

INDIVIDUAL INCOME TAX RETURN

Do not write in this space
FIRST PAYMENT

IF RETURN IS FOR
CALENDAR YEAR 1921
FILE IT WITH THE
COLLECTOR OF INTERNAL
REVENUE FOR YOUR
DISTRICT ON OR BEFORE
MARCH 15, 1922

FOR NET INCOMES OF MORE THAN \$5,000, OR SEPARATE RETURNS OF HUSBAND AND WIFE IF COMBINED NET INCOME EXCEEDS \$5,000

FOR CALENDAR YEAR 1921

\$ _____
Cashier's Stamp

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

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.)

CASH CHECK M.O. CERT. OF IND.
Examined by _____

OCCUPATION, PROFESSION, OR KIND OF BUSINESS

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

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. If not, is a separate return being filed by your husband or wife? _____ If so, state: (a) Name and address entered at head of that return _____ (b) Exemption claimed, \$ _____
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? _____

See Instruction Number	Explain in Schedule (page 2)	INCOME.		
13	G	1. Salaries, Wages, Commissions, etc. (State name and address of person from whom received.)	Amount received.	Expenses paid.
		_____	\$ _____	\$ _____

14		2. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds		
		3. Income from Partnerships, Fiduciaries, etc. (State name and address of partnerships, etc.)		

15	A	4. Rents and Royalties		
16	B	5. Profit (or loss) from Business or Profession (not including income from partnerships)		
17	C	6. Profit (or loss) from Sale of Real Estate		
18	D	7. Profit (or loss) from Sale of Stocks, Bonds, etc		
		8. Dividends on Stock of Domestic Corporations		
19	E	9. Taxable Interest on Liberty Bonds, etc		
20		10. Other Income (including dividends received on stock of foreign corporations). (State nature of income.)		
		(a) _____		
		(b) _____		
		(c) _____		
		11. TOTAL INCOME IN ITEMS 1 TO 10 (less losses shown therein, if any)		\$ _____
		DEDUCTIONS.		
21		12. Interest Paid (not including interest deducted above)		\$ _____
22		13. Taxes Paid (not including taxes deducted above)		
23	F	14. Losses by Fire, Storm, etc.		
24	G	15. Contributions		
25	G	16. Bad Debts (not including bad debts deducted above)		
26	G	17. Other Deductions Authorized by Law		
		18. TOTAL OF ITEMS 12 TO 17		\$ _____
		19. NET INCOME (Item 11 minus Item 18)		\$ _____

COMPUTATION OF TAX.				
20.	Net Income (Item 19 above)	\$ _____		
21.	Less: Dividends (Item 8 above)	\$ _____		
22.	Taxable Interest on Liberty Bonds, etc. (Item 9 above)			
23.	Personal Exemption and Credit for Dependents			
24.	TOTAL OF ITEMS 21, 22 AND 23			
25.	Balance (Item 20 minus Item 24)	\$ _____		
26.	Amount taxable at 4% (not over \$4,000)			
27.	Balance taxable at 8% (Item 25 minus Item 26)	\$ _____		
28.	Normal tax (4% of Item 26)			\$ _____
29.	Normal tax (8% of Item 27)			\$ _____
30.	Surtax on Item 20 (see Instruction 6)			\$ _____
31.	TOTAL TAX			\$ _____
32.	Less: Tax paid at source	\$ _____		
33.	Income and profits taxes paid to foreign countries or possessions of the U. S. (attach Form 1116)			\$ _____
34.	Balance due (Item 31 minus Items 32 and 33)			\$ _____
35.	Amount of tax paid when filing return			\$ _____

Checks and drafts will be accepted only if payable at par.

SCHEDULE A.—EXPLANATION OF ITEM 4. (Rents and Royalties.) See Instruction 15.

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.) See Instruction 16.

1. Total income from business or profession.....				\$		
COST OF GOODS SOLD:						
2. Labor.....	\$		OTHER BUSINESS DEDUCTIONS:			
3. Material and supplies.....			10. Salaries and wages not reported as "Labor" on line 2 (see Instruction 13).....	\$		
4. Merchandise bought for sale.....			11. Rent on business property in which taxpayer has no equity.....			
5. Other costs (list principal items and amounts below or on separate sheet).....			12. Interest on business indebtedness to others.....			
6. Plus inventory at beginning of year.....			13. Taxes on business and business property.....			
7. TOTAL	\$		14. Repairs, wear and tear, obsolescence, depletion, and property losses (explain below).....			
8. Less inventory at end of year.....			15. Amortization of war facilities.....			
9. NET COST OF GOODS SOLD	\$		16. Bad debts arising from sales or services, if already reported as income.....			
			17. Other expenses (list principal items and amounts below or on separate sheet).....			
			18. TOTAL (Items 10 to 17, inclusive)	\$		
			19. NET COST, PLUS TOTAL DEDUCTIONS (Item 9 plus Item 18)	\$		
			20. NET PROFIT (OR LOSS) FROM BUSINESS OR PROFESSION (Item 1 minus Item 19)	\$		

Explanation of deductions.....

