

UNITED STATES
INDIVIDUAL INCOME AND DEFENSE TAX
RETURN

1940

(Auditor's Stamp)

FOR GROSS INCOMES OF NOT MORE THAN \$5,000 DERIVED
FROM SALARIES, WAGES, DIVIDENDS, INTEREST, AND ANNUITIES

(NOTE.—If you are engaged in a profession or business (including farming), or are a member of
a partnership, or had income or losses from the renting or sale of property, use Form 1040)

To be filed with the Collector of Internal Revenue for your district on or before March 15, 1941

PRINT NAME AND HOME OR RESIDENTIAL ADDRESS PLAINLY BELOW

(Name) (Use given names of both husband and wife, if this is a joint return)

(Street and number, or rural route)

(Post office)

(County)

(State)

Do not write in these spaces

Serial
No.

Amount
Paid, \$

(Cashier's Stamp)

Cash—Check—M. O.

QUESTIONS

- 1. What is your occupation?
- 2. Check whether you are a citizen or a resident alien
- 3. Did you file a return for any prior year? If so, what was the latest year? To which Collector's office was it sent?
- 4. Are items of income or deductions of both husband and wife included in this return?
- 5. State name of husband or wife if a separate return was made, personal exemption, if any, claimed thereon, and the Collector's office to which it was sent:

Item and Instruction No.	INCOME		
1.	Salaries and other compensation for personal services. (From Schedule A)	\$	
2.	Dividends		
3.	Interest on bank deposits, notes, mortgages, etc.		
4.	Interest on corporation bonds		
5.	Other income (including income from annuities, fiduciaries, etc.). (From Schedule B)		
6.	Total income in items 1 to 5		\$
DEDUCTIONS			
7.	Contributions paid. (From Schedule C)	\$	
8.	Interest paid. (From Schedule D)		
9.	Taxes paid. (From Schedule E)		
10.	Other deductions authorized by law. (From Schedule F)		
11.	Total deductions in items 7 to 10		
COMPUTATION OF TAX			
12.	Net income (item 6 minus item 11)		\$
13.	Less: Earned income credit, either (a) or (b). (See Instruction 13)		
	(a) If item 12 is \$3,000 or less, enter 10% of such item	\$	
	(b) If item 12 is more than \$3,000, enter 10% of item 1 or 10% of item 12, whichever is smaller, but not less than \$300		
14.	Personal exemption. (From Schedule H-1)		
15.	Credit for dependents. (From Schedule H-2)		
16.	Balance of net income taxable (item 12 minus items 13, 14, and 15)		\$
17.	Income tax (4% of item 16)		\$
18.	Less: Income tax paid at source on tax-free covenant bonds	\$	
19.	Income tax paid to a foreign country or United States possession. (Attach Form 1116)		
20.	Balance of income tax (item 17 minus items 18 and 19)		\$
21.	Defense tax (10% of item 17)		
22.	Total income and defense taxes due (item 20 plus item 21). (See Instruction E as to payment of tax)		\$

NOTE.—In order that this return may be accepted as meeting the requirements of the Internal Revenue Code, the data called for herein must be set forth FULLY and CLEARLY.

Schedule A.—INCOME RECEIVED FROM OTHERS CONSISTING OF SALARIES, WAGES, FEES, COMMISSIONS, BONUSES, AND OTHER COMPENSATION FOR PERSONAL SERVICES. (See Instruction 1)

1. Name and Address of Employer. If a governmental unit, indicate whether "Federal," "State," or "Local"	2. Amount	3. Expenses Paid (Itemize)	4. Amount
	\$		\$
Total of column 2 minus total of column 4 (enter as item 1, page 1)			\$

Schedule B.—OTHER INCOME (INCLUDING INCOME FROM ANNUITIES, FIDUCIARIES, ETC.). (See Instruction 5)

1. From Whom Received and Nature of Income	2. Amount	1. From Whom Received and Nature of Income (Continued)	2. Amount (Continued)
	\$		\$

Schedule C.—CONTRIBUTIONS PAID. (See Instruction 7)

1. Name and Address of Organization	2. Amount
	\$

Schedule D.—INTEREST PAID. (See Instruction 8)

1. To Whom Paid	2. Amount
	\$

Schedule E.—TAXES PAID. (See Instruction 9)

1. Nature of Tax	2. Amount
	\$

Schedule F.—OTHER DEDUCTIONS. (See Instruction 10)

1. Description	2. Amount
	\$

Schedule G.—NONTAXABLE INCOME. (See Instruction 6)

1. Government Obligations or Securities	2. Amount Owned at End of Year	3. Interest Received	4. Other Exempt Income (State nature)	5. Amount Received
	\$	\$		\$

