

Tax Update

Changes Impacting Farm and Ranch Businesses

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American Farm Bureau Federation

January 20, 2018



AMERICAN FARM BUREAU FEDERATION®

Tax Cuts and Jobs Act

Continuing Provisions

Permanent Provisions

Temporary Provisions

Effective for 2018



Continuing Provisions

- Stepped-up Basis for Inherited Property
- Cash Accounting
- Deduction for Business Interest
- Continue Like-Kind Exchange for Land and Buildings
- No Changes in Self-Employment Taxes
- Business Deduction for Real Estate and Personal Property Taxes



Permanent Provisions

- Flat 21% Corporate Tax Rate
- Repeal of Sect. 199 Manufacturing Deduction
- End Like-Kind Exchange for Equipment and Livestock
- Sect. 179 Small Business Expensing to \$1 million
- NOL 2-year Carry-back & Indefinite Carry Forward
- Depreciation for Farm Equipment from 7 to 5 years
- Repeal Corporate AMT



Temporary Provisions

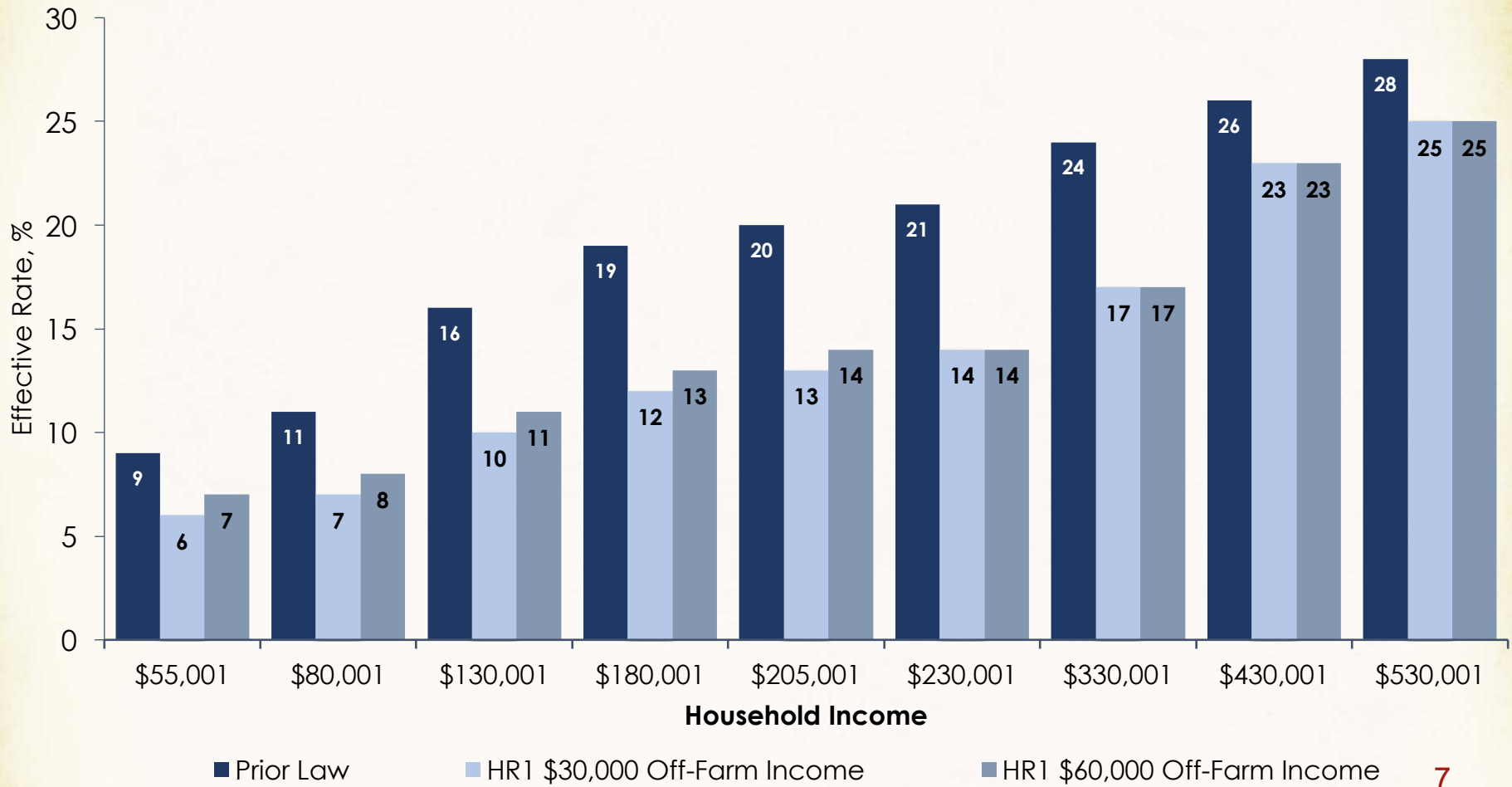
- Top Pass-through Tax Rate from 39 to 37 Percent
- 20% Business Income Deduction
- Unlimited Bonus Depreciation (Expensing)
- Doubled Estate Tax Exemption to \$11 Million
- Increased AMT Threshold for Individuals
- New Section 199A Provisions for Co-operatives



20% Business Income Deduction

- Deduction for 20% of business net profit if taxable income is less than \$315,000
- If taxable income exceeds \$315,000 deduction limited to 50% of wages paid or 25% of wages paid plus 2.5% of business property
- Deduction for 20% of total co-op payments less capital gains





Tax Cuts and Jobs Act

ISSUES

Temporary Provisions for Pass-Through Businesses

Temporary Estate Tax Exemption

Deduction for Co-operative Payments



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Talk to Your
Accountant



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Other 2017 Accomplishments

IRS WITHDRAWAL OF ESTATE TAX VALUATION DISCOUNTS RULE



S. 2256, Tax Extenders Act of 2017

- Biodiesel Tax Credits**
- Cellulosic Biofuel Producer Tax Credit**
- Alternative Fuel Vehicle Refueling Property**
- Renewable Energy Tax Credits**
- Track Maintenance Credit for Short Line Railroads**



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