

INDIVIDUAL INCOME TAX RETURN

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

For Calendar Year 1921

Or for period begun _____, 1920, and ended _____, 1921

PRINT NAME AND ADDRESS PLAINLY BELOW

(Name.)

(Street and number or rural route.)

(Post office.) (County.) (State.)

Do not write in this space
FIRST PAYMENT

\$ _____

(Cashier's Stamp)

CASH CHECK M. O.

Examined by _____

FILE RETURN
WITH THE
COLLECTOR OF
INTERNAL
REVENUE FOR
YOUR DISTRICT
ON OR BEFORE
MARCH 15, 1922

OCCUPATION, PROFESSION, OR KIND OF BUSINESS _____

See In-struction Number	Explain in Schedule (page 2)	INCOME.		
		1.	Amount received.	Expenses paid.
13	F	1. Salaries, Wages, Commissions, etc. (State name and address of person from whom received.)	\$ _____	\$ _____
14		2. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds		
15	A	3. Income from Partnerships, Fiduciaries, etc. (State name and address of partnerships, etc.)		
16	B	4. Rents and Royalties		
17	C	5. Profit (or loss) from Business or Profession (not including income from partnerships)		
18	D	6. Profit (or loss) from Sale of Real Estate		
19		7. Profit (or loss) from Sale of Stocks, Bonds, etc.		
		8. Other Income (except dividends from domestic corporations and interest on obligations of the U. S.) (State nature of income)		
		(a) _____		
		(b) _____		
		9. TOTAL INCOME IN ITEMS 1 TO 8 (less losses shown above, if any)	\$ _____	
		DEDUCTIONS.		
20		10. Interest Paid (not including interest deducted above)	\$ _____	
21		11. Taxes Paid (not including taxes deducted above)		
22	E	12. Losses by Fire, Storm, etc.		
23	F	13. Contributions		
24	F	14. Bad Debts (not including bad debts deducted above)		
25	F	15. Other Deductions Authorized by Law		
		16. TOTAL OF ITEMS 10 TO 15	\$ _____	
		17. TAXABLE NET INCOME (Item 9 minus Item 16)	\$ _____	

COMPUTATION OF TAX.

8	18. Net Income (Item 17 above)	\$ _____	21. Tax Due (4% of Item 20)	\$ _____
	19. Less Personal Exemption and Credit for Dependents	_____	22. Less: Tax Paid at Source	\$ _____
			23. Income and profits taxes paid to a foreign country or possession of the United States (attach Form 1116)	_____
11	20. Balance (Item 18 minus Item 19)	\$ _____	24. Balance Due (Item 21 minus 22 and 23)	\$ _____
	Checks will be accepted if payable at par at Collector's Office.		25. Tax Paid when Filing Return	\$ _____

SCHEDULE A.—EXPLANATION OF ITEM 4. (Rents and Royalties.)

1. Kind of property.	2. Cost, or March 1, 1913, value.	3. Amount received.	4. Repairs.	5. Depreciation and depletion.	6. Other expenses.	7. Net profit (or loss).

State estimated life of property and how you figured depreciation _____

SCHEDULE B.—EXPLANATION OF ITEM 5. (Business or Profession.)

Total Income from Business or Profession _____		
Total Business Expenses (state specifically, see Instruction 16) _____		
NET PROFIT (OR LOSS) (If profit is less than usual, explain) _____		

Explanation of business expenses _____

SCHEDULE C.—EXPLANATION OF ITEM 6. (Sale of Real Estate.)

1. Kind of property.	2. Date acquired.	3. Amount received.	4. Cost.	5. March 1, 1913, value.	6. Subsequent improvements.	7. Depreciation.	8. Net profit (or loss).

If not acquired by purchase, state how acquired _____

SCHEDULE D.—EXPLANATION OF ITEM 7. (Sale of Stocks, Bonds, etc.)

