

S 4410

INDIVIDUAL INCOME TAX

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INDIVIDUAL INCOME TAX

VICTORY TAX

Impose a Victory tax of 5 percent on all income in excess of \$624 received during the year by individuals from the following sources:

1. Salaries and other compensation for personal services.
2. Dividends.
3. Interest.
4. Rents and royalties.
5. Annuities.
6. Net profit from business or profession.
7. Income from partnerships, fiduciary income, and other income includible in gross income.

The specific exemption of \$624 amounts to \$52 on a monthly basis and \$12 on a weekly basis. Except in the case of members of the armed forces, domestic servants, and agricultural labor, this Victory tax, so far as it relates to salaries and wages, will be withheld at the source.

Employers will deduct from salaries and wages 5 percent of the wages in excess of \$12 a week from all employees, irrespective of marital status. The Victory tax on income other than salaries and wages will not be withheld.

In determining the amount to be withheld, the simplified wage-band procedure may be adopted in accordance with the following classification:

Wage bands on weekly basis	Paid as follows:		
	Weekly	Biweekly	Monthly
Under \$12.....	None	None	None
\$12-\$16.....	\$0. 10	\$0. 20	\$0. 40
\$16-\$20.....	. 30	. 60	1. 20
\$20-\$24.....	. 50	1. 00	2. 00
\$24-\$28.....	. 70	1. 40	2. 80
\$28-\$32.....	. 90	1. 80	3. 60
\$32-\$36.....	1. 10	2. 20	4. 40
\$36-\$40.....	1. 30	2. 60	5. 20
\$40-\$44.....	1. 50	3. 00	6. 00
\$44-\$48.....	1. 70	3. 40	6. 80
\$48-\$52.....	1. 90	3. 80	7. 60
\$52-\$56.....	2. 10	4. 20	8. 40
\$56-\$60.....	2. 30	4. 60	9. 60
Etc.....	Etc.	Etc.	Etc.

The employee computes his Victory tax in his regular income tax return and takes as a credit against the Victory tax shown thereon the Victory tax which has been withheld at the source.

An employee receiving a salary of \$50 a week would pay this tax as follows: The employer would deduct from the employee's salary 5 percent of \$38 or \$1.90. The \$38 is arrived at by reducing the \$50 weekly salary by \$12, which is the \$624 annual exemption placed on a weekly basis. The tax deducted by the employer would be turned over to the collector after the close of each quarter. The total Victory tax in this case would be \$98.80, consisting of \$1.90 withheld during each of the 52 weeks.

A sample form is attached which shows how readily this tax may be computed on the regular income tax return.

The regular income tax form may be utilized with equal facility for computing the Victory tax for taxpayers with incomes from sources other than salaries or wages. In the case of dividends, interest, rents, royalties, and annuities the taxpayer uses as his base for the Victory tax the same amounts reported by him as income on his regular income tax return.

Individuals in business report as their business profits for the purpose of the Victory tax the net profits from their business reported on their regular income tax return. The same is true with respect to income from partnerships and fiduciaries.

INDIVIDUAL POST-WAR CREDIT AGAINST VICTORY TAX

Against this Victory tax, the following post-war credit could be allowed:

- (1) In the case of single persons, 25 percent of the Victory tax or \$500, whichever is the lesser.
- (2) In the case of a married person, 40 percent of the Victory tax or \$1,000, whichever is the lesser.
- (3) For each dependent, 2 percent of the Victory tax or \$100, whichever is the lesser.

Allow the taxpayer to absorb this post-war refund currently for the following purposes:

- (1) Payment of life insurance premiums on life insurance outstanding as of January 1, 1942.
- (2) Payment of debts contracted prior to January 1, 1942.
- (3) Purchase of war bonds.

Such expenditures up to the amount of the post-war credit will be allowed as a credit against the tax. This will afford some relief to taxpayers with fixed obligations, such as life insurance premiums and debts, expenditures which do not conflict with the war effort or affect the inflation problem. Those taxpayers who do not avail themselves of this current tax credit will, of course, obtain the full benefit of the post-war refund after the war. Those who do take advantage of such credit will have their post-war credits reduced to that extent. The current debt, war bond, and insurance credit does not reduce the amount withheld at the source. To secure this credit, the taxpayer should apply it against his Victory tax on his return.

