

INCOME TAX RETURNS DUE ON MARCH 15

INCOME TAX FACTS. NO. 1

Revenue officers are visiting every county in the United States to aid taxpayers in the preparation of their income tax returns for the year 1922. Information concerning the date of their arrival and the location of their offices may be obtained by writing the collector of internal revenue for the district in which the taxpayer lives.

Returns are required of every single person whose net income for 1922 was \$1000 or more, or whose gross income was \$5000 or more and of every married person whose net income was \$2000 or more, or whose gross income was \$5000 or more. Careful study of the instructions on the forms will greatly aid in making a correct return.

INCOME TAX FACTS. NO. 2

In the making of his income tax return for the year 1922, a taxpayer, if single, is allowed an exemption of \$1000. A married person, or head of a family, whose net income for the year 1922 was \$5000 or less is allowed an exemption of \$2500. The exemption allowed a married person or head of a family whose net income was in excess of \$5000 is \$2000. A head of a 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.

An additional credit of \$400 is allowed for each person (other than husband or wife) dependent upon the taxpayer for chief support, if such person is under 18 years of age or incapable of self-support because mentally or physically defective. A single man whose net income for 1922 was \$2000 and who supports in his home an aged mother, would have no tax to pay, but would nevertheless be required to file a return. The fact that a person's income may be non-taxable by reason of the exemptions does not nullify the requirement to file a return if his income was within the prescribed figures—\$1000 if single and \$2000 if married.

The normal tax is 4 per cent on the first \$4000 of net income in excess of the exemptions, and 8 per cent on the remaining net income. The tax may be paid in full at the time of filing the return, or in four installments due on or before March 15, June 15, September 15, and December 15.

INCOME TAX FACTS. NO. 3

The revenue act of 1921 provides that an income tax return shall be filed by every person, married or single, whose gross income for the year 1922 was \$5000 or more. Broadly speaking, gross income includes all income received by the taxpayer during the year from salary or wages, or from "business, trade, profession or vocation," dealing in property, or the transaction of any business carried on for profit. Net income, upon which the tax is assessed, is gross income less certain specified deductions for business expenses, losses, bad debts, taxes, contributions, etc.

Among the most important items in the returns of many taxpayers are the deductions for business expenses. In the case of a storekeeper, they include a reasonable allowance for salaries paid employees, amounts spent for advertising, premiums for insurance against fire or other business losses, the cost of water, light, heat and fuel used in his place of business, drayage and freight bills. A professional man, doctor or lawyer, may claim as deductions the cost of supplies used in the practice of his profession, expenses paid in the operation and repair of an automobile used in making professional calls, dues to professional societies, subscriptions to professional journals, office rent, and the cost of fuel, light, heat and water used in his office, and the hire of assistants.

The farmer may deduct all amounts paid in the production, harvesting and marketing of crops, including labor, cost of seed and fertilizer purchased, cost of minor repairs to farm buildings (other than the dwelling, which is personal expense) and cost of small tools used up in the course of a year or two. Rent paid for a farm also is an allowable deduction.

INCOME TAX FACTS. NO. 4

In making out his income tax return for the year 1922 the taxpayer is required to include all items of gross income. In the case of a storekeeper the gross income consists usually of the gross profits on sales, together with income from other sources. The returns must show the gross sales, purchases, and cost of goods sold. To reflect net income correctly, and to ascertain gross income, inventories are ordinarily required as of the beginning and end of each taxable year. The professional man, doctor, lawyer, dentist must include all fees and other compensation for professional services. The farmer is required to report as gross income all profits derived

HOW IT WORKS OUT

Flowers and long is the wedding notice which the editor printeth. The minister getteth ten bones. The groom standeth the editor off for a twelve-month subscription. All flesh is grass and in time the wife is gathered into a silo. The minister getteth his bit. The editor printeth a death notice, two columns of obituary, three lodge notices, a cubit of poetry and a card of thanks. And he forgetteth to read proof on the head and the darned thing cometh out: "Gone to Her Last Roasting Place." And all that are akin to the deceased jumpeth on the editor with exceeding great vigor. And they pulleth out their ads and cancelleth their subscriptions and they swing the hammer unto the third and fourth generations.—Arkansas Thomas Cat.

HATE IS POISON

Revenge comes from hate and hate is poison. The best way to get your revenge is to forget the person. If anyone is mean enough to do you a dirty "trick" that person will get his some day without your assistance. You better feel sorry for a mean person and pity him. Brutes hold a spite or grudge. Forgiveness is divine.—Arkansas Thomas Cat.

From the sale or exchange of farm products, including crops and live stock, whether raised on the farm or purchased and resold. A farmer who rents his farm on the crop-sharing basis must report such income for the years in which the crops are sold. Profit obtained from the sale or rental of farm lands also must be reported.

In order that they may obtain full advantage of the deductions from gross income to which they are entitled, taxpayers are advised by collectors of internal revenue to study carefully the instructions on the forms for making returns under the head "Income from Business or Profession."

