

Changes in tax credit can benefit farmers

WASHINGTON, D.C. — The new federal income tax law contains several provisions to encourage farm and other business owners to boost their capital investment, according to the USDA.

For example, any cost you incurred after October 1978, to rehabilitate a building used for production in your business may be eligible for a 10 per cent investment tax credit.

"There are several qualifications," said Charles A. Sisson, tax analyst at the U.S. Department of Agriculture. "The structure—such as a hog house, barn, horticultural facility or general storage building—must have been in use 20 years or more. The improvements must have a useful life of five years or more. No more than 25 per cent of the exterior walls may have been replaced. And the building must not have been enlarged."

Houses for people don't qualify under the investment tax credit, Sisson said. Neither do costs of buying, completing or enlarging a building.

Sisson gave an example of the rehabilitation credit. "Suppose you put \$4000 into replacing partitions and electrical wiring in a barn that has been in use at least 20 years. You could get a

\$400 credit against your taxes."

Sisson said farmers should check with a tax advisor or the local Internal Revenue Service office for answers to questions about whether a specific improvement on a farm building would qualify for the credit.

There also is a new investment tax credit for new construction. It specifically is for buildings such as greenhouses, swine confinement buildings, milking parlors, poultry houses and other facilities to produce milk, feeder cattle, pigs, broiler chickens or eggs, or to breed hogs, cattle or chickens.

IRS rules say that to qualify for the credit, greenhouses must be specifically designed, built and used for commercial production of plants.

A structure must be used only for qualifying purposes. If part of a building were used for storing feed or equipment, for example, the IRS could disqualify it for the tax credit. And if the building were later converted to some nonqualifying use, IRS could recapture the credit granted earlier.

This credit was made retroactive to August 15, 1971. However, IRS regulations allow you to file an amended tax return no

more than three years after the deadline or two years after you paid your tax, whichever is later. But if you happened to have an "open year" after 1971 because of a dispute with IRS and had waived your statute of limitations, you might still claim a refund even if it occurred more than two years ago.

The new tax law retains the 10 per cent investment tax credit rate for purchases of either new or used production machinery or equipment. The rate had been scheduled to drop.

The credit—to be deducted from your tax liability, not your income—is based on your investment cost or the qualifying portion of it.

The limit on the cost of used equipment for which a deduction could be made is \$100,000 for a single year. This means a maximum credit on your tax liability of \$10,000—10 per cent of \$100,000.

The limit on tax credit allowed for the cost of buying new as compared with old equipment, for the 1978 tax year, is either (1) your tax liability or (2) \$25,000 plus 50 per cent of your tax liability over \$25,000 whichever is smaller.

For a tax year ending in 1979, the percentage of tax liability over \$25,000 that can

be offset by the credit rises to 60 per cent. And then it increases by 10 percentage points until it reaches a maximum of 90 per cent in 1982 and after.

"Although a tax credit may not exceed your liability," Sisson said, "a credit exceeding the limit for one year may be carried back to the preceding three years. And any balance still unused in those three years can be carried forward as much as seven years in the future."

"To qualify for the investment tax credit, your property must be depreciable and used in your business, and have a useful life of at least three years."

Fences used in production qualify for full credit, since they have a useful life of 10 years or more.

Sisson gave this example from IRS rulings on how "Farmer Green" computes his tax for 1978, assuming he bought a used farm tractor, three cows for milking and a bull for breeding. The tractor cost \$3000 and has a "useful life" of four years. Each cow cost \$600, still has a useful life of five years, and had not been used for dairying. (IRS says a cow generally has a useful life of seven years; these animals were not

(Turn to Page 141)

PUBLIC SALE

OF REAL ESTATE
SATURDAY, FEBRUARY 24
AT 10:00 A.M.

The undersigned will offer at Public Sale at the Courthouse, Chambersburg, Franklin County, Pennsylvania, the following:

A desirable farm located in Hamilton Township on Legislative Route 28039, 4 miles from Chambersburg, 107 acres of shale and creek bottom land, 90 acres tillable. 322.7 feet frontage on Ft. McCord Road, bounded by Clyde Burkholder, Ft. McCord Road, Dean Meyers, Archie Lehman and other land of the Sellers. Back creek flows through the farm. Approximately 1 mile of Creosoted post 5 wire fence around the pasture.

