

focus

Empty your pockets, it's income tax time

'Loopholes' for students use, too

By LIZ NEWLIN
Battalion Staff

The Ides of April, the day Uncle Sam collects his share of Americans' paychecks, looms less than two months away, but a gloomy attitude is not mandated by the tax codes.

"Every child born in America can hope to grow up to enjoy tax loopholes," noted observer Richard Strout. Even college students have their share. For instance, most students who file income tax returns can claim themselves as a dependent and so can their parents if the parents provide more than half the child's support. This applies to married students also.

Another plus for students is that scholarship money generally does not count as income, so it cannot be taxed.

A new benefit is child care credits, expanded this year to include full-time students. Students are considered now to be "gainfully employed," one of the requirements to receive the credit. The credit equals 20 percent of payments for child care expenses for employment-related child care and other household services.

Frank Nason, tax collector for the Internal Revenue Service in Brazos County, said dependency is the "A number one" question he receives about taxes.

The IRS, he said, determines "who can claim whom" using five tests. Each dependent claimed must meet all the tests, simplified below:

Gross income test — received less than \$750 total income. This does not apply to children under 19 or full-time students.

Joint return test — did not file a joint return with spouse. Each couple filing jointly may claim at least two exemptions.

Citizenship — generally, a citizen of the United States or a resident of Canada, Mexico, Panama or the Panama Canal Zone.

Relation — must be a natural or blood relative or member of the taxpayer's household for the entire year.

Support — received more than half of support from taxpayer or spouse.

Exceptions and special cases are explained in an IRS information guide on exemptions for dependents.

This publication and most others offered by the IRS are available at the Bryan IRS office, Room 503 Varisco Building, 219 N. Main St. Taxpayers may also call or write the Internal Revenue office. The toll-free number for Texas is (800) 492-4830.

The major question most people

have after checking the five tests, Nason said, concerns a married couple where one or both partners are students.

The couple and their parents, he suggested, should figure their taxes twice, once claiming the students as dependents and once with the young couple filing jointly.

"They (parents) can claim married kids as dependents as long as the children don't file jointly," Nason said.

Filing status can make a difference in the amount all parts of the family pay. For example, Mike and Gloria are married students, and their parents still provide more than half their support. Not counting scholarships, which are non-taxable, Mike and Gloria together make \$6,000. Each set of parents earns \$20,000.

Mike, Gloria and their parents figured the taxes two ways — claiming them as dependents and letting them file a joint return. When Mike's parents claim him as a dependent, they owe the government \$187 less than when he files a joint return with Gloria. The same is true for her parents. Mike and Gloria each pay an additional \$3 by filing separately.

In this example, the families save \$368 if the children file separately. This may not always be the case, but it's worth investigating, Nason said.

Job services help Aggies beat the old work crunch

By PAICE BEASLEY
Battalion Staff

Texas A&M University spends about \$3.6 million to employ about 5,000 undergraduate students for part-time work during the academic year.

More than 2,400 students appear on the bi-weekly payroll, but the total number of persons working on campus throughout the year is sometimes more than 5,000, said Clair Fink, student financial aid administrator.

A minimum wage of \$2.30 an hour or higher is paid to all student workers, he said. The rate of pay depends on experience, the employer or the department.

Fink said the largest employers of undergraduates on campus are the food services, the University library, Memorial Student Center, and the schools of agriculture, animal science and veterinary medicine.

Other jobs range from farmwork, ground maintenance, clerks, secretarial, lab assistants, researchers and graders, to various work within departments.

Fink estimated that between 2,000 and 3,000 students work off campus during the year. Off-campus jobs usually begin at \$2.65 per hour, but depends on employer policies.

The Student Financial Aid Office in the YMCA building, coordinates

student part-time employment on the Texas A&M campus, Fink said. This office provides listings of jobs available for students, both on and off campus, but does not take job applications or make job placements.

The TEC has job books which provide daily accounts of jobs available in Bryan-College Station.

Job leads are placed on clip boards in the Student Financial Aid Office, and are available to all students, he said. These leads are removed when the job is filled or after 45 days, unless notified by the employer that the job is still available.

Students are responsible for making appointments with the employers and setting salary and work hours. Students are paid bi-weekly for on-campus employment. Payment to off-campus workers depends upon the employers.

On-campus workers must be cleared through the Student Financial Aid office in order to be put on the payroll, said R.M. Logan, director of student financial aid. To be cleared, student employees must complete employment forms, income tax forms, and have a physical examination. Employers must complete a personnel data form on all

employees. Logan said his office works closely with the Bryan office of the Texas Employment Commission (TEC). TEC sends job listings to the Financial Aid Office.

