

New Tax Law Taxes Previously Untaxed Income

UNIVERSITY PARK - Several sources of income not taxed prior to 1987 will be subject to tax under provisions of the Tax Reform Act of 1986. This means that taxable income will be larger and, in some cases, the taxes paid will be more than before the tax code was changed.

Prizes and awards: Prior law provided that prizes and awards received for artistic, scientific, and similar achievement were excluded from income. The exclusions applied if recipients did not specifically apply for the prize or award and they were not required to render substantial service to qualify for it.

The Tax Reform Act of 1986 repeals the above exclusion, effective after 1986, except when the recipient assigns the prize or award to a tax-exempt charitable organization. However, awards presented to an employee for length of service or safety achievement may still be excluded from are not qualified plan awards (awards based on safety record or length of service) do not exceed \$400.

If the qualifying criteria are met, employees may exclude the prize or award from their income and employers may deduct the cost of the prize or award.

Scholarships and Fellowships: The new tax legislation makes major changes in the tax treatment of grants, scholarships and fellowships. In the past, degree candidates at a college, university, or other educational institution could exclude from their income money received as scholarships or fellowship grants. Incidental amounts used to cover expenses for travel, research, clerical help, and equipment were also excluded.

The new legislation permits amounts received from grants, scholarships, and fellowships to be excluded from income only to the extent the proceeds are used for tuition, fees, books, supplies, and equipment required to complete a course of study. Amounts spent for room, board, and incidental expense are not excludable from income.

A provision under prior law that permitted exclusion from income for payments for services required of all degree candidates is repealed. Also, an exception under prior law relating to federal grants made to nondegree candidates is repealed.

The changes are effective for grants, scholarships and fellowships awarded after Jan. 1, 1987. Prior law continues to apply to scholarships and fellowships granted before Aug. 17, 1986. In the case of scholarships and fellowships granted between Aug. 16, 1986 and Jan. 1, 1987, any amount received prior to Jan. 1, 1987 and attributable to expenditures incurred before Jan. 1, 1987 is excluded from income by prior law.

Business expenses: Before passage of the Tax Reform Act of 1986, deductions were generally allowed for ordinary and necessary expenditure connected with conducting a trade or business. Travel expenses incurred while away from home in the course of a trade or business, including expenses for meals and lodging, were deductible as long as they were reasonable and not lavish or extravagant.

The new law includes important changes relating to business travel expense. These changes permit only a percentage deduction,

rather than total deduction, of some expenses and place a "floor" on deductibility of certain expenses, similar to the floor used in deducting medical expenses under the old law.

The deduction for the cost of operating an auto or pickup for business purposes is unchanged when the vehicle is used entirely for business by the owner or, in the case of an employee, to the extent the employer reimburses the employee for such expense. Business vehicle costs may be based on the actual expense of operation or on a standard mileage rate.

If a part of an employee's business vehicle expense is not reimbursed, the unreimbursed amount may be deducted only as an itemized deduction and only to the extent that the amount exceeds 2 percent of his adjusted gross income.

Business meal expenses are deductible to the extent of 80 percent of the amount spent. To qualify for the deduction, business must be discussed immediately before, during, or directly after the meal. Deductions for business entertainment expense other than

meals are also reduced to 80 percent of the amount spent.

If the expense deduction involves tickets to athletic events or other types of entertainment, any ticket cost in excess of the face value of the ticket is not deductible unless

the tickets are for charitable fundraising or sporting events. Deductions for rental of luxury viewing areas at sporting events is not allowed to the extent that the cost exceeds the cost of regular tickets.



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2 wooden range chicken feeders, approx. 12' to 14' long. 1019 Millersville Rd., Lancaster, Pa. 17603. Lanc. Co. 717-872-5886

Snow blade, sickle mower for Cub Lo Boy; Complete fast hitch for Farmall Super C, 200. \$375. Ho. Co. 301-489-4993

(2) 12 hole hog feeders, good condition, \$75. each; 500 bales, choice 3rd cutting alfalfa. Baltimore Co. 301-592-2969

40' curb forms, \$450.; Sidewalk forms, \$200.; 2500 lb. scale, \$800.; 6' alligator shear, \$500.; 8' aluminum brake, \$500. Northumberland. 717-286-5306

35 extra large Embden and Toulouse geese. Breeders. 717-732-4035

Auger Butler, 26"x4", \$90.; IH grain drill, semi mounted #10, \$375. Colora, Cecil Co. 301-658-3767

2 Registered Quarter horses, 7 month old colt, and 1 1/2 year old gelding. Dauphin Co. 717-944-5374

(1) 9.5x24 tire, \$55.; (1) 7.5x24 tire, \$25.; Delivery to Lancaster available. Henry Stauffer, P.O. Box 115, Loveville, MD. 20656. St. Marys Co.