Schedule H.—EXPLANATION OF CREDITS CLAIMED IN ITEMS 14 AND 15. (See Instructions 14 and 15)

(1) Personal Exemption			(2) Credit for Dependents			
Status	Number of Months During Year in Each Status	Credit Claimed	Name of Dependent and Relationship	Number of Months During the Year		Credit Claimed
				Under 18 Years Old	Over 18 Years Old	
Single, or married and not living with husband or wife		\$				\$
Married and living with husband or wife						
Head of family (explain below)						
			Reason for support if over 18 years old			

AFFIDAVIT. (See Instruction D)

I/we swear (or affirm) that this return has been examined by me/us, and, to the best of my/our knowledge and belief, is a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Internal Revenue Code and regulations issued under authority thereof; and that I/we had no income from sources other than stated hereon.

Subscribed and sworn to by _____

before me this _____ day of _____, 1941.

(Signature) (See Instruction D)

(Signature and title of officer administering oath)



(Signature)

A RETURN MADE BY AN AGENT MUST BE ACCOMPANIED BY POWER OF ATTORNEY. (See Instruction D)

(If this is a joint return (not made by agent), it must be signed by both husband and wife. It must be sworn to before a proper officer by the spouse preparing the return. If neither or both prepare the return, it must be sworn to by both spouses.)

UNITED STATES
INDIVIDUAL INCOME AND DEFENSE TAX
RETURN

1940

COPY TO BE
RETAINED
BY
TAXPAYER

FOR GROSS INCOMES OF NOT MORE THAN \$5,000 DERIVED
FROM SALARIES, WAGES, DIVIDENDS, INTEREST, AND ANNUITIES

(NOTE.—If you are engaged in a profession or business (including farming), or are a member of
a partnership, or had income or losses from the renting or sale of property, use Form 1040)

To be filed with the Collector of Internal Revenue for your district on or before March 15, 1941

PRINT NAME AND HOME OR RESIDENTIAL ADDRESS PLAINLY BELOW

(Name) (Use given names of both husband and wife, if this is a joint return)

(Street and number, or rural route)

(Post office) (County) (State)

IF YOU NEED
ASSISTANCE IN
PREPARING THIS
RETURN, GO TO A
DEPUTY COLLECTOR
OR TO THE
COLLECTOR'S
OFFICE

QUESTIONS

- 1. What is your occupation? -----
- 2. Check whether you are a citizen or a resident alien
- 3. Did you file a return for any prior year? ----- If so, what was the latest year? ----- To which Collector's office was it sent? -----
- 4. Are items of income or deductions of both husband and wife included in this return? -----
- 5. State name of husband or wife if a separate return was made, personal exemption, if any, claimed thereon, and the Collector's office to which it was sent: -----

Item and Instruction No.	INCOME		
1.	Salaries and other compensation for personal services. (From Schedule A)	\$	
2.	Dividends		
3.	Interest on bank deposits, notes, mortgages, etc.		
4.	Interest on corporation bonds		
5.	Other income (including income from annuities, fiduciaries, etc.). (From Schedule B)		
6.	Total income in items 1 to 5	\$	
DEDUCTIONS			
7.	Contributions paid. (From Schedule C)	\$	
8.	Interest paid. (From Schedule D)		
9.	Taxes paid. (From Schedule E)		
10.	Other deductions authorized by law. (From Schedule F)		
11.	Total deductions in items 7 to 10		
COMPUTATION OF TAX			
12.	Net income (item 6 minus item 11)	\$	
13.	Less: Earned income credit, either (a) or (b). (See Instruction 13)		
	(a) If item 12 is \$3,000 or less, enter 10% of such item	\$	
	(b) If item 12 is more than \$3,000, enter 10% of item 1 or 10% of item 12, whichever is smaller, but not less than \$300		
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1. Name and Address of Employer. If a governmental unit, indicate whether "Federal," "State," or "Local"	2. Amount	3. Expenses Paid (Itemize)	4. Amount
	\$		\$
Total of column 2 minus total of column 4 (enter as item 1, page 1)			\$

Schedule B.—OTHER INCOME (INCLUDING INCOME FROM ANNUITIES, FIDUCIARIES, ETC.). (See Instruction 5)

1. From Whom Received and Nature of Income	2. Amount	1. From Whom Received and Nature of Income (Continued)	2. Amount (Continued)
	\$		\$

Schedule C.—CONTRIBUTIONS PAID. (See Instruction 7)

1. Name and Address of Organization	2. Amount
	\$

Schedule D.—INTEREST PAID. (See Instruction 8)

