

# Tax brackets leave more leeway than expected

Second in a series of articles prepared by the Michigan Association of Certified Public Accountants.

If you thought you were lucky because your 1979 income kept pace with inflation, you may feel less fortunate now, as you consider the effect of that added income on your tax bracket.

Finding yourself in the 40 percent bracket for the first time might give you nightmares about the tax collector taking 40 percent of that hard-earned salary away from you and your family.

That is, however, not the way it works.

This fear is probably a result of a widespread misunderstanding of our progressive tax system. The system attempts to link tax rates to the ability to pay, but it is not nearly as confiscatory as "40 percent bracket" might suggest.

In fact, there is so much confusion about the meaning of tax brackets that tax practitioners have begun using the term "marginal tax brackets" instead to indicate that your bracket affects only the leading edge. That is, the last few hundred dollars or so, the margin of your income. The rest of what you make is either taxed at a lower rate or not taxed at all.

Most of us have many tax brackets, each affecting a different level of income. The first \$2,300 of taxable income after exemptions for a single taxpayer is in the zero bracket or no tax at all. What was previously known as the standard deduction is now called the Zero Bracket Amount (ZBA).

Regardless of if you make millions, or thousands, your first \$2,300 is still untaxed.

Income over \$2,300 is taxed at 14 percent until it reaches \$3,400, when the rate climbs to 16 percent. At \$4,400 it rises to 18 percent and continues ris-

ing until taxable income passes \$28,000. It is then you begin paying over 40 percent, but on just a small part of your income.

If that's all tax bracket means, why is so much said and written about it? Because the highest tax rate one pays applies to the last dollar of income, as well as to the last deduction or adjustment where the most important action is for a person preparing a tax return.

If you are in the 40 percent bracket, for example, a nearly overlooked \$10 deduction can put \$4 in your pocket. Fifty dollars of income that can be reclassified from taxable to non-taxable is worth approximately \$20. A \$1,000 exemption is good for nearly \$400.

Conversely, tacking on a final bonus, commission, dividend or other item of taxable income can mean ringing up 40 cents of taxes for every dollar of earnings. Out on the margin, the stakes are high. This is good reason for doing a

thorough job of checking financial records for the year to be sure there isn't an overlooked transaction that later might realize a substantial tax savings.

It's the tax break nearly missed, the one plucked seemingly out of nowhere, that counts the most, bringing the top

rate of tax savings available to someone in your bracket. If the savings are big enough, they can even take you down to a lower bracket.

Next: a taxing decision, the long or short form.

## Historical Society

The Farmington Historical Society is planning a number of functions in the coming months.

On Feb. 27 at 8 p.m. in the Farmington Library, State and Liberty, the group will see a presentation by William Flora. He will be speaking on "Touring Europe in an Antique Car."

The next board meeting will be on March 4 at the home of Dee and Gene Schoeneich, 3394 State. Any member is welcome. The general meeting on March 26 will feature Doreen Osker

who will talk on archeology in Michigan.

Legends of Farmington will be the topic of the April meeting. Plans are now being made for the annual dinner on May 16.

In other Historical Society news, Frances Hunt has left the Society a gift of \$1,000.

Also a new supply of historical note paper — a sketch of Gov. Warner's mansion — is available for \$1.75 a box.

## Intruder is shot

(Continued from Page 1A)

Jefferson Reno remains under police guard, falling to post bond. Both men are scheduled for a 9 a.m., Feb. 26 examination before Cifelli.

EVANS, owner of a township bowling alley, reportedly stuck the gun in his robe pocket as a precaution when he heard pounding at his door Feb. 15. Looking through a peephole in his front door, he said he was only able to see a person's shoulder. He opened the

door slightly because he reportedly thought it might be one of his employees who was having a problem.

The men, wearing stocking masks, reportedly smashed through and jumped on Evans as he reached for the gun. He pulled the trigger, injuring Jefferson.

Michael reportedly then attempted to get the gun as he wrestled with Evans, according to Police Sgt. Bob Scott. Jefferson then called his brother and the two left, Evans told police.

## IRS needs tax aides

The Internal Revenue Service is looking for persons to be trained as volunteer income tax assistants, a program the agency calls VITA. IRS district director R.L. Plate said VITA is designed to provide free tax assistance in neighborhood locations to senior citizens, low-income, military or non-English speaking individuals who cannot travel to an IRS office and cannot afford to pay for professional guidance.

VITA volunteers do not need special backgrounds in law or accounting. A general educational background is all that's necessary.

**Krandall's invites you...**  
to bring your diamonds and jewelry in today and convert them into

**Immediate Cash!**  
All discussions will be conducted in private offices with consideration for your confidence and respect for your dignity. Evaluations for purchase without obligation.

