

# Income taxes: how to pay less

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How can you decrease your income tax payment this year?

The same way you can, and should, do every year: make full use of the four basic tools for reducing the income subject to taxes, for lowering the rate at which the tax is levied, and in some cases for having part of the tax forgiven. The four are: adjustments, deductions, exemptions, and tax credits.

Adjustments, such as sick pay and moving expenses, are attractive because they reduce gross income, leaving "adjusted gross income," a much smaller target for the tax collector to aim at.

Deductions (for taxes and interest paid, contributions, medical costs, etc.) are nice, too, they, and the exemptions we get for ourselves and our dependents, reduce adjusted gross income still further—to "taxable income."

But tax credits (on low incomes, new home purchases, retirement income, political contributions, etc.) are best of all, because they can be deducted, dollar for dollar, from the taxes owed.

In subsequent articles, each of these four basic tax-reducing devices will be reviewed in some detail, to help readers avoid paying a penny more in taxes than is required.

In the meantime, what new tax-saving opportunities are available this year? The big changes over the 1974 tax picture are:

• If you use the standard deduction instead of itemizing, you can now deduct 16 per cent of adjusted gross income, with a maximum of \$2,300 for single persons, and \$2,800 for couples filing joint returns or surviving

spouses. For a married person filing a separate return the maximum is \$1,300.

• There is also a new minimum standard deduction of \$1,800 for singles, \$1,900 for married couples, but you do not have to compute it because it is built into the tax tables.

• The level of gross income below which you do not have to file a tax return has been raised to \$2,350 for singles, \$3,400 for joint filers, \$2,650 for a surviving spouse and \$750 if married and filing separately.

• Because of efforts last summer to stimulate the lagging economy, all taxpayers, regardless of their tax bill, can subtract \$20 from what they owe, plus another \$20 for each dependent.

• Qualified low-income taxpayers, with adjusted gross income under \$8,000, are eligible for a credit of 10 per cent of earned income, up to a maximum credit of \$400 on \$4,000 of earned income. They lose the credit at the same 10 per cent rate as their income rises above \$4,000 so the credit is lost when income reaches \$8,000.

• If credit exceeds taxes owed, the excess is paid to the taxpayer like a refund. To qualify, you must have maintained a household in this country with at least one dependent child.

• If, in order to hold a job, you had to pay for the care of a dependent who is under 15 or disabled or your spouse, you may be able to claim up to \$4,800 a year of such expenses, if your combined incomes did not exceed \$18,000.

• If you bought a new home in 1975, under certain conditions, you may be eligible for a tax credit of five per cent of the purchase price, up to \$2,000.

• If you sold a home you have 18 months, rather than 12, to defer any capital gain tax by reinvesting in another home costing at least as much. You have 24 months if you build a new home as the replacement.

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## Planners thumbs up on waxing operation

Representatives of Total Leonard Inc. will be armed with a planning commission recommendation when the major oil company seeks Southfield City Council approval for a car polishing center.

The special use request, unanimously recommended for approval by the Southfield Planning Commission Jan. 28, was to convert two closed service bays at the company's station on the north side of Northwestern Highway between 12 Mile and Franklin roads for a leased car polishing operation.

Marvin Kramer, attorney representing Total, said cars will be waxed with mechanical equipment and there will be no stacking of vehicles. Polishing will be by appointment, he said, and hours of operation will be from 8 a.m. to 10 p.m.

The service station was operated by an individual dealer until Total implemented its new marketing policy of closing repair bays and converting dealerships to gas and oil sales only. Through court ac-

tion, Total dealers in Southfield were evicted for leasing the oil company's policy.

IN OTHER action Wednesday, the planning commission tabled its recommendation on the special use request of J.P. Properties for a Bill Knapp's Restaurant on the east side of Southfield Road between 12 and 13 Mile.

Postponement of the planner's decision was requested by the petitioner. The public hearing was held, however, and will be continued when the proposal is brought back to the commission.

Residents of Bedford Villas subdivision registered objections to the use, citing generation of litter, garbage, odors, traffic and reduction of property values if the restaurant were approved.

Subdivision representatives from Southfield Estates subdivision, as well as Bedford Villas, claimed the area already is saturated with restaurants.

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