

# village view

by Andrea Leonard

You've been paying your income taxes, haven't you? Most of us have. If we're salaried, we have little choice. The taxes are withheld from our paychecks.

If we're lucky enough to have a little unearned income - that's the kind that is designated as dividends or interest on savings - we're required to file estimated quarterly returns and pay state and federal income taxes about four times a year.

You've heard about tax loopholes, about high-salaried executives who avoid paying much, if any, income taxes on that money. Maybe you don't believe it. How, you wonder, can anyone avoid -- not evade, which is against the law -- but avoid taxation?

Let me give you some clues.

Recently I received an unsolicited mailing entitled "A New Kind of 'Found Money' for Executives". It's a mighty interesting document.

On the front cover it states that knowledgeable executives are dramatically increasing their real income and net worth with "found money". This money, it goes on to say, does not come through routine salary and savings. Any executive, it declares, can start immediately to receive the rewards of these new income-multipliers.

The document, of course, is a sales pitch. The group sending it out is hoping to sell copies of a special report along with a year's subscription to recommendations on business and taxes. The report and the subscription cost \$36 a year.

The covering letter describes the Tax Device used by high salaried persons who pay only a fraction of your tax bill. Companies, it says, are also able to avoid taxation through the Tax Device.

There exists, we're told, a Tax Device applicable to executives now making \$15,000 to \$25,000 and up - with special "twists" for people on straight salary, for partners, for sole proprietors, for owners of closely-held corporations, for shareholders of public corporations - or any mix of these - for executives with virtually every type and size of income.

Each Tax Device gives the same results when used properly, according to the letter: **Little or no taxes.**

For each kind of income, and for almost every tax bracket, there's a simple and specific way to cut the tax dramatically and sometimes even totally eliminate it.

Simply put (they write) the Tax Device is the careful "mix" of special tax reduction methods selected from 15 of the most vital, outstanding tax-elimination methods in existence today... methods custom-selected to the needs of a particular executive.

Many executives, (they illustrate) who are now in high tax-brackets can arrange to be taxed at a much lower rate -- without reducing their incomes -- in fact, even if their income increases. This device enables the executive to shift his income to members of his family who are taxed at a much lower rate, thus sharply reducing the tax the executive would normally pay.

Any executive (according to the letter) who is going to spend \$1,000 on travel for himself and \$300 or more on food while en route to or from a vacation that is properly timed can fully deduct these sums. The key is knowing how to time things. There is no dollar limit on this approach to tax savings and it can be used over and over again, even more than once a year.

This major tax saving (the executive is assured) is 100% legal and is fully explained in the limited-edition Report.

Another example: An executive's company can deposit money to his credit tax-free. The executive pays no tax on the accumulation of money. What's more, interest earned by

these deposits is also tax-free to the executive. Even when the executive withdraws all the accumulated money in the account, he receives special, lower tax treatment.

The description of this device continues with instructions about drawing tax-sheltered money out of a corporation: There are methods an executive can use to "unlock" money held by a corporation without losing out to penalties -- and without raising his tax bracket.

These tax breaks, they tell us, lead to executive wealth. More and more executives who are well on their way to amassing wealth, despite today's heavy tax setup, are turning to seven tax-saving methods that stand out from all the tax-reducing techniques. Each is fully legal and available to most executives.

The letter continues, a bit further on: the weekly Recommendations help over 10,000 executives lift part of the tax load off their backs.

How do you feel about this offer? Maybe you think you'd like to get on the mailing list so you could subscribe. Or maybe it raises the hackles and you have a feeling there's something about this sort of "perfectly legal" avoidance of taxation that ought to be stopped. That's how I feel about it, anyhow.

It seems wrong to put the major burden of taxation on the non-executives, the working man and woman, the elderly, the youthful taxpayers who haven't yet reached executive status. It seems unfair to permit the high-salaried segment of our population, those who can afford to avail themselves of tax devices such as these, to pay little or no taxes -- and that it's perfectly legal for them to manage this -- while the majority of us actually pay higher taxes to make up the difference.

What, exactly, would one find in the special report offered?

The Table of Contents lists the ways for an executive to cut his taxes and include the following:

- How to Reduce Tax on Personal Investment Income
- Club Dues and Spending That Are Tax Deductible
- Avoid Tax on Profits from Sale of Personal Residence
- How to Buy Tax Exempt Bonds
- An Employee-Benefit Plan for a One-Man Corporation
- A Chart Showing the Tax Deductions Others Take
- Save Taxes Now with Gifts Effective at Death
- Fixing a Building? Here's a Tax-Wise Way
- Tax-Free Life Insurance for Executives
- A Device to Boost Tax Savings on Charity, Contributions
- Tax-Wise Handling of Compensation from a Business
- Medical Expense Deductions Often Overlooked
- Tax Savings Through Prepayment of Taxes
- Split Income with Your Children for Tax Savings
- How Profits from Real Estate Investment Can Escape Tax
- How to Remain in a Lower Tax Bracket When Income Jumps

If this sort of gets your goat, maybe you should attempt to communicate your dissatisfaction with the inequities in the tax laws to the only people who have any control over those laws.

Our congressmen.