An 8 room brick house with full attic, full basement, white baked on paint on metal roof, guaranteed 25 years. Attic floor insulated. Oil fired hot water heat. Storm windows. Allemen built-in kitchen with automatic dishwasher and 30" double oven. "Classic" electric stove. Wall to wall carpet 1st and 2nd floors. Utility room on first floor and storage room on 2nd floor. 16x20 concrete block washhouse, with kettle furnace installed, attached to house.

A 76 ft. x 100 ft. frame barn, built in 1975. White paint baked on metal roof, all single sheets 36 feet long and 12 sky lights, all 2" x 8" rafters and frame. 1st floor has 80 foot drag feeder, concrete block wall and feeder pens. 2nd floor is clear span with no posts, adjacent to the barn is 3 older tile silos. This barn is used for a cattle feeding operation, by adding a milking parlor, it could have a fine dairy set up.

Other buildings include 6 car concrete block garage 22'x60' with two 10 foot overhead doors and four 8 foot overhead doors. 20 ft. x 40 ft. concrete block shop with coal furnace and loft. Round concrete block 12 ft. poultry house.

TERMS: 5% down. Balance on March 30, 1979. Other terms made known day of sale. For information: call Glenn D. Dice at 263-3239.

**GLEN D. DICE &
CATHERINE M. DICE,**
Owners

J. Robert Meyers, Auct.
Smith & Alleman, Clerks
J. Glenn Benedict, Attorney

LATE MODEL DAIRY FARM MACHINERY AUCTION PIPELINE - TANK LIKE NEW FARM MACHINERY WEDNESDAY, FEBRUARY 21

At 12:00 Noon
For Crown Tree Dairy
(The former Hiway Farm)

Located on Huntsville Rd., off Rt. 611 which is off Rt. 206 at Springdale, N.J. 3 mi. South of Newton, N.J. 3 mi. North of Andover, N.J. Arrows posted from Rt. 206. Blizzard date Fri., Feb. 23, 1979 at 12 Noon. Almost all Equipment purchased new within 2 years!

12 Noon - only 15 min. worth of small items! 12:15 Barn Equipment - Mueller 800 gal. Bulk Tank OH 800 w/complete Fre Heater set up, holds 7310 lbs., Mueller matc tank washer. Surge 45 cow Stainless Steel 2" pipeline w/4 units, 6 unit pump, automatic washing system, 4 ft. stalls. Pacemaker 80 gal. HWH. Patz 45 cow barn cleaner w/elevator (runs clock wise). Patz 16 or 18 ft. silo unloader 1 yr. old, 55 Jamesway stanchens, 32 water cups, 2 surge buckets, 1 P.M. Tractors - Ford 8600 DL sun roof W.F. loaded like new 650 hr., Ford 7600 DL, 450 hrs., like new, Ford 4100 DL utility roll bar loaded A-1 low hrs., John Deere 450 DL Crawler Dozer w/angle blade. The Following Ford Machinery - Ford #230 10' hyd. disc, heavy duty, Ford front end loader, hyd., #354 plateless 4 row corn planter w/Oliver 5400 airless planter attc. set up for liq. and has disc openers and electronic DJ, #140 - 4 btm 16" semi mtd auto reset plow, #542 hay baler w/PTO kicker, 5 bar hay rake, #618 PTO hopper blower, 2 sets 50 ft. blower pipe, 3 sect. springtooth harrow.

Other Makes - Hesston 7020 forage chopper w/1 row corn and haylage hds. (hyd. sharpener), Hesston PT 7 7 ft. haybine, N.H. #38 flail chopper, Brillhon 8 ft. seeder packer, N.I. 125 bu. PTO manure spreader (single beater w/pan), 2-18 ft. factor kicker hay wagons on 10T gear, 2 - Lamco chuck wagons, Kasten chuck wagon. Century field Sprayer w/electronic control, 2 Chevy cars, 10 ton of bagged 15-15-15 Fertilizer and 800 gal. of liq. 9-18-9 and 10-10-10. Attention - Mostly all equipment is in like new condition, kept under cover, and purchased new within 2 years. This sale offers a tremendous opportunity to hedge the rising inflation! No Lunch counter!

Terms: Cash or Good Check with Identification Paid in Full Sale Day!

Owner
CROWN TREE DAIRY
201-383-8644

Sale Conducted by:
Col. Fred R. Daniel Auctioneers, Inc.
Neshanic Sta., N.J. 201-369-4784

PUBLIC SALE

FULL LINE OF HORSE DRAWN
FARM MACHINERY — MULES
HAY — INT. 806 DIESEL
THURSDAY, FEBRUARY 22

9:30 A.M.

