Form 1040
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

(Cashier's Stamp)

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES FROM SALARIES OR WAGES OF MORE THAN $5,000
AND INCOMES FROM BUSINESS, PROFESSION, RENTS, OR SALE OF PROPERTY

For Calendar Year 1930

File This Return With the Collector of Internal Revenue for Your District on or Before March 15, 1931

PRINT NAME AND ADDRESS PLAINLY BELOW

(Name)

(Street and number, or rural route)

(Post office) (County) (State)

Occupation

Do Not Write in These Spaces

File Code

Serial Number

District

(Cashier's Stamp)

Cash Check M. O. Cert. of Ind.

First Payment

$

1. Are you a citizen or resident of the United States?
2. If you filed a return for 1929, to what Collector's office was it sent?
3. Is this a joint return of husband and wife?
4. State name of husband or wife if a separate return was made and the Collector's office where it was sent.
5. Were you married and living with husband or wife on the last day of your taxable year?
6. If not, were you on the last day of your taxable year supporting in your household one or more persons closely related to you?
7. If your status in respect to questions 5 and 6 changed during the year, state date and nature of change.
8. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support were receiving their chief support from you on the last day of your taxable year?

Item and Instruction No.	INCOME	Amount received	Expenses paid (Include in Schedule F)	
1.	Salaries, Wages, Commissions, etc. (State name and address of employer)	$	$	$
2.	Income from Business or Profession. (From Schedule A)			
3.	Interest on Bank Deposits, Notes, Corporation Bonds, etc. (except interest on tax-free covenant bonds)			
4.	Interest on Tax-free Covenant Bonds Upon Which a Tax was Paid at Source			
5.	Income from Partnerships. (State name and address)			
6.	Income from Fiduciaries. (State name and address)			
7.	Rents and Royalties. (From Schedule B)			
8.	Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C)			
9.	Taxable Interest on Liberty Bonds, etc. (From Schedule E)			
10.	Dividends on Stock of Domestic Corporations			
11.	Other Income (including dividends on stock of foreign corporations). (State nature of income)			
	(a)			
	(b)			
12.	TOTAL INCOME IN ITEMS 1 TO 11			$
	DEDUCTIONS			
13.	Interest Paid		$	
14.	Taxes Paid. (Explain in Schedule F)			
15.	Losses by Fire, Storm, etc. (Explain in Table at foot of page 2)			
16.	Bad Debts. (Explain in Schedule F)			
17.	Contributions. (Explain in Schedule F)			
18.	Other Deductions Authorized by Law. (Explain in Schedule F)			
19.	TOTAL DEDUCTIONS IN ITEMS 13 TO 18			$
20.	NET INCOME (Item 12 minus Item 19)			$

EARNED INCOME CREDIT

21.	Earned Income (not over $30,000)	$
22.	Less Personal Exemption and Credit for Dependents	
23.	Balance (Item 21 minus 22)	$
24.	Amount taxable at 1½% (not over $4,000)	$
25.	Amount taxable at 3% (not over $4,000)	
26.	Amount taxable at 5% (balance over $8,000 of Item 23)	
27.	Normal Tax (1½% of Item 24)	$
28.	Normal Tax (3% of Item 25)	
29.	Normal Tax (5% of Item 26)	
30.	Surtax on Item 21	
31.	Tax on Earned Net Income (total of Items 27 to 30)	$
32.	Credit of 25% of Tax (not over 25% of Items 30, 44, 45, and 46)	$

COMPUTATION OF TAX (See Instruction 23)

33.	Net Income (Item 20 above)		$
	LESS:		
34.	Liberty Bond Interest (Item 9)	$	
35.	Dividends (Item 10)		
36.	Credit for Dependents		
37.	Personal Exemption		
38.	Total of Items 34 to 37		
39.	Balance (Item 33 minus 38)		$
40.	Amount taxable at 1½% (not over $4,000)		
41.	Balance (Item 39 minus 40)		$
42.	Amount taxable at 3% (not over $4,000)		
43.	Amount taxable at 5% (Item 41 minus 42)		$

44.	Normal Tax (1½% of Item 40)	$
45.	Normal Tax (3% of Item 42)	
46.	Normal Tax (5% of Item 43)	
47.	Surtax on Item 20 (see Instruction 23)	
48.	Tax on Net Income (total of Items 44 to 47)	$
49.	Tax on Capital Gain or Loss (12½% of Col. 8, Sched. D)	
50.	Total of or difference between Items 48 and 49	$
51.	Less Credit of 25% of Tax on Earned Income (Item 32)	
52.	Total Tax (Item 50 minus 51)	$
53.	Less Income Tax Paid at Source	
54.	Income Tax paid to a foreign country or U. S. possession	
55.	Balance of Tax (Item 52 minus Items 53 and 54)	$

AFFIDAVIT

I swear (or affirm) that this return, including the accompanying schedules and statements, 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 stated, pursuant to the Revenue Act of 1928 and the Regulations issued thereunder.

