

Farm Business News

Business owners need to take advantage of new tax benefits

KANSAS CITY, Mo — The nation's business owners, regardless of scope and size of their operations, will find it advantageous to pay close heed to some important tax breaks coming out of the new 1981 legislation, says Henry W. Block, president of H&R Block, Inc.

"In some cases, the new provisions are especially targeted toward helping the small business, which has in an unpredictable economy been especially vulnerable in the past few years," said Bloch. "Others should be extremely beneficial to the mid-size or very large company."

Important will be substantive changes in depreciation regulations, with the result that businesses of all sizes will enjoy simplified procedures as well as faster tax writeoffs for both plant and equipment investments.

The new provisions, widely known as "10-5-3," replaces the current complicated procedures for determining useful life of plants and equipment, and establishes four basic depreciation categories.

These new categories break down in this way: 10 years for some types of public utility property currently depreciated over 18 and 25 years, and five for all machinery and equipment, except those used in research and development, which are considered fully depreciated in three years.

In addition, the law now provides for a shorter 15-year depreciation period for real estate as well as for public-utility property written off

currently at 25 years or more.

Other tax legislation of special interest to businesses and corporations, regardless of size, include among others: a new 6 percent investment tax credit for the first year for equipment in the three-year depreciation category; a 10 percent credit for five-year equipment, improved tax advantages for building investment; a larger, valuable early-year writeoff for commercial property as well as for three- and five-year equipment and public utility equipment.

Importantly, the 1982 law changes effectively extend the allowable carryover period for reporting both investment tax credits and net operating losses. Now at seven years for most business situations, the carry-over period has been increased to fifteen years, generally making possible improved long-range tax planning over years of fluctuating profit.

Other liberalization will be in leasing, with a provision for relief on costs of acquiring equipment through leasing. This incorporates better tax breaks to the lessee, in the form of depreciation allowances and investment tax credits.

Other tax relief will be especially appreciated by the smaller business owner, such as a new first-year tax writeoff for expenditures on plant and equipment specifically meant to assist the smaller business. Initially set for a maximum of \$5,000 in 1982, this is scheduled to increase to \$10,000 within five years.

Terracing plow helps cut erosion losses

HALIFAX — The intensity of cropping systems in Dauphin and other surrounding counties has increased considerably in recent years. As more row crops are grown, land is subject to increased soil losses by water erosion.

Average soil losses in Dauphin County on farmland with continuous corn and/or soybeans is 9-14 tons/acre/year. With small grains and corn, soil losses exceed 12 tons per acre. These are compared with an average soil loss of 8 tons/acre/year on all cropland for 1977-1980.

Acceptable soil loss averages are in the ranges of 4 tons/acre/year. A loss of 8 tons means that 3 tons of soil are lost per each ton of corn produced.

These factors serve as a

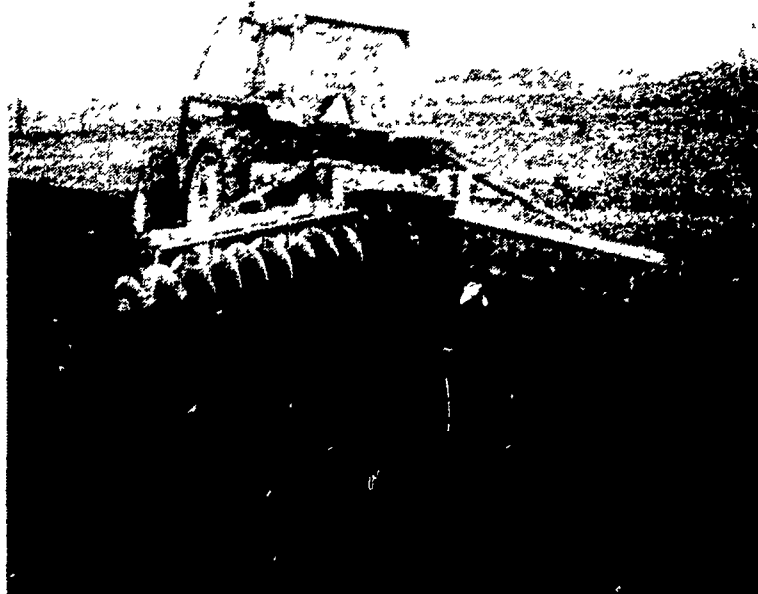
Also reduced will be corporate tax rates for lower business incomes of \$50,000 or less. Corporate income currently taxable at 17 percent up to \$25,000 would see a 15 percent rate by 1983, with the rate for \$25,000-\$50,000 dropping during the same time frame to a 18 percent rate from the current 20 percent.