The amount of relief to be obtained under the post-war credit is shown by the following tables:

TABLE 1.—Amount of post war credit

SINGLE PERSON

Gross income	5 percent additional tax	Post-war credit			
		No dependents	1 dependent	2 dependents	3 dependents
\$800.....					
\$800.....	\$8. 80	\$2. 20	\$2. 38	\$2. 55	\$2. 73
\$1,000.....	18. 80	4. 70	5. 08	5. 45	5. 83
\$1,200.....	28. 80	7. 20	7. 78	8. 35	8. 93
\$1,500.....	43. 80	10. 95	11. 83	12. 70	13. 58
\$1,800.....	58. 80	14. 70	15. 88	17. 05	18. 23
\$2,000.....	68. 80	17. 20	18. 58	19. 95	21. 33
\$3,000.....	118. 80	29. 70	32. 08	34. 45	36. 83
\$5,000.....	218. 80	54. 70	59. 08	63. 45	67. 83
\$10,000.....	468. 80	117. 20	126. 58	135. 95	145. 33
\$20,000.....	968. 80	242. 20	261. 58	280. 95	300. 33
\$25,000.....	1,218. 80	304. 70	329. 08	353. 45	377. 83
\$30,000.....	1,468. 80	367. 20	396. 58	425. 95	455. 33
\$32,000.....	1,568. 80	392. 20	423. 58	454. 95	486. 33
\$34,000.....	1,668. 80	417. 20	450. 58	483. 95	517. 33
\$36,000.....	1,768. 80	442. 20	477. 58	512. 95	548. 33
\$38,000.....	1,868. 80	467. 20	504. 58	541. 95	579. 33
\$40,000.....	1,968. 80	492. 20	531. 58	570. 95	610. 33
\$50,000.....	2,468. 80	617. 20	666. 58	715. 95	765. 33
\$100,000.....	4,968. 80	1,242. 20	1,341. 58	1,440. 95	1,540. 33
\$500,000.....	24,968. 80	6,242. 20	6,741. 58	7,240. 95	7,740. 33
\$1,000,000.....	49,968. 80	12,492. 20	13,491. 58	14,490. 95	15,490. 33
\$2,000,000.....	99,968. 80	24,992. 20	26,991. 58	28,990. 95	30,990. 33
Maximum credit.....		500. 00	600. 00	700. 00	800. 00

1 Maximum credit applies.

TABLE 2.—Amount of post-war credit

MARRIED PERSON

Gross income	5 percent Victory tax	Post-war credit					
		No dependents	1 dependent	2 dependents	3 dependents	4 dependents	5 dependents
\$600							
\$800	\$8. 80	\$3. 52	\$3. 70	\$3. 87	\$4. 05	\$4. 22	\$4. 40
\$1,000	18. 80	7. 52	7. 90	8. 27	8. 65	9. 02	9. 40
\$1,200	28. 80	11. 52	12. 10	12. 67	13. 25	13. 82	14. 40
\$1,500	43. 80	17. 52	18. 40	19. 27	20. 15	21. 02	21. 90
\$1,800	58. 80	23. 52	24. 70	25. 87	27. 05	28. 22	29. 40
\$2,000	68. 80	27. 52	28. 90	30. 27	31. 65	33. 02	34. 40
\$3,000	118. 80	47. 52	49. 90	52. 27	54. 65	57. 02	59. 40
\$5,000	218. 80	87. 52	91. 90	96. 27	100. 65	105. 02	109. 40
\$10,000	468. 80	187. 52	196. 90	206. 27	215. 65	225. 02	234. 40
\$20,000	968. 80	387. 52	406. 90	426. 27	445. 65	465. 02	484. 40
\$25,000	1, 218. 80	487. 52	511. 90	538. 27	560. 65	585. 02	609. 40
\$30,000	1, 468. 80	587. 52	616. 90	646. 27	675. 65	705. 02	734. 40
\$32,000	1, 568. 80	627. 52	658. 90	690. 27	721. 65	753. 02	784. 40
\$34,000	1, 668. 80	667. 52	700. 90	734. 27	767. 65	801. 02	834. 40
\$36,000	1, 768. 80	707. 52	742. 90	778. 27	813. 65	849. 02	884. 40
\$38,000	1, 868. 80	747. 52	784. 90	822. 27	859. 65	897. 02	934. 40
\$40,000	1, 968. 80	787. 52	826. 90	866. 27	905. 65	945. 02	984. 40
\$50,000	2, 468. 80	987. 52	1, 036. 90	1, 086. 27	1, 135. 65	1, 185. 02	1, 234. 40
\$100,000	4, 968. 80	1, 987. 52	2, 086. 90	2, 186. 27	2, 285. 65	2, 385. 02	2, 484. 40
\$500,000	24, 968. 80	9, 987. 52	10, 486. 90	10, 986. 27	11, 485. 65	11, 985. 02	12, 484. 40
\$1,000,000	49, 968. 80	19, 987. 52	20, 986. 90	21, 986. 27	22, 985. 65	23, 985. 02	24, 984. 40
\$2,000,000	99, 968. 80	39, 987. 52	41, 986. 90	43, 986. 27	45, 985. 65	47, 985. 02	49, 984. 40
Maximum credit		1, 000. 00	1, 100. 00	1, 200. 00	1, 300. 00	1, 400. 00	1, 500. 00

1 Maximum credit applies.

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REVENUE YIELD OF VICTORY TAX

The Victory tax as above outlined will produce additional revenue of \$3,650,000,000, based upon income levels for the first 6 months of 1942. Of this amount, approximately \$2,500,000,000 will be net revenue to be retained by the Government and \$1,100,000,000 will be refundable as a post-war credit.