1. Kind of property.	2. Date acquired.	3. Cost.	4. March 1, 1913, value.	5. Amount received.	6. Net profit (or loss).

If not acquired by purchase, state how acquired _____

SCHEDULE E.—EXPLANATION OF ITEM 12. (Losses by Fire, Storm, etc.)

1. Kind of property.	2. Cost, or March 1, 1913, value.	3. Depreciation previously taken.	4. Salvage value.	5. Insurance.	6. Net loss.

SCHEDULE F.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 13, 14, and 15.)

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1. Are you a citizen or resident of the United States? _____	2. If you filed a return for 1920, to what Collector's office was it sent? _____	3. Is this a joint return of husband and wife? _____
4. Was a separate return filed by your husband or wife? _____	If so, state: (a) Exemption claimed, \$ _____	(b) Name and address entered at head of that return _____
5. Were you married and living with husband or wife on the last day of your taxable period? _____	6. 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? _____	
7. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective were receiving their chief support from you on the last day of your taxable period? _____		
8. State amount of dividends received from domestic corporations (including dividends received through partnerships, fiduciaries, etc.) \$ _____	9. State amount of interest received on Victory Liberty Loan 4 1/2% Notes \$ _____	10. State amount of interest received on other obligations of the United States (except Liberty Bonds) on a principal in excess of \$5,000 \$ _____

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 1921 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 _____, 1922. _____
(Signature of individual or agent.)

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

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

INSTRUCTIONS FOR INDIVIDUAL RETURN

1. PERSONS REQUIRED TO MAKE A RETURN OF INCOME.

An income tax return 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 gross income for the taxable period 1921 amounted to \$5,000, or whose net income amounted to—

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

If the combined net income of husband, wife, and dependent minor children equalled or exceeded \$2,000, or if the combined gross income of husband, wife, and dependent minor children equalled or exceeded \$5,000 all such income must be reported on a joint return, or on separate returns of husband and wife. If single and the net income, including that of dependent minors, if any, equalled or exceeded \$1,000, or if the gross income equalled or exceeded \$5,000, a return must be filed. A minor, however, having a net income of \$1,000 or \$2,000, according to the marital status, or a gross income of \$5,000, must file a return.

Under each of the above conditions, a return must be filed even though no tax is due. Note especially Instruction 8, "Credits for Personal Exemption and Dependents."

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.

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 an estate there may first be deducted any amount properly paid or credited to beneficiaries.

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, or if the gross income was \$5,000 or over, the executor or administrator shall file a return on Form 1040 or 1040A for such decedent.

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

You must file your return on Form 1040—

- (a) If the combined net income of husband and wife exceeds \$5,000.
- (b) If your net income exceeds \$5,000.
- (c) 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 husband or wife.
- (d) If the return is filed for a period of less than one year and the net income when placed on an annual basis exceeds \$5,000. (See Instruction 3 below.)

3. PERIOD TO BE COVERED BY RETURN.

Your return must be filed for the calendar year ending December 31, 1921, 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.

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. In the case of a return for a period of less than one year, the net income shall be placed on an annual basis by multiplying the amount thereof by twelve and dividing by the number of months included in such period; and the tax shall be such part of a tax computed on such annual basis as the number of months in such period is of twelve months.

4. ACCRUED OR RECEIVED INCOME.

If your books of account are kept on an accrual basis, report all income accrued, even though it has not been actually received or entered on the books, and expenses incurred instead of expenses paid.

If your books do not show income accrued and expenses incurred, report all income received or constructively received, such as bank interest credited to your account, and expenses paid.

5. INSTALLMENT SALES.

If you have used the installment method in computing income from installment sales you must attach to your return a schedule showing separately for the years 1918, 1919, 1920, and 1921 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.