**Sidney Krandall & Sons**  
755 W. Big Beaver Rd., Troy, Michigan  
(116 Mile at I-75) • Phone: 313-362-4590

**Eternal smiles**  
his emptiness betray,  
As shallow streams  
Run dimpling all the way.  
—Alexander Pope

There's still nothing like it.

**SOMERSET MALL**  
Big Beaver Road at Coolidge, Troy  
Sunday 12-5/Monday, Thursday, Friday 10-9/Other days 10-6

**20% OFF HENREDON**  
and other fine furniture

**LANDAU**  
INC.  
32751 FRANKLIN RD.  
FRANKLIN 951-9461  
also in Charlevoix

Repeat of Our Once-A-Year Special Custom Shirt Offer

Now through Feb. 29, we lower our minimum order to just 2 shirts.

Here's a great opportunity to get acquainted with our fine products. Select from over 400 distinct fabrics, most of them rarely found in ready-made shirts. Custom fitted and styled to your preference at a surprisingly reasonable price.

**executive custom shirtmakers inc.**  
207 S. Woodward  
(Near to Birmingham Transit)  
Birmingham, Michigan  
HOURS: Mon-Sat 10:30 A.M. - 6:00 P.M.  
442-0460

**SAVE 25-45%**

**ON OUR ENTIRE STOCK OF HOME & GARDEN ACCESSORIES**

**COMPARE THESE:**

Loeb WA-1 Power Humidifier	Reg. \$230	NOW \$159
Stanley 5010-1 Door Opener	CALL	
Honeywell Fuel Saver Thermostat	\$150	\$95
Honeywell Air Cleaners	\$440	\$325
ISE Instant Hot Water Dispenser	\$250	\$150
Broil Master Deluxe BBQ	\$310	\$225
Charmigo Oas BBQ	starting at	\$190

**ALL PRICES INCLUDE INSTALLATION**

We offer quality materials & workmanship at discount prices.

**RONALD S. ROSS ASSOC.**  
474-4454 24 HRS.  
Licensed contractors since 1968

**Orthogonal**

Price reduction from 20% to 50% store wide... and, prices will be progressively lowered as much as 70% during the sale! Sale from February 22 to March 15. Come early for the best selection.

Great buys in fabrics, cookware, gifts, apparel, furniture, lighting!

**orthogonality**

135 S. Woodward, Birmingham 642-1460  
Monday thru Saturday 10 to 6, Friday 10 to 9

**ESTATE AUCTION IN OUR GALLERIES**

Friday evening, February 22 at 7 p.m.  
Saturday morning, February 23 at 11 a.m.  
Sunday afternoon, February 24 at 12 noon

featuring the ESTATE of  
Marguerite M. Ellis • Theodore Hall Fuger  
• Sarah A. Degan

**Illustrated catalog at Galleries, \$3**

**STERLING SILVER FLATWARE SETS**

Left: Wallace "Grand Baroque" 115 pcs. Sunday #2 also 126 pcs. Sunday #18.	Right: Renaissance by Wallace, 44 pcs. Sunday #19.
Right: Reed & Barton "Francis" 114 pcs. Sunday #40.	Right: Brandon by International, 77 pcs. Friday #38.

This auction also includes London Sterling Candelabra set; J.G. BROWN oil painting; other fine paintings; ORIENTAL RUGS, Antique furniture; Sculptures; Fine crystal; GOLD jewelry; Even a GRAND PIANO and much, much more. FREE VALET PARKING on Auction days.

Across from RENAISSANCE CENTER

**DuMouchelle Art Galleries Co.**  
409 East Jefferson Ave. Detroit, Michigan 48226  
Telephone: (313) 963-8488 or 963-8489  
Lawrence F. DuMouchelle Joan Walker Ernest J. DuMouchelle  
Art and Estate Auctioneers and Appraisers

**Copper & Copper**  
CHICAGO • DETROIT

**LANVIN'S FEATHERSUEDE BLAZER.** Soft, classic and comfortable. The fabric is a polyester/polyurethane blend with the look and feel of real suede. Tan, navy or brown. \$265.

WOODWARD AVENUE • SOMERSET MALL

Christian Dior. In the great tradition of French architecture. The French have always been concerned with the way things look. Here, Christian Dior enhances the local scenery with a brilliantly fashioned suit: a single-breasted model in lustrous wool/silk, contoured to an elegant line and beautifully detailed throughout. We have it in light stripes at \$345; as well as in solid navy silk at \$375. It's called The Versailles, and it's a very nice follow-through of a splendid tradition.

**THE BOARDROOM**  
Somerset Mall Fairlane Center (inside Hughes & Hatcher)