

INDIVIDUAL INCOME TAX RETURN

Do Not Write in These Spaces

FOR NET INCOMES OF MORE THAN \$5,000
OR NET INCOMES, REGARDLESS OF AMOUNT, IF DERIVED FROM A PROFESSION OR BUSINESS, INCLUDING FARMING

For Calendar Year 1925

File This Return With the Collector of Internal Revenue for Your District on or Before March 15, 1926

(PRINT NAME AND ADDRESS PLAINLY BELOW)

(Name) _____
(Street and number, or rural route) _____
(Post office) _____ (County) _____ (State) _____

File Code _____
Serial Number _____
(Cashier's Stamp)
Cash Check M. O. Cert. of Ind. First Payment
\$ _____
Examined _____
By _____

OCCUPATION, PROFESSION, OR KIND OF BUSINESS

- Are you a citizen or resident of the United States? _____
- If you filed a return for 1924, to what Collector's office was it sent? _____
- Is this a joint return of husband and wife? _____
- State name of husband or wife if a separate return was made and the Collector's office to which it was sent? _____
- Were you married and living with husband or wife on the last day of your taxable year? _____
- If not, were you on the last day of your taxable year supporting one or more persons living in your household who are closely related to you? _____
- If your status in respect to questions 5 and 6 changed during the year, state date of such change _____
- 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 year? _____

Item and Instruction No.	INCOME	Amount received	Expenses paid (Explain in Schedule F)		
1.	Salaries, Wages, Commissions, etc. (State name and address of person from whom received)	\$ _____	\$ _____	\$ _____	
2.	Net Profit from Business or Profession. (From Schedule A)				
3.	Interest on Bank Deposits, Corporation Bonds, etc. (except interest upon which an income tax of 2% was paid at source)				
	(a) Interest on Tax-free Covenant Bonds Upon Which an Income Tax of 2% was Paid at Source				
4.	Income from Partnerships, Fiduciaries, etc. (State name and address of partnership, etc.)				
5.	Rents and Royalties. (From Schedule B)				
6.	Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C)				
7.	Dividends on Stock of Domestic Corporations				
8.	Taxable Interest on Liberty Bonds, etc. (From Schedule E)				
9.	Other Income (including dividends received on stock of foreign corporations). (State nature of income)				
	(a) _____				
	(b) _____				
	(c) _____				
10.	TOTAL INCOME IN ITEMS 1 TO 9			\$ _____	

	DEDUCTIONS		
11.	Interest Paid		\$ _____
12.	Taxes Paid. (Explain in Schedule F)		
13.	Losses by Fire, Storm, etc. (Explain in Table on page 2)		
14.	Bad Debts. (Explain in Schedule F)		
15.	Contributions. (Explain in Schedule F)		
16.	Other Deductions Authorized by Law. (Explain below or on separate sheet)		
	(a) _____		
	(b) _____		
	(c) _____		
17.	TOTAL DEDUCTIONS IN ITEMS 11 TO 16		\$ _____
18.	NET INCOME (Item 10 minus Item 17)		\$ _____

COMPUTATION OF TAX

(See Instruction 22)