FILING DATE OF INDIVIDUAL INCOME-TAX RETURN

To meet the objection that taxpayers with respect to whom there has been no withholding will not have to pay tax as promptly as those taxpayers receiving salaries and wages, the filing date for individual income-tax returns could be changed from March 15 to January 15 and the taxpayer could be given the option of paying his tax by a single payment on January 15 or by installments.

TOTAL BURDEN OF INCOME TAX AND VICTORY TAX

The following tables show the total combined burden of the Victory tax and income tax:

TABLE 3.—Single person, no dependents

Gross income	5 percent Victory tax	Regular income tax, House rates ¹	Total burden	Effective rate	
				Gross income	Net income
				Percent	Percent
\$600.....		\$5. 20	\$5. 20	0. 866	0. 962
\$800.....	88. 80	37. 48	46. 36	5. 795	6. 438
\$1,000.....	18. 80	70. 60	89. 40	8. 940	9. 933
\$1,200.....	28. 80	103. 72	132. 52	11. 043	12. 270
\$1,500.....	43. 80	153. 40	197. 20	13. 146	14. 607
\$1,800.....	58. 80	203. 08	261. 88	14. 548	16. 165
\$2,000.....	68. 80	236. 20	305. 00	15. 250	16. 944
\$3,000.....	118. 80	407. 80	526. 60	17. 553	19. 503
\$5,000.....	218. 80	905. 00	1, 123. 80	22. 476	24. 973
\$10,000.....	468. 80	2, 056. 00	2, 524. 80	25. 248	28. 053
\$20,000.....	968. 80	5, 791. 00	6, 759. 80	33. 799	37. 554
\$25,000.....	1, 218. 80	8, 326. 00	9, 544. 80	38. 179	42. 421
\$50,000.....	2, 468. 80	22, 361. 00	24, 829. 80	49. 659	55. 177
\$100,000.....	4, 968. 80	56, 351. 00	61, 319. 80	61. 319	61. 319
\$500,000.....	24, 968. 80	370, 613. 00	395, 584. 80	79. 116	87. 907
\$1,000,000.....	49, 968. 80	766, 616. 00	816, 584. 80	81. 658	90. 731
\$2,000,000.....	99, 968. 80	1, 568, 616. 00	1, 668, 584. 80	83. 429	92. 699

¹ Computed on basis of 10 percent of gross allowed as deductions in arriving at net income.

TABLE 4.—*Married person, no dependents*

Gross income	5 percent Victory tax	Regular income tax, House rates ¹	Total burden	Effective rate	
				Gross income	Net income
				Percent	Percent
\$600					
\$800	\$8. 80		\$8. 80	1. 100	1. 222
\$1,000	18. 80		18. 80	1. 880	2. 088
\$1,200	28. 80		28. 80	2. 400	2. 666
\$1,500	43. 80	\$20. 40	64. 20	4. 280	4. 755
\$1,800	58. 80	70. 80	128. 88	7. 160	7. 955
\$2,000	68. 80	103. 20	172. 00	8. 600	9. 555
\$3,000	118. 80	268. 80	387. 60	12. 920	14. 355
\$5,000	218. 80	639. 00	857. 80	17. 156	19. 062
\$10,000	468. 80	1, 826. 00	2, 294. 80	22. 948	25. 497
\$20,000	968. 80	5, 448. 00	6, 416. 80	32. 084	35. 648
\$25,000	1, 218. 80	7, 791. 00	9, 009. 80	36. 039	40. 043
\$50,000	2, 468. 80	21, 882. 00	24, 350. 80	48. 701	54. 112
\$100,000	4, 968. 80	55, 784. 00	60, 752. 80	60. 752	67. 503
\$500,000	24, 968. 80	370, 000. 00	394, 968. 80	78. 993	87. 770
\$1,000,000	49, 968. 80	766, 000. 00	815, 968. 80	81. 596	90. 663
\$2,000,000	99, 968. 80	1, 558, 000. 00	1, 657, 968. 80	82. 898	92. 109

¹ Computed on basis of 10 percent of gross allowed as deductions in arriving at net income.

