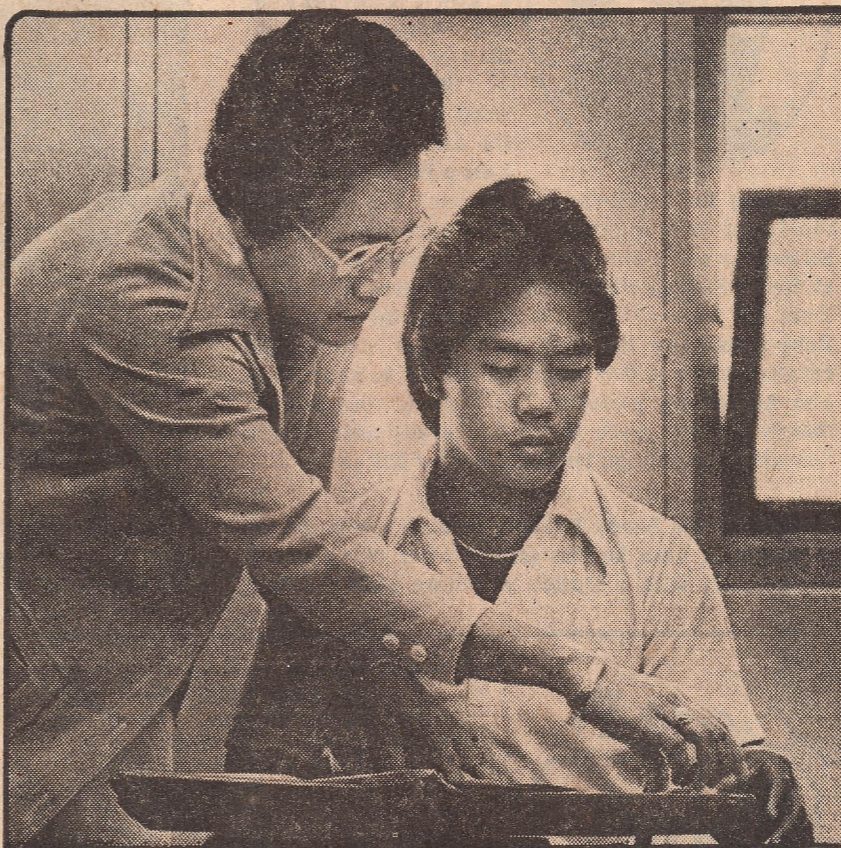




Demetri Quillopo studies the fine print.—Star-Bulletin photos by John Titchen.



Mau and Alan Arata do a quick 1040A.

Taxing Patience...or Where's the Loophole?

By Lois Taylor, Star-Bulletin Writer

IT'S there someplace, it's got to be. There among all that fine black print and tables of numbers, somewhere among sentences that read, "If line 39 is more than line 40, subtract line 40 from line 39 and enter the difference on Schedule A, line 41, and on Form 1040, line 33. If line 40 is more than line 39, enter zero on Schedule A, line 41 and on Form 1040 unless you are required to itemize deductions,"—it's there.

Hardly anybody ever finds it, but everybody looks for it among all those tax forms: The Loophole. Twenty seniors in Lorraine Mau's Pre-Industrial Preparation (PIP) class at Farrington High School filed their federal and state taxes early this week without ever having found the loophole, but they tried.

"Last year they took classes in food preparation and service in the PIP program, and since then they've found part-time jobs in the local restaurant industry," Mau said. "They made money, and for the first time, most of them have to pay income taxes."

"The class is learning that it's not just earning money, it's keeping it that's hard."

AND OVER THE LONG haul, they'll get a lot more mileage out of that depressing fact than knowing the capital of Finland or that the angles opposite the equal sides of an isosceles triangle are equal.

The obvious loophole among all these part-time waiters and busboys is declaring tips. It's not actually what you'd call a loophole, the seniors figured out. "It's really crooked," they decided.