3 yr. old Saddlebred horse, broke & ready to go. Emanuel B. Stoltzfus, RD3, Box 87, Honey Brook, Pa. 19344.

IH 155 manure spreader; JD 355 plow, 5x16; AC 600 no till planter; MF 10 1/2' plowing disk; McCurdy 250 bu. bin wagon. Clinton Co. 717-726-6822

Maytag wringer washer, \$55.; (2) floor type stereo's, Magnavox, \$65.; Sears, \$15.; Child's desk, \$6.; Men's skates. Berks Co. 215-670-1260

Handmade quilt rack. Also AQHA weaning colt, Blue Roan w/good confirmation and disposition. Berks Co. 717-933-8063

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AC WD on steel for parts (or can be fixed), \$400; loader, \$50; cultivators, \$25. Union Co. 717-966-3964.

John Bean potato-onion grader, rubber rolls, size baggers, autocar, 4WD, C&C, runs well, 1100-22 rubber. Corland, NY 315-696-8602.

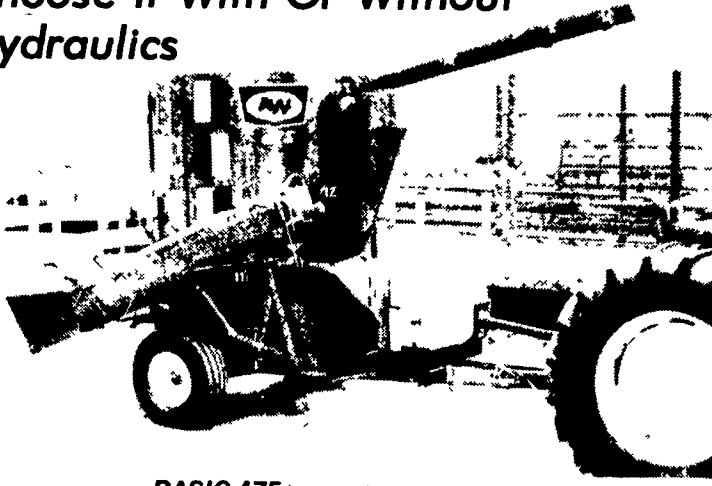
Franklin Co. DHIA

(Continued from Page D27)

Burk Lea Farms	78	3	8-3	305	22,849	4 0	904
Donald L Brechbill	14	3	5 1	305	24,979	3 6	904
Robert E Harwood	32	3	5 2	305	25,504	3 5	903
Keith & Margret Clark	Linda	3	6-3	305	28,800	3 1	892
Dale Wadel	Creek	3	5-3	305	24,600	3 6	880
Joseph S Middour	Lindsey	3	8 6	305	25,027	3 5	879

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BASIC 475 has mechanical auger drives

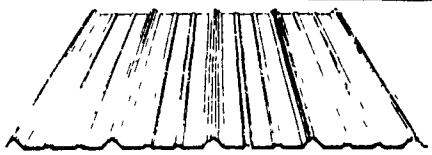
- Manual lift for unloading auger cranks easily
- Spring-loaded lift assist is standard equipment
- Built-in stop prevents vertical auger from rotating into the mixing tank
- Lock keeps vertical auger from rotating while you're unloading
- Screen holder is on left fender close to mill
- Concentrate hopper is at left rear, has built-in sack cutter. Magnetic catch holds lid open while you load
- Rotation of unloading system is by hand crank. No reaching, pulling or pushing
- Feed door in tank opens smoothly, has friction lock to hold it open
- Control lever for unloading auger is near feed door
- Shutoff control for auger feeder can be operated from either side
- Auger feeder positioner lets you snug hopper up tight to bin without moving tractor. Up to 5" backward movement is provided
- Hydraulic drive on auger feeder (optional)
- Lift & swing of unloading auger with tractor hydraulics (optional)
- Extensions for unloading auger are optional. Shown is 3' extension



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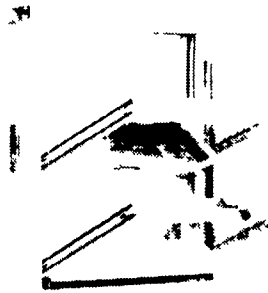
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