TABLE 5.—*Married person, 2 dependents*

Gross income	5 percent Victory tax	Regular income tax, House rates ¹	Total burden	Effective rate	
				Gross income	Net income
				Percent	Percent
\$600					
\$800	\$8. 80		\$8. 80	1. 100	1. 222
\$1,000	18. 80		18. 80	1. 880	2. 088
\$1,200	28. 80		28. 80	2. 400	2. 666
\$1,500	43. 80		43. 80	2. 920	3. 244
\$1,800	58. 80		58. 80	3. 266	3. 629
\$2,000	68. 80		68. 80	3. 440	3. 822
\$3,000	118. 80	\$154. 80	273. 60	9. 120	10. 133
\$5,000	218. 80	507. 00	725. 80	14. 516	16. 128
\$10,000	468. 80	1, 646. 00	2, 114. 80	21. 148	23. 497
\$20,000	968. 80	5, 154. 00	6, 122. 80	30. 614	34. 015
\$25,000	1, 218. 80	7, 461. 00	8, 679. 80	34. 719	38. 576
\$50,000	2, 468. 80	21, 430. 00	23, 948. 80	47. 897	53. 219
\$100,000	4, 968. 80	55, 298. 00	60, 266. 80	60. 266	66. 963
\$500,000	24, 968. 80	369, 472. 00	394, 440. 80	78. 888	87. 653
\$1,000,000	49, 968. 80	765, 472. 00	815, 440. 80	81. 544	90. 604
\$2,000,000	99, 968. 80	1, 557, 472. 00	1, 657, 440. 80	82. 872	92. 080

¹ Computed on basis of 10 percent of gross allowed as deduction in arriving at net income and \$300 exemption for each dependent.

TABLE 6.—*Married person—no dependents*

Gross income from salaries and wages	Net income, 10 percent in lieu of deductions	House bill				Total burden in 1943
		Normal tax	Eurtax	Total normal and surtax 1943 liability	Withholding prepayment of tax due in 1944	
\$500	\$450					
\$600	540					
\$800	720					
\$1,000	900					
\$1,200	1,080					
\$1,400	1,260		\$7.80	\$7.80	\$4	\$11.80
\$1,800	1,620	\$15.48	54.60	70.08	24	94.08
\$2,000	1,800	25.20	78.00	103.20	34	137.20
\$5,000	4,500	171.00	468.00	639.00	184	823.00
\$10,000	9,000	414.00	1,412.00	1,826.00	434	2,260.00
\$20,000	19,000	924.00	4,524.00	5,448.00	934	6,382.00
\$50,000	45,000	2,544.00	19,338.00	21,882.00	2,434	24,316.00
\$100,000	90,000	5,244.00	50,540.00	55,784.00	4,934	60,718.00
\$500,000	450,000	26,844.00	343,158.00	370,002.00	24,934	394,934.00

TABLE 7.—*Single person—no dependents*

Gross income from salaries and wages	Net income 10 percent in lieu of deductions	House bill				Total burden in 1943
		Normal tax	Surtax	Total normal and surtax 1943 liability	Withholding prepayment of tax due in 1944	
\$300	\$270					
\$400	360					
\$500	450					
\$600	540		\$5.20	\$5.20	\$2.50	\$7.70
\$800	720	\$8.88	28.60	37.48	12.50	49.98
\$1,000	900	18.60	52.00	70.60	22.50	93.10
\$2,000	1,800	67.20	169.00	236.20	72.50	308.70
\$5,000	4,500	213.00	580.00	793.00	222.50	1,015.50
\$10,000	9,000	456.00	1,600.00	2,056.00	472.50	2,528.50
\$20,000	18,000	966.00	4,825.00	5,791.00	972.50	6,763.50
\$50,000	45,000	2,586.00	19,775.00	22,361.00	2,472.50	24,833.50
\$100,000	90,000	5,286.00	51,065.00	56,351.00	4,972.50	61,323.50
\$500,000	450,000	26,886.00	343,730.00	370,616.00	24,972.50	395,588.50

It will be noted that a single person with a gross income of \$1,000 will pay a tax of \$89.40 as compared with \$70.60 under the House bill. But if the 5 percent withholding tax prepayment added by the House is taken into account, the total House bill burden will be \$93.10 as compared with \$89.40 under this proposal. In the case of a married man with no dependents with an income of \$2,000, the total burden under the House bill will be \$137.20 as compared with \$172 under the proposal.