6. ITEMS EXEMPT FROM TAX.

The following items are exempt from Federal income tax and should not be reported, unless it is desired to establish a net loss, in which case see Section 204 of the Revenue Act of 1921:

- (a) The proceeds of life insurance policies paid upon the death of the insured;
- (b) The amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract;
- (c) 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);
- (d) Interest upon (1) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (2) securities issued under the provisions of the Federal Farm Loan Act of July 17, 1916; or (3) the obligations of the United States or its possessions; or (4) bonds issued by the War Finance Corporation. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit), and in the case of bonds issued by the War Finance Corporation, the interest is exempt only if and to the extent provided in the respective acts authorizing the issue thereof as amended and supplemented by Section 1328 of the Revenue Act of 1921, and should be excluded from gross income only if and to the extent it is wholly exempt to the taxpayer from income, war profits, and excess profits taxes;
- (e) Amounts received through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness;

- (f) Amounts received as compensation, family allotments and allowances under the provisions of the War Risk Insurance and the Vocational Rehabilitation Acts, or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war;
- (g) The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;
- (h) Compensation paid by a State or political subdivision thereof to its officers or employees.

7. FARMER'S INCOME SCHEDULE.

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 1040 F, Schedule of Farm Income and Expenses. Enter the net farm income as Item 5, page 1 of the return. If your farm books of account are kept on an accrual basis, the filing of Form 1040 F is optional. Report income from salaries, interest, rents, sales of property, etc., in Items 1 to 7 of the return.

8. CREDITS FOR PERSONAL EXEMPTION AND DEPENDENTS.

If you were married and living with your husband or wife or were head of a family on the last day of your taxable period, you may subtract from your net income on Form 1040A, before calculating your normal tax, an exemption of \$2,500, plus \$400 for each person (other than husband or wife) under 18 years of age or 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, the exemption of \$2,500 may be claimed by either (but not by both) or may be divided between them, but the exemption of \$400 for each dependent may be claimed only by the person furnishing the chief support.

If you were not married, or did not live with husband or wife 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 \$400 for each dependent person under 18 years of age or incapable of self-support because mentally or physically defective, who was receiving his chief support from you on that date.

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.

If by reason of a change in your accounting period a return is filed for part of a year, the personal exemption and credit for dependents may be claimed in accordance with your status on the last day of such taxable period. (See also Instruction 3 on this page.)

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.

9. AFFIDAVIT.

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.

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.

10. WHEN AND WHERE THE RETURN MUST BE FILED.

If the return is for the calendar year 1921, 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, 1922. 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.

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.

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.

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

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)."

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

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, 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.

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.

12. PENALTIES.

For Making False or Fraudulent Returns.

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

For Failing to Make Return on Time.

Not more than \$1,000, and, in addition, 25 per centum of the total tax.

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

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

13. INCOME FROM SALARIES, WAGES, COMMISSIONS, ETC.

Report all salaries or other compensation credited by or received from outside sources, and any salaries included as a deduction in Item 5 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.

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

Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business are deductible.

14. INCOME FROM PARTNERSHIPS, FIDUCIARIES, ETC.

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 dividends on stock of domestic corporations, and taxable interest on obligations of the United States, which should be included in Items 8, 9, and 10, at foot of page 2 of the return.

Report in Item 1, 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.

15. INCOME FROM RENTS AND ROYALTIES.

If you received property or crops in lieu of cash rent, report the income as though the rent had been received 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).

Explain in Schedule A, repairs, depreciation, depletion, and other expenses. Other expenses include interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character.

16. INCOME FROM BUSINESS OR PROFESSION.

Report in Item 5 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 Item 1.

(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 Item 1.

In general, report in Item 5, 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 Instruction 7.

Describe the business or profession, as "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," "farmer," etc.

Report the total income derived from sales or from services, less any discounts or allowances from the sale price or service charge. (For installment sales see Instruction 5.)

"Total Business Expenses" include: (1) cost of goods sold, which is usually obtained by adding to the inventory at the beginning of the year the merchandise and supplies purchased during the year, and deducting from this sum the inventory at the end of the year; (2) business expenses, which include all ordinary and necessary business expenses not classified above, such as office wages, rent, heat, light, and traveling expenses (see Instruction 13); (3) repairs, wear and tear, obsolescence, depletion, and property losses (other than merchandise), such as (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; and (4) bad debts, or portions thereof, arising from sales or professional services that have been reported as income, which have been definitely ascertained to be worthless and charged off within the year, or such reasonable amount as has been added to a reserve for bad debts within the year. A debt previously charged off as bad; if subsequently collected, must be returned as income for the year in which collected. Explain these deductions under Schedule B, page 2 of the return.

