

## **The Unexpected New US Tax Law In Agricultural Sector**

The new law of US about the tax has put the grain competitor companies into precarious position. The provisions that were implied in December, gave the farmers more lucrative deductions. The products will directly be sold to the farm cooperatives. It means that the competition will be with those. Last year, the farm groups and the agricultural cooperatives too battled in order to save the deduction that was implied on the local U.S production. That deduction was also received by the manufacturers. Deduction was removed in the tax write. But later on by the efforts of some law makers, they won the inclusion of the new deduction.

### **About the new provision:**

According to the new provision, the farmers would deduct twenty percent of their total sales to the farm cooperatives. This will further let some farmers reduce their income (taxable) to zero. Twenty percent deduction of income is a smaller deduction by the farmers. This thing will be applied in the case when farmers sell grains or even other farm products. In the point of view of some tax lawyers and accountants too, the new law will serve as an edge over the challengers.

### **Source of benefits:**

In the view of some spoke persons, this will help farmers to ensure farmers, receive appropriate benefits. On the other hand cooperatives will continue to be a source of economic growth particularly in America. Spoke women are of the view that that goal of this law was to protect the cooperative that were treated very unfairly. The reason behind such a treatment was loss of the domestic production deduction.

### **Fixation of flaws:**

It was being said by the republican lawmakers that they will fix and will do technical corrections and flaws too that will show in this new law. On the other hand this must be considered that any law, in order to be passed need at least 60 votes in the Senate. From the positive aspect, we hope that this new law will be proved very beneficial especially for the agricultural sector. This law will help the farmers in the reduction of taxes.

### **Alteration of the grain business:**

In the point of view of some agribusiness executives, this law could modify the grain business, in the way that the big international and local grain companies may bid against the cooperatives. The intention behind this act would be to buy the farmers or crops so that later on they can export them to the markets.

### **Possible results:**

There is also the possibility that the local companies and international companies instead of buying farmers or crops will be forced to buy the crops directly from them, raising that cost.

This all is considered as a right opportunity for the farmers to raise their incentives. The selling of farm products to the independents under the right circumstances will be proved as a right incentive for the farmers. Consider if a farmer's annual grain sale is \$500,000 within it the profit is \$80,000. Selling it to cooperative would deduct 20% of the sales, applying out the entire income tax burden.