

1977 tax return will feature some changes

Whether you prefer change or the status quo, the Internal Revenue Service says you'll encounter many changes in the tax law when you fill out your 1977 tax return.

The standard deduction has been replaced by a zero bracket amount—a flat \$2,000 for singles and \$3,200 for marrieds filing jointly.

There has been quite a bit of publicity about the new tax tables with the zero bracket amount, personal exemptions, and general tax credit built in.

These changes affect most taxpayers, but don't require planning ahead. Because some of the new provisions do, however, demand pre-planning. The IRS says it makes sense to start gathering records together and examining the tax consequences of some of your actions.

If you intend to sell a capital asset

this year, such as stock, bonds or real property, in order to qualify for long term capital gain or loss treatment, you must have owned the asset for more than nine months. The holding period in prior years was more than six months.

THE AMOUNT OF A capital loss you can use to offset your taxable income has increased from \$1,000 to \$2,000.

Both of these changes can make a significant difference in your tax bill for 1977. Suppose, for example, that you never heard of the new nine month holding period, and you dispose of a capital asset after seven months, thinking that you will have to pay tax on only one-half of your profit.

When you fill out your 1977 tax return you might be surprised at the

amount of tax you owe.

If you have moved, or plan a move, in 1977, you will find several changes in the tax law. The distance requirement of 50 miles has been changed to 35 miles, according to the IRS.

In addition, the maximum deduction for pre-move househunting on a temporary living expenses has gone up from \$1,000 to \$1,500 and the deduction for expenses related to buying, selling, or renting a home increased by \$500 and is now \$3,000.

Older Americans who sold their homes in 1977 will be glad to learn that there has been a sizeable change in the tax break available to them. Previously, anyone age 65 or over who sold his or her home did not have to pay any tax on the gain if the adjusted sales price of the house was \$20,000 or less.

The exclusion amount has now been increased so that you pay no tax on the gain from the sale if the adjusted sales price is \$35,000 or less. If the adjusted sales price is over \$35,000 the tax break is prorated.

THE ADJUSTED SALES price of your home is the amount you receive after paying selling commissions and certain allowable fixing-up expenses, such as painting part of the house interior.

Also new for 1977 returns—if you are a worker under 70 and six months and do not participate in any other pension or annuity plan during the year, you may, for the first time, include your non-working spouse in your individual Retirement Arrangement (IRA). If you establish an IRA for you and your non-

working spouse, the IRS said, you may contribute a total of 15 per cent of your compensation, to a top limit of \$1,750.

For 1977, you have an additional 45 days from the end of the tax year (until Feb. 14, 1978) in which to make your contribution and still deduct it on your tax return. The advantage of an IRA is that contributions are not taxed until they are withdrawn at which time the individual would normally be in a lower tax bracket.

Other changes that could mean a difference in your tax liability are in the areas of alimony, child support, and child care expenses.

Alimony, previously an itemized deduction, is now an adjustment to income, which means that anyone can claim on his or her tax return the amount of alimony paid during the year.

IF YOU make child support pay-

ments to a former spouse, you may have to pay more money now in order to claim your children as dependents on your tax return. In prior years, if the tax exemptions were not allocated in the divorce decree, and you were the noncustodial parent, you had to contribute \$1,200 or more for the support of one or more children in order to take the dependency exemptions. That amount has now increased to \$1,200 for each child.

Expenses you pay for work-related

child care may not be claimed as a tax credit. The credit is 20 per cent of the amount you pay during the year for child care. The maximum amount of the credit allowed is \$400 for one child and \$800 for two or more children.

To get a head start on your taxes, contact the IRS for free publications on areas that will affect your taxes.

You may order the publications by filing out the order form enclosed in the tax package you receive, or by contacting your local IRS office.

Tax changes affect alimony, support

Statisticians point out that the divorce rate in America has been rising steadily in the last few years. That translates into more and more taxpayers making alimony or child support payments.

If you're making such payments, it's vital to be sure you take all the tax breaks you are allowed, including some new ones, where those payments are concerned, the Internal Revenue Service reports.

As of 1977, alimony is an adjustment to income instead of an itemized deduction. This means you don't have to itemize your deductions anymore in order to claim the alimony you pay.

If you are single, have a gross income of \$25,000, make alimony payments of \$5,000, have itemized deductions of \$1,000 and claim one personal exemption, in 1976 your itemized deductions totaled \$6,000. After subtracting the \$5,000 and your exemption of \$750 you had a taxable income of \$18,250. Your final tax liability after subtracting your general tax credit was \$4,111.

In 1977, using the new tax tables

with the zero bracket amount, personal exemptions and the general tax credit built into them, you would subtract your alimony from your gross income to get a tax table income of \$20,000. Your tax from the tables would be \$3,999 and you will realize a tax savings of \$412.