ADVANTAGES OF THE PLAN

This plan will afford relief to the very low income-tax groups whose income is below \$624. The average amount spent for food in the case of all consumer family income levels for 1941 is \$561. The average expenditures of families in the United States in this same period with incomes under \$500, was \$507. This is shown by the following table:

TABLE 11B.—Average expenditures of all families in the United States for main categories of consumption by income level, 1941

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Average expenditures per family for—

Income level	All items	Food	Housing	Household operation	Clothing	Automobile	Medical care	Recreation	Furnishings	Personal care	Tobacco	Transportation other than auto	Resisting	Educational	Other items
Under \$500	\$507	\$220	\$98	\$61	\$38	\$16	\$24	\$6	\$10	\$10	\$10	\$3	\$4	\$2	\$2
\$500-\$750	714	314	126	85	37	28	30	11	16	14	14	5	6	3	5
\$750-\$1,000	918	383	162	106	79	44	38	17	27	19	19	9	9	4	4
\$1,000-\$1,250	1,134	437	203	131	102	71	47	25	38	24	23	11	11	7	6
\$1,250-\$1,500	1,322	489	231	149	124	93	57	32	48	27	28	14	14	10	7
\$1,500-\$1,750	1,517	529	267	166	149	123	71	42	57	32	30	14	14	11	10
\$1,750-\$2,000	1,699	562	302	187	167	157	79	50	69	35	35	18	16	15	8
\$2,000-\$2,500	1,985	624	351	215	211	207	92	63	77	43	39	22	20	20	11
\$2,500-\$3,000	2,312	689	402	259	258	250	108	82	87	59	41	24	22	30	11
\$3,000-\$4,000	2,743	770	483	318	318	301	132	106	106	49	48	30	27	37	13
\$4,000-\$5,000	3,310	848	565	396	411	418	156	135	118	66	53	35	31	56	18
\$5,000-\$10,000	4,476	1,030	775	577	558	559	245	208	169	88	63	47	41	82	34
\$10,000 and over	10,110	1,740	1,827	1,358	1,421	1,231	493	596	364	164	96	281	94	398	47
All levels	1,844	561	325	216	201	178	86	64	67	37	32	23	18	26	10

Source: Research Division, Office of Price Administration, Consumer Income and Demand Section.

The \$624 exemption will also exempt from the Victory tax privates in the armed forces. This tax will be easy to administer, will result in substantially increased revenue to the Government and will eliminate the complicated 5 percent prepayment withholding tax provided under the House bill.

The following table shows that the number of persons with incomes below \$750 is decreasing rapidly. Therefore, it is believed that the exemption of \$624 is sufficiently low to permit the tax to apply to those with increased incomes due to the war effort.

Comparison of distribution of consumer units by income level, 1941-42

	All families and single consumers		Increase (+) or decrease (-) over 1941
	1941	1942	
Under \$500	3, 759, 000	2, 442, 000	-1, 317, 000
\$500-\$750	4, 140, 000	2, 911, 000	-1, 208, 000
\$750-\$1,000	4, 524, 000	3, 720, 000	-804, 000
\$1,000-\$1,250	4, 618, 000	3, 690, 000	-928, 000
\$1,250-\$1,500	4, 718, 000	3, 917, 000	-801, 000
\$1,500-\$1,750	3, 768, 000	4, 225, 000	+457, 000
\$1,750-\$2,000	3, 201, 000	3, 683, 000	+482, 000
\$2,000-\$2,500	4, 443, 000	5, 063, 000	+630, 000
\$2,500-\$3,000	3, 076, 000	4, 047, 000	+971, 000
\$3,000-\$4,000	3, 046, 000	4, 173, 000	+1, 127, 000
\$4,000-\$5,000	1, 570, 000	1, 834, 000	+264, 000
\$5,000-\$10,000	1, 395, 000	1, 871, 000	+476, 000
\$10,000 and over	790, 000	994, 000	+204, 000

APPENDIX

(1)

MODIFIED RUMI PLAN

This system could be adaptable to the Rumi plan or some modification thereof if it is desired to apply that principle. For example, when the taxpayer files his regular income tax return for the calendar year on January 15, 1943, this return, which will also include the special war tax, will be a tentative return for the calendar year 1943, measured by the income of the taxpayer for the calendar year 1942. A final return will be filed on January 15, 1944, for the year 1943, which will be the tentative return for the calendar year 1944.

The deficiency in tax will be paid on January 15 at the time of filing this return. In case an overpayment is determined for 1943, it will be credited against the tax for 1944. In the case of a deficiency, consideration might be given to allowing the deficiency for the tax year to be paid with the current tentative tax by way of installments. The following examples will show how the plan will operate if the deficiency is required to be paid at the time of payment of the first 1944 tentative installment:

Example I (showing deficiency)

(1) Tentative tax on 1943 income (measured by 1942 income).....	\$1, 000
(2) Final tax on 1943 income shown by tentative return for 1944).....	1, 200
(3) Tentative tax on 1944 income (same as final tax on 1943 income).....	1, 200

If the taxpayer elects to pay by installments, his total tax payable on January 15, 1944, will be \$100 plus the deficiency in tax for 1943 of \$200 or a total of \$300. For each subsequent pay period during 1944, he will pay \$100 per month. If the taxpayer elects to pay by single payment for 1944, his total tax payable on January 15, 1944, will be \$1,200 plus the \$200 deficiency in tax.

