

US farmers gain victory on tax bill in the House

US farmers have reason to celebrate this week as they won their case in the US House of Representatives on the proposed Tax Reform Plan.



In the House the bill, which will require all businesses with more than \$10 million in gross receipts to shift to accrual accounting, now has an exemption for farmers.

The proposed changes to the tax code restricting the use of cash accounting, if implemented for farmers, could reduce agriculture's access to capital by as much as \$12.1 billion over the next four years, according to Kennedy and Coe, LLC and Farmers for Tax Fairness.

The study by the independent research firm, Informa Economics, showed that if agricultural producers were forced to switch from cash-basis to accrual-basis accounting they would have to pay out as much as \$4.84 billion in taxes during the next four years. Additionally, borrowing capacity of these operations would decrease by another \$7.26 billion over the same time period.

However, the fight for farmers against the bill is not over yet. The Senate tax reform discussion draft would still require agriculture to shift to accrual accounting.

by AllAboutFeed28 Feb 2014