19.	Earned Net Income (not over \$10,000)	\$ _____	30.	Net Income (Item 18 above)	\$ _____	41.	Normal Tax (2% of Item 37)	\$ _____
20.	Less Personal Exemption and Credit for Dependents	\$ _____	31.	Less Dividends (Item 7 above)	\$ _____	42.	Normal Tax (4% of Item 39)	\$ _____
21.	Balance (Item 19 minus 20)	\$ _____	32.	Interest on Liberty Bonds, etc. (Item 8)	\$ _____	43.	Normal Tax (6% of Item 40)	\$ _____
22.	Amount taxable at 2% (not over the first \$4,000 of Item 21)	\$ _____	33.	Personal Exemption	\$ _____	44.	Surtax on Item 18 (see Instruction 22)	\$ _____
23.	Amount taxable at 4% (not over the second \$4,000 of Item 21)	\$ _____	34.	Credit for Dependents	\$ _____	45.	Adjustment for Capital Gain or Loss (12½% of Column 9, Schedule D)	\$ _____
24.	Amount taxable at 6% (balance over \$8,000 of Item 21)	\$ _____	35.	Total of Items 31, 32, 33, and 34	\$ _____	46.	Total of Items 41 to 45	\$ _____
25.	Normal Tax (2% of Item 22)	\$ _____	36.	Balance (Item 30 minus 35)	\$ _____	47.	Less Credit of 25% of Tax on Earned Net Income (Item 29)	\$ _____
26.	Normal Tax (4% of Item 23)	\$ _____	37.	Amount taxable at 2% (not over the first \$4,000 of Item 36)	\$ _____	48.	Total Tax (Item 46 minus 47)	\$ _____
27.	Normal Tax (6% of Item 24)	\$ _____	38.	Balance (Item 36 minus 37)	\$ _____	49.	Less Income Tax paid at source (2% of Item 3a)	\$ _____
28.	Normal Tax on Earned Net Income (total of Items 25, 26, and 27)	\$ _____	39.	Amount taxable at 4% (not over the second \$4,000 of Item 36)	\$ _____	50.	Income and Profits Taxes paid to a foreign country or U. S. possession	\$ _____
29.	Credit of 25% of Item 28 (not to exceed 25% of Items 41, 42, and 43)	\$ _____	40.	Amount taxable at 6% (balance over \$8,000 of Item 36)	\$ _____	51.	Balance of Tax (Item 48 minus Items 49 and 50)	\$ _____

An amended return must be marked "Amended" at top of return

Checks and drafts will be accepted only if payable at par

SCHEDULE A—INCOME FROM BUSINESS OR PROFESSION (See Instruction 2)

1. Total receipts from business or profession (state kind of business).....		\$	OTHER BUSINESS DEDUCTIONS				
Cost of Goods Sold			10. Salaries, exclusive of "Labor," reported on Line 2, and compensation for your own services.....	\$			
2. Labor.....	\$		11. Interest on business indebtedness to others.....				
3. Material and supplies.....			12. Taxes on business and business property.....				
4. Merchandise bought for sale.....			13. Losses by fire, storm, etc. (explain in table provided therefor at foot of page).....				
5. Other costs (itemize below or on separate sheet).....			14. Bad debts arising from sales.....				
6. Plus inventory at beginning of year.....			15. Depreciation, obsolescence, and depletion (explain in table provided therefor at foot of page).....				
7. TOTAL (Lines 2 to 6, inclusive).....	\$		16. Rent, repairs, and other expenses (itemize below or on separate sheet).....				
8. Less inventory at end of year.....			17. TOTAL (Lines 10 to 16, inclusive).....	\$			
9. NET COST OF GOODS SOLD (Line 7 minus Line 8).....	\$		18. TOTAL DEDUCTIONS (Line 9 plus Line 17).....				
			19. NET PROFIT (Line 1 minus Line 18) (Enter as Item 2).....	\$			

Explanation of deductions claimed on Lines 5 and 16.....

SCHEDULE B—INCOME FROM RENTS AND ROYALTIES (See Instruction 5)

1. KIND OF PROPERTY	2. AMOUNT RECEIVED	3. COST	4. VALUE AS OF MARCH 1, 1913	5. DEPRECIATION (Explain in table at foot of page)	6. REPAIRS	7. OTHER EXPENSES (Itemize below)	8. NET PROFIT (Enter as Item 5)
	\$	\$	\$	\$	\$	\$	\$

Explanation of deductions claimed in Column 7.....

SCHEDULE C—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 6)

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. AMOUNT RECEIVED	4. DEPRECIATION PREVIOUSLY ALLOWED	5. COST	6. VALUE AS OF MARCH 1, 1913	7. SUBSEQUENT IMPROVEMENTS	8. NET PROFIT (Enter as Item 6)
		\$	\$	\$	\$	\$	\$

State how property was acquired.....

