

## Income Tax Return

(This is the fifth of a series of six articles presented by the Pennsylvania Institute of Certified Public Accountants on money saving tax hints in preparing your Federal income tax return.)

### Tax Treatment For Capital Gains & Losses

While the new Tax Reform Act makes substantial changes in the treatment of capital gains and losses — which will affect taxpayers' returns filed in 1971 and thereafter — the rules with respect to capital gains or losses experienced last year are the same as they have been previously.

This means that a person filing the Federal income tax return due this coming April 15 need include in his income only 50 per cent of any net profit he may have realized from the sale of stock he owned longer than six months. And the tax ceiling of 25 per cent, exclusive of the 10 per cent surcharge, on long-term gains remains in effect for 1969 returns.

Long-term capital gains are defined as those on investments held for more than six months before selling. Short-term gains are those made on investments held six months or less, and the whole of these gains must be counted as regular income, subject to whatever tax-bracket the person happens to be in.

Don't count the day of purchase but include the day of sale in determining whether you have a long-term gain. For example, if a stock was bought on April 28, 1969 and sold October 29, the profit is a long-term gain. But if the selling date was October 28, it is short-term because the stock wasn't held for the required more than six calendar months.

If a person's stock transactions resulted in loss for the year, he can deduct up to \$1,000 of the loss from regular income on his 1969 return, and carry over any loss above that figure at the rate of \$1,000 each year thereafter until the full loss is deducted.

Changes concerning treatment of capital gains and losses, specified in the new Tax Reform Act, will begin to affect people's tax returns for income received in 1970 — that is, the returns to be filed a year from now.

One change is that the 25 per cent tax ceiling on long-term gains will apply to the first \$50,000 of such gains (\$25,000 for a married taxpayer filing a separate return) but the rate on gains above such amount will rise to 29.5 per cent, exclusive of the surcharge, for gains realized in 1970, 32.5 per cent in 1971, and thereafter one half of total

### Ag Leader Says Credit Crucial

Credit is crucial for a healthy agriculture in the years ahead, states Julian B. Thayer, chairman of the government's 27-man Commission on Agriculture Credit. Thayer, a former Agway leader, was for years chairman of the executive committee of the Eastern States Farmers' Exchange.

Thayer says the number of sources of credit for farmers is decreasing. Some of the traditionally important farm lenders are reducing or stopping their services to farmers because they have more profitable investment opportunities elsewhere.

In addition, Thayer points to the rapidly growing demand for money by the nation's cities-financing requirements of the many renewal and welfare programs.

The combination of greater competition for money and fewer credit sources for farmers could have adverse effects on agriculture in the long run, he cautioned.

long-term gains will have to be counted as regular income. This provision, of course, affects only people at comparatively high income levels.

There will also be some important changes with respect to capital losses. In the case of long-term losses realized in 1970 and later years, two dollars of losses are required for each one dollar of deduction. Therefore, in order to deduct the full \$1,000 allowable, it will be necessary to have a long-term capital loss of at least \$2,000. For married couples filing separate returns, instead of each person being able to take \$1,000 of realized deduction, the \$1,000 will be split, with each allowed a deduction of only \$500.

### Hardin Meets French Minister of Agriculture

U.S. Secretary of Agriculture Clifford M. Hardin recently completed two days of discussions with the French Minister of Agriculture, Jacques Duhamel.

Hardin said, "Our discussions the past two days have ranged over a number of subjects relating to agricultural development and economic growth in the two countries. We talked about the needs of rural people, and the adjustment problems that accompany rapid changes in farm technology."

"We discussed rather fully the environmental concerns that affect the entire world, including air and water pollution. Trade questions and the relationship between United States and European Community were also discussed informally, and I feel that these talks were extremely helpful to a better understanding of trade problems and viewpoints."

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Along Road From Mt. Joy to Manheim, 3 Miles East of Mt. Joy, 1 Mile North of Erisman's Church Along Erisman Road.

THURSDAY, APRIL 16, 1970

1:00 P. M.

37 HEAD OF REGISTERED AND 2 GRADE HOLSTEINS

27 Cows, 8 Bred Heifers Due in Summer, 4 Open Heifers T. B. and Bangs Certified, Vaccinated; Sale held under cover; Curtis Candy Breeding for 8 years; Sires represented: 3 Star Man, 3 Chiefs, other leading sires of Curtis Candy; Charts Sale Day. OS — 13,312 M and 507F.

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For Further Information: Contact  
Thomas Eagle, 459-4402 or Harry Gochenour, 459-3430

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THURSDAY, APRIL 16

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Phone 703-825-9188

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