

Tax Tip: Dividend checks are taxable income

Those Alaska Permanent Fund "dividend" checks are not really dividends under the federal tax laws. They come under the prosaic category of "other income" and are fully taxable.

With real dividends you don't have to pay federal income tax on the first \$100 in your 1984 return—that's \$200 if you file a joint tax return. The situation is also different with interest income, which is fully taxable except for such things as municipal bond funds and Individual Retirement Accounts.

If you invested your permanent Fund check in something that pays dividends, portions of those dividends might be nontaxable. But prepare to ante up on the state payment itself. And no taxes were deducted from it, so if you spent the whole thing you may want to start socking something away for tax time.

One recent change in the federal tax laws however, is especially helpful to Alaskans, who often have to travel for medical treatment.

Under the old rules if you had to travel away from your home

community for medical treatment you could only deduct the transportation expenses. Now you can also deduct as much as \$50 a night for lodging, too.

And if you accompany a child or other qualified person, you can deduct that amount for both of you—or up to \$100 a night. The new break is most welcome to Bush residents, who often need to travel to larger communities for treatment.