SCHEDULE D—CAPITAL NET GAIN OR LOSS FROM SALE OF ASSETS HELD MORE THAN TWO YEARS (See Instruction 6a)

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. DATE SOLD	4. AMOUNT RECEIVED	5. DEPRECIATION PREVIOUSLY ALLOWED	6. COST	7. VALUE AS OF MARCH 1, 1913	8. SUBSEQUENT IMPROVEMENTS, AND CAPITAL DEDUCTIONS	9. NET GAIN OR LOSS (Enter 12 1/2% as Item 4b)
	Mo. Day Year	Mo. Day Year	\$	\$	\$	\$	\$	\$

State how property was acquired.....

SCHEDULE E—INTEREST ON LIBERTY BONDS AND OTHER OBLIGATIONS OR SECURITIES (See Instruction 8)

1. OBLIGATIONS OR SECURITIES	2. INTEREST RECEIVED OR ACCRUED	3. AMOUNT OWNED	4. PRINCIPAL AMOUNT EXEMPT FROM TAXATION	5. AMOUNT OWNED IN EXCESS OF EXEMPTIONS	6. INTEREST ON AMOUNT IN EXCESS OF EXEMPTIONS (Enter as Item 8)
(a) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia.....	\$	\$	All	x x x x x x x x	x x x x x x x x
(b) Securities issued under Federal Farm Loan Act, or under such Act as amended.....			All	x x x x x x x x	x x x x x x x x
(c) Liberty 3 1/2% Bonds and other obligations of United States issued on or before September 1, 1917, and obligations of possessions of the United States.....			All	x x x x x x x x	x x x x x x x x
(d) Liberty 4% and 4 1/4% Bonds, Treasury 4% and 4 1/4% Bonds, Treasury Certificates of Indebtedness, and Treasury (War) Savings Certificates.....			\$5,000	\$	\$
(e) Liberty 4% and 4 1/4% Bonds.....			\$50,000		
(f) Treasury Notes.....			None		

SCHEDULE F—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 12, 14, AND 15

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EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED IN SCHEDULES A AND B

1. KIND OF PROPERTY (If buildings, state material of which constructed)	2. DATE ACQUIRED	3. AGE WHEN ACQUIRED	4. PROBABLE LIFE AFTER ACQUIREMENT	5. COST	6. VALUE AS OF MARCH 1, 1913	AMOUNT OF DEPRECIATION CHARGED OFF	
						7. Previous years	8. This year
				\$	\$	\$	\$

EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC., CLAIMED IN SCHEDULE A AND IN ITEM 13

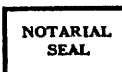
1. KIND OF PROPERTY	2. DATE ACQUIRED	3. COST	4. VALUE AS OF MARCH 1, 1913	5. SUBSEQUENT IMPROVEMENTS	6. DEPRECIATION PREVIOUSLY ALLOWED	7. INSURANCE AND SALVAGE VALUE	8. DEDUCTIBLE LOSS
		\$	\$	\$	\$	\$	\$

AFFIDAVIT

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 year as stated, pursuant to the Revenue Act of 1924 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 _____, 1926.



(Signature of individual or agent)

(Signature of officer administering oath)

(Title)

(Address of individual or agent)

INSTRUCTIONS

The Instruction Numbers on this Page Correspond with the Item Numbers on the First Page of the Return

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

Enter as Item 1 on page 1 of the return, all salaries or other compensation credited by or received from outside sources. Use a separate line for each entry, giving the information requested.

Any amount claimed as deduction for necessary expenses against salaries, etc., such as traveling expenses, while away from home in the pursuit of a trade or business, should be fully explained in Schedule F, page 2 of the return, or on an attached statement. Traveling expenses ordinarily include expenditures for railroad fares, meals, and lodging.

2. INCOME FROM BUSINESS OR PROFESSION

If you owned a business, or practiced a profession on your own account, fill in Schedule A on page 2 of the return, and enter the net income (or loss) as Item 2 on page 1 of the return.

This schedule should include income derived from the following sources: (a) Sale of merchandise, or products of manufacturing, mining, construction, and agriculture; (b) Business service, such as amusements, hotel and restaurant service, livery and garage service, laundering, storage, transportation, etc.; and (c) Professional service, such as dentistry, law, or medicine. In general, report any income in the earning of which you incurred expenses for material, labor, supplies, etc.

