

Periodic payments made after August 16, 1954, under either (a) a written separation agreement entered into after that date or (b) a decree for support entered after March 1, 1954, are also deductible. Such payments must be included in the wife's income. However, you cannot deduct lump-sum settlements, specific maintenance payments for support of minor children, or any voluntary payments not under a court order or a written separation agreement.

You may not deduct gambling losses in excess of gambling winnings. If you are a tenant-stockholder in a co-operative housing corporation, you can deduct your share of its payments for interest and real-estate taxes.

**Declarations of Estimated Tax**

For many taxpayers the withholding tax on wages is not sufficient to keep them paid up on their income tax. The law requires every individual (including an alien who is a resident of Puerto Rico during the entire taxable year) to file a Declaration of Estimated Tax, Form 1040-ES, and to make quarterly payments in advance of filing the annual income tax return if:

(a) his gross income can reasonably be expected to consist of wages subject to withholding and of not more than \$100 from other sources and to exceed—

(1) \$5,000 for a single individual who is not a head of household or a surviving widow or widower or for a married individual not entitled to file a joint declaration;

(2) \$10,000 for a head of household or a surviving widow or widower; or

(3) \$5,000 for a married person entitled to file a joint declaration and the total income for both husband and wife can reasonably be expected to exceed \$10,000; or

(b) his gross income can reasonably be expected to include more than \$100 from sources other than wages and to exceed the sum of \$600 multiplied by the number of exemptions plus \$400.

The District Director will mail Form 1040-ES, as far as is practical, to each person who may need it. Anyone else required to file should obtain the form from an Internal Revenue Service office in time to file by April 15, 1955. Farmers may postpone filing their declarations for 1955, until January 15, 1956.

**HOW TO FIGURE YOUR TAX**

*Using the Tax Table.*—To relieve the average taxpayer from computing the tax, the law provides a table which shows the correct tax for any income up to \$5,000. If you file a Short-Form 1040, use the Tax Table on page 16, to determine your tax. The table is based on the same rates used in a Long-Form 1040 computation. If your actual

deductions are larger than 10 percent of your income, you may file a Long-Form 1040 and claim them.

*Making a Long-Form Computation.*—To figure your tax on the amount on either line 5 or line 7(a), page 3, of Long-Form 1040, use the schedule below.

**1954 Tax Rate Schedule**

**I. FOR ALL TAXPAYERS EXCEPT UNMARRIED (OR LEGALLY SEPARATED) PERSONS QUALIFYING AS HEAD OF HOUSEHOLD**

*If the amount on line 5 or 7 (a) is: Enter on line 6 or 7 (b):*

Not over \$2,000	20% of the amount on line 5 or 7 (a)
Over \$2,000 but not over \$4,000	\$400, plus 22% of excess over \$2,000
Over \$4,000 but not over \$6,000	\$840, plus 26% of excess over \$4,000
Over \$6,000 but not over \$8,000	\$1,360, plus 30% of excess over \$6,000
Over \$8,000 but not over \$10,000	\$1,960, plus 34% of excess over \$8,000
Over \$10,000 but not over \$12,000	\$2,640, plus 38% of excess over \$10,000
Over \$12,000 but not over \$14,000	\$3,400, plus 43% of excess over \$12,000
Over \$14,000 but not over \$16,000	\$4,260, plus 47% of excess over \$14,000
Over \$16,000 but not over \$18,000	\$5,200, plus 50% of excess over \$16,000
Over \$18,000 but not over \$20,000	\$6,200, plus 53% of excess over \$18,000
Over \$20,000 but not over \$22,000	\$7,260, plus 56% of excess over \$20,000
Over \$22,000 but not over \$26,000	\$8,380, plus 59% of excess over \$22,000
Over \$26,000 but not over \$32,000	\$10,740, plus 62% of excess over \$26,000
Over \$32,000 but not over \$38,000	\$14,460, plus 65% of excess over \$32,000
Over \$38,000 but not over \$44,000	\$18,360, plus 69% of excess over \$38,000
Over \$44,000 but not over \$50,000	\$22,500, plus 72% of excess over \$44,000
Over \$50,000 but not over \$60,000	\$26,820, plus 75% of excess over \$50,000
Over \$60,000 but not over \$70,000	\$34,320, plus 78% of excess over \$60,000
Over \$70,000 but not over \$80,000	\$42,120, plus 81% of excess over \$70,000
Over \$80,000 but not over \$90,000	\$50,220, plus 84% of excess over \$80,000
Over \$90,000 but not over \$100,000	\$58,620, plus 87% of excess over \$90,000
Over \$100,000 but not over \$150,000	\$67,320, plus 89% of excess over \$100,000
Over \$150,000 but not over \$200,000	\$111,820, plus 90% of excess over \$150,000
Over \$200,000	\$156,820, plus 91% of excess over \$200,000

