

the business beat

What To Do If IRS Checks

Among average tax returns, only one out of 20 is selected for audit by the Internal Revenue Service, according to William C. Rescorla, president of the Michigan Association of CPAs.

The odds come down sharply, however, when the return covers an above-average income or income from several sources, or when substantial deductions have been claimed. Usually the taxpayer is asked to substantiate specific items in his return by mailing the IRS copies of canceled checks, receipts and other documents. Sometimes this is difficult to do, and it may be wiser for the taxpayer to ask immediately for a conference with an examiner at a local IRS office, according to Rescorla.

This is especially true if a lengthy and complicated explanation is involved, since it will frequently save time and the frustrations of a prolonged correspondence.

"IF IT'S A MATTER of simply showing proof, the taxpayer normally does not need to take along a CPA or lawyer to speak for him," Rescorla said. "If, however, the taxpayer feels the case, however, if a technical tax question is involved."

In the event the taxpayer can substantiate only a portion of the deductions being challenged, the examiner may not allow any of the balance. When it comes to business travel and entertainment expenses, a diary listing all the details demanded by the IRS will usually be accepted for individual items under \$25.

When there is a technical question (that is, whether the item itself is deductible, the taxpayer should be prepared to refer to a tax precedent or authority. If the examiner remains unconvinced, it is within the taxpayer's rights to ask him to consult his supervisor as a higher authority.

MOST OFFICE audits end in an amicable settlement, according to the IRS. However, if the taxpayer feels the examiner has acted in an arbitrary manner or is in outright error, there are at least two options open to him.

He can ask to talk to the supervisor himself or he can request a "district conference" where his case will be reviewed by a district conferee with long familiarity with tax laws and procedures.

If it is still impossible to reach a satisfactory settlement, the taxpayer can appeal to the Appellate Division and finally, to the Tax Court.

However, Rescorla advised that every effort should be made first to reach agreement with the office examiner "since the costs -- in time, money and worry -- of appealing to higher authority may be greater than the actual tax saved."



RAYMOND ROHR of 29175 Hennick Court, Farmington, has been appointed corporate controller of Borman's, Inc. He will be responsible for the company's corporate accounting and internal auditing functions. A graduate of Walsh Institute of Accountancy, he is a member of the Michigan Association of Certified Public Accountants and the Institute of Internal Auditors.



JOHN A. BLUTH JR. of Livonia has been promoted by Campbell-Ewald advertising company to Chevrolet account executive, broadcast and sports promotion. He was previously account executive for new car merchandising. A Wayne State University graduate, Bluth joined Campbell-Ewald a year ago from SBD&O.



DAVID M. CHESMEL of Livonia is to relocate in Connecticut where he has joined the new ventures staff of Locitex Corp., managing its expansion into the area of impregnation of porous metal parts using Locitex resins and processes. Chesmel was previously a regional sales representative for FMC Corp.'s Inorganic Chemical Division of Detroit.



J. F. GRANT, 40782 Ivywood Lane, Plymouth, has been named operations manager of Marathon Oil Co.'s Michigan retail sales region. Grant, who has studied marketing and management at Rutgers, Syracuse and Stanford universities, joined Marathon in 1945 and came to Michigan a year ago from the firm's Findlay, Ohio headquarters as manager of retail sales development.

Teen Shoplifters Campaign Target

The Greater Detroit Chamber of Commerce is launching an educational campaign, primarily at junior and senior high schools, aimed at reducing shoplifting by making teenagers aware of the long-term personal consequences for stealing.

Robert T. Marquart, vice president for administration and marketing of the Chamber, said the Christmas shopping season, from Thanksgiving to New Year's, is the peak shoplifting period.

A half million pamphlets are expected to be distributed at all schools in Wayne county through a cooperative effort with public and parochial school system administrators.

Some retailers already have adopted an employee-reward system for spotting shoplifters, and others are studying its application.

"WE DO NOT want to point the finger of accusation solely at our teen-agers," Marquart said.

"However, this age group is responsible for a significant part of shoplifting, and this same age group probably has more to lose than any other. They are at the threshold of educational and career decisions and opportunities; they ought to be free from criminal records which might bar them from colleges, military academies, some professions and jobs.