Farmer's income schedule.—If you are a farmer or rent 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, and enter the net farm income as Item 2, page 1 of this return. If your farm books of account are kept on an accrual basis, the filing of Form 1040 F is optional. Income from salaries, interest, rents, and sales of property, should be included in Items 1, 3, 5, and 6, respectively, on this return.

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 1922, 1923, 1924, and 1925 the following information: (a) Gross sales; (b) Cost of goods sold; (c) Gross profits; (d) Percentage of profits to gross sales; (e) Amount collected; and (f) Gross profit on amount collected.

Kind of business.—Describe the business or profession in the space provided at the top of page 1, as "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," "farmer," etc.

Total receipts from business or profession.—Enter on Line 1 of Schedule A the total receipts from sales or services, less any discounts or allowances from the sale price or service charge.

Inventories.—If engaged in a trade or business in which the production, purchase, or sale of merchandise 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 included as "Labor" on Line 2, except a salary for your own services or the services of your dependent minor children, or husband or wife if a joint return is filed.

Interest.—Enter on Line 11 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 12 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.

Losses by fire, storm, etc.—Enter on Line 13 losses of business property arising from fire, storm, or other casualty, or theft, not compensated for by insurance or otherwise and not made good by repairs claimed as a deduction. Explain this deduction in the table provided therefor at the foot of page 2, giving the information requested.

Bad debts.—Enter on Line 14 debts, or portions thereof, arising from sales or services that have been reflected in income, which have been definitely ascertained to be worthless and have been 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.

Depreciation, obsolescence, and depletion.—Enter on Line 15 the amount claimed as depreciation by reason of exhaustion, wear and tear of property used in the trade or business, or as obsolescence or depletion, and explain in the table at the foot of page 2 how this amount was determined by giving the information requested. If obsolescence is claimed, explain why useful life is less than actual life.

The amount of depreciation on property acquired by purchase should be determined upon the basis of the original cost (not replacement cost) of the property and the probable number of years remaining of its useful life, except if the property was purchased prior to March 1, 1913, it will be computed on the fair market value of such property as of that date or its original cost, whichever is greater. See Articles 161 to 171 of Regulations 65.

In case the property was acquired in any other manner than by purchase, or if a deduction is claimed on account of depletion of mines, oil or gas wells, or timber, see Articles 201 to 239 and 1591 to 1602 of Regulations 65.

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 like securities.

Rent, repairs, and other expenses.—Enter on Line 16 rent on business property in which you have no equity, ordinary repairs to keep the property in a usable condition, and other necessary business expenses not classified above, such as heat, light, and fire insurance. Do not include rent for a dwelling occupied by you for residential purposes, the cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, nor personal living and family expenses.

Deficit.—If the amount to be entered on Line 19 shows a deficit, such amount should be preceded by a minus sign or written with red ink.

3. INTEREST ON BANK DEPOSITS, ETC.

Enter as Item 3 all interest received or credited to your account during the taxable year on bank deposits, notes, mortgages, and corporation bonds, except interest on bonds upon which a tax was paid at the source. Interest on bonds is considered income when due and payable.

3a. INTEREST ON TAX-FREE COVENANT BONDS

Enter as Item 3a all interest received or credited to your account on corporation bonds containing a tax-free covenant, in connection with which you filed a white Ownership Certificate, Form 1000, not claiming exemption.

The tax of 2 per cent paid at the source by the debtor corporation on the amount of such interest should be entered as Item 49 on page 1 of the return.

4. INCOME FROM PARTNERSHIPS, FIDUCIARIES, ETC.

Enter as Item 4 income of an estate or trust, and your share (whether received or not) in the profits of a partnership, except (a) where the tax or reduction on account of the share of net gain or loss derived from the sale of capital assets is computed as provided in Instruction 6a, such net gain or loss shall be reported separately in Schedule D, and (b) the share of the profits which consisted of dividends on stock of domestic corporations, and the taxable interest on obligations of the United States, shall be included in Items 7 and 8, respectively, on page 1 of the return.

Enter in Item 1 your share of the earned income from a partnership. If the taxable year on the basis of which you file your return fails to coincide with the annual accounting period of the partnership or fiduciary, then you should include in your return your distributive share of the net profits for such accounting period, ending within your taxable year.