(If return is made by agent, the reason therefor must be stated on this line)

Sworn to and subscribed before me this ..... day of ....., 1931.

(Signature of individual or agent)

NOTARIAL SEAL

(Signature of officer administering oath) (Title)

(Address of agent)

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

1. Total receipts from business or profession (state kind of business) ____ $____

Cost of Goods Sold

2. Labor ____ $____
3. Material and supplies ____
4. Merchandise bought for sale ____
5. Other costs (itemize below or on separate sheet) ____
6. Plus inventory at beginning of year ____
7. Total (Lines 2 to 6) ____ $____
8. Less inventory at end of year ____
9. Net Cost of Goods Sold (Line 7 minus Line 8) ____ $____

Enter "C," or "C or M," on Lines 6 and 8 to indicate whether inventories are valued at cost, or cost or market, whichever is lower.

Other Business Deductions

10. Salaries not included as "Labor," in Line 2. (Do not deduct compensation for your services) ____ $____
11. Interest on business indebtedness to others ____
12. Taxes on business and business property ____
13. Losses (explain in table at foot of page) ____
14. Bad debts arising from sales or services ____
15. Depreciation, obsolescence, and depletion (explain in table provided at foot of page) ____
16. Rent, repairs, and other expenses (itemized below or on separate sheet) ____
17. Total (Lines 10 to 16) ____ $____
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 7)

1. Kind of Property	2. Amount Received	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Depreciation (Explain in table at foot of page)	5. Repairs	6. Other Expenses (Itemize below)	7. Net Profit (Enter as Item 7)
	$	$	$	$	$	$

Explanation of deductions claimed in Column 6 ____

SCHEDULE C—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 8)

1. Kind of Property	2. Date Acquired	3. Amount Realized	4. Depreciation Allowable Since Acquisition	5. Cost or Value as of March 1, 1913, Whichever Greater	6. Subsequent Improvements	7. Net Profit (Enter as Item 8)
		$	$	$	$	$

State how property was acquired ____

SCHEDULE D—CAPITAL NET GAIN OR LOSS FROM SALE OF ASSETS HELD MORE THAN TWO YEARS (See Instruction 8a)

1. Kind of Property	2. Date Acquired	3. Date Sold	4. Amount Realized	5. Depreciation Allowable Since Acquisition	6. Cost or Value as of March 1, 1913, Whichever Greater	7. Subsequent Improvements, and Capital Deductions	8. Net Gain or Loss (Enter 12½% as Item 40)
	Mo. Day Year	Mo. Day Year	$	$	$	$	$

State how property was acquired ____

SCHEDULE E—INTEREST ON LIBERTY BONDS AND OTHER OBLIGATIONS OR SECURITIES (See Instruction 9)

1. Obligations or Securities	2. Interest Received or Accrued	3. Amount Owned	4. Principal Amount Exempt From Taxation	5. Amount Owned in Excess of Exemption	6. Interest on Amount in Excess of Exemption (Enter as Item 9)
(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
(b) Securities issued under Federal Farm Loan Act, Treasury Bills, and Certificates of Indebtedness issued after June 17, 1929			All	x x x x x x	x x x x x x
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917, and obligations of U. S. possessions			All	x x x x x x	x x x x x x
(d) Liberty 4% and 4¼% Bonds, Certificates of Indebtedness issued before June 18, 1929, Treasury Bonds and Savings Certificates			$5,000	$	$
(e) Treasury Notes			None		

SCHEDULE F—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 14, 16, 17, AND 18

____

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 or Value as of March 1, 1913, Whichever Greater (Exclusive of Land)	Amount of Depreciation Charged Off: 6. Previous years	7. This year
				$	$	$

EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC., CLAIMED IN SCHEDULE A, AND IN ITEM 18

1. Kind of Property	2. Date Acquired	3. Cost or Value as of March 1, 1913, Whichever Greater	4. Subsequent Improvements	5. Depreciation Allowable Since Acquisition	6. Insurance and Salvage Value	7. Deductible Loss
		$	$	$	$	$

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 in 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 a 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 on 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 from: (a) Sale of merchandise or products of manufacturing, mining, construction, and agriculture; (b) Business service, such as hotel, restaurant, and garage service, amusements, 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 and keep no books of account, or keep books on a cash basis, obtain from the Collector, and attach to this return Form 1040F, Schedule of Farm Income and Expenses, and enter the net farm income as Item 2 on page 1 of this return. If your farm books of account are kept on an accrual basis, the filing of Form 1040F is optional.

