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Presidents' Column

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The Woman C. P. A.

JOINT BI-MONTHLY BULLETIN
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and the American Society of Women Accountants

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JUNE 1942

The Presidents' Column

By MARY C. GILDEA, C. P. A.

The fourth annual meeting of the American Society of Women Accountants will be held in conjunction with the tenth annual meeting of the American Woman's Society of Certified Public Accountants. The dates—September 25, 26 and 27, 1942. The place—the Palmer House, Chicago.

Committees from the Chicago Chapter are working to make this a very worthwhile meeting and they submit the following preliminary program:

Friday, September 25, at 7 p. m.—Joint meeting of the two societies at which committee reports will be given; to be followed by general discussion of the reports and plans for any necessary action thereon.

Saturday, September 26, at 10 a. m.—Business meeting of the A. S. W. A., followed immediately by a joint business meeting.

Saturday, September 26, at 1 p. m.—Luncheon, with a talk on an accounting or related subject—speaker to be announced later. Immediately after lunch, there will be a business meeting of the A. W. S. C. P. A.

Saturday, September 26, at 7 p. m.—Dinner meeting for members and guests.

Sunday, September 27, at 10:30 a. m.—Brunch.

On September 28, also at the Palmer House, the American Institute of Accountants' annual meeting will start. Our members have been extended a cordial invitation to take part in these sessions.

Due to the urgencies of a wartime economy, there is an increased demand for the services of women accountants. The manner in which we meet the challenge of industry at this time will have a decided effect upon our opportunities and progress in a post-war world. Now, more than ever,

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By IDA S. BROO, C. P. A.

In September the American Women's Society of Certified Public Accountants will celebrate its tenth anniversary. This celebration is timed to allow visitors to attend this meeting, and also the meeting of the American Institute of Accountants in one trip.

Although accounting is a profession to which women are ideally suited by temperament, today we find only 179 women certified public accountants in the United States. Accounting is a rapidly expanding profession, vital to the economic life of America. Our country needs not 179, but ten, twenty times that number of women C. P. A.'s

In today's national emergency our country needs its woman power. This means not only women taking the place of men in the factory but keeping pace with the need of the professions. As long as plenty of men were available the dearth of women accountants was of concern only to those especially interested in the economic progress of women, but today this is of vital concern to every American, and is receiving the serious study of professional accounting societies.

By virtue of her degree, every woman CPA wields a wide influence, and the responsibility of leadership is hers, whether accepted or ignored.

The American Woman's Society of Certified Public Accountants exists to advance the professional interests of women accountants. This Society needs every woman CPA and today America needs us urgently. We invite every woman certified public accountant to come to this anniversary meeting to learn the reason and need for our existence, our accomplishments and our aims.

Residential Property and Taxation

By RUTH A. CLARK, C. P. A.

The loss on a sale of residential property may or may not be an allowable deduction. If purchased or constructed and used as a personal residence up until the date of the sale, the loss is not deductible. If purchased as a personal residence and later rented, the loss would be deductible. If purchased to be rented but later used as a personal residence, the loss would not be deductible. The status at the time of sale governs the deductibility of the loss.

If converted to rental property, it is necessary that the property be actually rented or leased in order to secure the loss deduction. Having offered the property for rent or having instructed an agent to lease would not be sufficient.

The loss on the sale of residential property purchased with the intention of leasing or re-selling would be deductible. It would however be necessary that the purchaser prove intent to lease or sell.

If residential property is converted to rental property, later sold and a loss sustained, only that portion of the loss applicable to the period after conversion would be deductible. The basis would be cost or value at the date of conversion whichever is lower. In computing the loss, the land would be considered a capital asset and if the owner is an individual, the percentage basis for computing gain or loss would apply. The loss on the sale of the building computed in accordance with the Act, would be deductible in full.

If sold at a profit, the gain is taxable whether leased or used for a personal residence. If used as a personal residence it would be considered a capital asset and the gain would be reported on a percentage basis according to the length of time held. If rented and sold at a profit, the land only would be considered a capital asset, and the profit reported on the percentage basis. The gain on the sale of the building computed in accordance with the Act, would be taxable in full. It would be necessary that the cost basis and the selling price be allocated to land and building.

If considered a capital asset, the gain or loss would be reported on a percentage basis according to the length of time held providing the owner is an individual. If

held less than eighteen months, the gain or loss to be reported would be 100%; if over eighteen months but less than twenty-four, 66 $\frac{2}{3}$ %; over twenty-four months, 50%. The length of time held would be computed from the date of purchase even though in event of a loss, the property had been converted from a personal residence to business property at a later date.

Interest on mortgages, taxes and casualty losses are deductible whether property is used as a personal residence or leased. All taxes except assessments for permanent improvements and betterments are deductible. However, the cost basis to be used in computing gain or loss in event of sale, would be increased by the amount of these non-deductible assessments.

Repairs, depreciation, insurance and other expenses are not deductible if property is used for a personal residence. If the property was purchased with the intention of renting and was rented, then the foregoing expenses would be deductible. If purchased as a personal residence and later converted to business property, these expenses are deductible subsequent to date of conversion. If purchased with the intention of renting but remains vacant, these items are allowable deductions.

If property was leased and later converted to personal residence, the expenditures for repairs, depreciation, insurance and other such expenses would be allowable deductions only to date of conversion.

When the sale of residential property is anticipated and particularly if a loss is expected the owner should consider the tax situation before moving into rental property with the intention of advertising and showing the property. If the owner or his agent moves in any time prior to date of sale, the loss will not be deductible.

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President's Column—

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the woman accountant needs the help and encouragement of other women in the accounting field. For this reason the annual meeting this year is a particularly important one to each of us. Make every effort to attend.