

SECTION 199A  
JANUARY 10TH, 2018

# MID IOWA COOPERATIVE

As we all try to interpret and digest the new tax section 199A, Mid-Iowa Cooperative, in conjunction with our tax partners at Gardiner Thomsen, would like to offer our interpretation as it pertains to our members.

For farmer patrons selling their products through their agricultural cooperative, please note the following:

A farmer/patron who sells their products to an agricultural cooperative of which they are a member receives a deduction calculated as follows - total payments received from the cooperative (including PURPIM's, qualified patronage, written notices of allocation) times 20%. This deduction is based on gross cooperative payments received. This deduction is limited - to 100% of taxable income (not farm income) less capital gains. It would seem that this limitation is in effect to prevent this deduction from reducing taxable income to a negative amount or to offset tax associated with capital gains.

*Please understand that this is our interpretation as we understand it today. As the IRS offers clarification, we will continue to keep all of our customers in the loop. Please feel free to call or stop in to the Conrad Marketing Office with any questions.*



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