Installment sales.—If the installment method is used, attach to the return a schedule showing separately for the years 1927, 1928, 1929, and 1930 the following: (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. See Article 351 of Regulations 74.

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.—Enter on Line 1 of Schedule A the total receipts, 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, inventories of merchandise on hand should be taken at the beginning and end of the taxable year, which may be valued at cost, or cost or market, whichever is lower.

Salaries.—Enter on Line 10 all salaries not included as "Labor" on Line 2, except compensation for your services, your dependent minor children, or husband or wife if a joint return is filed, which is not deductible.

Interest.—Enter on Line 11 interest on business indebtedness. 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, nor Federal income taxes.

Losses.—Enter on Line 13 losses incurred in the trade or business, if not compensated for by insurance or otherwise and not made good by repairs claimed as a deduction. Losses of business property arising from fire, storm, etc., should be explained in the table at the foot of page 2 of the return.

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 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.—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. If obsolescence is claimed, explain why the useful life is less than the 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. If the property was acquired in any other manner than by purchase, see Articles 201 to 210 of Regulations 74.

In case a deduction is claimed on account of depletion of mines, oil or gas wells, or timber, see Articles 221 to 257 of Regulations 74.

Do not claim any deduction for depreciation in the value of a building occupied by you as a dwelling, or property held for personal use, nor for land (exclusive of improvements thereon), nor on stocks, bonds, and 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 permanent improvements to property, nor personal, living, or 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.

4. INTEREST ON TAX-FREE COVENANT BONDS

Enter as Item 4 bond interest upon which a tax was paid at source.

A tax of 1½ per cent was paid at source on such interest if it was entered on Line 2 of Form 1000 which indicates that Item 39 will not exceed $4,000, or 2 per cent was paid if the interest was entered on Line 3 of Form 1000 which indicates that Item 39 will exceed $4,000. Such tax paid at source may be claimed as a credit in Item 53 on the return.

5 AND 6. INCOME FROM PARTNERSHIPS AND FIDUCIARIES

Enter as Item 5 your share (whether received or not) of the profits of a partnership, and as Item 6 income from an estate or trust, except that the share of (a) capital net gain or loss computed as provided in Instruction 8a shall be reported in Schedule D, (b) taxable interest on obligations of the United States shall be included in Schedule E, and (c) profits which consisted of dividends on stock of domestic corporations shall be included in Item 10, on the return. Include in Items 53 and 54, respectively, credits claimed for income tax paid at source, and foreign income taxes.

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. See Instruction 23.

7. 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, or depletion sustained during the taxable year 1930, and explain in the table at the 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.

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

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

Enter the cost of the property, or if acquired prior to March 1, 1913, its fair market value as of that date, whichever is greater. Attach statement explaining how the value as of March 1, 1913, was determined. If the property was not acquired by purchase, see Articles 591 to 604 of Regulations 74.

Enter as depreciation the amount of wear and tear, obsolescence, or depletion which has been allowable in respect of such property since date of acquisition, or since March 1, 1913, if the property was acquired before that date. In addition, if the property was acquired before March 1, 1913, and if the cost of such property is greater than its fair market value as of that date, the cost shall be reduced by the depreciation actually sustained before that date.

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life.

No loss shall be recognized in any sale or other disposition 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 securities.

In case the amount to be entered in Column 7 is a deductible loss, such amount should be preceded by a minus sign or written with red ink.

8a. CAPITAL NET GAIN OR LOSS

If desired, a capital net gain derived from the sale or exchange of capital assets may be computed separately and a tax of 12½ per cent paid thereon in lieu of the 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 Instruction 8, if the tax is computed under this provision, and enter 12½ per cent of the capital net gain or loss as Item 49 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 501 to 503 of Regulations 74.

9. 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, where the books are kept on a cash receipts and disbursements basis. If the books are kept on an accrual basis, report the actual amount of interest accrued on the obligations owned during the taxable year.

If the obligations enumerated on Line (d) are owned in excess of the exemption of $5,000, or any on Line (e) are owned, Columns 5 and 6 should be filled in, and the total of the interest reported on Lines (d) and (e), Column 6, entered as Item 9 on page 1 of the return.