Example II (showing overpayment)

(1) Tentative tax on 1943 income (measured by 1942 income).....	\$1, 680
(2) Final tax on 1943 income (shown on tentative return for 1944).....	1, 440
(3) Tentative tax on 1944 income (same as final tax on 1943 income).....	1, 440
(4) Overpayment of 1943 income tax.....	240

If the taxpayer elects to pay by installments, his total tax payable on January 15, 1944, will be one-twelfth of \$1,200 (\$1,440 less \$240) or \$100 per month. If the taxpayer elects to pay by single payment for 1944, his total tax payable on January 15, 1944, will be \$1,200.

Taxpayers who have entered the Federal Government service after January 1, 1942, and taxpayers adversely affected by priorities, whose income for 1943 is known to be smaller than in 1942, should be permitted to estimate their 1943 tax liability on the basis of 1943 income instead of on the basis of 1942 income. This same rule will be applied to new taxpayers, that is, those who become taxpayers for the first time in 1943.

(2)

Table showing the comparative tax burden of individuals with different salaries and in different circumstances

Salary	\$800	\$1,000	\$1,500	\$2,000	\$3,000	\$5,000	\$10,000	\$25,000	\$50,000
Single person with no dependents:									
5 percent Victory tax	\$8. 80	\$18. 80	\$43. 80	\$68. 80	\$118. 80	\$218. 80	\$468. 80	\$1, 218. 80	\$2, 468. 80
Income tax ¹	37. 48	70. 60	153. 40	236. 20	407. 80	905. 00	2, 056. 00	8, 326. 00	22, 361. 00
Total tax	46. 36	89. 40	197. 20	305. 00	526. 60	1, 123. 80	2, 524. 80	9, 544. 80	24, 829. 80
Post-war credit	2. 20	4. 70	10. 95	17. 20	29. 70	54. 70	117. 20	304. 70	500. 00
Net tax	44. 16	84. 70	186. 25	287. 80	496. 90	1, 069. 10	2, 407. 60	9, 240. 10	24, 329. 80
Percent of salary:									
Total tax	5. 79	8. 94	13. 14	15. 25	17. 55	22. 47	25. 24	38. 17	49. 65
Net tax	5. 52	8. 47	12. 41	14. 39	16. 56	21. 38	24. 07	36. 96	48. 65
Single person with 1 dependent:									
5 percent Victory tax	8. 80	18. 80	43. 80	68. 80	118. 80	218. 80	468. 80	1, 218. 80	2, 468. 80
Income tax ¹		13. 60	115. 90	179. 20	344. 80	777. 00	1, 954. 00	8, 011. 00	22, 154. 00
Total tax	8. 80	32. 40	159. 70	248. 00	463. 60	945. 80	2, 422. 80	9, 229. 80	24, 622. 80
Post-war credit	2. 38	5. 08	11. 83	18. 58	32. 08	59. 08	126. 58	329. 08	600. 00
Net tax	6. 42	27. 32	147. 87	229. 42	431. 52	886. 72	2, 296. 22	8, 900. 72	24, 022. 80
Percent of salary:									
Total tax	1. 10	3. 24	10. 64	12. 40	15. 45	18. 91	24. 22	36. 91	49. 24
Net tax .....	. 80	2. 73	9. 85	11. 47	14. 38	17. 73	22. 96	35. 60	48. 04
Married person with no dependents:									
5 percent Victory tax	8. 80	18. 80	43. 80	68. 80	118. 80	218. 80	468. 80	1, 218. 80	2, 468. 80
Income tax ¹			20. 40	103. 20	268. 80	639. 00	1, 826. 00	7, 791. 00	21, 882. 00
Total tax	8. 80	18. 80	64. 20	172. 00	387. 60	857. 80	2, 294. 80	9, 009. 80	24, 350. 80