Simultaneously, the new law raises by \$100,000 the amount of accumulated earnings a company is permitted to hold without tax penalty, to \$250,000.

"Corporation management and business owners, regardless of volume, assets, and income will be advised to carefully calculate how to best apply these and several other new tax benefits which will be available," said Bloch.

"While some of these tax breaks will not become immediately effective, now would be a good time to take a look ahead to see what the 1981 legislation will mean in particular to one's own tax situation."

H&R Block, Inc. will answer tax-filing questions, free of charge, on both individual and business returns. H&R Block offices are in more than 9,000 locations throughout the United States, Canada, and 10 countries overseas.



New terracing plow has two gangs of disc blades which lift and roll soil into a terrace ridge.

reminder that action must be taken to reduce soil losses to acceptable levels in order to maintain soil productivity. Many people feel that conservation tillage (no till and minimum tillage) is enough. However, much conservation tillage is ineffective because insufficient amounts of residue (75%) are not left on the soil surface.

One solution to meeting the current threat of losing our soil resources is the use of cropland terraces. Currently, broadbased cropland terraces are being used to a limited extent in Dauphin County. Some of these are storage terraces with subsurface outlets. Others are gradient terraces emptying into waterways.

The cost of these systems range from \$1.00 to \$1.50 per foot. Generally these terraces are not well suited to shallow soils and current economic conditions, decreasing the utilization of these practices.

AMCO has developed a terracing plow which can be used to construct gradient narrow based terraces. The plow, which mounts on a farm tractor (minimum 130 horsepower) has two gangs of disc

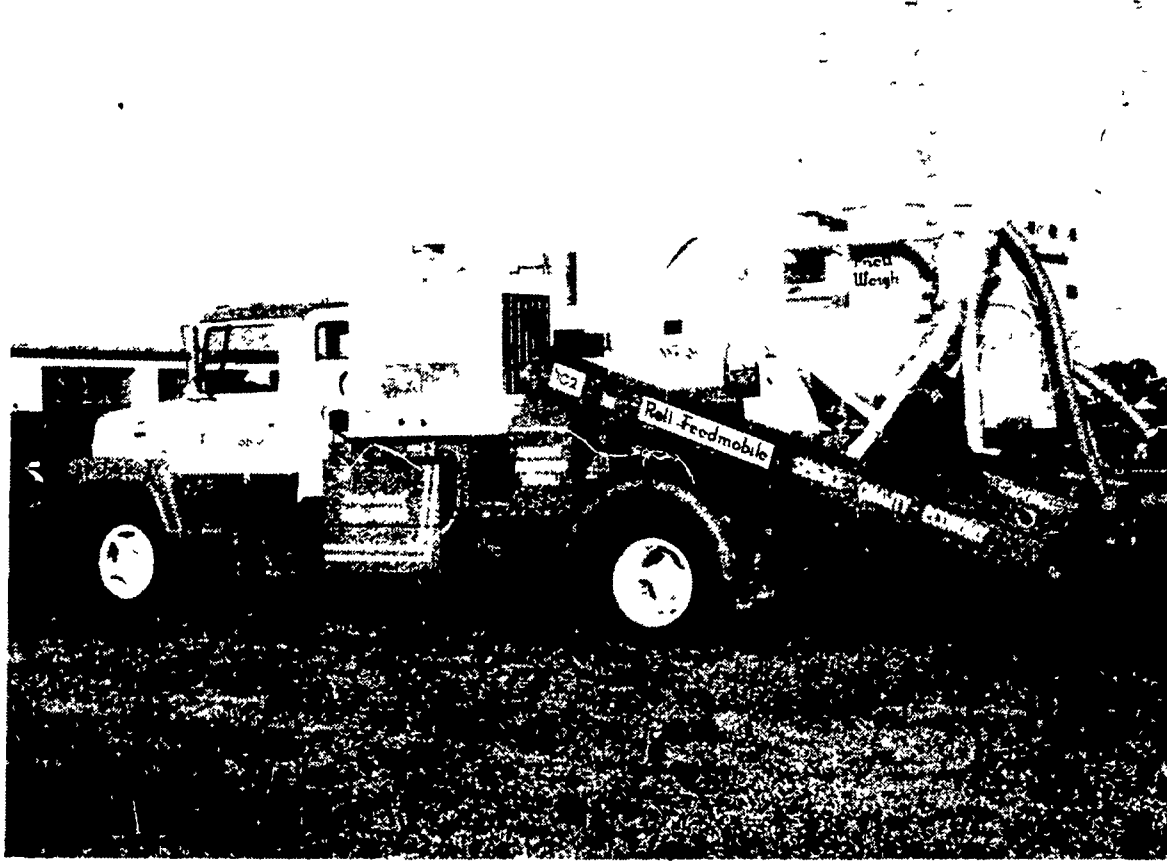
blades which lift and roll soil into a terrace ridge.

