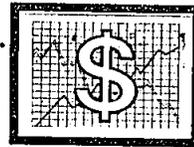


# Business

Barry Jensen editor/591-2300



Thursday, March 29, 1984 06:5

(T.S.F.-5C, R6-78X)07C



finances and you  
**Sid Mittra**

## Frequent tax questions

In this final article on taxes we will answer several questions frequently asked by people working on their own tax returns.

**INTEREST OR DIVIDEND?** If you received "interest" from your money-market mutual fund during 1983, you should report it as dividend on Part 2 of Schedule B. Although most of the income earned by money-market funds is interest, the funds pay it out to shareholders as dividends. Unfortunately, however, the payments almost never qualify for the dividend exclusion, which lets recipients of qualifying dividends exclude \$200 on a joint return from their taxable income each year. Income from a bank money-market account is considered interest for tax purposes.

**UNION DUES.** If you have paid union dues in 1983 you may deduct these dues if you itemize deductions. Write-off your dues as a miscellaneous deduction on Line 22 of Schedule A.

**GIVING YOUR TIME TO CHARITY.** Assume you are a professional photographer and you contributed film and other supplies to a charity as well as \$400 worth of your professional time. The IRS says there is no deduction for the value of your time or skill. Actually, the government's view is that the value of your services has already been deducted. Had you charged the church \$400, that would have boosted your taxable income by \$400. Turning around and donating that \$400 to the fund drive would have earned a \$400 deduction, bringing your taxable income back down to where it was before the fund drive. You can write off the cost of the film and other supplies you used, however, as well as the cost of any travel connected with your efforts.

**UNEMPLOYMENT COMPENSATION.** If you are wondering whether or not you have to pay taxes on the \$2,200 you received in unemployment compensation in 1983, here is a simple rule that will answer your questions. Unemployment compensation is taxable only if adding it to your other income would bring the total to more than \$12,000 for a single return or \$18,000 for a joint return. Even if you ex-

ceed these amounts, it is possible that only part of your benefits will be taxed. To figure exactly how much you have to report as income, use the work sheet that is included with the instructions for your return.

**IRA FEE.** If you contributed \$2,000 to your IRA account in 1983 and sent a separate check to pay the \$25 annual administration fee for your account, you might be wondering as to whether or not the \$25 is deductible from your taxes for 1983. The answer is straightforward: You do not deduct the extra \$25 as an IRA contribution. The IRS has ruled, however, that if you itemize deductions you can deduct the fee as an expense for the production of income. Enter the \$25 as a miscellaneous deduction on Schedule A.

**DISCOUNT IS INCOME.** Assume in 1983 your bank offered you a \$4,000 discount if you decided to pay off your 5 1/2-percent mortgage several years early. Assume further that you considered that to be a good deal and accepted the bank's offer. The question now is: Was the discount you received an income?

Although it seems unfair that you have to pay tax on "income" you never received, as of now the IRS position is that it considers the discounts as income. The Congress is considering several options to modify the situation but it is highly unlikely that any congressional change would be retroactive. You should report the \$4,000 as other income on Line 21 on the 1040 Form. Note what it is and the name of the bank involved.

**Educational Seminar:** The Eccentric & Observer Newspapers and the Coordinated Financial Planning staff will sponsor a seminar on Tuesday, April 3, at the Kingsley Inn, 1475 N. Woodward, Bloomfield Hills. This seminar will include important aspects of financial planning. The seminar is free but registration is required. For more details, call 643-8888.

Sid Mittra is president of Coordinated Financial Planning Inc. in Troy, and a professor of Economics and Management at Oakland University, Rochester.

## business people

Ray H. House has been elected senior vice president of Barry M. Klein Real Estate Inc. of Southfield. House has been in commercial development for 20 years, including 10 years as director of real estate with Allied and Chatham supermarkets.

Peter J. Sherry of Birmingham, Ford Mo-

tor Co. vice president — Personnel and Organization, will retire June 1. Upon Sherry's retirement, J. Craig Hausman of Bloomfield Hills, executive director, will assume responsibility for Personnel and Organization Staff.

General Motors Acceptance Corp. an-

nounced the following executive changes: G. Thomas Patton Jr. of Bloomfield Hills has been named executive vice president, development and administration; Gordon R. Samardich of Bloomfield Hills will replace Patton as executive vice president, borrow-

Please turn to next page.

