



On the 12th Day of Christmas, Will the IRS Give Farmers a Tax Increase

The U.S. Treasury and Internal Revenue Service (IRS) are poised to start the new year by increasing taxes on hundreds of thousands of farmers.

WASHINGTON, DC, USA, January 5, 2021 /EINPresswire.com/ -- The U.S. Treasury and Internal Revenue Service (IRS) are poised to start the new year by increasing taxes on hundreds of thousands of farmers across the country. In the waning days of the Administration, officials are pushing forward regulations to implement Section 199A(g) of the new tax code; these provisions were passed by Congress to fix the so-called "grain glitch" in 2018 and IRS is reportedly close to finalizing the rule.

"Make no mistake—if Treasury and the IRS continue on the path they are on, farmers will start 2021 with the prospect of a higher tax bill this April, even as the ag economy remains precarious and as the pandemic spreads across rural America," said Chuck Conner, president and CEO of the National Council of Farmer Cooperatives (NCFC). "In taking this action, Treasury is siding with large, multinational grain companies and their friends on Wall Street at the expense of the hardworking farmers and the rural communities where they live."

The current proposal would limit the deduction to patronage income (business done by the co-op with members), even though under the old law co-ops claimed a deduction for domestic agricultural income from both patronage and nonpatronage (business done with non-members) activities. To limit this now, despite Congress's clear direction not to, would be a significant tax increase on the millions of farmer-owners of co-ops.

"Congress was crystal-clear when it passed the fix to the 'grain glitch'—the IRS and Treasury were to recreate the old Section 199 deduction for co-ops exactly as it operated under the old tax code," Conner said. "Unfortunately, IRS and Treasury have engaged in an act of bureaucratic overreach and ignored Congress's crystal-clear intent in approving Section 199A(g). On behalf on the 2 million farmers who are co-op members across the country, we urge Treasury to not move forward with this rule and enact the law as Congress intended."

About NCFC

Since 1929, NCFC has been the voice of America's farmer cooperatives. Our members are regional and national farmer cooperatives, which are in turn composed of nearly 2,000 local farmer cooperatives across the country. NCFC members also include 26 state and regional

councils of cooperatives. Farmer cooperatives allow individual farmers the ability to own and lead organizations that are essential for continued competitiveness in both the domestic and international markets.

America's farmer-owned cooperatives provide a comprehensive array of services for their members. These diverse organizations handle, process and market virtually every type of agricultural commodity. They also provide farmers with access to infrastructure necessary to manufacture, distribute and sell a variety of farm inputs. Additionally, they provide credit and related financial services, including export financing.

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