10. DIVIDENDS

Enter as Item 10 the amount received as dividends (a) from a domestic corporation other than a corporation entitled to the benefits of Section 251 of the Act of 1928 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.

11. OTHER INCOME

Enter as Item 11 all other taxable income for which no place is provided on the return, together with any dividends specifically excluded from Item 10.

12. TOTAL INCOME

Enter as Item 12 the net amount of Items 1 to 11, inclusive, after deducting any expenses reported in Item 1, and losses in Items 2, 5, 7, and 8.

13. INTEREST PAID

Enter as Item 13 interest paid on personal indebtedness as distinguished from business indebtedness (which should be deducted under Schedule A or B). Do not include interest on indebtedness incurred to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation.

14. TAXES PAID

Enter as Item 14 personal taxes and taxes paid on property not used in your business or profession, not including those assessed against local benefits of a kind tending to increase the value of the property assessed. Do not include 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 taxes claimed as a credit in Item 54.

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

15. LOSSES BY FIRE, STORM, ETC.

Enter as Item 15 losses of property not connected with your business or profession, sustained during the year if arising from fire, storm, shipwreck, or other casualty, or from theft, and if not compensated for by insurance or otherwise. See Article 171 of Regulations 74.

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

16. BAD DEBTS

Enter as Item 16 all bad debts other than those claimed as a deduction in Schedule A. State in Schedule F, (a) of what the debts consisted, (b) when they were created, (c) when they became due, (d) what efforts were made to collect, and (e) how they were actually determined to be worthless.

17. CONTRIBUTIONS

Enter as Item 17 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 shareholder or individual. The amount claimed shall not exceed 15 per cent of your net income computed without the benefit of this deduction.

A fiduciary filing the return for an estate in process of administration may claim, in lieu of this deduction, that provided in Article 862 of Regulations 74.

List organizations and amounts contributed to each in Schedule F.

18. OTHER DEDUCTIONS

Enter as Item 18 any other authorized deductions for which no place is provided on the return. Do not deduct losses incurred in transactions which were neither connected with your trade or business, nor entered into for profit.

If the return is filed for an estate in process of administration, there may be deducted the amount of any income paid or credited to a beneficiary.

Any deduction claimed should be explained in Schedule F.

19. TOTAL DEDUCTIONS

Enter as Item 19 the total of Items 13 to 18, inclusive. This amount should not include any deduction claimed in Schedule A or B.

20. NET INCOME

Enter as Item 20 the net income, which is obtained by deducting Item 19 from Item 12. 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.

21. 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 1930 amounted to $5,000, or whose net income amounted to—

(a) $1,500 if single or if married and not living with husband or wife;
(b) $3,500 if married and living with husband or wife; or
(c) More than the personal exemption if status of taxpayer changes.

If an individual is single and the net income, including that of dependent minors, if any, is $1,500 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 $3,500 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 net income is $5,000 or over, each shall make a return on Form 1040.

If the net income of a decedent to the date of his death was $1,500 or over, if unmarried, or $3,500 or over, if married and living with husband or wife, or if his gross income for the period was $5,000 or over, the executor or administrator shall make a return for him on Form 1040 or 1040A.

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 be deducted any amount properly paid or credited to a beneficiary.

22. PERSONAL EXEMPTION AND CREDIT FOR DEPENDENTS

A single person, or a married person not living with husband or wife, may claim an exemption of $1,500. A person who was the head of a family or was married and living with husband or wife during the entire taxable year, may claim an exemption of $3,500. If husband and wife file separate returns, the exemption may be taken by either or divided between them.

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.

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 year, the personal exemption shall be an amount which bears the same ratio to $1,500 as the number of months the taxpayer was single bears to twelve months, plus an amount which bears the same ratio to $3,500 as the number of months 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 exemption shall not exceed $3,500 where the head of a family is married during the year.

In the case of an individual who dies during the taxable year, the personal exemption and credit for 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 for a trust, an exemption of $1,500 may be claimed.

23. COMPUTATION OF TAX

Earned income.—In computing the tax on your net income you may claim a credit of 25 per cent of the tax on your earned net income.

To determine this credit, compute the tax on your earned net income in Items 21 to 31 on page 1 of the return, as if it were your entire net income. Items 32 and 51 will be 25 per cent of Item 31, or 25 per cent of the sum of Items 30, 44, 45, and 46, whichever amount is the smaller.

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 material income-producing factors.

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 $30,000.

