

News from Senator

BOB DOLE



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DOLE WINS FAVORABLE IRS RULING ON PIK PROGRAM

WASHINGTON -- Following a request made by Kansas Senator Bob Dole, the Internal Revenue Service today ruled that certain farmers will not lose special tax preferences if they participate in the Administration's PIK program.

In a letter to Senator Dole, the IRS ruled that operators of farms passed on through inheritance will not lose their ability to qualify for special use valuation status if they take land out of production under the PIK plan.

"This is good news for farmers and clears up yet another technicality in the PIK program. The IRS ruling means that the important questions about inherited farming and PIK will not have to be addressed--and delayed--through legislation," Dole said.

"I am pleased the IRS moved quickly on our request. This removes some more doubts about the PIK program. I urge farmers to remain confident about the program and should continue to sign up for the program, but they should do so quickly as the March 11th deadline is approaching."

On February 22nd Senator Dole sent a letter to IRS Commissioner Roscoe Egger requesting the PIK tax ruling. Dole's letter was co-signed by Kansas Senator Nancy Kassebaum.

Farmers who continue to actively operate farms received through inheritance must continue a certain level of operation for a ten-year period in order to qualify for tax breaks under special use valuation.

Previously it was thought that participation in the PIK program--taking land out of production--might jeopardize special use valuation qualifications. However, today's IRS ruling has quelled those fears.