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NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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SENATOR DOLE SEEKS CHANGES IN I.R.S. TREATMENT OF WHEAT DEFICIENCY PAYMENTS

WASHINGTON.....Senator Bob Dole (R-Kan) today appealed to Secretary of the Treasury Michael Blumenthal to allow wheat farmers to apply 1977 crop deficiency payments to 1977 income for tax purposes if the payments were received in 1978 due to delays by the federal government.

Senator Dole in his letter to Secretary Blumenthal said, "It seems very unfair to treat some farmers one way and other farmers differently for taxing government payments on the same crop."

The text of Dole's letter follows:

"I have received several complaints from farmers regarding the tax treatment of U.S. Government deficiency payments for the 1977 wheat crop. The farm legislation directs a payment to be made to farmers when the average market price of the first five months of the marketing year falls below the stipulated target price. The price was below the target price for the 1977 crop wheat and thus a payment due.

"Wheat farmers were told what the payment rate would be and checks were sent to some farmers starting the first of December 1977. The process of issuing the checks to farmers has been complicated by changing the formula for disaster payments in the middle of the crop year so that two calculations had to be made in each county where farmers suffered crop disasters in order to determine whether a farmer would get more under the old formula or the new legislation formula.

"At present in Kansas, about 80 percent of the farmers have received deficiency payments. Those remaining to be paid are faced with checks dated in 1978 for payments on the 1977 crop. I am told by these farmers that their local I.R.S. offices tell them that, for tax purposes, those checks must be filed as income in the year in which the checks were issued.

"It seems very unfair to treat some farmers one way and other farmers differently for taxing government payments on the same crop. Wheat farmers have suffered an economically disastrous year and need to have the opportunity to apply these government payments to their 1977 taxable income.

"Mr. Secretary, I would appreciate your looking into this matter and taking necessary steps to correct this injustice. I would appreciate an early reply as farmers are now computing their income taxes for 1977."