5. INCOME FROM RENTS AND ROYALTIES

Fill in Schedule B, giving the information requested.

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).

Enter as depreciation the amount of wear and tear, obsolescence, or depletion sustained during the taxable year 1925, and explain in table at foot of page 2.

Other expenses, such as interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character should be itemized.

6. PROFIT FROM SALE OF REAL ESTATE, BONDS, ETC.

Describe the property briefly in Schedule C, and state the actual price received, or the fair market value of the property received in exchange. Expenses connected with the sale may be deducted in computing income.

Enter the original cost of the property, and if it was acquired prior to March 1, 1913, the fair market value as of that date. Attach statement explaining how

value as of March 1, 1913, was determined. If the property was acquired in any other manner than by purchase, see Articles 1591 to 1602 of Regulations 65.

Enter as depreciation the amount of wear and tear, obsolescence, amortization, or depletion previously allowed with respect to such property since date of acquisition, or since March 1, 1913, if the property was acquired before that date.

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life. Do not deduct ordinary repairs, interest, or taxes in computing gain or loss.

In the case of sales of stocks and bonds, deductions should not be taken in Columns 4 and 7 for "Depreciation" and "Subsequent improvements." No loss shall be recognized in any sale or other disposition of shares of stock or securities where you have acquired substantially identical property within 30 days before or after the date of such sale, unless you are a dealer in stock or securities.

In case the amount to be entered in Column 8 is a deductible loss, such amount should be preceded by a minus sign or written with red ink.

6a. CAPITAL NET GAIN OR LOSS

If desired, the capital net gain derived from the sale or exchange of capital assets may be computed separately and a tax of 12½ per cent paid on such income in lieu of the regular normal tax and surtax. The term "capital net gain" means the excess of the total amount of capital gain over the sum of (a) the capital deductions and capital losses, plus (b) the amount, if any, by which the ordinary deductions exceed the gross income computed without capital gain.

In case a capital net loss is sustained from the sale or exchange of capital assets, the total normal tax and surtax computed on the basis of the ordinary net income shall be reduced by 12½ per cent of such capital net loss; but in no case shall the tax computed in this manner be less than the total normal tax and surtax that would be imposed without the benefit of this provision. The term "capital net loss" means the excess of the sum of the capital losses plus the capital deductions over the total amount of capital gain.

The term "capital assets" means property held by you for more than two years (whether or not connected with your trade or business), but does not include your stock in trade or other property of a kind which would properly be included in your inventory if on hand at the close of the taxable year, or property held by you primarily for sale in the course of your trade or business.

Fill in Schedule D in accordance with Instructions 6 for Schedule C, if the tax is computed under this provision, and enter 12½ per cent of the capital net gain or loss as Item 45 on page 1 of the return. In case of a capital net loss, the amount of such loss and the credit claimed should be preceded by a minus sign or written with red ink. (See Articles 1651 to 1654 of Regulations 65.)

7. DIVIDENDS

Report as Item 7 the amount received as dividends (a) from a domestic corporation other than a corporation entitled to the benefits of Section 262 of the Revenue Act of 1924 and other than a corporation organized under the China Trade Act, 1922, or (b) from a foreign corporation when it is shown to the satisfaction of the Commissioner that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States, including your share of such dividends received on stock owned by a partnership, or an estate or trust.

8. INTEREST ON LIBERTY BONDS, ETC.

Schedule E should be filled in if you own any of the obligations or securities enumerated in Column 1. Enter in Column 2 all interest received or credited to your account during the year on these obligations, including your share of such interest received from a partnership, or an estate or trust, and enter in Column 3 the principal amounts of the various obligations owned. Interest on all coupons falling due within the taxable year will be considered as income for the year.

If the obligations specified on Lines (d) and (e) are owned in excess of the exemptions, or any on Line (f) are owned, Columns 5 and 6 should be filled in, and the total of Column 6 entered as Item 8 on page 1 of the return.

9. OTHER INCOME

Enter all other taxable income for which no place is provided elsewhere on page 1 of the return, together with any dividends specifically excluded from Item 7.