"Let's face it. Shoplifting is stealing. Stealing is a criminal act, punishable by fine and up to four years of imprisonment.

The Detroit Police Department reported earlier this year that shoplifters -- juveniles and adults, male and female, professionals and amateurs (such as housewives or teen-agers), vagrants and drug addicts looking for money to support their habits -- are costing the businessmen of the nation more than \$2 billion per year.

The National Retail Merchants Association in New York has said that about a half-billion dollars of goods are taken annually by shoplifters and employees from department and specialty stores alone.

HOME OWNERS CORNER

By MARVIN KEMP

Organization is the key to a good home. There is nothing more revealing than a messy workshop. Build a wall rack or storage system and arrange all your tools functionally by kind -- put all screwdrivers, pliers, wrenches, etc., together with the ones you use most often closer at hand.

If you don't have enough space for every tool, when you throw everything into an empty box, sharp tools will be damaged and small ones lost or misplaced. An organized workshop cuts your work time down and saves your nerves, because everything will be right where you want it when you want it.

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HELPFUL HINT: Driving nails into hardwood? Try dipping the nail in linseed oil immediately before hammering. Lubrication makes it easier and prevents bending.

EMU Men Outnumber Coeds

YPSILANTI Men students attending the fall semester at Eastern Michigan University outnumber women by 411 in a total enrollment of 18,609, admissions officials revealed.

Women still hold a slight edge of 182 in the ranks of the undergraduates, but the graduate school enrolled a male majority of 623.

In its early years as a training school for teachers only, Eastern was almost exclusively female, and girls continued to dominate the campus until about 10 years ago.

THE TREND toward massive male enrollment began about the time the school was given university status in 1959. Continuing diversification of curricula offerings has also proved attractive to young men.

A break-down of undergraduate enrollment shows 7,461 males and 7,643 females, in the graduate school, 2,144 males and 1,541 females.

Women are a majority in the freshman and sophomore classes, by 513 in the former and 179 in the latter.

Then the pendulum swings. Men juniors outnumber women by 185 and by 312 among seniors. In the small category of special students, there are 47 men and 34 women.

IT IS INTERESTING to note that the number of male freshmen (1,913) and the number of male seniors (1,896) are almost identical. Among females, however, the respective figures are 2,495 and 1,584, a decrease of 842.

Admissions officials say that many women get married and drop out before completing their studies. They say also that experience shows men to be more "persistent" than women when it comes to education.

Eastern has 859 evening students this semester, 502 men and 357 women.

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HITCO To Merge

LOS ANGELES At a special meeting, shareholders of HITCO approved the proposed merger of HITCO into the Arco Steel Corp.

The merger is expected to be completed by the end of December. HITCO has a Plymouth plant.

Under terms of the merger, each share of HITCO common stock will be exchanged for one share of Arco cumulative convertible preferred stock, and each share of HITCO Series A preferred stock will be exchanged for nine-tenths of a share of Arco preferred stock.

The Arco preferred stock will carry an annual dividend of \$2.10 and will be convertible at any time into \$5/100 of a share of Arco common stock.

HITCO specializes in the development and production of advanced materials for aircraft, aerospace, industrial, marine, time, and commercial applications. Upon completion of the merger, the company will be operated as a wholly-owned subsidiary of Arco.

Inflation Blamed For Tight Money

DETROIT Dr. David I. Fand, professor of economics at Wayne State University, and an internationally recognized monetary authority, says that this country's anti-inflationary policies hold the key to achieving lower interest rates.

Dr. Fand, in a speech at the national "New Economic" conference in Phoenix, rejected the prevailing theory that interest rates can be brought down by putting more money into circulation, adding, "That's like trying to put out a fire with gasoline."

He explained: "Policies that keep government expenditures down, money tight, the budget in balance (or surplus) and the commodity price level stable are policies favored by the old-fashioned conservatives. But these are, in fact, the most effective ways to achieve a primary objective of the modern day liberal -- low, long-term interest rates."

The WSU professor said that high interest rates are only a symptom of a troubled economy. He put the finger of blame on the escalating prices in the last few years as the real malady of our economic times.

FAND STRESSED two critical proposals to correct the situation.