Located in the Village of Springville, Lanc. Co., PA. 5 miles South-East of New Holland, 1 mile North-West of White Horse along the Peters Road. Take Rt. 340 to Rt. 897 North half mile to sale.

LIVESTOCK WELL MATED MULES

4 pair Sorrel mules, 1 pr. 3 years old, 1 pr. 6 years old, 1 pr. 7 years old, 1 pr. 9 years old, all well broke, upstanding mules; Shetland driving pony.

Farm Machinery

International 806 diesel, wide front, 1,000 and 540 P.T.O., A-1 cond. on steel; 600 Gehl recutter with screens, P.T.O., hopper for high moisture corn, self sharpening; McCormick Deering corn binder with loader; 2 bottom Radex 14" trailer plow, plow master John Deere 24 disc transport disc harrow; 3 section John Deere spring tooth harrow; 9' cultipacker; 8' log field roller; New Idea 7' cutditiomer with 58 h.p. A motor; 7' John Deere bar mower with 7 h.p. Briggs engine, hyd. controls; New Idea 751 hay crimper, mounted Wisconsin engine, clutch reduction, like new; New Holland 56 hay rake; International 430 baler, A-1 cond.; 24 ft. bale elevator; 3 flatbed wagons, wide tread; Brillhon 8 ft. alfalfa seeder; McCormick Deering 2 row corn planter with fertilizer and herbicide attachment; New Holland 323 1 row corn picker with mounted John Deere power unit; 2 grain bin wagons; Farmec and McCurdy; corn drag with hyd. motor; Farmhand corn burr for high moisture corn, P.T.O.; 1 row McCormick Deering cultivator; 3 fore trucks; 3 pt. post hole digger; 50 ft. 9" silo pipe; 4 set heavy harness; collars; bridles; single, double, triple, 4 horse trees; 2 wagon load small items sold first.

1 horse sleigh; bob sled; breaking cart; pony cart and harness; Lincoln 225 amp. portable welder; acetylene torch complete; full line shop tools. 2 - 300 gallon fuel tanks and pumps; approx. 50 ton alfalfa hay; approx. 50 ton corn fodder.

Antiques - Household Goods

Old cloth cupboard; 2 dressers with dove tailed drawers, very nice; old night stand; wash stand; old crib; side by side desk; box lots; books; 3 sofas, 1 like new.

TERMS BY
CHRIST F. & SARAH S. BEILER
AUCTIONEER:

Steve Petersheim - 215-869-2508
LUNCH BY SPRING GARDEN SCHOOL

AUCTIONEER'S NOTE:

Gavel falls on well maintained equipment

ON THE FARM MONTHLY BRED GILT SALE FRIDAY, FEBRUARY 23

Sale to start promptly at
1:00 every 4 weeks.

Located 18 mi. South of Lancaster, Pa., 6 mi. South of Quarryville, take 272 to Little Britain, turn North, follow Little Britain Rd. to Jackson Rd., turn East, second farm, or take 222 out of Quarryville to Ceder Hill Rd. to Little Britain Rd. to Jackson Rd. Watch for sale arrows.

50 HEAD 50

(More or Less)

2 x 3 way cross bred gilts,
York & Hampshire & Duroc.

This sale consisting of 25-3 way cross bred gilts (parent stock, Wayne Better Bilt Gilts that came in out of the West) York & Hampshire & Duroc cross. These gilts are sired by purebred duroc, bred to purebred York. Looking for Better Stock? Need replacements & adding on or just starting in? Here is an opportunity to buy Better Bilt Gilts (acclimated) due to farrow from 3 days to 4 weeks after sale date. These gilts have size & quality to suit most any buyer. If you are in need of bred gilts plan to attend this sale. They'll be ready, some will be close.

Owner
CHRIST A. BEILER
R.D. 2
Quarryville, Pa.

Same time & place, 25 head (more or less) 2 & 3 way cross. Direct offspring from gilts purchased from Mark Nestleroth well known hog breeder from Manheim & a few from Willow Glen. These gilts are sired by purebred duroc also from Nestleroth stock and bred to purebred Hampshire from Franklin Feeser, Md. Due to farrow from 3 days to 3 or 4 weeks after sale date.

Everything vaccinated for erysipelas, wormed & sprayed for lice. Truckers Available.

Owner
JOHN B. STOLTZFUS

Abe Diffenbach - Auctioneer
NEXT SALE DATES - March 23 & April 20