INCOME TAX FACTS. NO. 5

Liability to file an income tax return for the year 1922 is determined by a person's status on the last day of the taxable year, December 31, if the return is made on the calendar year basis, as most are. If on that date he was single he must file a return if his net income for 1922 was \$1000 or more, and he is allowed only an exemption of \$1000. If he was married on December 31, he is granted the exemption allowed a married person for the full year, \$2500 if his net income was \$5000 or less, and \$2000 if the net income exceeded \$5000. The bride's income, however, must be considered with that of her husband, the larger exemptions being allowed married couples living together. A widow or widower whose spouse died before the end of the year is classed as a single person. Divorces and persons separated by mutual consent also are classed as single persons.

Similar conditions exist with respect to the head of a family. If, during the year, his support of relatives ceased he is entitled only to the \$1000 exemption. A man who has a dependent child, not mentally or physically defective, that attains the age of 18 years just before the close of the taxable year, cannot claim the \$400 credit for a dependent.

INCOME TAX FACTS. NO. 6

To avoid penalty, income tax returns must be filed with the collector of internal revenue for the district in which the taxpayer lives or has principal place of business on or before midnight of March 15, 1923. Where additional time is required because of illness or absence of the taxpayer from home, the collector may grant, upon application before the return is due, March 15, an extension of not to exceed 30 days. If an accurate return cannot be made within the 30 days' extension period, a request for a further extension must be made to the commissioner of internal revenue, Washington, D. C. Collectors have not authority to grant an extension exceeding 30 days.

Failure to make a return on time subjects the delinquent to a penalty of \$1000 and an additional penalty of 25 per cent of the amount of tax due. If the failure is willful, however, or an attempt is made to evade the tax by filing a false return, the offender is liable to imprisonment and to a fine of not more than \$10,000 and costs, in addition to a penalty of 50 per cent of the amount of tax evaded.

CHRISTIAN SCIENCE SOCIETY

The Christian Science Society of Wilmington, Calif., holds regular services at the church on Island avenue, corner of West I street, one block north of Anaheim boulevard, Wilmington, Calif. Sunday at 11 a. m. Sunday school at 9:30. Testimonial meetings Wednesday evening at 7:30.

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GOVERNOR PURSUES ECONOMY PROGRAM

Anxiety Felt as to Sources of Necessary State Revenue

By W. E. Turner

Sacramento (Special).—As was suggested in this correspondence before, the salary of the Lieutenant-Governor being fixed by the Constitution cannot be touched by the Governor or Legislature, but they have the power to prescribe such duties for him as may to them seem best. Having decided that he was getting too much money for the public service that he renders, the friends of economy very naturally reached the conclusion that by increasing his work, by adding to his official duties those now performed by some other State official and discontinuing the salary of the latter, the same economical result would be reached as though the salary of the Lieutenant-Governor itself were decreased. In fact, as there are a number of positions in the State which pay better than that of Lieutenant-Governor the saving might be far more than if his salary were wiped out entirely.

When it became rumored around the Capitol that the Lieutenant-Governor was to get an increase in work, and was to have wished on him someone else's job, speculation was general as to what the new position would be. There were numerous guesses, but none came within miles of the mark. By profession the Lieutenant-Governor is a school teacher, although he has been in the real estate business ever since the San Francisco fire. Everyone thought that his new duties might be educational, or corrective but no one suspected that he was picked out for the successor to the present Adjutant-General until a bill to that effect made its appearance. The effect around the Capitol was about the same as would be the announcement that the President had selected William Jennings Bryan to succeed General Pershing, for it would be hard to find a combination of man and office more incongruous than Young, an Adjutant-General would be.

Cost of State Government Reduced

The reduction in the cost of the State government through a reduction in the number of names on the payroll goes merrily on. Following the dismissal of nearly all the inspectors in the Motor Vehicle Department comes the announcement that 200 employees of the Highway Department will be job-hunting after the first of the coming month. The Insurance Commissioner is to lose most of his assistants, and the special work done by his department is to be charged directly to the banks. The revolving fund of the Commission, some \$60,000, is to be turned into the State Treasury. As stated before, the Insurance Department will very likely be consolidated with other departments and further reduced in personnel. The employees of the Corporation or "Blue-Sky" Commission will probably be greatly reduced, or entirely eliminated, if the office, as is now proposed, is handed over to the Attorney-General. The Real Estate Bureau is also scheduled to disappear in one direction or another.

One plan of the Administration, however, is meeting with very strong opposition. So far as the discharge of employees by the various offices is concerned, the Legislature has nothing to say. The Governor there is supreme. He appoints the heads of the departments, and while the Legislature might refuse to make an appropriation for more help, it cannot prevent the employment of less. But there has been a move on foot to leave to the county officers the task of performing the duties that have so far been in charge of the State. Thus the inspection and watching for violators of the automobile law, which the discharged inspectors were commissioned to do, it is now proposed that the sheriff's office or police department in the various counties and localities shall attend to. The money expended on viticulture; the money used in home demonstrations under the Farm Bureau and other similar expenditures, it is understood the Board of Control would lop off in the Budget and let the counties, or the sections interested pay for that work themselves. But that scheme is opposed violently, and petitions against this or that reduction are already filling the mail and crowding the journals of the two houses.