SCHEDULE C.—EXPLANATION OF ITEM 6. (Sale of Real Estate.) See Instruction 17.

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.) See Instruction 18.

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 9. (Taxable Interest on Liberty Bonds, etc.) See Instruction 19.

1. OBLIGATIONS OF THE UNITED STATES ISSUED SINCE SEPTEMBER 1, 1917. (Wholly exempt from normal tax, but subject to surtax as to excess over exemptions specified.)	EXEMPTIONS. (Aggregate Principal Amount.)			5. PRINCIPAL AMOUNT IN EXCESS OF EXEMPTIONS SPECIFIED IN COLUMNS 2, 3, AND 4.	6. INTEREST ON PRINCIPAL AMOUNT IN EXCESS OF EXEMPTIONS.
	2. \$30,000.	3. \$125,000.	4. \$5,000.		
(a) First Liberty Loan Second Converted 4½% Bonds.....	\$	\$	\$	\$	\$
(b) First, and Second 4's, and First, Second, Third, and Fourth 4½'s.....	NONE				
(c) Other Obligations issued since September 1, 1917 (except Victory and Treasury Notes).....	NONE	NONE			
(d) Victory Liberty Loan 4½% Notes, and Treasury Notes.....	NONE	NONE	NONE		
(e) TOTAL TAXABLE INTEREST (If you have bought or sold during the year attach statement showing holdings by periods).....					\$

SCHEDULE F.—EXPLANATION OF ITEM 14. (Losses by Fire, Storm, etc.) See Instruction 23.

1. KIND OF PROPERTY.	2. COST, OR MARCH 1, 1913, VALUE.		3. DEPRECIATION PREVIOUSLY TAKEN.		4. SALVAGE VALUE.		5. INSURANCE.		6. NET LOSS.	
	\$		\$		\$		\$		\$	

SCHEDULE G.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 15, 16, AND 17.

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."

In the case of husband and wife whose combined net income exceeds \$5,000, Form 1040 (not Form 1040 A) should be used for separate returns, even though the income on one or both returns is less than \$5,000.

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 such 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 a decedent's estate there may first be deducted an amount properly paid or credited to a beneficiary.

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 husband or wife, 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. 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.

3. 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.

4. 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.

5. 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 1040F, 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 1040F 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 1040, before calculating your normal tax, an exemption of \$2,000, 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; but in no case shall the tax, computed with an exemption of \$2,000, exceed the tax, which would be payable if the exemption were \$2,500, by more than the amount of the net income in excess of \$5,000. If husband and wife make separate returns, the exemption of \$2,000 may be claimed by either (but not by both) or may be divided between them, but the credit 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 1040 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 2 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, nor 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 Return.

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

For Failing to Make Return on Time.

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

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

Five per centum 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.

6. TABLES OF SURTAX AND INSTRUCTIONS FOR CALCULATION.

SURTAX RATES.

Amount of Net Income.	Rate.	Total Surtax on Each Amount.	Amount of Net Income.	Rate.	Total Surtax on Each Amount.
A	B	C	A	B	C
\$5,000	1%	\$50	\$60,000	28%	\$16,800
6,000	1%	60	62,000	29%	17,980
8,000	2%	160	64,000	30%	19,200
10,000	3%	300	66,000	31%	20,460
12,000	4%	480	68,000	32%	21,760
14,000	5%	700	70,000	33%	23,100
16,000	6%	960	72,000	34%	24,480
18,000	7%	1,260	74,000	35%	25,900
20,000	8%	1,600	76,000	36%	27,360
22,000	9%	1,980	78,000	37%	28,860
24,000	10%	2,400	80,000	38%	30,400
26,000	11%	2,860	82,000	39%	31,980
28,000	12%	3,360	84,000	40%	33,600
30,000	13%	3,900	86,000	41%	35,260
32,000	14%	4,480	88,000	42%	36,960
34,000	15%	5,100	90,000	43%	38,700
36,000	16%	5,760	92,000	44%	40,480
38,000	17%	6,460	94,000	45%	42,300
40,000	18%	7,200	96,000	46%	44,160
42,000	19%	7,980	98,000	47%	46,060
44,000	20%	8,800	100,000	48%	48,000
46,000	21%	9,660	150,000	52%	78,000
48,000	22%	10,560	200,000	56%	112,000
50,000	23%	11,500	300,000	60%	180,000
52,000	24%	12,480	500,000	63%	316,500
54,000	25%	13,500	1,000,000	64%	640,000
56,000	26%	14,560	1,000,000+	65%	650,000
58,000	27%	15,660			

INSTRUCTIONS.

To compute the amount of surtax on any amount of net income in excess of \$5,000—

First: Find in column A the largest sum which is less than the total amount of the net income subject to surtax (Item 19 or Item 20, page 1 of the return).

Second: Find in column C the corresponding amount of total surtax.

Third: To the amount of surtax found as above add an amount computed as follows: Subtract from the net income the sum found in column A and multiply the remainder by the rate shown on the next line below in column B.

The sum of these two amounts is the total surtax due.