Do not include cost of business equipment or furniture, expenditures for replacements or for permanent improvements to property, or personal living or family expenses, nor any deduction for depreciation in the value of a building occupied by you as a dwelling, or of other property held for personal use.

If Item 5 shows a deficit, indicate by using red ink or a minus sign.

17. PROFIT FROM SALE OF REAL ESTATE.

Describe the property briefly, as "farm," "house," "lot,"

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

Enter the original cost of the property, and 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.

Enter as depreciation 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).

In case the property was acquired by gift, bequest, devise, or inheritance after March 1, 1913, or in any manner prior to that date, see Section 202 of the Revenue Act of 1921.

If the net result to be entered in Item 6 is a deductible loss, indicate the deficit by using red ink or a minus sign.

18. PROFIT FROM SALE OF STOCKS, BONDS, ETC.

The method of computation and the information to be submitted in the case of sales of stocks, bonds, etc., is similar to that required for Item 6, except that subsequent improvements and depreciation are not involved. The profit (or loss) should be computed in accordance with Instruction 17 above.

19. OTHER INCOME.

Report all other taxable income for which no place is provided elsewhere on page 1 of the return, including dividends received on stock of foreign corporations. Dividends received on stock of domestic corporations and taxable interest on obligations of the United States should be reported in Items 8, 9, and 10 at the foot of page 2 of the return.

20. INTEREST PAID.

Enter as Item 10 interest paid on personal indebtedness as distinguished from business indebtedness (which should be deducted under Schedules A, B, C, or D). Do not include interest on indebtedness incurred for the purchase of bonds and other obligations, the interest on which is exempt from tax, except interest on indebtedness incurred to purchase or carry obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer.

21. TAXES PAID.

Enter as Item 11 personal taxes paid and all taxes on property not used in business or profession, not including those assessed against local benefits of a kind tending to increase the value of the property. Do not include Federal income taxes, taxes imposed upon the taxpayer upon his interest as shareholder or member of a corporation, which are paid by the corporation without reimbursement from the taxpayer, nor income and profits taxes claimed as a credit in Item 23, page 1 of the return.

22. LOSSES BY FIRE, STORM, ETC.

Enter as Item 12 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. (Losses claimed should be explained in Schedule E, on page 2 of the return.)

Do not deduct losses incurred in transactions which were neither connected with your trade or business, nor entered into for profit.

23. CONTRIBUTIONS.

Enter as Item 13 contributions or gifts made within the taxable period to or for the use of: (a) the United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes; (b) any corporation, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including posts of the American Legion or the Women's Auxiliary units thereof, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual; or (c) the special fund for vocational rehabilitation authorized by section 7 of the Vocational Rehabilitation Act; to an amount which in all the above cases combined does not exceed 15 per centum of the taxpayer's net income as computed without the benefit of this paragraph.

Fiduciaries filing this return for estates in the process of administration are allowed, in lieu of this deduction, that provided in Section 219 (b) of the Revenue Act of 1921. List names of organizations and amounts contributed to each in Schedule F.

24. BAD DEBTS.

Enter as Item 14 all bad debts other than those claimed as a deduction in Items above. State in Schedule F (a) of what the debts consisted, (b) when they were created, (c) when they became due, and (d) how they were actually determined to be worthless.

25. OTHER AUTHORIZED DEDUCTIONS.

If this return is filed for an estate in the process of administration, there may be deducted the amount of any income properly paid or credited to beneficiaries. Any deduction claimed in Item 15 should be explained in Schedule F.

DETACH AND RETAIN THIS INSTRUCTION SHEET WITH YOUR WORKING PAPERS.