Post-war credit	3.52	7.52	17.52	27.52	47.52	87.52	187.52	487.52	987.52
Net tax	5.28	11.28	46.68	144.48	340.08	770.28	2,107.28	8,522.28	23,363.28
Percent of salary:									
Total tax	1.10	1.88	4.28	8.60	12.92	17.15	22.94	36.03	48.70
Net tax .....	.66	1.12	3.11	7.22	11.33	15.40	21.07	34.08	46.72
Married person with 1 dependent:									
5 percent Victory tax	8.80	18.80	43.80	68.80	118.80	218.80	468.80	1,218.80	2,468.80
Income tax *				46.20	211.80	573.00	1,736.00	7,626.00	21,681.00
Total tax	8.80	18.80	43.80	115.00	330.60	791.80	2,204.80	8,844.80	24,149.80
Post-war credit	3.70	7.90	18.40	28.90	49.90	91.90	196.90	511.90	1,036.90
Net tax	5.10	10.90	25.40	86.10	280.70	699.90	2,007.90	8,332.90	23,112.90
Percent of salary:									
Total tax	1.10	1.88	2.92	5.75	11.02	15.83	22.04	35.37	48.29
Net tax .....	.63	1.09	1.69	4.30	9.35	13.99	20.07	33.33	46.22
Married person with 2 dependents:									
5 percent Victory tax	8.80	18.80	43.80	68.80	118.80	218.80	468.80	1,218.80	2,468.80
Income tax †					154.80	507.00	1,646.00	7,461.00	21,480.00
Total tax	8.80	18.80	43.80	68.80	273.60	725.80	2,114.80	8,679.80	23,948.80
Post-war credit	3.87	8.27	19.27	30.37	52.27	96.27	206.27	536.27	1,086.27
Net tax	4.93	10.53	24.53	38.53	221.33	629.53	1,908.53	8,143.53	22,862.53
Percent of salary:									
Total tax	1.10	1.88	2.92	3.44	9.12	14.51	21.14	34.71	47.89
Net tax	0.61	1.05	1.63	1.92	7.37	12.59	19.08	32.57	45.72

† Computed on basis 10 percent of gross allowed in lieu of deductions in arriving at net income.

INDIVIDUAL INCOME TAX

(3)

FORM 1040 A
Treasury Department
Internal Revenue Service

OPTIONAL
UNITED STATES
INDIVIDUAL INCOME TAX
RETURN

1941

<p>This Return MAY be Filed Instead of Form 1040 by Citizens or Resident Aliens if Gross Income is Not More Than \$3,000 and is ONLY From Sources Stated Hereon</p>	<p>Do not write in these spaces</p>
	<p>Serial No.</p>
<p>PRINT NAME AND HOME OR RESIDENTIAL ADDRESS PLAINLY BELOW</p>	<p>Amount Paid, \$</p>
<p>(Name) (Use given names of both husband and wife, if this is a joint return)</p>	<p>(Cashier's Stamp)</p>
<p>(Street and number, or rural route)</p>	
<p>(Post office) (County) (State)</p>	
<p>Occupation</p>	<p>Cash—Check—M. O.</p>

DEPENDENTS ON LAST DAY OF YEAR

List persons deriving their chief support from you (other than husband or wife) under 18 years of age or mentally or physically incapable of self-support

Name of dependent	Relationship	If 18 years of age or over, give reason for listing
.....
.....
.....
.....
.....

GROSS INCOME LESS ALLOWANCE FOR DEPENDENTS			
1. Salary, wages, and compensation for personal services.....		\$	
2. Dividends, interest, rent, annuities, and royalties.....		\$	
3. Total.....		\$	
4. Less: \$400 for each dependent.....			
(If you are the head of a family (see definition on other side) <i>only because of dependent(s) listed above, \$400 for each listed dependent except one.</i>)			
5. INCOME SUBJECT TO TAX.....		\$	
TAX			
6. Tax to be paid (from Column A or B of table on other side).....		\$	
VICTORY TAX			
7. Total income (Item 3).....		\$	
8. Less: Specific exemption.....			
9. Income subject to Victory tax.....			634 00
10. Victory tax, 5% of Item 9.....			
11. Less: Tax withheld at source (List in Sched. A, name of employer amount of tax withheld).....			
12. Victory tax to be paid with this return.....			

I/we swear (or affirm) that this return has been examined by me/us, and, to the best of my/our knowledge and belief, is a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Internal Revenue Code and regulations issued under authority thereof; and that I/we had no income from sources other than stated hereon.

Subscribed and sworn to by (Signature)
 before me this day of, 1942. (Signature)
 (Signature and title of officer administering oath) (If this is a joint return, it must be signed by both husband and wife. It must be sworn to before a proper officer by the spouse preparing the return.)

An income tax return is required to be filed by single persons having a gross income (Item 3 above) of \$750 or more and married persons having a gross income of \$1,500 or more. A husband and wife may make a joint return on this form if their combined gross income is not more than \$3,000. A separate return may be made on this form if the gross income of the one filing the return is not more than \$3,000. If this return is used, it must be filed with the Collector of Internal Revenue for your district on or before March 15, 1942. The tax may be paid in equal quarterly installments commencing March 15, 1942. Pay tax, if any, to the Collector and if payment is made by check or money order, make payable to "Collector of Internal Revenue."

