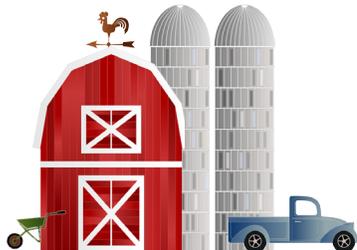


Farm Tax Letter



H&S brings you all the farming tax news that fits...

For the first time in recent memory, Congress does not have a tax bill that must be passed in December. There are some changes for 2016 based on tax bills passed in prior years.

What's New

Filing Deadlines

- Farm Partnership tax returns are now due by March 15th (The penalty for late filing is \$195 per month per partner)
- Forms W-2 and 1099 must be filed with the government by January 31st. (These forms used to be due 2/28)
- As a reminder, 1099's must be issued for anyone paid over \$600 for labor in 2016. Invoices that include parts and labor must be considered for the \$600 limit. Corporations do not have to be issued a 1099 unless the corporation is providing veterinarian services
- Section 179 for equipment is now permanent, the limit is \$500,000 for new or used equipment purchased in 2016
- Bonus Depreciation on new equipment or farm buildings continues at 50% for 2016 and 2017. Bonus then decreases to 40% for 2018, 30% in 2009 and 0% thereafter
- Starting in 2016, fruit trees and vines qualify for bonus depreciation
- Equipment and livestock used for breeding or dairy can be written off if the cost is \$2,500 or less
- Enhanced deduction for donation of food. Beginning in 2016 farmers can donate wholesome food to nonprofit organizations and deduct 25% of its market value



What's Next

For the first time since 1928 Republicans control all three branches of government. Given that both The Trump Administration and House Majority Leader, Paul Ryan share similar views on tax reform, it is very likely that 2017 will bring major changes. Looking into our crystal ball, here are some likely changes:



- Tax rates will get flatter, reducing seven brackets to three. Rates will drop from current rates of 15% - 39.5% to 12% - 33%
- Alternative Minimum tax and Net Investment tax will be repealed. If you are subject to these taxes consult with us before year-end for savings opportunities
- Tax rates on corporate and business income will be reduced (15% under Trump plan, 20% under Ryan's plan)

Deductions

- Most itemized deductions and all personal exemptions would be eliminated. In their place would be an increased standard deduction of \$30,000 for married couples and \$15,000 for single taxpayers

Tax Tips

Given tax rates could be going down in 2017, many taxpayers may want to defer income and accelerate expenses this year. To make the right decision for your business, contact us for a tax customized projection.

Follow us for more news and updates throughout the year!

