

Accounting Changes Could Cut Incentives for Using Farms as Tax Shelters

Noting the possibility that liberal accounting rules allowed farmers under existing law could be revoked in whole or in part, a report by the U.S. Department of Agriculture says such a change could increase tax problems for farmers in several ways.

From another standpoint, however, such change would give

less incentives to nonfarm investors' using agriculture investments as tax shelters

The report by USDA's Economic Research Service (ERS) explains the cash accounting system permitted farmers for computing taxes. Other businesses that produce or sell goods must keep inventory

records for tax purposes, which forces use of the more detailed accrual bookkeeping method

Cash accounting permits farmers simplified bookkeeping and allows them to ignore year-end inventories of crops, cattle, feed, and other items. Farmers are also allowed to deduct certain investments in farm assets in the year incurred, for example, development costs for fruit and nut growers and some livestock held for breeding. In most other businesses, expenditures of this type would be capitalized rather than deducted as business expenses. Also when farmers sell these capital assets they are taxed at capital gain rates, which are lower than regular income tax rates.

The special provisions open to farmer attract nonfarm investors, usually those in high income tax brackets. By taking permissible farm investment deductions, and other cash accounting advantages, it is possible to show farm losses for tax purposes which are not true economic losses. These "tax losses" are then used to reduce the investor's total taxable income.

Changing to the accrual method from cash accounting would mean a larger tax the first year for most farmers. Taxes would have to be paid on inventories of unsold crops or livestock for which deductions for their production had been made in previous years.

A copy of "Accounting Methods Allowed Farmers Tax Incentives and Consequences," ERS 505, is available free on postcard (please include zipcode) or telephone (447-7255) request from the Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C. 20250

11th ANNIVERSARY SALE ALL DAY

FRIDAY, MARCH 2, 1973
9:30 A.M.

on North Maple Avenue, Leola, 1/2 mile North of Route 23, watch for sale sign

Large variety of tractor and farm machinery, horse drawn implements, new gates, new hardware, tools, etc., etc.

Truck load of citrus fruit direct from Florida.

We sell on commission.

DOOR PRIZES FREE COFFEE
15 FREE MEAL TICKETS BEFORE SALE TIME.

Frank & Paul Snyder
Robert Martin, Aucrs.

SALE BY
DAVID H. GOOD

Next Sale Friday, March 16, 1973
Not responsible for accidents.

Public Sale

OF

FARM MACHINERY & FEED

Location: 7 miles Southeast of Oxford off the Oxford New London Road. 1 mile Northwest of Route 896 on the Harvey Chase Farm.

THURSDAY, MAR. 1, 1973

12:00 Noon

John Deere 2520 fully equipped; Ford Industrial 2,000 with loader, dirt scoop & fork; New Holland 273 baler with thrower (1 yr.); 3 hay wagons with racks; 1 J.D. 1065A with 18 ft. bed; 1 J.D. 1064 wagon with 14 ft. bed with dump & racks; 1 Grove 16 ft. wagon with racks; J.D. 640 hay rake; Little Giant 40 ft. elevator; New Idea 195 bu. manure spreader (1 yr.); J.D. 494A 4 row cornplanter with dry fertilizer, I H C 12 ft. disc (transport); Brillion 13 ft. cultipacker; I H C #10 13 disc grain drill; J.D. 7 ft. scraper blade (1 yr.); 2 16-ft. hay racks. Other items not mentioned.

All above equipment in very good shape.
20 x 60 silo full of corn silage, to be sold by the foot; 10 ft. corn silage in 18 x 60. Unloader in both silos can be used to empty.

Approx. 25 ton straw; approx. 30 ton second cutting (no rain) alfalfa; 9 open heifers; 7 Reg. 5 ready to breed; 2 Kingpin, 1 Astronaut, 3 Marcus Skip, 1 Allen Dairy Major, 2 grades by Marcus Skip.

Terms by
JAMES H. HERR

KREIDER & DILLER, Auctioneers

PUBLIC AUCTION

Registered and High Grade Holsteins
Farm Equipment - Household Goods

WEDNESDAY, FEBRUARY 28, '73

AT 10:00 A.M.

Will be sold at Public Auction on the premises located between Schaefferstown and Cornwall, along Route 419 at Buffalo Springs, next to Keller Bros. Ford, the following to wit:

54 Head of Registered and High Grade
HOLSTEIN DAIRY CATTLE

4 REGISTERED, BALANCE HIGH GRADE

34 COWS IN ALL STAGES OF LACTATION

5 BRED HEIFERS DUE MAY OR JUNE

6 YEARLING HEIFERS - 5 HEIFERS Under 1 Year

3 BULLS, 4 to 5 months old - 1 Service Age Bull

FORD 5000 DIESEL w/Frontend Weight

FORD 3000 with Live PTO Quick Wheel Change and Wheel Weights; Farmall Super A, needs engine repair with Cultivator and Plow; New Holland No. 717 1-Row Harvester; International No. 450 3-Bottom 16-in. Plow, 3-Point with Automatic Reset; Freeman Model 4005 Industrial Loader; Ford Flex-a-Disc on Transport with 32-Disc; Hawk Bilt 145-Bu. Tank Spreader; Ford Baler; Mayrath Elevator; 2 Flatbed Wagons with False End Gates; Ford PTO Side Rake; Ford 3-Point Mower with 7-Foot Bar; PTO Seeder; International Hay Conditioner; Flail Chopper; John Deere No. 246 Corn Planter with Insecticide Applicators; Farmec Grain Bin on Chassis; Kools PTO Trough Blower with Pipe; Wood Bros. Corn Picker; John Deere Spring Harrow; 3-Section Spike Harrow; Heat Houser for 5000; E-zee-Flow Fertilizer Drill; 3-Point Cultivator; 2-Row Transplanter; 11-Ft. Cultipacker.

