incidental to the purchase may be included in the cost if never claimed in income tax returns as deductions from income.

Depreciation.—Enter in column 7 the amount of wear and tear and obsolescence, or depletion sustained since March 1, 1913 (or since date of acquisition, if subsequent to March 1, 1913).

Deficit.—If the total of columns 5 and 6 is in excess of the total of columns 3 and 7, indicate the deficit by using red ink or a minus sign.

SCHEDULE E.—INCOME FOR RENTS AND ROYALTIES.

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

Rent.—If you receive property or crops in lieu of cash rent, report the income as though the rent had been paid in cash. Crops received as rent on a crop-share basis should be reported as income for the year in which disposed of (unless your return shows income accrued).

Repairs, wear and tear, obsolescence, depletion, and property losses.—See instructions for Schedule A, above. Explain in table at foot of page 1.

Other expenses.—Report interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character. Classify expenditures at foot of page 2 of the return.

SCHEDULE F.—INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID AT SOURCE.

Report all interest received directly or through partnerships, personal (by filing a yellow certificate, Form 1001), the interest received must be