1. To Whom Paid	2. Amount
	\$

Schedule E.—TAXES PAID. (See Instruction 9)

1. Nature of Tax	2. Amount
	\$

Schedule F.—OTHER DEDUCTIONS. (See Instruction 10)

1. Description	2. Amount
	\$

Schedule G.—NONTAXABLE INCOME. (See Instruction 6)

1. Government Obligations or Securities	2. Amount Owned at End of Year	3. Interest Received	4. Other Exempt Income (State nature)	5. Amount Received
	\$	\$		\$

Schedule H.—EXPLANATION OF CREDITS CLAIMED IN ITEMS 14 AND 15. (See Instructions 14 and 15)

(1) Personal Exemption			(2) Credit for Dependents			
Status	Number of Months During Year in Each Status	Credit Claimed	Name of Dependent and Relationship	Number of Months During the Year		Credit Claimed
				Under 18 Years Old	Over 18 Years Old	
Single, or married and not living with husband or wife		\$				\$
Married and living with husband or wife						
Head of family (explain below)						
			Reason for support if over 18 years old			

TAXPAYER'S RECORD OF PAYMENTS

Payment	Amount	Date	Check or M. O. No.	Bank or Office of Issue
First				
Second				
Third				
Fourth				

An amended return must be marked "Amended" at top of return. Checks will be accepted only if payable at par

1940

UNITED STATES INDIVIDUAL INCOME AND DEFENSE TAX RETURN

1940

GENERAL INSTRUCTIONS

(A) WHO MUST MAKE A RETURN

Every citizen and resident of the United States having during the taxable year *gross income* (income derived from any source whatever, unless exempt from tax by law) in an amount specified below, *regardless of the amount of net income*, shall make a return if:

(1) *Single, or married and not living with husband or wife for any part of the taxable year.* If having a gross income of \$800 or over.

(2) *Married and living with husband or wife for the entire taxable year.* If each has income and their combined gross income is \$2,000 or over, they must each make a return or file a joint return. If only one has income and his gross income is \$2,000 or over, only that one is required to make a return.

(3) *Married and living with husband or wife for only part of the taxable year.* If each has income and their combined gross income is \$2,000 or over, or equal to, or in excess of, their total personal exemptions (not including credit as head of a family or for dependents), they must each make a return or file a joint return. If only one has income and his gross income is \$2,000 or over, or equal to, or in excess of, his personal exemption (not including credit as head of a family or for dependents), only that one is required to make a return. (See Specific Instruction 14 as to personal exemption.)

Joint return.—May be filed by husband and wife *only* if they are (1) both citizens or residents of the United States and (2) living together at the end of the taxable year. A joint return is permissible even though one has no gross income.

Returns of income of decedents.—If the gross income of a decedent to the date of his death was \$800 or over, if single, or married and not living with spouse for any part of the taxable year, or equal to, or in excess of, his credit for personal exemption (not including credit as head of a family or for dependents), if married and living with spouse for all or any part of the taxable year, the executor or administrator shall make a return for him on Form 1040 or 1040A. The return for a decedent shall include all items of income and deductions accrued up to the date of death regardless of the fact that the decedent may have kept his books on a cash basis or kept no books.

Returns for estates and trusts must be made on Form 1041.

(B) WHO MUST USE FORM 1040A

Form 1040A must be used by all individuals whose gross income is not more than \$5,000, whose income is derived from salaries, wages, fees, commissions, bonuses, or other compensation received from others for personal services, dividends, interest, taxable income from annuities, income from fiduciaries, and who make returns on the cash basis and for the calendar year.

NOTE.—Form 1040 and not Form 1040A must be used by individuals (1) whose gross income exceeds \$5,000, or (2) who have any income other than that stated above, such as rents or gains from the sale of property, or (3) who make returns on an accrual basis, or (4) who make returns for a fiscal year, or (5) who conduct a business or profession on their own account, or who are members of a partnership, or (6) who have any losses from the renting of or from the sale of property, including shares of stock, corporate bonds, and other corporate securities. Nonresident alien individuals are required to use Form 1040B or 1040NB.

(C) WHEN AND WHERE THE RETURN MUST BE FILED

The return must be sent to the collector of internal revenue for the district in which the taxpayer has his legal residence, so as to reach the collector's office on or before March 15, 1941. In case the taxpayer has no legal residence in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Md.

