

The tax compromise

30 million Americans may avoid filing taxes

WASHINGTON — The compromise tax overhaul bill awaiting final action in Congress opens the door for a bold experiment that by the early 1990s could allow 30 million people to avoid filing a federal income tax return.

The bill calls on the Internal Revenue Service to report within six months on the feasibility of launching a return-free system.

Should the IRS find the system workable, taxpayers with the simplest returns — all income from wages and interest and no itemized deductions — would be offered the option of not filing a return and allowing the IRS to calculate their tax from documents supplied by employers and banks.

Within five years, IRS officials estimate, up to 30 million couples and individuals would be allowed to forgo the annual filing chore.

Although members of Congress like the idea, which President Reagan proposed as part of his tax bill in May 1985, House and Senate negotiators insisted that the IRS issue a detailed report on the cost and benefits before putting the plan into effect. The compromise also recommends that the IRS first fully test the proposal without involving taxpayers.

The return-free proposal was one of several significant provisions on which the House and Senate were essentially in agreement even before negotiators worked out the compromise package.

Among provisions of the compromise on which both houses were in full or essential agreements include:

- Repeal income averaging, a tax-saving device used by about 5.4 million taxpayers whose incomes fluctuate sharply from year to year. The Senate wanted to save it for farmers but the House refused.

- Tax all unemployment compensation. Under present law, benefits or single people with total incomes under \$12,000 and couples under \$18,000 are tax free and a share of benefits for people with higher earnings can be exempt.

- Require all persons 5 and older to have Social Security numbers. A taxpayer claiming a person as a dependent would have to list that dependent's number on the tax return. The idea is to make sure that when parents separate, only one of them claims the child as an exemption; a recent IRS study found this to be the fastest-

growing area of tax cheating.

- End the \$100-a-person exclusion for dividends, affecting more than 14 million taxpayers.

- Tax scientific and literary awards, such as the Pulitzer and Nobel prizes, unless they are given to charity.

- Require any person who must file a tax return to list any tax-exempt interest received.

- Require that a person whose income is not subject to withholding make quarterly estimated tax payments totaling at least last year's tax liability or 90 percent of the current year liability, up from 80 percent under present law.

- Raise to 1 percent a month the penalty for not paying taxes when due.

- Require that every real-estate transaction be reported to the IRS: the burden would fall first on the person responsible for closing.

- Reduce to \$70,000 (from \$80,000) the tax-free yearly amount an American may earn abroad. No American working in Libya could claim the exclusion.

- Cut to 10 percent the tax credit for restoring non-historic buildings at least 30 years old, and to 20 percent the credit for certified historic structures.

- Renew solar energy credits for business at rates of 15 percent in 1986, 12 percent in 1987 and 10 percent in 1988. Similar credits for residences, which ended last year, would not be renewed.

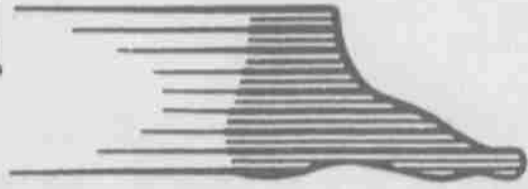
- Prohibit the IRS from denying a double tax benefit to certain ministers and military personnel. They could continue claiming a tax deduction for interest and property taxes on a home even though they pay for their home with a tax-free housing allowance.

- Travel would no longer be deductible if the expenses were claimed solely on grounds a trip itself was educational.

- It would be more difficult to claim tax deductible hobby losses against wages and other earnings. The law now considers an activity is not a hobby (and thus is engaged in for profit) if it is profitable in two out of five consecutive years; that would be changed to three out of five. Horse breeding or racing would continue as under present law: a profit in two of seven years.

- Generally reduce to 5 years the 10-year averaging allowed for certain lump-sum pension distributions.

Hungry?

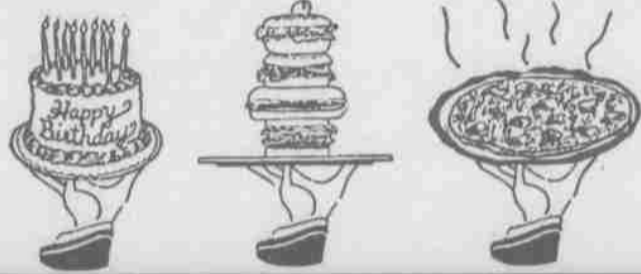


GOLDENTOES
DELIVERY SERVICE

FAST DELIVERY OF YOUR FAVORITE FOODS FROM OVER A DOZEN RESTAURANTS IT ONLY TAKES ONE CALL!

- Arby's
- Burger King
- Chartreuse Caboose
- Do Biz
- Grand Affairs
- Long John Silver's
- Pizza Hut
- Schlotzsky's
- Taco Inn
- Taco John's
- W.C. Frank's
- Wendy's

Don't Go Hungry - Go Goldentoes



477-8888

Limited Delivery Area
Our drivers carry less than \$20 cash
Goldentoes is not legally affiliated with any of the above listed restaurants.

Stereo West

Welcomes The Students And Faculty Of UNL Back For Another Year

HAVE THE BEST of BOTH WORLDS.

Don't let the fact that Stereo West carries some of the finest brands in audio, video and car audio make you think that you can't afford us. Stereo West has products for all budgets.

At Stereo West choose from: **ALPINE Technics**

Panasonic MITSUBISHI BOSE

SAVE 33%

Mitsubishi DT-4 Cassette Deck

- Dolby® B/C
- Automatic tape bias and EQ detection and switching

List \$120 Save \$40

SALE \$79.97

Cassette decks starting from \$49.97

TDK SONY

polkaudio JVC
The Speaker Specialists

YAMAHA

SANYO maxell.
THE MODERN ART OF ELECTRONICS

and much more.
Plus we offer a full service department for all your service needs.

Whether you're looking for home stereo, car stereo, video recorders or televisions - Stereo West wants to be your home entertainment headquarters.

Complete car stereo systems under \$100.00

JVC KSR-12 AM/FM Car Stereo

- U-turn auto reverse
- 15 station preset
- Digital Clock & much more

List \$199.95 Save \$50

SALE \$149.97



Mitsubishi HS-328 UR HQ VHS Video Recorder

- 8 event/14 day programmable
- Infrared remote control & much more

List \$450 Save \$120

SALE \$329.97



Sony UCX-S90 Cassette Tape

- Save over 65%

List \$5

Sale \$1.69 Limit 5

The finest selection of home speakers in the Midwest

WE ACCEPT VISA, MASTERCARD, AMERICAN EXPRESS

STORE HOURS: Monday-Friday, 11-9 Saturday, 10-6 Closed Sunday

Stereo West

4011 "O" St., Lincoln, 483-7738

Over 15 models of compact discs to choose from.