

Tax Advice Given to Two Local Young Farmers Chapters

Year-end meetings to assist in planning and preparation of the 1970 Income Tax return

were held by two Young Farmer organizations this week

Richard Denison, manager, Pennsylvania Farm Management and Business Analysis Service of the Pennsylvania Farmers Association spoke to both the Manheim and Garden Spot Young Farmer Chapters

Among the advice Denison gave was the following:

Avoid wide fluctuations in income from year to year.

Total for the year to date all expenditures and incomes at the end of October to get a preliminary idea of the year's income picture. Then buy ahead or delay purchases of feed, seed, fertilizer and machinery to help maintain a stable income. He noted that while payment must be made in the year for which the tax deduction is claimed, delivery of merchandise can be made in a separate year.

Livestock farmers should stay alert to the year end market. Selling the last week in December can be just as good a market as the first week in January or vice versa, depending on the year the income is desired.

Review the depreciation schedules each year to be sure that all depreciable items, such as buildings, fences, tile drain lines, wells, dairy equipment, breeding stock, machinery, are included. Even the garden tractor, if used around the barn, can be deducted for that por-

tion or percentage used for the farm.

Ways to decrease taxable income: Pay children up to \$1,700 salary each year before they have to report an income; make deposits up to 10 per cent of income or up to \$2,500 in retirement plans through an approved insurance plan.

Don't forget to deduct such items as: dues to agricultural organizations, magazine subscriptions, phone for business use, office space in the home, and business travel.

On charitable contributions, the limit has been increased

from 30 to 50 per cent. Gifts of appreciated property are allowed under the new rules.

The holding period for capital gains on cattle and horses acquired after 1969 has been increased to two years.

The involuntary conversion replacement period was extended to the second year following conversion.

The real estate depreciation rules have been changed to allow farmers with straight line depreciation to have the option of a 150 per cent declining balance depreciation on new buildings.

All real estate depreciation

in excess over straight line after 1969 is subject to recapture.

Land clearing and soil and water conservation expenses can be recaptured if land is sold within 10 years.

Farm loss is limited to \$25,000 as an offset to non-farm income.

Crop insurance proceeds may be reported in the year the crop would normally be sold.

Investment credit carryover is limited to 20 per cent of 1968 plus all of 1969 carryover.

Five per cent penalty plus six per cent interest will be charged for failure to make deposits and pay tax.

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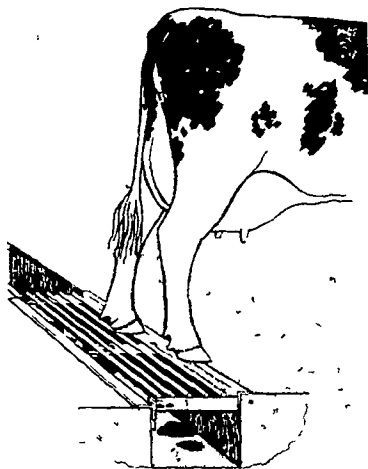
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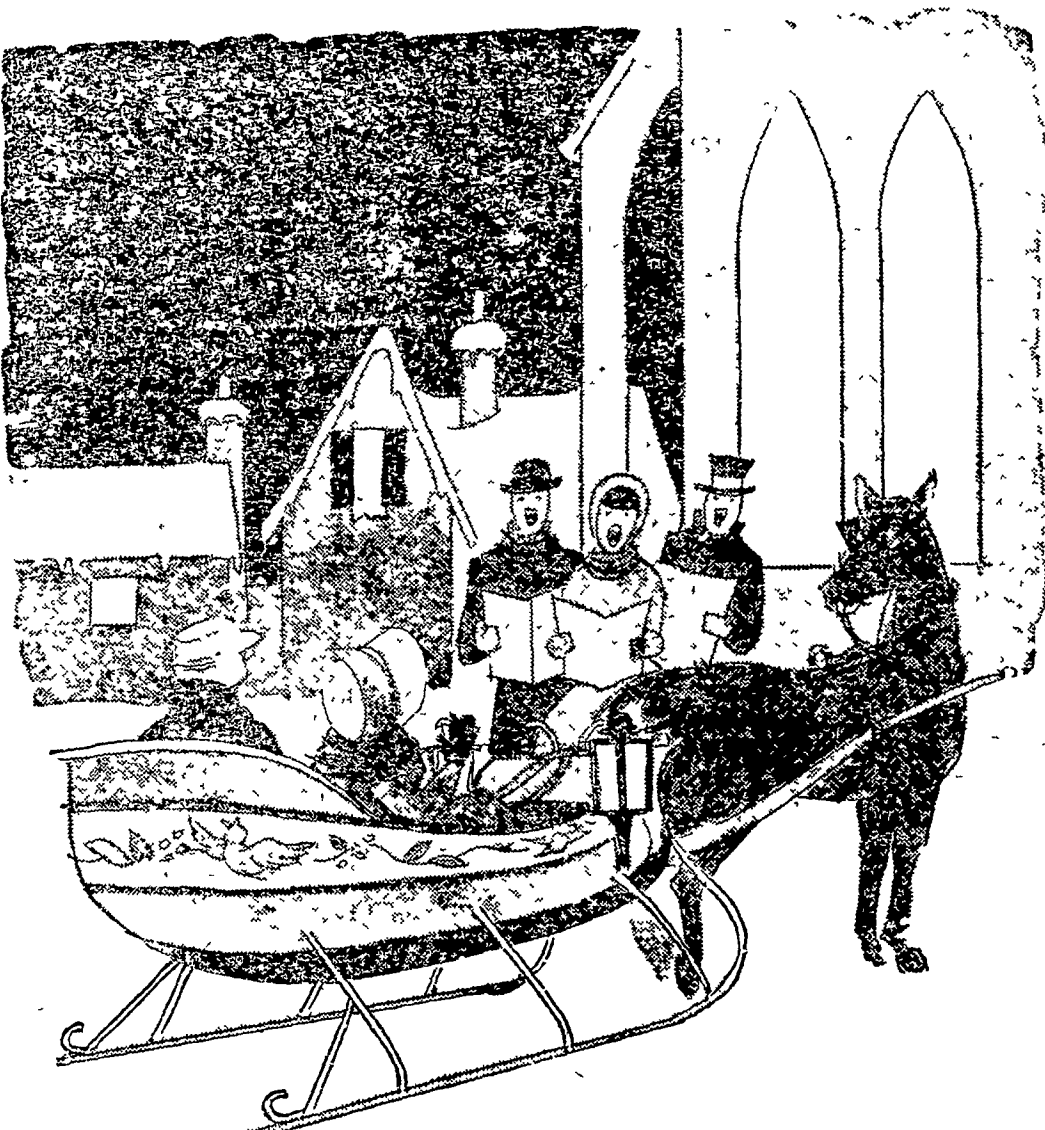
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