In the case of a bona fide sale of mines, oil or gas wells, or any interest therein, the surtax on the profit shall not exceed 20 per centum of the selling price as provided by Section 211 (b) of the Revenue Act of 1921.

CALCULATION OF SURTAX.

ITEM.	2. Example: Net income \$13,800.	3. Computation of surtax on Item 20, page 1, of the return.
1. Largest sum in column A which is less than the total amount of the net income	\$12,000.00	\$
2. Total surtax thereon shown in column C	190.00	
3. Remainder of net income after subtracting Item 1, above	1,800.00	
4. Surtax on this remainder at rate shown in column B on line below that from which Item 1 was taken	90.00	
5. Total surtax due (sum of Items 2 and 4) (Enter as Item 30, page 1 of the return)	280.00	\$

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 on line 10, Schedule B, 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 G, 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 and 9, respectively, page 1 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 the net profit (or loss) 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 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 in the space provided on page 1, as "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," "farmer," etc., and fill in Schedule B, page 2 of the return.

Enter on line 1, Schedule B, the total income from sales or services, less any discounts or allowances from the sale price or service charge. (For installment sales see Instruction 4).

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*.

Salaries.—Enter on line 10 all salaries and wages not reported as "Labor" on line 2. Salary or wages for your own services or the services of your dependent minor children, if deducted, must be reported as income in Item 1.

Rent.—Enter on line 11 rent on business property in which you have no equity. Do not include rent for dwelling you occupy for residential purposes.

Interest.—Enter on line 12 interest on business indebtedness to others. Do not include interest to yourself on capital invested in or advanced to the business.

Taxes.—Enter on line 13 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 (other than merchandise).—Enter on line 14, (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 Schedule B.

The amount claimed for wear and tear (depreciation), including obsolescence, should not exceed the original cost of the property (or if acquired prior to March 1, 1913, the fair market value on that date) divided by its estimated life in years. If obsolescence is claimed, state why useful life is less than actual life. When the amount of depreciation and obsolescence allowed equals the cost of the property (or if acquired prior to March 1, 1913, the fair market value on that date), no further claim should be made.

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, nor for land (exclusive of improvements thereon), nor on stocks, bonds, and other securities.

Depreciation of patents, copyrights, etc., and depletion of mines, etc.—If you claim a deduction on account of depreciation in the value of patents, copyrights, franchises, and other legal privileges, or on account of depletion of mines or oil and gas wells, see Section 214 (a) 8 and 10, of the Revenue Act of 1921.

Amortization of war facilities.—If amortization of war facilities is claimed, see Section 214 (a) 9, of the Revenue Act of 1921, and the Regulations issued under authority thereof.

Bad debts.—Enter on line 16 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.

Other expenses.—Enter on line 17 all ordinary and necessary business expenses not classified above, such as fire insurance, heat, light, and traveling expenses (see Instruction 13).

Do not include cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, nor personal living or family expenses.

Deficit.—If Item 20 shows a deficit, indicate by using red ink or a minus sign.

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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. TAXABLE INTEREST ON LIBERTY BONDS, ETC.

The interest on Liberty Bonds and other obligations of the United States issued since September 1, 1917 (except Victory Liberty Loan 3½% Notes, and postal savings certificates of deposit), is subject to surtax to the extent that the holdings exceed the exemptions provided by the act authorizing the issue and subsequent acts.

The exemptions specified in columns 2, 3, and 4, Schedule E, are applicable to the obligations listed on lines (a), (b), and (c), but the total amount entered on these lines in any one column must not exceed the exemption specified. The exemptions specified at head of columns do not apply to the obligations where the word "None" appears.

Enter in column 5 on the proper lines the principal amounts of the various obligations owned in excess of the exemptions specified, during the taxable period, including your share of these obligations held by partnerships, personal service corporations, and fiduciaries.

To determine the interest on any class of obligations received during the taxable period, where the books are kept on a cash receipts and disbursement basis, add to the amount of all coupons and registered bond interest falling due within the taxable period the amount of accrued interest received on sales of obligations between interest payment dates, and deduct from this sum the accrued interest paid on purchases of obligations between interest payment dates. This method will be followed where books are kept on a cash basis, whether or not the coupons falling due within the taxable period are actually cashed.

If the books are kept on the accrual basis, report the actual amount of interest accrued on the obligations owned during the taxable period.

20. 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.

21. INTEREST PAID.

Enter as Item 12 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 or continued for the purchase of bonds and other obligations, the interest on which is wholly exempt from tax, except interest on indebtedness incurred to purchase or carry Victory Liberty Loan 3½% Notes, originally subscribed for by the taxpayer.

22. TAXES PAID.

Enter as Item 13 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 33, page 1 of the return.

23. LOSSES BY FIRE, STORM, ETC.

Enter as Item 14 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 F, 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.

24. CONTRIBUTIONS.

Enter as Item 15 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 G.

25. BAD DEBTS.

Enter as Item 16 all bad debts other than those claimed as a deduction in items above. State in Schedule G, (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.

26. 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 17 should be explained in Schedule G.

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