# OPEN A FIRST FEDERAL IRA AND EARN GUARANTEED HIGH INTEREST RIGHT FROM THE START.

First Federal announces a new 60-Month Certificate IRA Plan.

## 11.50%

annual interest, paid and compounded quarterly, and guaranteed for the full term of the account.

## 12.00%

effective annual yield.

This rate effective Tuesday, March 6, 1984, until further notice.

Look what it can do for you—on a \$2,000 deposit over five years—and compare it to the results you get with other IRA plans currently available.

<b>1st YEAR BALANCE</b>	<b>\$2,240.11</b>
<b>2nd</b>	<b>\$2,509.05</b>
<b>3rd</b>	<b>\$2,810.27</b>
<b>4th</b>	<b>\$3,147.66</b>
<b>TOTAL BALANCE</b>	<b>\$3,525.55</b>
<b>5th—AT MATURITY</b>	<b>\$3,525.55</b>

Above example assumes a \$2,000 balance on deposit, with interest compounded for five full calendar years.

Compare IRA plans carefully before you commit. You should ask: What's the interest rate? Is it compounded? How much will my money actually earn each year? How is the interest credited to my account? When? Measure our IRA Plan against the answers you get to

these questions anywhere else, and we think you'll commit to First Federal.

This and other IRA accounts at First Federal can be opened with a minimum deposit of as little as \$100.

IRS regulations require a substantial penalty for withdrawal prior to age 59 1/2 on IRA plans. Federal regulations require a substantial penalty for early withdrawal from certificate accounts.

**Strawberry TREE SERVICE**  
Trimming, Removal, Deep Root Feeding, Shrub Trimming, Stump Removal  
PRESENT THIS AD FOR 10% DISCOUNT  
FULLY LICENSED & INSURED  
Free Estimates  
DONT WAIT FOR IT TO FALL...  
Call Larry Coppens  
673-8010

**Be the best you can be!**  
A new career in 6 to 9 months  
Word Processing, Computer Accounting, Legal Secretary  
**Ross Business Institute**  
Financial Aid, Placement Assistance, Day and Evening Classes  
Dearborn 563-0640 • Northland 968-1970

**AUTO SHOW CARPET SALE** DETROIT \* NEW YORK CHICAGO  
**\$1.00 - 3.95** SQ. YD.  
Nylon carpet used for 10 days at National Auto Shows. Come in now for best selection, 40,000 sq. yds. available.  
**Donald E. McNabb Co.**  
22150 W. 8 MILE Rd.  
near Lahser in SOUTHFIELD  
PHONE 357-2626  
HOURS: Mon., Tues., Wed., Fri. 9:30-6:00  
Thurs. 9:30-6:00 Sat. 9:30-4:00  
Sun. 11:00-4:00

**FIRST FEDERAL OF MICHIGAN**  
Doing more—for more people—than ever before.  
Main Office: 1001 Woodward Avenue, Detroit, Michigan 48226. Phone: (313) 565-7400.

<b>BLOOMFIELD HILLS</b> Woodward at Long Lake 647-8700	<b>BLOOMFIELD VILLAGE</b> W. Maple at Grandbrook 647-3806	<b>BIRMINGHAM</b> 1022 Holmes (between Huron Blvd & Adams) 644-7510	<b>W. BLOOMFIELD</b> Orchard Lake Road at Maple Road 851-1343	<b>ORCHARD LAKE</b> South of 14 Mile Rd. 865-5868	<b>NORTHLAND</b> Greenfield opposite Northland 564-8228	<b>SOUTHFIELD</b> 10 Mile Road West of Telegraph 354-9030	<b>FARMINGTON HILLS</b> 33330 W. 12 Mile Road at Farmington 553-3500
<b>AVON TOWNSHIP</b> N. Adams Road at Watson Blvd 375-8330	<b>STERLING HEIGHTS</b> 18 Mile Road at Decoues Road 739-2200	<b>FARMINGTON</b> Farmington Road South of Grand River 478-3724	<b>LATHRUP VILLAGE</b> 27777 Southfield Rd North of 13 Mile 569-1555	<b>TROY</b> Big Beaver Road near Truitt Road 689-6336	<b>TROY</b> 14 Mile Road at Stephenson Hwy. 585-2646	<b>TROY</b> 551 Long Lake at Stephenson Hwy. 689-4263	