(D) AFFIDAVIT

The affidavit must be executed by the person whose income is reported or by his legal representative or agent. The return may be made by an agent (1) if, by reason of illness, the person liable for the making of the return is unable to make it, or (2) if the taxpayer is unable to make the return by reason of continuous absence from the United States for a period of at least 60 days prior to the date prescribed by law for making the return. Whenever a return is made by an agent it must be accompanied by a power of attorney on Form 935, or, in the case of husband or wife acting as agent for the other, on Form 936 (copies of which may be obtained from any collector).

(E) WHEN AND TO WHOM THE TAX MUST BE PAID

The tax should be paid to the collector of internal revenue in full when the return is filed, or in four equal installments as follows: The first installment on or before March 15, 1941; the second installment on or before June 15, 1941; the third installment on or before September 15, 1941; and the fourth installment on or before December 15, 1941.

If any installment is not paid on or before the date fixed for payment, the whole amount of tax unpaid shall be paid upon notice and demand by the collector.

MAKE CHECK OR MONEY ORDER PAYABLE TO "COLLECTOR OF INTERNAL REVENUE."

(F) PENALTIES

The law imposes severe penalties for failing to make a return, or for making a false or fraudulent return. Penalties are also imposed for failing to file a return on time.

(G) ITEMS WHOLLY OR PARTIALLY EXEMPT FROM TAX.—All items of income received and claimed to be wholly or partially exempt should be explained in Schedule G.

1. Interest on governmental obligations:

(a) *Entirely exempt.*—The interest on (1) obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions; (2) obligations issued under Federal Farm Loan Act, or under such Act as amended; (3) obligations of the United States issued on or before September 1, 1917; and (4) Treasury notes, Treasury bills, Treasury certificates of indebtedness, postal savings obligations, adjusted service bonds, and certain other obligations of the United States.

(b) *Partially exempt.*—The interest on (1) United States savings bonds and Treasury bonds and (2) obligations of instrumentalities of the United States is exempt from the normal tax of 4 percent.

2. Proceeds of insurance policies.—The proceeds of life insurance policies, paid by reason of the death of the insured, are exempt. If any part of the proceeds is held by the insurer under an agreement to pay interest, the interest is taxable. Amounts received under a life insurance or endowment policy, not payable by reason of the death of the insured, are not taxable until the aggregate of the amounts received exceeds the premiums or consideration paid for the policy. See Specific Instruction 5 as to taxation of annuities.

3. Federal savings and loan associations.—Dividends on share accounts in Federal savings and loan associations are exempt from the normal tax of 4 percent.

4. Miscellaneous items wholly exempt from tax:

(a) Gifts (not received as a consideration for service rendered) and money and property acquired by bequest, devise, or inheritance (but the income derived from such property is taxable and must be reported);

(b) 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;

(c) The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;

(d) Pensions and compensation received by veterans from the United States and pensions received from the United States by the family of a veteran for services rendered by the veteran in time of war; and

(e) Amounts received as earned income from sources without the United States (except amounts paid by the United States or any agency thereof) by an individual citizen of the United States who is a bona fide nonresident for more than 6 months during the taxable year (no deduction may be taken for any amount properly allocable to or chargeable against amounts so excluded).

SPECIFIC INSTRUCTIONS

The following instructions are numbered to correspond with item numbers on the first page of return

INCOME

1. Salaries and other compensation for personal services.—Enter as item 1 the total income received from others consisting of salaries, wages, fees, commissions, bonuses, and other compensation for personal services, less ordinary and necessary expenses, as reported in Schedule A. Any amount claimed as a deduction for ordinary and necessary expenses against salaries, etc., such as traveling expenses while away from home in connection with your occupation, should be fully explained in Schedule A or in an attached statement. Traveling expenses ordinarily include expenditures for transportation, meals, and lodging. The expenses of a commuter in traveling to and from work are not deductible. If a joint return is made, enter as separate items in Schedule A the earnings of each spouse.

2. Dividends.—Enter as item 2 the total of all taxable dividends received from domestic and foreign corporations. Enter in Schedule G all dividends received which are claimed to be nontaxable.

3. Interest on bank deposits, etc.—Enter as item 3 the total of all interest on bank deposits, notes, mortgages, etc. Interest on savings bank deposits is considered income to the depositor when credited, even though not entered on the pass book.

4. Interest on corporation bonds.—Enter as item 4 the total of all interest received on bonds, mortgages, and similar obligations of corporations. Include bond interest received upon which a 2 percent Federal income tax was paid at the source; such tax may be claimed as a credit in item 18 of the return.

5. Other income.—Enter as item 5 other income reported in Schedule B, including amounts received as an annuity under an annuity or inclusion contract to the extent of 3 percent of the aggregate premiums or consideration paid for such annuity. If the aggregate of the amounts received and excluded from gross income in years previous to the taxable year equals the aggregate premiums or consideration paid for such annuity, the entire amount received must be included in gross income. Include also income from an estate or trust and earnings of minor children, if parent is legally entitled thereto.

