

Facts and Instructions to help you fill out your 1943 Tax Form 1040A

1. Who must file a return for 1943

Read the list carefully to see if you are included.

- ★ Any single person whose total income was \$500 or more.
- ★ Every husband or wife whose individual income was more than \$624.
- ★ Every husband *and* wife whose combined total incomes were \$1,200 or more.
- ★ Every individual who paid or owed a tax on 1942 income.

2. Who may use Form 1040A

The form sent you with these instructions is called the short form, and is numbered 1040A. It is simpler and quicker to fill in than the long form 1040, but only certain people may use it. You may do so if you meet *all four* of these conditions:

- ★ If you are a citizen or resident of the United States—
- ★ and your total income in 1943 was not more than \$3,000;
- ★ and that income came only from salary, wages, dividends, interest, and annuities;
- ★ and your wife or husband does not use

the long form 1040. (If she or he does, the other may not use the short form.)

You and your wife or husband may elect to file separate returns or a joint return. You may make this choice regardless of the way you filed a return previously, or filled out a declaration last September or December.

You and your wife or husband may use the short form 1040A as a joint return only if:

- ★ You *both* meet the conditions above, and also
- ★ You were living together on July 1, 1943. (You are considered to be living together though temporarily apart; for instance, because one of you is with the armed forces.)
- ★ And your combined total income does not exceed \$3,000.

Everyone else must use the long form 1040.

In using this short form 1040A you must list total income *without any deductions*. The reason is that the credit for dependents and the tax table on the form together allow for your personal exemption, earned income credit and deductions amounting to 6 percent of total income.

However, under some circumstances you may find it advantageous to use the long form 1040. This may be true where deductions

for interest, contributions, taxes, alimony, etc., exceed 6 percent of your income, or if after last July 1, you married or the number of your dependents increased.

3. Figures you need

To make out your tax return you need to know the amounts paid you during all last year for personal services, such as wages, salaries, bonuses, commissions, etc. This means the amounts before deductions for taxes, union dues, health insurance, etc. You also need figures on the amount of income and Victory taxes you paid through withholding. Your employer should have given you these wage and tax figures shortly after the first of this year.

Also, if you have received any dividends, interest, or annuities during the year, you should know how much they totaled.

Next, if you paid an income tax last year, you need to know how much the whole tax bill was, and how much of it you paid in March and June. You should have received with these instructions a slip which gives you these figures. This slip is Form No. 1125. You must be sure to send this slip back with your tax return.

In addition, if you filed a declaration of estimated tax in September or December, and paid a tax, you will also need to know the amount you paid.

4. Pay-as-you-go and forgiveness

This return is on the pay-as-you-go basis and naturally, for this year of the change, requires more details than usual. Some of the additional figures are needed because the taxes you have been paying in 1943 were only

approximate. Since the year has ended, it is now possible to figure out exactly what you owe or whether you are entitled to a refund.

Also, some extra figures are necessary so that you may receive the tax forgiveness granted by the law.

When the pay-as-you-go plan started you already owed your 1942 tax. To relieve you of paying both years' taxes in one year, Congress decided to forgive a *part of one year's* tax. Naturally, if you had no tax in one of these two years, there is nothing to be forgiven. The form shows you how to figure your forgiveness. In most cases it will be three-fourths of the 1942 tax, or all the tax if it does not exceed \$50. This will be true unless your 1943 tax was less than your 1942 tax, in which case the forgiveness will be figured on the 1943 tax. This is why the form asks you to compare your taxes for these years.

There is a special rule which relates **ONLY** to husbands and wives who file a joint return in one of the two years and separate returns in the other. If you are not in this group, enter your 1942 tax in item 9 and you do not need to read the next five paragraphs.

Perhaps you and your wife or husband filed separate returns for 1942, but you are now making a joint return. If so, you must add together the tax bills of *both* persons for 1942, and enter the total in item 9.

On the other hand, perhaps you and your wife or husband filed a joint return for 1942, and now plan to file separate returns. What you should enter as item 9 in this case is based on whether or not your *joint* 1942 tax was smaller or larger than your combined

1943 taxes (the sum of item 8 on both returns).

If your joint 1942 tax was smaller, then you may divide it between your two returns in any proportion you wish as long as your share does not exceed your separate 1943 tax.

If, however, your joint 1942 tax was larger than your combined 1943 taxes, first subtract to find the difference. You may divide this difference between you as you wish. You should enter in item 9 the sum of your share, plus the amount of your separate 1943 tax. Attach a statement to your return showing how you shared this difference.

Also, if you filed jointly for 1942, and separately for 1943, you must figure your forgiveness this way: Compare the joint 1942 tax with the combined 1943 taxes, and enter the smaller total, if more than \$50, in item 11A. Figure the forgiveness in item 11B and the unforgiven part in 11C. Divide the amount in 11C between you as you desire, and enter in the right-hand column **ONLY** your share.

5. Victory tax

More details are necessary this year because of the Victory Tax. This tax is 5%, less a credit of 25% of the tax if you were single, or 40% if married, plus in either case 2% for each dependent. Originally this credit was a "post-war credit," but most taxpayers were eligible to claim it now because of war bond purchases, insurance payments, etc. Accordingly, to simplify figuring, Congress decided last fall that the credit is to be allowed annually. The *net* Victory Tax rates shown on the form allow for this credit.

6. Members of the armed forces

If you are serving with any of the American armed forces outside the United States,

you do not need to file a return of your income tax until after the war or you come back home. Your wife also may postpone filing until you come back to the United States unless she has income of her own of \$1,200 or more.

If you are in the services you don't have to include in your income or pay a tax on the first \$1,500 of your service pay.

There is another tax benefit that may be allowed you if you served at any time during 1942 or 1943, and your tax for 1942 was more than your 1943 tax. If you filed a separate return for 1942 reporting income of \$3,000 or less and you are likewise filing a separate return for 1943, you should enter in item 9 the same amount of tax you put down in item 8. If for 1942 you filed a joint return or had more than \$3,000 income, you, too, may benefit. However, you will have to refigure your 1942 income tax. Details as to how to do this may be obtained from any Collector of Internal Revenue.

7. Refund or credit

When you finish making out your return, you may find you are entitled to a refund. By filling in item 17, you tell the Collector whether you want it refunded or credited and no further action on your part is necessary.

8. Amended return

If you were eligible to file the short form return and do so, you may file an amended return on a similar form later, but may not use the long form.

9. Filing of returns and payment

Returns must be filed and any tax due must be paid not later than March 15, 1944, to the Collector of Internal Revenue for your district. If you don't know his address, ask at your local post office.