

ESSENTIAL FACTS ON HOW TO FIX YOUR INCOME BLANK

This Tax Is Often "A Blessing in Disguise" Forcing, as it Does, the Business Man to Do His Buying, Selling and Accounting More Systematically.

Just how a merchant or shopkeeper, who has no real bookkeeping methods, should proceed in figuring his annual profit or loss for the purposes of the income tax is explained in a statement issued by the Bureau of Internal Revenue.

The experience of the bureau is that most shopkeepers have at hand, or can construct with reasonable accuracy, the data necessary for properly computing the net income for each year.

The data which he will need is contained in the gross sales, the purchases of the year, the inventories at beginning and end of the year, and the selling expenses.

The gross sales over the counter are known to every progressive store or shopkeeper. In many cases he has his cash-register memoranda. Even if he has no register, he usually has some other records of his intake.

Aside from cash sales, most small stores have running accounts with customers. In the case of a brand new business it is important that accounts receivable for goods or services furnished during the taxable year be added to the cash receipts, the result to be taken as the gross sales of the year.

In the case of a long-established business in which the balances due from customers will average about the same amount each year, the storekeeper has the privilege of figuring his net income on a "cash basis." That is, by ignoring the balances due him from customers and including in his cash receipts the total of intake regardless of when his goods were sold, he will arrive, by proceeding along the steps prescribed by the bureau, at an acceptable computation of the net result of the year's transactions.

In any case where both the cash intake and the accounts receivable created during the year are taken into consideration as the gross sales, the storekeeper should guard against duplication of the same income by omitting the payments received on back accounts that were taken up in prior years as accrued income.

There are, therefore, two methods of arriving at gross sales for the year. On the one hand is the "cash basis," which is more practical for a long-established store, and on the other hand is the "accrual basis," which is more accurate from an accounting standpoint as showing the correct earnings of the store during the year.

The purchases of goods and supplies during the year are obtainable from the inward invoices, which most shopkeepers retain for their own use in fixing retail prices. Invoices of

goods not received at the end of the year should be included, and in these cases such goods must be included in the inventory for the end of the year; for, although in transit, the title to the goods has passed to the shopkeeper and they are considered as on hand. Goods or local products received in exchange for other goods should not be included; neither should cash purchases be considered if the intake for the year is figured on the basis of the daily gain shown in the cash drawer.

The construction of inventories of goods on hand unsold at the beginning and at the end of the year is not a difficult matter in small merchandising. The stock on hand is generally well known to the owner, who, if he is wide-awake, keeps an eagle eye on his shelves and storehouse. The pricing of this stock is the thing that he must be most careful about, particularly in these years of fluctuating costs. The pricing should be by one of two methods: (1) Cost in each item or (2) cost or market whichever is lower on each item. In either case he cannot value the stock at any price higher than cost and by the second method the shopkeeper may use market price if it is lower than his actual purchase price, on any or all items.

In pricing inventories there is another important rule of the Government to be observed; that is where goods are so intermingled that they cannot be identified with specific invoices they are deemed to be the most recently purchased, and the latest invoice prices on those particular items should be used.

As to selling expenses, these are easily figured, for a shopkeeper keeps a close watch on his till and knows what it has cost to pay his help, to light and heat his store, to pay his rent, if any, and to maintain his delivery service. Then there is the telephone, telegraph, postage, expressage, freight, and repairs. He is also allowed to include interest paid on borrowed money, taxes on his business property, and a reasonable allowance for wear and tear on his fixtures, wages, horses, delivery auto, or any machinery or other equipment which he owns and uses in the business.

With the above data at hand, any dealer may figure the net income of the business. The procedure is as follows:

An the inventory for the beginning

TOO LATE

Death only a matter of short time. Don't wait until pains and aches become incurable diseases. Avoid painful consequences by taking



The world's standard remedy for kidney, liver, bladder and uric acid troubles—the National Remedy of Holland since 1896. Guaranteed. Three sizes, all druggists. Look for the name Gold Medal on every box and accept no imitation.

of the year to the purchases for the year; from this sum subtract the inventory for the end of the year, and the balance is the cost of goods sold. Taking this cost from the gross sales for the year he reaches a figure which is his gross operating for the year. From this gross profit he is allowed to deduct his selling expenses. The result is net profit, to which he should add any interest or other business income not included in his gross sales, and the result will be the amount which he will consider as his business net income.

By pursuing the above method the shopkeeper eliminates consideration of his own salary or withdrawals from the business. If he made withdrawals from the business, whether daily, weekly, monthly, annually, or irregularly, in the form of cash or in goods for his home consumption, this amount must either be added back into the net income as computed by the method explained above or he should consider it as a salary withdrawn, and therefore taxable income. The point to be borne in mind is that Mr. Storekeeper is taxable on his entire net income, whether withdrawn or not.

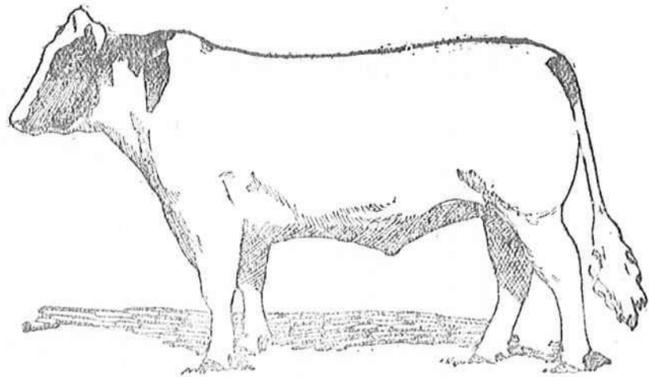
A merchant may have withdrawn a considerable amount of money from his business and yet have actually suf-

WE CAN SAVE YOU MONEY

BY MAKING YOUR OLD CLOTHING SERVICEABLE.