10. TOTAL INCOME

Enter the net amount of Items 1 to 9, inclusive, after deducting any expenses reported in Item 1, and losses in Items 2, 4, 5, and 6.

11. INTEREST PAID

Enter as Item 11 interest paid on personal indebtedness as distinguished from business indebtedness (which should be deducted under Schedules A or B). Do not include interest on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by you) the interest upon which is wholly exempt from taxation.

12. TAXES PAID

Enter as Item 12 personal taxes and all taxes on property not used in business or profession, paid during the year, not including those assessed against local benefits of a kind tending to increase the value of the property. Do not include taxes imposed by Section 600 of the Act upon sales by the manufacturer, Federal income taxes, taxes imposed upon your interest as shareholder of a corporation, which are paid by the corporation without reimbursement from you, nor income and profits taxes claimed as a credit in Item 50 on page 1 of the return.

Any deduction on account of taxes should be fully explained in Schedule F.

13. LOSSES BY FIRE, STORM, ETC.

Enter as Item 13 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. (See Section 214 (a) 6 of the Revenue Act of 1924 and Article 141 of Regulations 65.)

Explain losses claimed in the table provided therefor on page 2 of the return.

14. 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.

15. CONTRIBUTIONS

Enter as Item 15 contributions or gifts made within the taxable year to any corporation, or trust, or community chest, fund, or foundation, 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 stockholder or individual. The amount claimed shall not exceed 15 per cent of your net income computed without the benefit of this deduction.

Fiduciaries filing this return for estates in the process of administration are allowed, in lieu of this deduction, that provided in Section 219 (b) 1 of the Revenue Act of 1924.

List names of organizations and amounts contributed to each in Schedule F.

16. OTHER AUTHORIZED DEDUCTIONS

Enter any other authorized deductions for which no place is provided elsewhere on page 1 of the return. Do not deduct losses incurred in transactions which were neither connected with your trade or business, nor entered into for profit.

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 should be explained in the space provided.

17. TOTAL DEDUCTIONS

Enter as Item 17 the total of Items 11 to 16, inclusive. This amount should not include any deduction claimed in Schedule A.

18. NET INCOME

Enter as Item 18 the net income, which is obtained by deducting Item 17 from Item 10. The net income shall be computed upon the basis of the taxable year in accordance with the method of accounting regularly employed in keeping your books, unless such method does not clearly reflect your income.

19. PERSONAL EXEMPTION AND CREDIT FOR DEPENDENTS

A single person, or a married person not living with husband or wife, may claim a personal exemption of \$1,000. A person who, during the entire taxable year, was the head of a family or was married and living with husband or wife, may claim an exemption of \$2,500.

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.

If husband and wife file separate returns, the personal exemption may be taken by either or divided between them. In addition to the personal exemption, a credit of \$400 may be claimed for each person (other than husband or wife) under eighteen years of age, or incapable of self-support because mentally or physically defective, who was receiving his or her chief support from the taxpayer on the last day of the taxable year. This credit can be claimed only by the person who furnishes the chief support, and can not be divided between two individuals.

In case the status of a taxpayer changes during the taxable year, the personal exemption shall be an amount which bears the same ratio to \$1,000 as the number of months during which the taxpayer was single bears to twelve months, plus an amount which bears the same ratio to \$2,500 as the number of months during which the taxpayer was married and living with husband or wife, or was the head of a family, bears to twelve months. For this purpose 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 full month. The amount of personal exemption shall not exceed \$2,500 where the head of a family is married during the taxable year.

In the case of an individual who dies during the taxable year, the credits for personal exemption and dependents shall be determined by his or her status at the time of death. Full credits shall also be allowed to the surviving spouse according to his or her status at the close of the taxable year.

Where a return is filed on Form 1040 for an estate in process of administration, or with respect to income held for future distribution, an exemption of \$1,000 may be claimed.

20. PERIOD TO BE COVERED BY RETURN

Your return for the calendar year 1925 shall be made on Form 1040. If the return is for a fiscal year ending on the last day of any month, other than December, in 1925, Form 1040FY should be used.

The accounting period established must be adhered to for subsequent years, unless permission was received from the Commissioner to make a change.

21. 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.