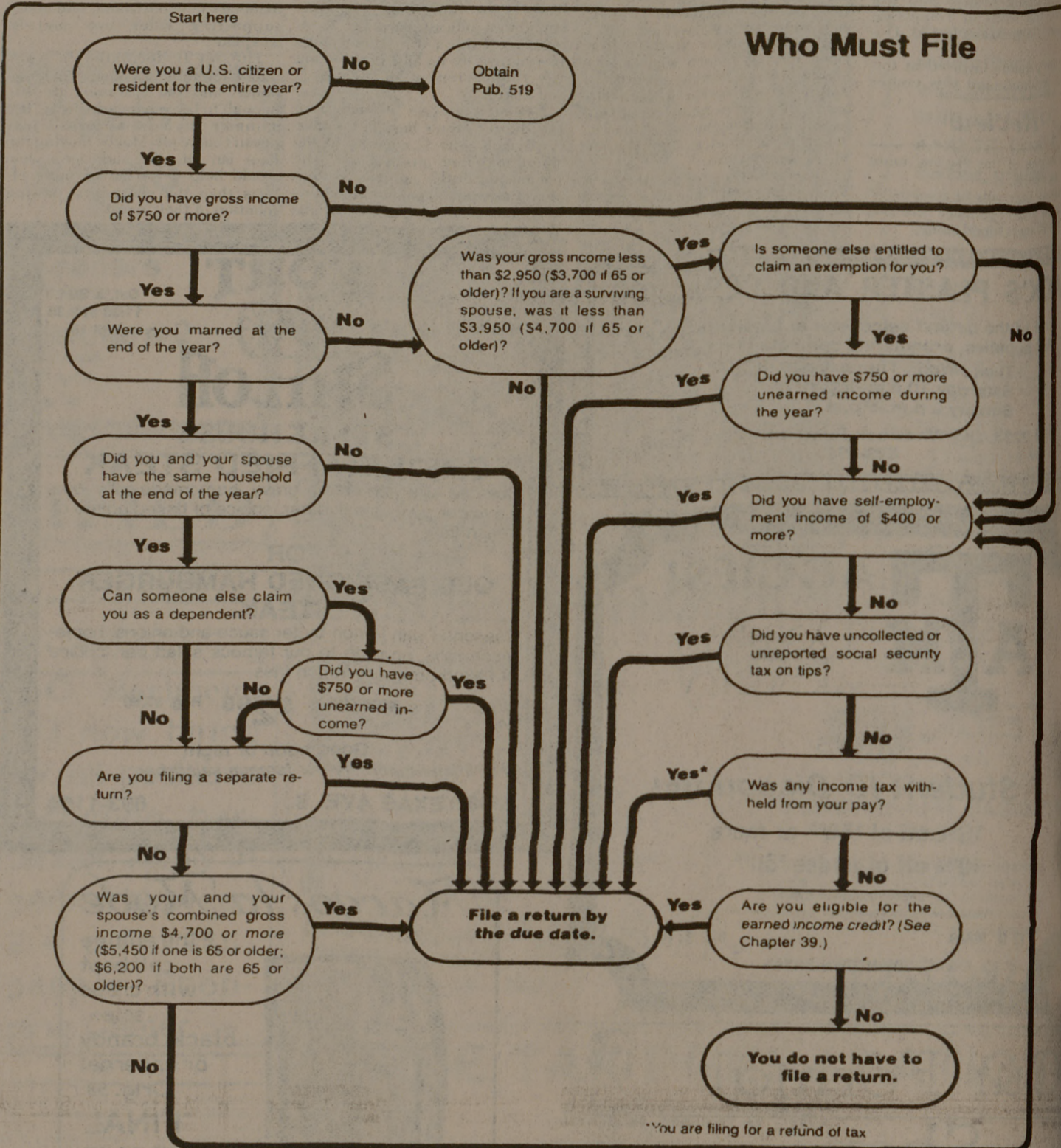
Charles Gillespie, manager of TEC, said his office prepares a display in the Memorial Student Center at the beginning of each semester. This helps students to become familiar with TEC, and it gives TEC a chance to distribute applications for employment. Applications are also kept in the Student Financial Aid Office.

Job leads are placed on clip boards in the Student Financial Aid Office.

Applications outline skills, interests, and qualifications of the applicants, Gillespie said. Applications are filed for future reference, so the applicant can be contacted when a job is available.

He added that TEC has job books which provide daily accounts of jobs available in Bryan-College Station. A list of statewide job opportunities is also available.

TEC is operated by the state, Gillespie said, so there is no charge for its service.



Follow the arrows to find out whether you must file a Federal income tax return. Answer "Yes" or "No" to each question in turn to lead to one of the final boxes: "File a return by due date (April 15)" or "You do not have to file a return."

