

YOUR tax return was filed many, many months ago and your refund check has long since been spent. Then comes another communication from Uncle Sam, this time from the Treasury Department, which reads, "Your income tax return for the above year has been referred to our office for examination. Itemized deductions must be supported by cancelled checks, receipts, or other evidence when verification is deemed necessary. Please present at this office on the date specified your records in support of the following named items appearing on your return."

Why have you been selected for audit? What was wrong with your return?

The Internal Revenue Service through its District Director's Office selects returns for examination by varied methods for various reasons. Before the returns are scanned by revenue agents they are first checked for mathematical accuracy. You will receive a check if your return had mathematical errors resulting in your overpaying your tax, and if you underpaid you will receive a bill.

Therefore, agents—who are experienced in detection of "errors"—check your return for unusual deductions, for deductions not allowed under existing regulations, for items entered under broad or too inclusive headings, for travel and entertainment costs, for luxury items such as yachts or club dues claimed

It's not all over on April 15th, your tax forms can bounce, too!

WHEN UNCLE SAM EXAMINES



by Joseph Arkin, CPA

as job or business expenses, abnormally large deductions in relation to earnings and for other reasons.

In addition to this check the Treasury Department has many other sources of checking to see that you reported all your sources of income.

Your employer is required to report wages paid to you on form W-2, persons who paid you fees, rents, commissions, and royalties, in amounts of \$600 or more not subject to withholding are required to

report such payments on form 1099. Corporations report dividend payments of \$10 or more and banks, credit associations, brokers and savings and loan associations are required by Treasury regulations to report any currency transactions (no matter how small) which they consider to be unusual for the person involved.

The agents of the Treasury Department pay close heed to the various County Clerk offices to observe purchase and sale records of property; they keep a close watch on race tracks and other places where large amounts of cash are spent; they avidly read newspaper accounts of separation, divorce and maintenance suits wherein the aggrieved wife reveals her husband's intimate financial affairs to get a large award of the court.

Right or wrong from a moral or ethical viewpoint, our government does pay informers a percentage of any tax collections based on information furnished. In fact, though the Revenue Service may deny it, they do assign special agents to check anonymous letters which by their nature reveal that the unknown writer is furnishing bona fide information.

Who are some of these informers? They usually are disgruntled, discharged employees, former sweethearts, ex-wives, jealous neighbors or perhaps someone who accidentally comes across damaging information of tax evasion.

TO THOSE who have never been to a tax examination it may seem to be something to be feared. Actually, it is not so. Depending on the records involved, it is either held at the office of the District Director or at your home or place of business.

The taxpayer may appear in person alone, or as is generally conceded to be more advantageous, appear with his lawyer or accountant. The trained tax practitioner is well versed in the Internal Revenue Code and can argue or explain the taxpayer's position with a better degree of success.

The trained, skilled government agent will give you every opportunity to produce evidence or arguments to sustain the deductions on your return. If additional time to secure substantiation is needed, he will adjourn your examination to a later date, at your convenience.

After completing his examination the agent will either advise you that he accepts your return as filed, or that he is going to recommend changes resulting in additional taxes or reduction in amount of refund claimed.

You will be asked, in that event, to sign form 870 agreeing to the changes. If you refuse to sign, the agent will arrange an *informal conference* with his Group Chief. Here you will be given an opportunity to explain your side of the case. If the Group Chief is not convinced, a copy of the agent's report is sent to you and you are given 30 days in

which to file a protest (in triplicate and under oath) setting forth the reasons for believing that your return as filed is correct. Your case is then transferred to the Appellate Division, where once again an attempt is made to reach an agreement with you with possible compromise on amounts the agent wanted to disallow. Failure to reach an agreement at this level will result in your receiving a formal deficiency notice—usually called “the 90 day letter”—advising you that at the end

of 90 days the government will make formal assessment against you for additional taxes.

A taxpayer receiving a 90 day letter has three courses of action open: he can pay the tax; he can file a petition with the Tax Court; he can pay the tax and file for refund and, after being denied a refund, sue for recovery in Federal District Court or in Court of Claims.

In either course taken, the taxpayer is given every opportunity to present his arguments in open court.

On July 25, last year, the American Bar Association reported that:

The greatest asset the Communists have at present time is not the H-bomb, certainly not Soviet Satellites, but world ignorance of their tactics, strategy, and objectives. The biggest need today is for the free peoples to develop an awareness of the menace of communism and the ability to isolate the communist line so that it can be detected no matter who utters it . . . The current communist line includes the following:

1. Repeal or weaken the anti-communist legislation on the books, especially the Smith Act, the Internal Security Act, and the Subversive Activities Control Act.
2. Discredit and hamper the Senate Internal Security Subcommittee, the House Un-American Activities Committee, and State officials investigating Communism.
3. Weaken the effectiveness of the FBI and reveal its sources of information.
4. Destroy the Federal security system.
5. Recognize Red China and admit her to the United Nations.
6. Oppose the possibility of the United States' breaking off diplomatic relations with Soviet Russia.
7. Enlarge East-West trade, especially in terms in short supply behind the Iron Curtain.
8. Revive the idea that the communist party is just another political party.
9. Use the recent shakeup in the Kremlin as a guise to revive the communist peace offensive, just as a previous shakeup in the Kremlin brought about the “spirit of Geneva.”

The American Bar Association report then went on to list 15 key Supreme Court decisions “which directly affect the right of the United States of America to protect itself from communist subversion.”—REV. RICHARD GINDER

Langston Hughes:

MALEVOLENT FORCE

by Elizabeth Staples

The record of this writer is plain, for all to see.

From the first, it was and is pro-Communist.

Two recent happenings prompt and justify definitive research on Langston Hughes, longtime contributor to publications in America.

One is that various denominations of Protestant churches are proceeding, as by a prearranged signal, to recommend Hughes' writings for intensive study by church groups. For example, the Methodist Church, strong arm of the National Council of Churches, urges specific supplemental reading from Langston Hughes in its official study book for WSCS classes, entitled *The Kingdom Beyond Caste*, by Liston Pope (published in 1957 by the Friendship Press, New York). This is but one of many similar recommendations by various sects, while some college courses have stamped this author with their seal of approval for undergraduate perusal. In view of these endorsements, friends of organized Protestantism and of higher education might well do a little independent investigating.

Concurrently, a 500-page book has popped off the Brazillier Press, New York, about which some astonishing review opinion has been printed. Twitters one reviewer: "This versatile Negro . . . handsome cosmopolite . . . has earned the respect and admiration of both races." (From book review by Hermes Nye, p. 15, Roundup Section, *Dallas Times Herald*, July 27, 1958.)

The colorful jacket on the book reads, "*The Langston Hughes Reader*—Novels, Stories, Plays, Autobiographies, Poems, Songs, Blues, Pageant Articles, Speeches." The bulky volume is priced at \$5.95.

We are not informed how many "Autobiographies" Hughes can boast, and must wonder if the *Reader* inadvertently omitted some of them. For unknown reasons, one notable excision is that of his celebrated *vers libre*, "Goodbye, Christ," which has been so widely circulated as not to need reproduction. *Elizabeth Staples is a former editor of Facts Forum News.*