According to AMCO, up to 1000 feet of terrace can be constructed per hour. Even with rates considerably less than these, terraces can be constructed at a cost considerably less than the rate for broadbased terraces with the usual heavy earth-moving equipment.

The terraces constructed may be considered as a compromise between a narrowbase and broadbase terrace which can be well adapted to many of our shale soils that are moderately deep. In some instances with irregular topography, the use of a dozer to level these areas could be used to improve alignment. In addition to building terracing it appears that the plow could be used to construct diversions and grassed waterways.

Another method used to construct terraces is to use the conventional farm tractor and plow. This method would allow a farmer to utilize his own equipment for the work. Actual construction time, however, would be greater than the time used to complete a job with the terrace plow.

Feedmobile open house



An open house for the Roll-Feedmobile 102 will be held next Saturday at 10 a.m. at Feedmobile Inc., 727 Furnace Hills Pike, one mile north of Lititz. The new model features a one-third reduction in fuel requirements, a whole bale feeder, improved feed table and

ingredients feeder. The unit also has faster hammermill operation and unloading. Another new feature is a batch weighing system with digital readout for accurately including supplements.

Moyer attends conference

FAIRFIELD BAY, Ark. — Leon Moyer, of Moyer's Chucks, Inc., Quakertown, recently returned from a 1981 Hatchery Conference hosted by DeKalb AgResearch, Inc. Oct. 22 and 23 at Fairfield Bay, Ark.

Nearly 100 DeKalb associate hatchery personnel sales and management people from throughout the United States and Canada attended the meeting at the Ozark resort.

The purpose of the conference was to provide key hatchery managers with the latest scientific techniques for brooding, vaccination, feeding and growing healthy DeKalb egg-laying chickens. Known as the DeKalb Pullet & Layer Service Program, this new approach will enable hatchery personnel to assist their commercial egg producers in raising their birds in the most comfortable and productive environment.

Bankruptcy court ok's White plan

DALLAS, Tx — White Farm Equipment Company, a wholly-owned subsidiary of TIC Investment Corp of Dallas, Texas, announced that on Friday, October 30, 1981, the United States Bankruptcy Court for the Northern District of Ohio approved the order of confirmation of its plan of reorganization.

Stratton Georgoulis, Chairman and Chief Executive Officer, stated, "This is another milestone for White Farm Equipment Company on its road to financial recovery. We are pleased with the

continuing support we have received through the reorganization period from dealers, customers, and suppliers, and have every confidence that the Company will continue to provide the high quality of equipment and services that our customers have come to expect."

White Farm Equipment Company manufactures and distributes a full line of farm machinery and materials handling equipment throughout the United States and Canada.