1. Using a tight money policy to cool the inflation and slow down the rise of prices.

2. Keeping government expenditures down to keep pressure off interest rates.

Dr. Fand also pointed out that if huge expenditures by private capital are required to combat environmental damage such as pollution, this could also have an effect on lowering the marginal productivity and earnings of these companies, exerting downward pressure on interest rates.

A RELATIVE decline in interest rates, however, could cause capital flows and balance-of-payment problems in the U.S., Fand warned. Consequently, the high interest rate structure of the rest of the world could pose an obstacle to our realizing the low interest rate benefits of our anti-inflation policies at home.

Dr. Fand said: "A slowing in the rate of inflation from the present 6% to a 3% rate next year should bring about a decline in long term interest rates from the present historical high of 9% range to the area of 5 1/2% to 6%."

Of short term rates, Fand predicted: "I am assuming that the current rate of 7 1/2% may drop to between 4 1/2% and 5% in 1970."

Demand Soaring

ANN ARBOR The speed of change and an apparent manpower shortage are giving the field of management an "Alice in Wonderland" look, a University of Michigan authority insists.

Thomas K. Connellan, editorial director of the Bureau of Industrial Relations, U-M Graduate School of Business Administration, says the management situation today reminds him of Alice and the Queen running through the forest. As Alice finally falls exhausted to the ground, she notices that she is next to the same tree from which she started.

Says the Queen: "This is a very strange country. If you want to stay in the same place you have to run. If you want to get ahead, you have to run twice as fast."

TODAY'S MASTER of business administration graduate must be prepared to run twice as fast as before. And he is, according to Connellan, who explains:

"Not only does the graduate move out from school armed with the latest analytical and management tools, but he goes forth into a changing world that is rapidly running short of managerial talent."

According to recent census figures, by 1975 there will be one million fewer men in the 35-45 age bracket, due to low birth rates of the Depression years.

Engineer School Woos Ladies

The engineering profession, that traditional male career stronghold, is now actively courting the fair sex.

"And the woman who accepts the challenge will find ready job acceptance, a higher starting salary and less sex-related wage discrimination than many other career field," according to John Gibson, Dean of Oakland University's School of Engineering.

Gibson points to a recent survey that confirms that thousands of American women are suspected for years that it is still a man's world -- at least when it comes to the competition for wage in the business and professional worlds. The difference exists for many reasons, despite existing state and federal laws to the contrary.

THE SURVEY by the Michigan Employment Security Commission reported on various starting salaries in Michigan for young men and women with four years of college. In every case, the women received less than the man employed in the same position.

For example, average starting monthly salaries in math and statistics were \$741 for men and \$707 for women; chemistry, \$754 to \$717; marketing and retailing, \$669 to \$601; liberal arts, \$657 to \$575.

Where was the smallest wage differential and which field offered the highest starting salary for a woman? "Engineering," states Gibson, where a man's salary was \$818 and a woman's was \$788 monthly and a woman's \$806.

Luckily, Miss Turski found that the acceptance readily depended on "attitudes and talents," and that the "boys are really nice to you."

Accountants Seminars Set Dec. 11

DETROIT chapter of the National Association of Accountants will hold two seminars on Thursday, Dec. 11 -- one in Farmington and one in Detroit.

The Farmington seminar, "Cash Forecasting and Working Capital Control," will be held at the Bedford Inn, Grand River north of Eight Mile.

The Detroit seminar in the Pick-Fort Shelby Hotel will cover "Planning and Operating an Integrated Budget System."

Fellowship begins at 4:45, dinner at 6:30 and the seminars at 7:30. Guests are welcome and may make reservations by calling 868-4600, ext. 353.

Savings Accounts Growing

LANSING The average savings account in Michigan's 32 state-chartered savings and loan associations has increased by nearly \$900 during the last 10 years, the Michigan Department of Commerce (MDC) reports.

The MDC's Financial Institutions Bureau reported the average savings account amounts to \$2,897 today, compared to \$2,002 in 1959.

State-chartered savings and loan associations had assets totaling \$1.25 billion last year compared to \$1.17 billion the previous year and they distributed \$48.5 million to their 381,159 members.

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