

News from Senator

BOB DOLE



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DOLE: KANSAS/IOWA COALITION GETS PIK-AND-ROLL TAX CHANGE

WASHINGTON -- Senator Bob Dole (R-Kan) today announced that the Internal Revenue Service has overturned an earlier ruling that would have taxed farmers at the time of PIK-and-Roll transactions rather than when they had actually sold their grain. Senator Chuck Grassley (R-Ia) and Congressman Fred Grandy (R-IA) joined with Senator Dole in getting the IRS to reverse its earlier ruling.

"We've made our case to the Administration and they've heard us loud and clear. I've said all along that there is no need to tax farmers twice in a single year. Changing the ruling will give farmers greater flexibility in their marketing decisions this fall and will free up storage space," said Senator Dole.

Senator Grassley added, "Farmer's have faced a major marketing dilemma these past few weeks and I am pleased the IRS made the change. This is an important concession considering that over \$2.3 billion in PIK certificates were recently released by USDA."

"The IRS was convinced to make a small rule change that will make a big difference to the nation's farmers," said Rep. Fred Grandy (R-Ia). "Now that harvest is well under way, it's of particular importance to farmers that the IRS made the necessary revisions at this time. Without this change, farmers might not have utilized the PIK-and-Roll procedures because of tax consequences."

PIK-and-Roll has been used by many farmers to acquire access to their grain and free-up storage space reducing loan forfeitures to the Government. Dole, Grassley and Grandy recently introduced legislation to overturn the IRS ruling (87-17) treating PIK-and-Roll as a taxable sale of grain. Without the change, many farmers who sold last year's grain this year and who intended to use PIK-and-Roll this fall to redeem their loans would have faced two tax liabilities this year even if they intended to wait until the following calendar year to sell this fall's crop.