6. Total income.—Enter as item 6 the total amount of items 1 to 5. Schedule G should be filled in if you received any nontaxable income or if you owned any of the obligations described in paragraph 1 ((a) and (b)) of General Instruction (G).

DEDUCTIONS

7. Contributions paid.—Enter as item 7 the contributions or gifts reported in Schedule C, payment of which was made within the year to or for the use of:

(a) The United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, or any possession of the United States, for exclusively public purposes;

(b) A corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States or of any State or Territory or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, 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 shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

(c) The special fund for vocational rehabilitation authorized by section 12 of the World War Veterans' Act, 1924;

(d) Posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units, or societies are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual; or

(e) A domestic fraternal society, order, or association, operating under the lodge system, but only if such contributions or gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.

The total amount claimed shall not exceed 15 percent of your net income computed without the benefit of this deduction.

8. Interest paid.—Enter as item 8 the amount reported in Schedule D as interest paid on personal indebtedness. Do not include interest on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation.

9. Taxes paid.—Enter as item 9 the amounts reported in Schedule E as taxes imposed upon and paid by you during the year. Do not include sales taxes unless such taxes were directly imposed upon you by law. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, nor Federal income taxes, nor estate, inheritance, legacy, succession, or gift taxes, nor taxes imposed upon your interest as a shareholder of a corporation which are paid by the corporation without reimbursement from you. Federal social security and employment taxes paid by or for an employee are not deductible by the employee. No deduction is allowable for any portion of foreign income taxes if a credit is claimed in item 19.

10. Other deductions.—Enter as item 10 the total amount itemized in Schedule F. In the case of loss by fire, storm, shipwreck, or other casualty, or from theft, set forth in Schedule F a description of the property, date acquired, cost, subsequent improvements, depreciation allowable since acquisition, insurance and salvage value, and deductible loss. In the case of bad debts (other than securities) ascertained to be worthless and charged off within the taxable year, state in Schedule F, (a) of what the debts consisted, (b) name and family relationship, if any, of the debtor, (c) when the debts were created, (d) when they became due, (e) what efforts were made to collect, and (f) how they were actually determined to be worthless. Losses from worthlessness of securities, including bonds and stocks, are considered as losses from the sale or exchange of securities. If you sustained such a loss, you should not make your return on Form 1040A but should use Form 1040 and report the loss in Schedule F of that form.

Losses from wagering transactions are allowable only to the extent of the gains during the year from such transactions.

No deduction is allowable for the amount of any item of expense or part thereof allocable to a class of exempt income other than interest.

COMPUTATION OF TAX

13. Earned income credit applicable to Form 1040A returns.—

The earned income credit allowable to each spouse in a joint return is the same as is allowable to each spouse in separate returns; however, the earned income, earned income deductions, earned net income, and net income of each spouse must be shown separately in the joint return. For the purpose of determining the 10 percent limitation, there should be added to the net income shown as item 12 on page 1 the interest received by you, if any, on an aggregate in excess of \$5,000 principal amount of United States savings bonds and Treasury bonds, and the interest on obligations of instrumentalities of the United States (other than obligations issued under the Federal Farm Loan Act, or under such Act as amended), and dividends on share accounts in Federal savings and loan associations, reported in Schedule G.

14, 15. Personal exemption and credit for dependents.—A single person, or a married person not living with husband or wife, is entitled to a personal exemption of \$800. A person who, during the entire year, was the head of a family or was married and living with husband or wife is entitled to an exemption of \$2,000. If husband and wife file separate returns, the personal exemption may be taken by either or divided between them.

A "head of a family" is an individual who actually supports and maintains in one household one or more individuals who are closely connected with him by blood relationship, relationship by marriage, or by adoption, and whose right to exercise family control and provide for these dependent individuals is based upon some moral or legal obligation.

In addition to the personal exemption, a credit of \$400 may be claimed for each person (other than husband or wife) under 18 years of age, or incapable of self-support because mentally or physically defective, who received his or her chief support from the taxpayer. This credit may be allowed only to the person who furnishes the chief support, and may not be divided between two individuals.

If the status of the taxpayer, insofar as it affects the personal exemption or credit for dependents, changes during the taxable year, the personal exemption and credit shall be apportioned in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional part of a month shall be disregarded unless it amounts to more than half a month, in which case it shall be considered as a month. For example, if a child became 18 years of age on June 16, 1940, the taxpayer will be allowed a credit of \$200 for such dependent.