22. COMPUTATION OF TAX

Earned income.—In computing the tax on your net income you may claim against such tax a credit of 25 per cent of the amount of tax which would be payable if your earned net income constituted your entire net income. This credit shall be computed in Items 19 to 29, and entered as Item 47, on page 1 of the return, but in no case shall the credit claimed exceed 25 per cent of the total of Items 41, 42, and 43 on the return.

Earned income may consist of amounts received as compensation for personal services actually rendered, or an amount not in excess of 20 per cent of the net profits derived by you from a trade or business in which both personal services and capital are combined.

If your net income is not more than \$5,000, the entire amount shall be considered as earned net income, or if your net income is more than \$5,000, the earned net income shall not be considered to be less than \$5,000. In no case shall the earned net income be more than \$10,000.

Income from a partnership or fiduciary computed on a fiscal year basis.—The tax on income received from a partnership or fiduciary making a return for a fiscal year ended in 1925 shall be computed as if such income were for the calendar year 1925.

Income and profits taxes paid to a foreign country or U. S. possession.—If a credit is claimed in Item 50 on account of income and profits taxes already paid to a foreign country or a possession of the United States, a copy of Form 1116, completely filled in and sworn to must be submitted with your return together with the receipt for each such tax payment. In case credit is sought for taxes accrued the form must have attached to it a certified copy of the return on which each such accrued tax was based, and as a condition precedent to the allowance of this credit the Commissioner may require you to give a bond on Form 1117, conditioned for the payment of any taxes found due if the taxes when paid differ from the credit claimed on your return.

Surtax.—The surtax for any amount of net income not shown in the table below is computed by adding to the surtax for the largest amount shown which is less than the income, the surtax upon the excess over that amount at the rate indicated in the table.

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 16 per cent of the selling price. See Section 211(b) of the Revenue Act of 1924.

The surtax upon the net income of \$14,875 would be \$57.50, computed as follows:

1. ITEMS	EXAMPLE FOR NET INCOME OF \$14,875		COMPUTATION OF SURTAX ON ITEM 18, PAGE 1 OF THE RETURN	
	2. Net Income	3. Surtax	4. Net Income	5. Surtax
Surtax from table on.....	\$14,000.00	\$40.00	\$.....	\$.....
Surtax at 2 per cent on.....	875.00	17.50
TOTAL	\$14,875.00	\$57.50	\$.....	\$.....

SURTAX RATES FOR 1925

Amount of net income	Rate per cent	Surtax	Total surtax on each amount	Amount of net income	Rate per cent	Surtax	Total surtax on each amount
A	B	C	D	A	B	C	D
\$10,000				\$62,000	21	\$840	\$5,900
14,000	1	\$40	\$40	64,000	22	440	6,340
16,000	2	40	80	66,000	23	460	6,800
18,000	3	60	140	68,000	24	480	7,280
20,000	4	80	220	70,000	25	500	7,780
22,000	5	100	320	74,000	26	1,040	8,820
24,000	6	120	440	76,000	27	540	9,360
26,000	7	140	580	80,000	28	1,120	10,480
28,000	8	160	740	82,000	29	580	11,060
30,000	9	180	920	84,000	30	600	11,660
34,000	10	400	1,320	88,000	31	1,240	12,900
36,000	11	220	1,540	90,000	32	640	13,540
38,000	12	240	1,780	92,000	33	660	14,200
42,000	13	520	2,300	94,000	34	680	14,880
44,000	14	280	2,580	96,000	35	700	15,580
46,000	15	300	2,880	100,000	36	1,440	17,020
48,000	16	320	3,200	200,000	37	37,000	54,020
50,000	17	340	3,540	300,000	38	38,000	92,020
52,000	18	360	3,900	500,000	39	78,000	170,020
56,000	19	760	4,660	500,000+	40
58,000	20	400	5,060				

23. 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 year 1925 amounted to \$5,000, or whose net income amounted to—

- \$1,000 if single or if married and not living with husband or wife, or
- \$2,500 if married and living with husband or wife, or
- Regardless of amount if the net income exceeds the personal exemption and credit for dependents.