It states quite clearly, "Examples of income you must report: Wages, including salaries, bonuses, commissions, fees and tips." It's right there on page 8 of the federal income tax forms.

Students who work as busboys at McDonald's and at Spencecliff restaurants agreed that the system is to divide their tips each night, "and hardly anybody declares them," Alan Arata, who works at the Outrigger Canoe Club where tipping is not the rule, said that the club adds a gratuity to his paycheck and routinely withholds taxes on it.

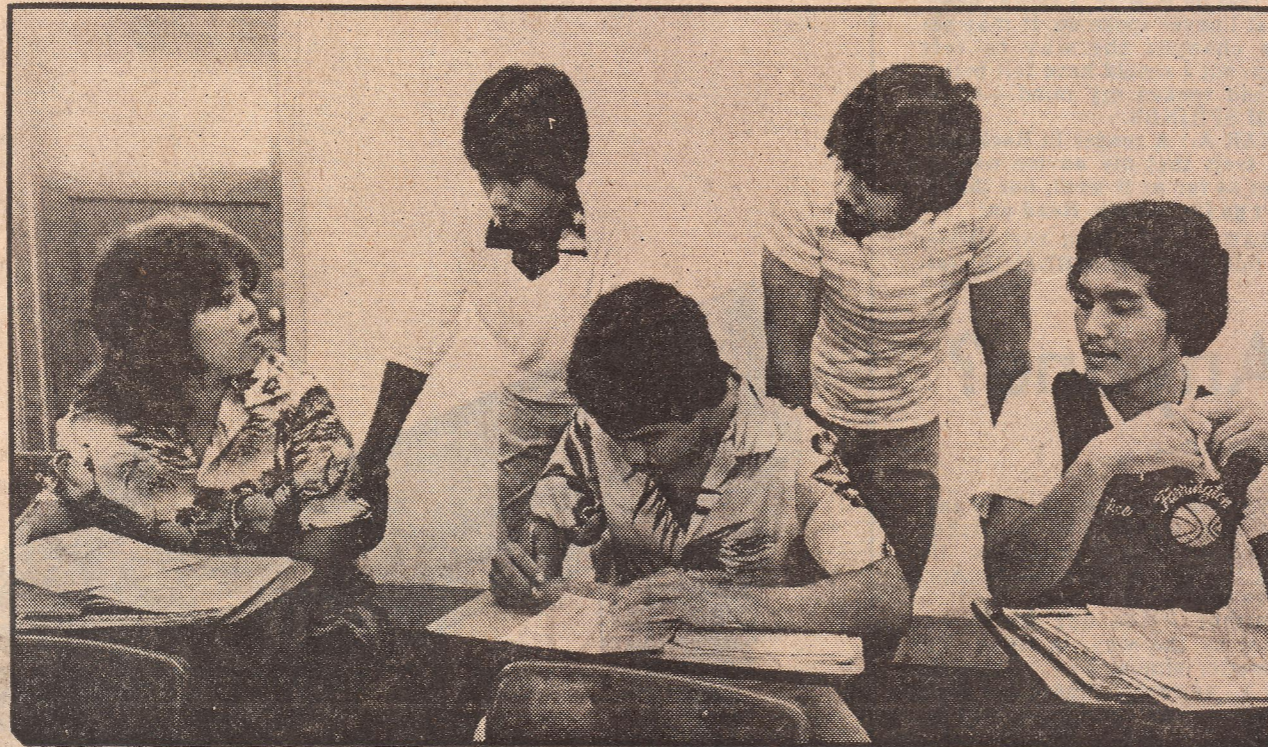
Mau told the first group that as long as they are receiving tips, they should estimate what they make a night and that they should all declare the same figure. "But a lot of people cheat on tips—that's the reality," she added.

THEY DISCUSSED listing one or no exemptions. Some personnel offices advise listing no exemptions because more is withheld and the worker gets a larger refund at the end of the year.

"It's a question of who you want to save your money," Mau told them, "yourself or the federal government? The IRS doesn't pay interest on your overpayment, and you'd be much better off putting that money in a credit union if your company has one, or the savings and loan."