We are doing it for thousands of others—why not for you? We believe a trial will convince you.

FOOTER'S—Cleaners and Dyers, CUMBERLAND, MD.



The Holstein Way to a Better Day.

The above is a drawing of

RAG APPLE THE GREAT

who sold for \$125,000.00.

Just recently 67 of his brothers and sisters brought a quarter of a million dollars. Four of them sold for over \$20,000; seven sold for over \$10,000 each and twenty-four for \$1,500 each.

In the past four years members of Rag Apple's family sold for over \$1,000,000.

We also learn from reports of cattle experts that there is a great shortage of pure bred Holsteins and this opens up a new avenue of money making in this country.

Wouldn't you like to take advantage of the possibilities in Holsteins? We are here to help you.

Let's talk it over.



W. C. DAVIS, J. T. STUKES, J. A. WEINBERG,
Pres. Cashier. V-Pres.



The Most Welcome Tire That Ever Came to Market

Men Who Appreciate Superlative Values Prefer The Brunswick

In every great tire factory, the chief question is: "How much can we give for the money?" And the product depends on the policy adopted.

Every man who has become acquainted with Brunswick Tires knows that Brunswick standards are again evident. This famous concern—noted as a leader in every line it entered since 1845—has once more proved that its policy is right.

A perfect tire is simply a matter of knowledge and standards and skill. No secrets nor patents prevent making an ideal tire.

But standards come first. For in tire making there is vast room for skimping, for subtle economies, for hidden shortcomings. Makers without the highest standards don't build high-grade tires.

The Brunswick organization of tire makers includes a brilliant staff of technical experts. Not a man

among them has spent less than 20 years in handling rubber.

Each is a master of his craft. And the new ideas they bring to the attention of Brunswick directors receive sincere consideration.

Every proved betterment is adopted unanimously.

The Brunswick Tire is a combination of acknowledged features—plus Brunswick standards of manufacture.

The result is a super-tire, the like of which you have never known before. The kind of a tire you will gladly join in welcoming.

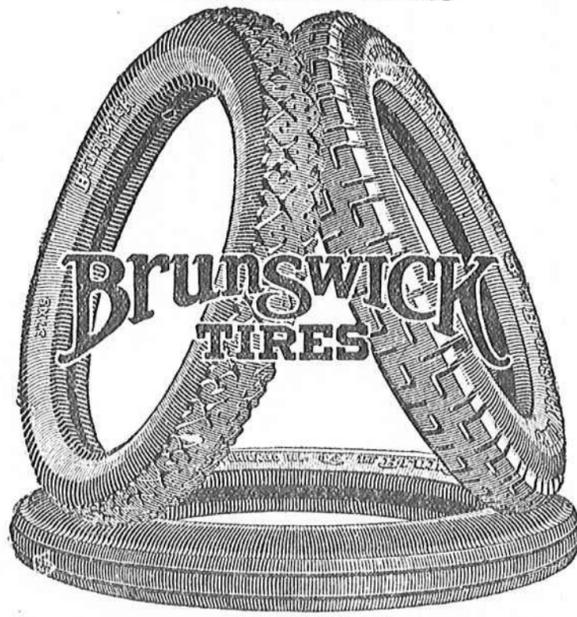
Yet Brunswicks cost no more than like-type tires.

Try ONE Brunswick. We promise a surprise. And we feel certain that you will want ALL Brunswicks.

Then good tires will have a new meaning to you.

THE BRUNSWICK-BALKE-COLLENDER CO.
Atlanta Headquarters: 38 Luckie St.

Sold On An Unlimited Mileage Guarantee Basis



Cord Tires with "Driving" and "Swastika" Skid-Not Treads
Fabric Tires in "Plain," "Ribbed" and "BBC" Skid-Not Treads

W. J. Young Motor Co., Manning, S. C.



ferred a net loss in his year's transactions, his shelves having been depleted of their stocks. On the other hand, a million merchants are building up and extending their businesses, withdrawing only enough for living expenses. Their goods for sale, piled up at high purchase prices, may contain a goodly income earned during the year in the business done over the counter. Whether the earnings are put back into goods or are placed in the bank, or whether they are family or withdrawn by him for other purposes, the net result of the year's business must be identified and considered in its entirety when the income tax season arrives.

It is also pointed out by the Internal Revenue Bureau that if the shop or store is operated by a partnership a return must be made on Form 1065, regardless of the amount of its net income. A partner must consider as income his share of the net profits, whether distributed to him or not, together with his other taxable income.

If the store is incorporated a return must be made annually on Form 1120, regardless of the amount of its net income.

If operated by one proprietor he must consider the net income of the store, together with all of his taxable income from other sources, in determining whether a return is required. And, if he must file a return, Form 1040 or 1040-A should be prepared due care and accuracy and filed on or before March 15th.

In addition to the above returns there is another return required if any employee, landlord, mortgagee, or other person, or any fiduciary or partnership was paid in wages, salary, commission, bonus, rent, interest, or other

determinable income a total amount of \$1,000 or over during the year 1919. Forms 1099 and 1096 are furnished for this purpose.

THROWN OUT OF CAR BREAKS BOTH WRISTS

Florence, Feb. 22.—When the automobile in which she was riding sud-

denly turned a corner in Lamar Mrs. Spears was thrown out and both of her wrists were broken. She was brought to the Florence Infirmary, where the broken bones were set and she is resting comfortably today. The accident was a most unusual one, physicians here saying that they never had a like case.

Philadelphia Diamond Grid Batteries

Are Guaranteed for 2 Years.

Philadelphia Battery Service Station,

Manning, South Carolina