Explanations of terms follow, in order of their appearance:

- Pub. 519: United States Tax Guide for Aliens. Pub. 518 is for Foreign Scholars and Educational and Cultural Exchange Visitors.
- Gross income: all compensation for personal services, taxable and non-taxable.
- Unearned income: proceeds from trust funds, savings accounts, stocks or bonds.
- Self-employment income: also known as "contract labor," people who are paid the full amount for their services are self-employed, regardless of age.

Students are contract laborers when their employers do not withhold Social Security or income tax. Contract laborers must pay self-employment tax on their self-employment income. This tax is comparable to the social security tax withheld from an employee's wages. A full-time employee who earns less than \$16,500 as an employee and who earns \$400 or more from self-employment usually is liable for the self-employment tax. Pub. 533 is information on Self-Employment Tax.

• Earned Income Credit: special payment of up to \$400 that may come as a refund check or be applied against taxes if earned income was less than \$8,000 and (2) you paid more than half the cost of keeping up a home in the U.S. in which you lived and which for the entire year was also the home of your child who was under 19 years old or a full-time student.

Forms easy, but be careful

The IRS says this year's revised federal income tax forms are easier to complete. For most people it's simply fill in a few blanks, look up the correct tax and mail. But the Internal Revenue Service cautions taxpayers not to be lulled into carelessness.

Mistakes on the return slow processing. So does using the wrong tax table or failing to attach all W2s and other necessary documents.

One of the most common errors, the IRS says, is a missing signature. Errors in arithmetic can be corrected by the IRS without great delay, but a missing signature forces the IRS to send the return back to the taxpayer and slows the procedure even more.

The smart taxpayer, the IRS says, will use the pre-addressed label and coded envelope sent with the instruction package. These items speed processing the return, getting the refund to the taxpayer days or even weeks sooner.

The IRS suggests the following checklist:

- ✓ preaddressed label attached to the return and all necessary corrections made on the label
- ✓ copy B of all W2 forms are attached
- ✓ all required forms and schedules, with supporting information, are included
- ✓ the arithmetic is correct
- ✓ the correct tax table or tax rate schedule was used to compute the tax
- ✓ all entries are on the correct lines
- ✓ the payment, if required, is attached.

This payment should be the form of a check or money order and made payable to Internal Revenue Service. The check or money order should also include the taxpayer's social security number.

- ✓ the return is signed. If filing jointly, both spouses must sign. If a paid preparer completes the return, the preparer must also sign.
- ✓ the return and all supporting information are mailed using the coded envelope that comes with the tax package
- ✓ keep a copy of the return for personal files

— Liz Newlin

It's Uncle Sam's turn

Time is drawing near for students to join the rest of the nation in paying their dues to Uncle Sam. A random sampling of 217 Texas A&M University students indicates that more than 77 percent are planning to file a tax return this year.

Students were polled by telephone this week and asked questions dealing with income, expenses, and taxes. About 3 percent did not answer the questions.

Summer employment was shown to be more popular by the working student. Seventy-six percent said they worked during the summer, while only 33 percent said they are working now.

Students who work part-time throughout the year, earn an average of \$255 a month. The largest number, 32 percent, said they receive less than \$250 a month, yet others make more than \$1,000. The average working student works from 14 to 19 hours a week.

Parents and students finance 74 percent of college educations for Texas A&M students. Eighteen percent of the students pay all educational expenses, while 29 percent receive some help from their parents. Parents pay all the expenses for 27 percent of the students. Scholarships, grants, and loans provide the other means of financial support for students.

Overall, students are working and aware of taxes. When questioned about taxpayers cheating on their tax forms, some students said:

- I think it's wrong. It's not right. It's against the law, but if they want to do it, that's their business, not mine. — Senior, agronomy
- I don't do it, but I can sure understand why they do it. — Sophomore, education
- It is a pretty low thing to do. They ought to be shot, I mean, they ought to be punished. — Graduate, architecture
- More power to them if they can find loopholes. — Junior, physical education
- Not Kosher. — Sophomore, psychology
- I really don't know anything about it to tell you the truth. Dad takes care of all that. — Freshman,

education

- I've never been that high that I have to worry about it. But they get away with it. I'll be honest 'cause I didn't. — Graduate, cultural economics
- I wouldn't do it simply because I don't feel it is right. This is not because I fully understand the purpose of taxation and I feel that's fair. — Freshman, political science
- I think it's pretty chicken. — Graduate, entomology

Editor's note: This is the second series of opinion polls to be published in The Battalion. Students administered the survey to 217 Texas A&M University students, whose names were chosen randomly from the campus directory. The name in each column of the campus directory was called, unless the person could not be reached. Then, the next person in that column was contacted. This is an informal poll. Future polls will be checked for statistical accuracy. A copy of the questions and complete survey results are available in The Battalion office.

— Paige Beasley



TOO MANY COOKS? BAH! THE PUBLIC'S BEEN TAKING THIS STUFF FOR YEARS.