

Tax reform affects timber owners

NEWARK, Del. — Several provisions of the 1984 Tax Reform Act affect timber owners and operators. According to University of Delaware extension farm management specialist Don Tilmon, the most significant change is probably the one which reduces the holding period for long-term capital gains from one year to six months, with the exception of timber disposals under Section 631 (a) of the Internal Revenue Code.

The new holding period applies to assets acquired after June 22, 1984, and before Jan. 1, 1988. It applies to all capital assets, including timber held for investment and timber sold (under Section 631) with an economic interest retained. A special holding period applies to timber whose owners elect to treat cutting as a sale—that is, timber sold under Section 631 (a).

The Tax Reform Act of 1984 provides that for 631 (a) transactions timber or a contract-

right-to-cut must be held "on the first day of such year and for a period of more than six months before such cutting." (The Code used to read, "for a period of more than one year.") According to Tilmon, the effect of the new wording is that the holding period could be as short as six months if 631 (a) timber were held on the first day of the tax year, or as long as one year, if the timber were acquired on the second day of the tax year.

Since small timber owners may sell timber only occasionally, in the past they may have been able to take advantage of income averaging provisions to reduce the tax on a large timber income in one year. The rules for income averaging have been tightened. For computation years beginning after 1983, Tilmon says it is now necessary for income in the tax

year to be 140 percent of the average income in the previous three tax years in order to use income averaging.

Before the 1984 Tax Reform Act, income in the tax year had to be only 120 percent greater than that in the previous four years. The change applies to tax years beginning after December 31, 1983. "Timber owners who cannot qualify for income averaging might consider selling their timber in two or more tax years," the farm management specialist says.

Another change in the 1984 act affects taxpayers who were planning to take the option of treating an investment in qualifying property as an expense under Code Section 179, rather than as a capital investment. The upper limit on the amount that could be treated as an expense was \$5,000, but the limit was due to be

increased to \$7,500 for 1984. Instead, the Tax Reform Act lengthened the period for the upper \$5,000 limit through tax years beginning in 1987. The upper limit is now scheduled to be \$7,500 for tax years beginning in 1988 and 1989, and \$10,000 for tax years beginning in 1990 or thereafter.

Other changes in the act affect estate and gift taxes. Before its adoption, the maximum estate and gift tax rate was scheduled to drop 50 percent for estates of those who died after 1984 or for gifts made after that date. The act freezes the 1984 rate of 55 percent through 1987.

Del. making wood survey

DOVER, Del. — Beginning Nov. 13, the Delaware Department of Agriculture, Forestry Section and the Department of Administrative Services, Division of Facilities Management, Energy Office launched a telephone survey of Delaware residents to determine the amount of firewood burned throughout the state. The calls will be made between 6 and 9 p.m. on selected evenings (primarily Monday through Thursday) in

November. The survey is funded through a grant from the Coalition of Northeastern Governors, under the Northeastern Regional Biomass Project.

The cooperation of Delaware residents in this effort will be greatly appreciated.

Anyone with questions concerning the survey should contact Nancy Milliken of the Delaware Department of Agriculture at 736-4811 (8-4:30 Monday through Friday).

8.5%
Annual Percentage Rate

THE LOWEST TRACTOR FINANCING YOU CAN DIG UP ANYWHERE.

DASHING THROUGH THE SNOW



The storm will pass. And thankfully, so will you with a Kubota snowblower.

We have snowblowers that attach to most Kubota diesel tractors, and they are a cinch to operate. They clear snow from driveways, roads or parking lots. Break up and clear heavy drifts. And the large diameter chutes give you excellent control of casting distance.

So next time the forecast calls for snow, relax. It'll blow over. With a little help from Kubota.

KUBOTA

Nothing like it on earth.™

ALSO Loaders, Front Blades And Rear Blades In Stock

Over 100 KUBOTA'S In Stock To Choose From

TWO CONVENIENT LOCATIONS:

730 South Broad St.
Litzitz, Pa. 17543
on Route 501
6 miles North
of Lancaster
Lancaster County
717-626-2121

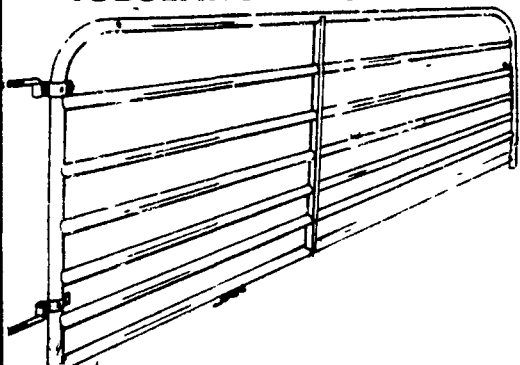
KELLER BROS.
1921 TRACTOR CO. 1983

R. 7 Lebanon,
Pa. 17042
Rt. 419 1 mile West
of Schaefferstown,
Buffalo Springs
Lebanon County
717-949-6501

PARTS ★ SALES ★ SERVICE

NEW TOLL FREE NO.
1-800-822-2152

TUBULAR STEEL GATES



Seven 1-5/8" I.D. horizontal tubes spaced closer at the bottom for a pig tight gate. 50" high with adjustable clamp style hinges. All hardware needed for a complete installation is included. Painted finish.

4' Length . . .	'36.95*	12' Length	'45.95
6' Length . . .	39.95*	14' Length	52.75*
8' Length . . .	41.45*	16' Length	55.50*
10' Length . .	43.95*		

* Plus Sales Tax

KEY-AID DISTRIBUTORS

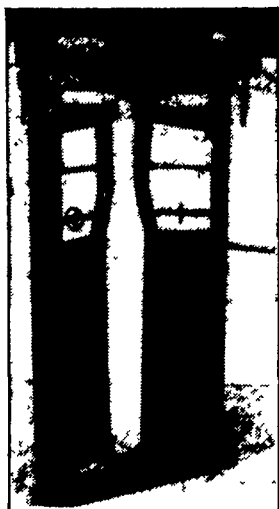
(Formerly Zimmerman's Animal Health Supply)
RD #4 Box 141 Litzitz, Pa. 17543

717-738-4241

3 mile west of Ephrata, 1/4 mile south of Rt. 322
along Wood Corner Road.

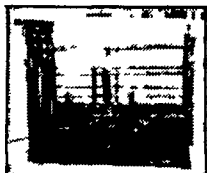
PAUL B. ZIMMERMAN INC.

AUTOMATIC CATCH GATE



FEATURES

- Easily Operated By One Person
- Easily Adjustable For All Sizes of Cattle
- Operates Left or Right
- Double Link on Doors For Extra Strength
- One Side Spring Loaded For Extra Safety



CATCH PEN AVAILABLE WITH 3 POINT LIFT

PAUL B. ZIMMERMAN, INC.

Hardware • Farm Supplies
Custom Manufacturing • Crane Service
Box 128 R.D. #4, Litzitz, PA 17543
Wood Corner Rd
1 Mile West of Ephrata
Phone: 717-738-1121