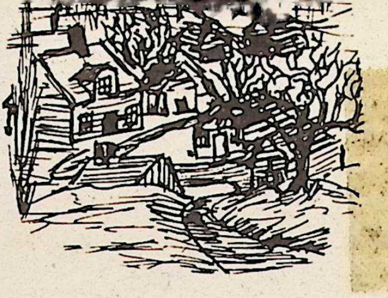
# Village View

by Andrea Leonard



You know what's sneaking up on us, don't you? That's right, April 15th.

There doesn't seem another date on the calendar that's more threatening. It's not just that it's the day we have to come up with the cash for state and federal taxes; it's the idea that, no matter what you do, you may be "audited".

A polite word for investigated. Most of us try to report honestly; few of us enjoy it, but we know we must pay taxes and are resigned to it.

When the forms come, months ahead of time, we put them carefully where we know we can find them -- in a file or in a conspicuous spot on the desk. We shuffle them around for a couple of months, until April 15th hangs over us like a sword.

Finally, the notices stop arriving from banks where interest has been credited to savings accounts (if we've got any savings) and from corporations that paid us dividends (if we have investments).

These we keep together with the tax forms.

Along about the 1st of April we settle down to the task. We read the instructions to see what changed since last year, and underline, pertinent sections so we can spot them quickly.

We get out scratch paper and sharp pencils, and begin the draft copy of the federal form, page 1.

This year we find Item 8 permits designation of $1 for the Presidential Election Campaign Fund. As it neither increases or lowers our taxes, we might as well check it. Maybe it could help prevent another Watergate.

We get no further than item 10 before we must refer to the instructions to find we can subtract $100 from dividend income -- $200 if we're married, filing a joint return and both have dividend income.

Interest income doesn't qualify for this deduction. We wonder why, as we fill in the figures, and go on to other income and adjustments.

Hopefully, even though it's deductible, you don't have sick pay to report. Medical expenses are something we can all do without.

To get the total, item 12, turn the page and complete Part 1 of page 2.

We wonder why all calculations, step-by-step, can't be made without this page-flipping. It's distracting to leave one column of figures incomplete while we do calculations on another page.

The various schedules, if you've income other than wages, dividends and interest, only contribute to the confusion. By now your desk looks like an explosion in a paper factory; all your little piles of 1099s, schedules, W-2s and tax receipts are a muddle.

Take time out to get everything straight again, check your arithmetic once more, then add everything up and enter on line 12, page 1.

If your return is simp e, you c[illegible] to line 16, but you homeowners should check the box indicating you'll use Tax Rate Schedule X, Y or Z, and any schedules attached, and move on to line 44, page 2.

Immediately you're directed to Schedule A dealing with medical and dental expenses (including certain insurance premiums), other taxes, interest on the mortgage and anything else purchased on the installment plan, contributions, casualty or theft losses (over $100) and miscellaneous deductions. How's your math?

Back on page 2, now, don't forget to deduct $750 for each dependent, plus for yourself. You've arrived at the taxable income.

Turn once more to page 1 after computing the tax from the appropriate table, X, Y or Z, and enter that astronomical figure on line 16.

Relocate, if you can, your W-2 forms and enter in line 21a what your employers withheld for federal taxes. This much, at least, is already paid.

Each year I wonder how much interest that money could have brought if I'd had it in a savings account during the year, but I put that thought aside, remembering an accountant's remark "It's due and payable when it's earned".

The final step is adding to withheld taxes any estimated tax payments made during the year, plus any credited to your account from the previous year. And don't think that notice isn't confusing when it comes!

Line 22 gives you the grand total of what you've paid already. Simple subtraction completes it.

Don't forget to check the box for the 1973 Presidential Election Campaign Fund if you want to do so.

And most important, don't forget to sign it -- both of you, if it's a joint return -- and date it.

Now turn to your state form. Half your work is already done because the state return is based largely on your federal return.

But not entirely. There's no $100 deductible from dividend income; instead, there's $100 deductible from interest earned in Massachusetts savings banks, though not from out-of-state banks. Why? You wonder, as you subtract.

Deductible medical expenses as computed for federal returns are added to personal exemptions and deducted from 5% income. Then you take 5% of the remainder. Half your state form is done.

If you've dividend income or interest from out-of-state-banks you'll pay 9% tax on the total. Back to Schedule B, now, and follow each step. The reasoning behind this is obscure; I can only recommend following the directions, one by one enter the results on line 23, page 1.

Be sure you do NOT follow state instructions indicating interest on Certificates of Deposits in Massachusetts banks be treated as 9% income.

Interest on term deposit accounts should be included in the 5% interest figure according to Leroy Long, president of Bass River Savings Bank.

He advises the state Commission of Taxation has announced the interpretation of the law is still a subject of controversy.

Therefore, if you have CDs in Massachusetts banks, treat all interest from such accounts the same: 5%.

Having computed your tax, some at 5% and perhaps some at 9%, follow the same procedure as for your federal return, deducting state withheld income taxes and prepaid estimated state taxes.

Write your checks, sign and date your return.

Your final obligation is to prepare estimated returns, if necessary. Then, with a sigh of relief, and maybe a prayer, mail them all by April 15th.

With what you've got left, if you're lucky, you can pay your property taxes next month. Next year you can deduct them from Federal ta-taxes. The tax rate, now Town Meeting is over, is $17.39 -- one cent short of the figure the Finance Committee recommended we commit ourselves to spend this year.

That penny is per thousand of valuation. It won't save any of us a bundle, but the tax rate is composed of pennies upon pennies. Your elected Town Meeting members fought hard to save mills, this year, without depriving you of needed services.

Would the state and federal governments do as much!