Mau said later that she encourages her students to join their credit unions. "It makes them feel in control of the money they earned. Students this age often feel powerless, that they aren't in control of their own lives. There's a lot of resentment—everybody else seems to be making it, but they aren't. When they learn that they can manage their own lives, it makes a difference."

Mau had each student make up his own tax folder, even as H & R Block and the big downtown CPA firms do. In it are his W-2 forms—most held down more than one job during the year—and his state and federal tax forms, a federal bulletin prepared for teen-age taxpayers



Donna Nakamura, Vincent Mateo, Karl Balisbisana, Redentor Paison and Elmer Ayson do their taxes together.

called "Understanding Taxes 1980" and several worksheets for practice.

ONE OF THE students pointed out that the 1040 form is baby blue and the 1040A form is rosebud pink, and in addition to being associated with infants and Hawaii licence plates, they are colors that are supposed to induce calm.

"If you put down that you've got kids, do you get more back?" one prospective perjurer inquired. "Only if you've got kids," Mau answered. "They'd find out. Anyway, you are paying so little that you shouldn't even think about cheating. There's no way you can get

any more money back than what you figured on the tax form."

Demetri Quillopo, working on his state tax form, began to realize the burden of capital. "How come I made \$2,000 and I pay \$30, and another guy makes \$1,000 and only pays \$5. It isn't fair. I should only pay \$10 on \$2,000," he groused just as Henry Ford or one of the Kennedys must over their taxes.

"Is it true that there are some really rich people who don't pay any taxes at all?" Demetri asked, and Mau said that she had read that this was true. "Do they give it all away, is that why?" Donna Nakamura, the only girl in the

class, asked. "No, they have tax shelters, tax-free investments. It's legal," Mau answered, "but I don't think any of us has to worry about that yet."

A BIG COMPLAINT was the amount of social security payments withheld from their paychecks. "How do I know I'm even gonna want it when I'm 65?" Arata asked. "How do you know that they'll have any left when I'm 65?" Redentor Paison wondered with some justice.

"Social security benefits are so far ahead that it's hard for you to contemplate ever getting anything back from that source," Mau said.

"but since you have to make the payments, there's not much sense in complaining."

Alan Arata, who not only works at the Outrigger Canoe Club but is a free-lance model, probably had the biggest income in the class, but because his modeling fees hadn't had taxes withheld, he will receive one of the smaller refunds.

Everybody felt sorry for him because refunds are what it's all about. The big question was how long it would take the IRS to mail the checks back, and Mau was confident that they should arrive before the senior prom.

That's an event that calls for big bucks—tickets, tax rental, flowers, party after the prom—and there was some informal discussion of whether to invite the girl first and hope the refund would arrive or wait to invite her until the check is in hand. The first plan was more popular. This is called deficit spending, and Congress does it all the time.

LIKE ALAN, Demetri would receive a refund that would be less than \$5. "No more money for the disco," Demetri said. "I think I'll give it to the President," he added, referring to the voluntary presidential election campaign fund donation on the tax form.

"Hang on to it," said Elias Samonte, a part-time McDonald's employee. "If you come in, I'll give you the best table in the house."

Karl Balisbisana, an assistant host at Fisherman's Wharf, discovered that he would get a \$137 refund from the \$190 that had been withheld.

"That means you're paying a total of \$53 in taxes," Mau said. "That's the price of living in America. \$53 was your bill for last year."

Karl thought it over. "That's a pretty good deal," he said.

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MAR 14 1980

Sports today

Baseball

Honolulu AJA, 6:30 p.m., at Ala Wai Field. Kaneohe vs. McCully. No admission charge.

Basketball

Oahu Interscholastic Association, public schools, 5:30 p.m., Eastern Division girls games at school gyms. McKinley at Castle, Kailua at Kalani, Kahuku at Kalaheo, Roosevelt at Kaimuki and Farrington at Kaiser. No admission charge.