If an individual is single and the net income, including that of dependent minors, if any, is \$1,000 or over, or if the gross income is \$5,000 or over, a return must be filed. If the combined net income of husband and wife, and dependent minor children, if any, is \$2,500 or over, or if their combined gross income is \$5,000 or over, all such income must be reported on a joint return, or on separate returns of husband and wife. In case the husband and wife elect to file separate returns and their combined gross income is \$25,000 or over, each shall make a return on Form 1040, even though the gross income on one of the returns is less than that amount.

A minor must make a return if his net income is \$1,000 or over, if single, or \$2,500 or over, if married, or if his gross income is \$5,000 or over. If the income of a minor or incompetent is derived from a separate estate under control of a guardian, trustee, or other fiduciary, the return must be made by such legal representative.

If the net income of a decedent from the beginning of the taxable year to the date of his death was \$1,000 or over, if unmarried, or \$2,500 or over, if married and living with husband or wife, or if his gross income for the same period was \$5,000 or over, the executor or administrator shall make a return for him on Form 1040 or 1040A.

Under each of the above conditions, a return must be filed even though no tax is due. Note especially Instruction 19, "Personal Exemption and Credit for Dependents."

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 under the terms of the will or trust for future distribution, is taxed to the fiduciary as a single person, except that from the income of a decedent's estate there may first be deducted any amount properly paid or credited to a beneficiary.

24. 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 206 of the Revenue Act of 1924:

- The proceeds of life insurance policies paid upon the death of the insured;
- 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;
- 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);
- 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 or under such Act as amended; or (3) the obligations of the United States or its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit), the interest is exempt only if and to the extent provided in the respective acts authorizing the issue thereof, as amended and supplemented, and should be excluded from gross income only if and to the extent it is wholly exempt to the taxpayer from income tax (see Instruction 8);
- 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;
- Amounts received as compensation, family allotments and allowances under the provisions of the War Risk Insurance and the Vocational Rehabilitation Acts or the World War Veterans' Act, 1924, 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, or as a State pension for services rendered by the beneficiary or another for which the State is paying a pension;
- Amounts received by an individual during the taxable year as dividends or interest, not exceeding \$300, from domestic building and loan associations, substantially all the business of which is confined to making loans to members;
- The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;
- Compensation paid by a State or political subdivision thereof to its officers or employees.

25. 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. 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.

26. WHEN AND WHERE THE RETURN MUST BE FILED

Your return for the calendar year 1925 must be sent to the Collector of Internal Revenue for the district in which you live or have your principal place of business, so as to reach the Collector's office on or before March 15, 1926, unless an extension of time has been granted by the Commissioner.

In case you have no legal residence or place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Maryland.

27. 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 city and State)."

Do not send cash through the mail, nor pay it in person, except at the Collector's office.

The tax may be paid when the return is filed, or in four equal installments, as follows:

The first installment shall be paid on or before the fifteenth day of the third month following the close of the taxable year, the second installment shall be paid on or before the fifteenth day of the third month, the third installment on or before the fifteenth day of the sixth month, and the fourth installment on or before the fifteenth day of the ninth month, after the latest date prescribed for paying the first installment.

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

28. PENALTIES

For willful failure to make and file a return on time.—Not more than \$10,000 or imprisonment for not more than one year, or both, and, in addition, 25 per cent of the amount of the tax.

For willfully making a false or fraudulent return.—Not more than \$10,000 or imprisonment for not more than five years, or both, and, in addition, 50 per cent of the amount of the tax.

For deficiency in tax.—Interest on deficiency at 6 per cent per annum to the date the deficiency is assessed, and, in addition, 5 per cent of the amount of the deficiency if due to negligence or intentional disregard of rules and regulations without intent to defraud, or 50 per cent of amount of deficiency if due to fraud.

29. INFORMATION AT SOURCE

Every individual making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of \$1,000 or more during the calendar year, to any individual, fiduciary, or partnership, is required to make a true and accurate return to the Commissioner of Internal Revenue, showing the amount of such payments and the name and address of the recipient. Forms 1096 and 1099, for reporting such information, will be furnished by any collector of internal revenue upon request. Such returns of information covering the calendar year 1925 must be forwarded to the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., in time to be received not later than March 15, 1926.