Agway Breeding Chart Wheel

Three Surge Milker Units; 2 Milker Pumps; Stainless Steel Tubs; 2 Stainless Steel Milk Pails; 2 Stainless Steel Strainers; 220-Volt Electric Heater; 60-Gal. Hot Water Heater; 30 Milk Cans; Milk Stool.

LINCOLN WELDER; REMINGTON CHAIN SAW; 3 Bunk Troughs; Pasture Hay Racks; 900x20 Dual Tractor Chains; Cattle Catch Gate; Jig Saw; Grindstone; High Pressure Washer; Pick-up Cattle Racks; 2 Mineral Feeders; 4000 Tobacco Laths; Work Bench; Bull Dozer Fence Charger; Galvanized Water Trough; Water Tank; 2 Iron Hog Troughs; Dehorner; Wire Roller; Air Tank; Unloading Winch; Log Chains; Fence Stretcher; Anvil; Water Bowls; Digging Iron; Battery Charger Starter; 1 Other Battery Charger; Top Link; Heavy Duty Cord; Tool Box; Tools; 60 Wooden Apple Crates; 100 Half-Bushel Baskets; 15 Berry Crates.

OLD IRON WHEEL ENGINE WAGON; Wooden Butter Churn; Rope Bed; Two 6-Gal. Crocks; Other Crocks; Wood Chest; 2 Stirrers; Sausage Stuffer; Chest of Drawers; Roll Top Desk without top; Meat Grinder; Electric Meat Slicer; Kitchen Cabinet; Automatic Gas Space Heater; and many other items too numerous to mention.

Sale time 10:00 A.M. We plan to start selling Cows at approximately 1:00 o'clock. Sale by

ELMER M. MARTIN

PHONE 717-949-3363 - NEWMANSTOWN R.1, PA.

John E. and Paul E. Martin, Auctioneers

717-733-3511 - 733-3305

Dale Hoover, Cattle Information - 717-867-2489

Zimmerman and Hoover, Clerks

Lunch Available - Plan New To Attend This Sale

RONALD D. WEST SALES

S. C. HANSEN INC.

"USED" EQUIPMENT DISPERSAL

On Saturday, March 3rd we will sell a quantity of our used Merchandise to make room for our Spring Trade-Ins. Located at 180 Ithaca Road, Horseheads, New York. Beginning at 10:00 A.M.

Approximately 20 Tractors, 12 Balers, 10 Forage Harvesters, Blowers, Combines, Grain Drills, 10' and 14' Disc Harrows, Brillion 16' Harrow Hay Bines, (self-propelled), Windrowers (Case and Owattona), Mowers, 12 Plows (Mounted and Semi-Mounted). Many Miscellaneous Items.

There is a large quantity of Merchandise here, too numerous to mention. As we are doing business everyday some machines may be gone before the Sale and some may be added by the sale.

Your inspection is invited at anytime prior to the sale to inspect our used equipment and also our 1973 Merchandise

Don't miss this Sale - Many quality pieces of Machinery that will be sold for the High Dollar.

S. C. HANSEN, OWNERS

RONALD D. WEST, SALE MANAGER

ROBERT M. SHAYLOR, AUCTIONEER

ROBERT SLINGERLAND, CLERK

To be assured of a really Top Auction or if you would like to sell your entire Personal Property outright contact the outstanding Auction and Cattle Concern in the Southern Tier, Ronald D. West Sales, Ronald D. West, R.D. 1, Mansfield, Penna. Phone: 717-724-1989, Robert M. Shaylor, Elmira St., Troy, Penna. Phone: 717-297-3278 or Francis Courtright, 4275 Fairway Lane, Horseheads, New York, Phone: 607-739-2522.

LUNCH WILL BE SERVED

Poultry Educational Meeting March 1

The second poultry education meeting planned by Lancaster County poultrymen and the Agriculture Extension Service will be held at 7:30 p.m. Thursday, March 1, at the Farm and Home Center.

Poultry House Ventilation will be discussed by Joseph McCurdy, Agricultural Engineer at Penn State University. The discussion will include many factors involved in moving air through the house and maintaining proper temperatures.

Dr. Glenn Bressler and Dr. Floyd Hicks, professors of Poultry Science at Penn State, will present Poultry Waste Management. This topic deals with the important area of handling poultry manure within the environmental qualifications. There will be a model of the "Sloping Plastic Floor" house on display.

**BUTLER
ALL-STEEL
FARM
BUILDINGS**

M. K. HOKE ESTATES
148 SO. MAIN ST.
Manheim, Pa.
665-2266