Golf

Miliani/JAL Women's Invitational. Second round of a 36-hole tournament at Miliani Golf Course. Shot-gun tee off at 8 a.m.

Swimming

University of Hawaii Spring Invitational, 4 p.m., Duke Kahanamoku pool. No admission charge.

Track

Oahu Interscholastic Association, invitational relays at Kailua, Lilehua and Radford.

Judo

Oahu Interscholastic Association, 6:30 p.m. at school gyms. Kalani at Aiea, Pearl City vs. McKinley at Kalani, Waipahu at Castle, Waiata vs. Kaimuki at Waipahu, Farrington at Lilehua, Roosevelt vs. Moanalua at Farrington. No admission charge.

Volleyball

Exhibition, 7 p.m. at Iolani Gym. Outrigger Canoe Club vs. Brigham Young University-Provo. Tickets are \$1. Children under 12 will be admitted free.

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MAR 15 1980

OCC spikes BYU

The Outrigger Canoe Club, which is ranked second in the nation by the United States Volleyball Association, defeated Brigham Young University of Provo, Utah, last night in an exhibition match at Iolani Gym. OCC won in five games, 13-15, 16-14, 15-10, 12-15, and 15-14.

Outrigger, which is coached by Dave DeGroot, was paced by Charlie Jenkins and Dave Shaw. The team has won the Haili Volleyball Tournament held annual in Hilo for the last 22 years.

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MAR 15 1980

Scoreboard

Kerr Cards 71

Jeanette Kerr of Hawaii, who plays golf for Arizona State, carded a one-under 36-35-71 yesterday in Austin, Tex., and trailed first-round leader Debbie Patrizzu of Texas by only a stroke going into the second round of the Besty Rawls Tournament today.

Lori Castillo, also of Hawaii, had a 75 for Tulsa and was in a five-way tie for ninth place.

Tom Paces Menehunes

Lloyd Tom hit a grand slam homer in the second inning to lead Moanalua to a 7-0 win over Nanakuli to highlight yesterday's OIA baseball action.

Miliani stopped Lilehua, 5-1, in the only other scheduled contest.

Outrigger CC Tops BYU

The Outrigger Canoe Club, paced by setter Charlie Jenkins and outside blocker Charlie Shaw, handed Brigham Young University its second straight volleyball loss in Hawaii with a 13-15, 16-14, 15-10, 12-15, 16-14 victory at Iolani gym.

Taira Leads McCully

Harvey Taira had four hits, including a double, and drove in two runs, and Kent Yamase drove in two runs with three hits to lead McCully to an 8-1 win over Kaneohe last night in a Honolulu Senior AJA Baseball League game at Ala Wai Field. Ernie Tshako pitched a five-hitter to earn the win.

GG Bouts Next Week

The state Golden Gloves Boxing Tournament will be held Monday and Tuesday night at Blaisdell Center, with the official weigh-in tomorrow.

Tournament champions will represent Hawaii at the National Golden Gloves Championships in Shreveport, La., March 24 to 29.

ORL Grad in AIAW Swim

MOSCOW, Idaho—Monica Gill, a 1979 graduate of Our Redeemer Lutheran now at the University of Idaho, qualified for the AIAW Division II Swimming and Diving Championships to be held at Clarion, Pa., this weekend.

Gill qualified for the AIAW nationals in the 100 and 200 butterfly as well as the 200 and 400 medley relay events.

English Missouri Coach

Mike English, a player-coach at Brigham Young University-Hawaii last year, has been named head women's volleyball coach at the University of Missouri.

Waialae-Nui Wins Title

Waialae-Nui A.C., unbeaten in nine games, is the champion of the PAL Mustang-B Basketball League. Members of the title team are Drue Apao, Reid Imai, Darren Lee, Sandy Low, Kevin Murakami, Brandon San Diego, Sean Scanlan, Nathan Wong and Scott Wong. The coaches are Reggie Ah Yat, Steve Aiu and Stratton Pang.