IF YOU are divorced, you may also be making child support payments. And if your divorce decree doesn't specify which parent is entitled to claim your children's exemptions, you may be entitled to claim the exemptions, provided you paid a certain amount of child support.

In the past, if you contributed \$1,200 or more towards the support of your children, and your former spouse who had custody of the children couldn't prove that he or she contributed more than you did, you were entitled to claim the exemptions for the children.

For further information on these changes in the tax law, call your local IRS office.

Obituaries

RUTH C. HARRIS

Ruth Harris, 84, 26381 Farmington Rd., Farmington Hills, died Nov. 12 in Botsford General Hospital. Services were Nov. 15 in R.G. and G.R. Harris Funeral Home with the Rev. George W. Ramsey officiating. Burial was in Pine Lake Cemetery.

Mrs. Harris was and member of First United Presbyterian Church of Farmington. Surviving are daughter, Mrs. Nancy Pierson and one grandchild.



BIG SAVINGS ON SKI PACKAGES

OLIN HEAD K2 HANSON HUMMICK TRAK SCOTT DEMETRE ROFFE WOOLRICH TROJELL MEISTER SPADENMAN SKYR SAN MARCO

The best products at the best prices
SKI & TENNIS BARN
FARMINGTON 28507 12 MILE W. of Grand River 478-0484

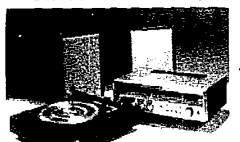


GARAGE DOOR OPERATORS

Genie 450D
CRYPTAR II DIGITAL CONTROLS
\$185⁰⁰ installed
1 Year Warranty—Any Suburb
ALLIANCE AUTOMATIC DOOR CO.
358-3833 SOUTHFIELD

Tech Hifi offers our best to you in the new year. Cheap.

1. Pioneer 450 AM/FM stereo receiver..... \$149
2. Nikko 515 AM/FM stereo receiver..... \$189
3. Marantz 2230B stereo receiver..... \$270



\$179

Our bargain-priced starter system offers a lot of pleasure for very little money. For \$179, you get the EPC 1405 receiver, Studio Design 16 loudspeakers, and a fully-equipped BSR 2260A automatic turntable.

Come in and pick up your FREE copy of the 1978 edition of The Hifi Book. It has facts you need to know before you shop for stereo, and 128 pages of facts and photos on all the leading brands.

13. Kenwood LSK 200 loudspeakers (pr.)... \$129
14. Studio Design 36 loudspeakers (pr.)... \$160
15. EPI 120 loudspeakers (pr.)..... \$280



\$489

Here's a powerful, room-filling \$489 stereo system. It combines the Technics S170 receiver with new Micro Acoustics PRO 3 Multi-Axial loudspeakers and a Sanyo TP626 semi-automatic, belt-driven turntable complete with an ADC p36 cartridge. Technics SANYO PRO ma

4. Pioneer 950 AM/FM stereo receiver..... \$385
5. Garrard 630 turntable (complete)..... \$59
6. Philips 427 turntable (complete)..... \$99
7. Dual 1237 turntable (complete)..... \$109
8. Dual 1245X turntable (complete)..... \$155

9. Pickering 220E cartridge..... \$15
10. Micro Acoustics 282e cartridge..... \$59

11. Kleeneez record cleaner..... \$3.95
12. Studio Design 16 loudspeakers (pr.) \$60



Happy New Year from all of us at Tech Hifi!

tech hifi
Soundrooms you can play in.

35555 Plymouth Rd. (World Camera Bldg.), Livonia 525-7360 / 4526 N. Woodward Ave., Royal Oak 576-4436 / 125 Main St., Rochester 652-HIFI

In Michigan: Dearborn, Mt. Clemens, Detroit "The Bargain Center," East Detroit, Southgate, Ann Arbor and East Lansing. Stores also in New England, New York, New Jersey, Pennsylvania, and in Ohio.



Leakey's legacy

Discoveries made by the noted anthropologist L.S.B. Leakey have cast revealing light on man's beginnings and revolutionized thinking about human evolution. Fossils cradled in Leakey's hands, displays evidence of early man's surroundings. Tribute is paid to him in "The Legacy of L.S.B. Leakey," a National Geographic special at 8 p.m. Monday, Jan. 9 on Channel 55.

RENT RINSEVAC
the professional do-it-yourself carpet cleaning system

SPECIAL RENTAL RATE OFFER

3⁹⁹
NOW ONLY 4 HOURS

RINSEVAC cleans the way professionals do, at a fraction of the cost.

LIVONIA HARDWARE

5 Mile & Farmington
SAT 10am to 6pm
SUNDAY 10am to 5pm



Charles H. Williams
Professional Corporation
Certified Public Accountants

Free Estimate
Reasonable Fees

Most Tax Returns Under \$35

29625 Grand River Ave.
Farmington Hills, Michigan

478-7440