**II. ONLY FOR UNMARRIED (OR LEGALLY SEPARATED) TAXPAYERS WHO QUALIFY AS HEAD OF HOUSEHOLD**

*If the amount on line 5 is: Enter on line 6:*

Not over \$2,000	20% of the amount on line 5
Over \$2,000 but not over \$4,000	\$400, plus 21% of excess over \$2,000
Over \$4,000 but not over \$6,000	\$820, plus 24% of excess over \$4,000
Over \$6,000 but not over \$8,000	\$1,300, plus 26% of excess over \$6,000
Over \$8,000 but not over \$10,000	\$1,820, plus 30% of excess over \$8,000
Over \$10,000 but not over \$12,000	\$2,420, plus 32% of excess over \$10,000
Over \$12,000 but not over \$14,000	\$3,060, plus 36% of excess over \$12,000
Over \$14,000 but not over \$16,000	\$3,780, plus 39% of excess over \$14,000
Over \$16,000 but not over \$18,000	\$4,560, plus 42% of excess over \$16,000
Over \$18,000 but not over \$20,000	\$5,400, plus 43% of excess over \$18,000
Over \$20,000 but not over \$22,000	\$6,260, plus 47% of excess over \$20,000
Over \$22,000 but not over \$24,000	\$7,200, plus 49% of excess over \$22,000
Over \$24,000 but not over \$28,000	\$8,180, plus 52% of excess over \$24,000
Over \$28,000 but not over \$32,000	\$10,260, plus 54% of excess over \$28,000
Over \$32,000 but not over \$38,000	\$12,420, plus 58% of excess over \$32,000
Over \$38,000 but not over \$44,000	\$15,900, plus 62% of excess over \$38,000
Over \$44,000 but not over \$50,000	\$19,620, plus 66% of excess over \$44,000
Over \$50,000 but not over \$60,000	\$23,580, plus 68% of excess over \$50,000
Over \$60,000 but not over \$70,000	\$30,380, plus 71% of excess over \$60,000
Over \$70,000 but not over \$80,000	\$37,480, plus 74% of excess over \$70,000
Over \$80,000 but not over \$90,000	\$44,880, plus 76% of excess over \$80,000
Over \$90,000 but not over \$100,000	\$52,480, plus 80% of excess over \$90,000
Over \$100,000 but not over \$150,000	\$60,480, plus 83% of excess over \$100,000
Over \$150,000 but not over \$200,000	\$101,980, plus 87% of excess over \$150,000
Over \$200,000 but not over \$300,000	\$145,480, plus 90% of excess over \$200,000
Over \$300,000	\$235,480, plus 91% of excess over \$300,000

**Credits Against Tax**

*Credit For Foreign Taxes.*—If you claim credits for such taxes, you should submit with your return Form 1116 which contains a schedule for the computation of the credit with appropriate instructions. This form may be obtained from your Internal Revenue Service office.

*Credit For Partially Tax-Exempt Interest.*—If you itemize your deductions, you may deduct on line 11, page 3, a credit for partially tax-exempt interest. This credit is 3 percent

of the partially tax-exempt interest included in gross income. See instructions on page 7 for the type of securities for which a credit is allowed. The credit may not exceed the lesser of (a) 3 percent of the taxable income (line 5, page 3, Form 1040, or line 20, separate Schedule D (twice line 20 in the case of a joint return or the return of a surviving widow or widower), whichever is applicable) for the taxable year or (b) the amount of tax less the credit for taxes paid to foreign countries and possessions of the U. S. and the credit for dividends received.