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Forest Landowners’ Guide to the Federal Income Tax
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Guide to the Federal
Income Tax

John L. Greene, Research Forester, U.S. Department of Agriculture (USDA) Forest Service, Southern Research Station, Research Triangle Park, NC

William C. Siegel, Attorney and USDA Forest Service Volunteer, River Ridge, LA

William L. Hoover, Professor of Forestry, Purdue University, West Lafayette, IN

Mark Koontz, Purdue University, West Lafayette, IN

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Abstract


This guide updates and supersedes Agriculture Handbook No. 718, Forest Landowners’ Guide to the Federal Income Tax, incorporating new tax legislation that was passed and administrative changes promulgated through September 30, 2012. It introduces tax planning and basic tax considerations and explains the Federal income tax as it pertains to timber and forest land, including basis and capital accounts, reforestation tax incentives, depreciation and the Internal Revenue Code section 179 deduction, operating expenses and carrying charges, the passive loss rules, sale or disposal of timber, Government cost-sharing programs, other timber-related receipts, and information returns. In addition, this guide describes the tax implications of other forest-related topics, including donation or sale of a conservation easement, installment sales, the alternative minimum tax, self-employment taxes, Christmas tree production, and nontimber forest products; discusses forms of forest land ownership, researching tax questions, sources of tax assistance, and forest recordkeeping; and provides a glossary of terms, summaries of selected Internal Revenue Service (IRS) rulings, and a copy of IRS Form T (Timber): Forest Activities Schedule, together with instructions and annotations.
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