Fiscal year income from a partnership or fiduciary.—If income is received from a partnership, or an estate or trust, which makes its return for a fiscal year ending in 1930, the income attributable to 1930 shall be added to your other income for that year and taxed at the lower normal tax and surtax rates applicable to 1930, and the income attributable to 1929 shall be taxed at the next higher normal tax and surtax rates applicable to 1929. In case all of your personal exemption and credit for dependents was not required in computing the tax for 1930, the balance may be applied against the income attributable to 1929.

Income tax paid to a foreign country or U. S. possession.—If a credit is claimed in Item 34 for income tax paid to a foreign country or a possession of the United States, submit Form 1116 with 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 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 Article 511 of Regulations 74.

The surtax upon $16,450 would be $93.50, computed as follows:

1. ITEMS	Example for Net Income of $16,450		Computation of Surtax on Item 20, Page 1 of the Return	
	2. Net income	3. Surtax	4. Net income	5. Surtax
Surtax from table on	$16,000.00	$80.00	$	$
Surtax at 3 per cent on	450.00	13.50		
Total	$16,450.00	$93.50	$	$

SURTAX RATES FOR 1930

Amount of net income	Rate per cent	Total surtax	Amount of net income	Rate per cent	Total surtax
A	B	C	A	B	C
$0 to $10,000			$40,000 to $44,000	11	$2,240
10,000 to 14,000	1	$40	44,000 to 48,000	12	2,720
14,000 to 16,000	2	80	48,000 to 52,000	13	3,240
16,000 to 18,000	3	140	52,000 to 56,000	14	3,800
18,000 to 20,000	4	220	56,000 to 60,000	15	4,400
20,000 to 22,000	5	320	60,000 to 64,000	16	5,040
22,000 to 24,000	6	440	64,000 to 70,000	17	6,060
24,000 to 28,000	7	720	70,000 to 80,000	18	7,860
28,000 to 32,000	8	1,040	80,000 to 100,000	19	11,660
32,000 to 36,000	9	1,400	100,000 up	20	
36,000 to 40,000	10	1,800			

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 117 of the Revenue Act of 1928:

(a) Amounts received under a life insurance contract paid by reason of the death of the insured, whether in a single sum or in installments (but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income);

(b) Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts) under a life insurance, endowment, or annuity contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (a) above or this paragraph;

(c) Gifts (not made as a consideration for service rendered), and money and property acquired by bequest, devise, or inheritance (but the income derived from such property is taxable and must be reported);

(d) 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 on 4 per cent and 4¼ per cent Liberty Bonds, Treasury Certificates of Indebtedness issued before June 18, 1928, Treasury Bonds, and Treasury Savings Certificates, owned in excess of $5,000, and the interest on Treasury Notes, is subject to surtax if the net income is over $10,000, and should be reported (see Instruction 9);

(e) 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;

(f) 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;

(g) Amounts received by an individual 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;

(h) The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;

(i) Compensation paid by a State or political subdivision thereof to its officers or employees for services rendered in connection with the exercise of an essential governmental function; and

(j) Amounts received as earned income from sources without the United States by an individual citizen of the United States who is a bona fide nonresident for more than six months during the taxable year. The taxpayer in such a case may not deduct from his gross income any amount properly allocable to or chargeable against the amount so excluded from his gross income.

25. 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.

26. PERIOD TO BE COVERED BY RETURN

Your return for the calendar year 1930 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 1930, 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.

An application for a change in the accounting period shall be made on Form 1128 and forwarded to the Collector prior to the expiration of thirty days from the close of the proposed taxable year.

27. AFFIDAVIT

The affidavit must be executed by the person whose income is reported 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.

28. WHEN AND WHERE THE RETURN MUST BE FILED

The return 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, 1931. 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.

29. 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 by 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 March 15, 1931, the second installment shall be paid on or before June 15, 1931, the third installment on or before September 15, 1931, and the fourth installment on or before December 15, 1931.

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

30. 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, or to the thirtieth day after the filing of a waiver of the right to file a petition with the Board of Tax Appeals, whichever date is the earlier, 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.

31. INFORMATION AT SOURCE

Every person making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of $1,500 or more during the calendar year, to a single person, a partnership, or a fiduciary, or $3,500 or more to a married person, is required to make a return on Forms 1096 and 1099 showing the amount of such payments and the name and address of each recipient. These forms will be furnished by any collector of internal revenue upon request. Such returns covering the calendar year 1930 must be forwarded to the Collector of Internal Revenue for your district in time to be received not later than February 15, 1931.

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