FORM 1040
Treasury Department
Internal Revenue Service

UNITED STATES
INDIVIDUAL INCOME TAX
RETURN

Page 1
1941

(Auditor's Stamp)

Optional Form 1040A may be filed instead of this form if gross income is not more than \$3,000 and consists wholly of salaries, wages, other compensation for personal services, dividends, interest, rent, annuities, or royalties.

FOR CALENDAR YEAR 1941

or fiscal year beginning, 1941, and ending, 1942

To be filed with the Collector of Internal Revenue for your district not later than the 15th day of the third month following the close of your taxable year

PRINT NAME AND ADDRESS PLAINLY
(See Instruction C)

(Name)

(Use given names of both husband and wife, if this is a joint return)

(Street and number, or rural route)

(Post office)

(County)

(State)

(Do not use these spaces)

File Code

Serial No.

District

(Cashier's Stamp)

Cash—Check—M.O.

First Payment

\$

Item and Instruction No.	INCOME	Amount	Deductible Expenses		
1. Salaries and other compensation for personal services, \$		\$	\$	\$	
2. Dividends					
3. Interest on (a) bank deposits, notes, etc., \$					
4. Interest on Government obligations, etc.:					
(a) From line (A), Schedule A, \$					
(b) from line (I), Schedule A, \$					
5. Rents and royalties. (From Schedule B)					
6. Annuities					
[Items 7, 8, and 9, below (and pages 3 and 4) need not be considered unless you have income (or losses) in addition to items above]					
7. (a) Net short-term gain from sale or exchange of capital assets. (From Schedule F)					
(b) Net long-term gain (or loss) from sale or exchange of capital assets. (From Schedule F)					
(c) Net gain (or loss) from sale or exchange of property other than capital assets. (From Schedule G)					
8. Net profit (or loss) from business or profession. (From Schedule H)					
(State total receipts, from line I, Schedule H, \$					
9. Income (or loss) from partnerships; fiduciary income; and other income. (From Schedule I)					
10. Total income in items 1 to 9				\$	
DEDUCTIONS					
11. Contributions paid. (Explain in Schedule C)				\$	
12. Interest. (Explain in Schedule C)					
13. Taxes. (Explain in Schedule C)					
14. Losses from fire, storm, shipwreck, or other casualty, or theft. (Explain in Schedule C)					
15. Bad debts. (Explain in Schedule C)					
16. Other deductions authorized by law. (Explain in Schedule C)					
17. Total deductions in items 11 to 16				\$	
18. Net income (item 10 minus item 17)				\$	

COMPUTATION OF TAX

19. Net income (Item 18 above)	\$.....	26. Normal tax (4% of Item 25).....	\$.....
20. Less: Personal exemption. (From Schedule D-1).....	\$.....	27. Surtax on item 22. (See Instruction 27).....	\$.....
21. Credit for dependents. (From Schedule D-2).....	\$.....	28. Total (Item 26 plus item 27).....	\$.....
22. Balance (surtax net income).....	\$.....	29. Total tax (Item 28 or line 16, Schedule F).....	\$.....
23. Less: Item 4 (a) above.....	\$.....	30. Less: Income tax paid at source.....	\$.....
24. Earned income credit. (From Schedule E-1 or F-2).....	\$.....	31. Income tax paid to a foreign country or U. S. possession. (Attach Form 1116).....	\$.....
25. Balance subject to normal tax.....	\$.....	32. Balance of tax (Item 29 minus Items 30 and 31).....	\$.....

VICTORY TAX

33. Total income in Item 10.....	\$.....
34. Less: Item 7.....	\$.....
35. Item 33 minus Item 34.....	\$.....
36. Less: Specific exemption.....	624 00
37. Income subject to Victory tax.....	\$.....
38. Victory tax, 8 percent of Item 35.....	\$.....
39. Less: Victory tax withheld at source (list in Schedule A, name of employer and amount of tax withheld).....	\$.....
40. Balance of Victory tax to be paid on this return. (See Instruction No. for limitation.).....	\$.....

I/we swear (or affirm) that this return (including any accompanying schedules and statements) has been examined by me/us, and to the best of my/our knowledge and belief is a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Internal Revenue Code and the regulations issued under authority thereof.

Subscribed and sworn to by
(Signature) (See Instruction E)

before me this day of, 194.....
(Signature)

.....
(Signature and title of officer administering oath)

A return made by an agent must be accompanied by power of attorney. (See Instruction E.)
If this is a joint return (not made by agent), it must be signed by both husband and wife. It must be sworn to before a proper officer by the spouse preparing the return.

IF THIS RETURN WAS PREPARED FOR YOU BY SOME OTHER PERSON, THE AFFIDAVIT ON PAGE 4 MUST BE EXECUTED)