Opposition to Proposed Reductions and Abolishments

Of course it goes without saying that those who stand to lose their jobs, plus the departments which are to be reduced are also bitterly opposed to the proposed reductions or abolishments, but the announcement by the Governor that any lobbying by a state employee will mean instant dismissal, acts as a deterring force on the activities of those who otherwise, as in past legislatures, would be the most active lobbyists in the State.

When the Budget gets back on the floor of the two houses for passage by the Assembly and Senate it is certain that a very bitter and acrimonious debate will ensue. But the Governor unquestionably holds the whip hand and he is not at all inclined to lose his control of legislation. Really, as a Senator remarked a few days ago, there is little use in referring the Budget to a committee, it would save time to pass it exactly as it is handed in by the Administration, then pass the non-appropriation bills and go home. But of course that policy, wise as it may be, will not be followed. Many plans are being discussed for raising the money that is absolutely necessary for carrying on the State

government, even when every economy has been applied and the pruning knife has cut down to the quick. The trouble comes from two directions: In the first place although the last Legislature increased the taxes of the railroads and other corporations under the "King" bill, the railroads have refused to pay the increase so that the State during the past two years has had to proceed very largely on the revenues that it would have had, had no "King" bill been passed. As the litigation between the State and the railroads is in the Federal Courts it will be years before the suits are decided, so that in the meantime, the State can collect only the revenue from corporation taxes, so far as the roads are concerned, that it collected four years ago, in 1919.

Meantime the fixed charges—interest on debt, school and university special tax funds, etc.—are increasing and before the next Legislature will amount to nearly \$70,000,000 for the two years. That money having been voted by the people is practically constitutional and can only be rescinded by the voters at another election. The Governor and the Legislature cannot touch the sums involved, either to drop them entirely or reduce them. Today those constitutional appropriations are nearly \$80,000,000. It will therefore be seen that unless some new sources of taxation are adopted there will be practically nothing left for the general expenses of the State, the care of the prisons, hospitals, support of the various departments, pay of state officials, etc.

Anxiety as to Sources of Revenue

The revenue that the State can safely count on is estimated by the State Board of Equalization at \$20,000,000; there is, therefore, only \$20,000,000 in sight to run the State for the next two years, or \$10,000,000 a year, and the insane asylums alone will need most of that sum for support. The problem therefore before Governor Richardson, is not to leave more money in the pockets of the taxpayers, but not to take more out. Unless he is able to perform almost a financial miracle, he will have to raise several millions outside of the corporations, and what he is endeavoring to do, is to avoid a direct tax if possible.

So far the tax on gasoline is the only suggestion of any importance that looms up on the financial horizon. To increase the corporation tax with another King bill would be worse than futile, even if it could be forced through the Legislature—which is doubtful—since the corporations would appeal to the courts and no money would be available for years. The question therefore is where is the money needed to come from?

Probable Legislative Policy is Restrained in New Bills

This Legislature is unquestionably far more likely to repeal existing laws than to enact many new ones. The vast statutes of previous legislatures rivaling the dictionary in size, will not appear after it adjourns. In all directions there are measures to repeal old legislation rather than to enact new, and while, of course, there will be a number of new measures introduced most of them no doubt will die "aborning" in committee. Thus Assemblyman Dozier declares that the "Red Light" bill has been a failure and he would have it repealed, and segregated districts allowed again; Senator Osborne wants the parole law modified so that those allowed probation would have to pay the cost of their trials and submit to other penalties; Senator Crowley would do away with the present divided session. It is proposed to abolish the Woman's Farm, and the Pacific Colony in the South has already been dropped. Dozier wants to get back to the old system of direct taxation, declaring that the indirect system is a failure. There is a move to abolish the State Board of Corrections and Charities, and of course any number of measures to consolidate and unite existing commissions and departments. But no one has, as yet, had the temerity to suggest creating any new offices or duties that will entail additional expenses. The number of bills too is not a third of the usual number, that is introduced by this time in the session, and although that is partially due to the wait on the Budget, nevertheless, that is not the sole reason.

How thoroughly the Governor is going through the several departments, combing them to find out where savings can be made, is illustrated by a story that is floating around the Capitol to the effect that before election the head of a certain department told the Governor that he had deputies all over the State who could help his election, and that he had a fund that could be used to further the Governor's interests. The result was that auditors were sent to the department to ascertain where the fund was, and how much it was, and it is generally understood the gentleman who made the offer is shortly to lose his official head.

While waiting for the Budget the Senate started in to investigate the expenditures of the groups which were active for and against the various measures that were submitted to the people on the November ballot.

The principal subject to be investigated was the expenditure of the opposition to the Water Power Act. Those favoring the measure are said to have spent in the neighborhood of \$150,000, over \$100,000 of which was contributed by one person. But the corporations which were in opposition and which are supposed to have spent much more, never filed any statement. They figured possibly that even if the law was enforced against them, they would simply have to pay the fine—a thousand dollars—a mere bagatelle, and that there the matter would drop, but the Senate thought otherwise and is busy trying to find out exactly what the opposition cost and who put up the money.

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