



IOWA FARM BUSINESS ASSOCIATION

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FOUNDATION NEWS

It seems as though the Farm Business Association Foundation has been talking about "putting" a book together forever. The book is finished and is fantastic—thanks to the many people who submitted stories. "Glimpses: Iowa's Rural Legacy" is a very attractive 6 x 9 book with about 120 pages and a soft cover in color. We have several photographs that enhance the quality of the book. Stories were contributed by people who have lived across the state, in a variety of situations and outlooks. They are varied as the number of people who wrote them, and they pass a legacy worth remembering and on which a solid future can be built.

Some Excerpts

Excerpt #1: "The assembled stable of writers has produced an interesting, highly readable-nostalgic-volume. Some of the stories will make you laugh. Some may bring tears to your eyes. But any one is worth the price of the book." (From Dr. Neil Harl, Distinguished Professor, Iowa State University)

Excerpt #2: "This is where I was raised - spent 17 years of my life before I hurried away to what I saw as greener pastures....Greener pastures? How foolish. There could be no greener pastures than those of this dark, fertile, Iowa land. There are easier pastures, more productive pastures, more amiable pastures, but certainly none could be greener."

Excerpt #3: "Raised the oldest son of a third generation Iowa farmer and his school teacher wife, I have always been proud of my small town, rural American upbringing. I was born in 1939 and thus lived through one of the greatest transitions in American Agriculture."

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Central Iowa Consultant, David Loupee (Left), meets with Bill Ellerman for his "Pre-add tax planning meeting."

FALL TAX PLANNING

You can avoid many year-end problems by a careful review of business records now prior to fall visits. Following are a few common "errors" or "omissions".

1. When capital purchases are "dealer financed", those transactions often do not flow through your checking account. Therefore, record the amount borrowed as **Loan Proceeds**, and as a **"Capital Purchase"**. Also, provide a copy of purchase agreement to your consultant.
2. Record "Quantities" on all sales and purchases of grain and livestock.
3. Record Coop Patronage Dividend "Equity" received as well as cash paid.
4. Make a list of issues to be reviewed with your consultant when you meet!
5. Make sure you note all Cooperative & Farmland Industry equity write-downs issued this year.



AVOID FRUSTRATIONS AT TAX TIME!!

TIP



If you ever forget your consultants email address, just remember—it's their first name initial followed by their last name

@

iowafarmbusiness.org

For example:

Kent Vickre email address is

kvickre

@

iowafarmbusiness.org

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Excerpt #4: "Bub and I had all ready tried smoking earlier that summer. We'd tried to smoke ripe sourdock seeds rolled up in toilet paper. A truly awful experience! There had to be something better to use for an experimental smoke. A good cigar seemed right."

The stories are truly fascinating. They will capture both the imagination and the spirit of many of you. Some are remembrances from times past. Others portray what the ever changing rural scene has brought about in lives and careers. They speak of hard times as well as joys.

This is a book you will want to have for your family. It has so much history and life experiences of our rural past and also some stories that relate to the future of agriculture and rural communities. It will also be good for our city cousins to read and recognize some of the challenges we faced in rural Iowa and those we face in the future.

We would appreciate your support of the Farm Business Association Foundation with your purchase of this wonderful book. It would also make a lovely Christmas gift to a favorite relative. Each book sells for \$17.00 plus \$3.00 for shipping/handling. Contact your local consultant for an order form or call the Iowa Farm Business State Office at 515-233-5802.

Thank You---Jim Almquist, FBAF President



Example of pictures featured in the book "Glimpses: Iowa's Rural Legacy"

GIVE A "SPECIAL" GIFT AND ORDER YOUR BOOK TODAY! ORDER ONE FOR YOURSELF TOO!

2004 TAX UPDATES

This year there weren't many dramatic changes in the "American Jobs Creation Act of 2004". Most of the changes extended the effectiveness of current provisions. Here are a few of those changes.

1. Standard deduction increase extended to 2010 (2004 MFJ is \$9700, single is \$4850).
2. Extended child tax credit to 2010 (2004 is \$1000—amount of refundable credit limited to 15% of AGI—up from 10%).
3. Capital gain and dividend extended to 2010 (2004 is 5% in the 10% & 15% brackets and 15% for 25% and higher brackets).
4. FICA wage minimum for 2004 is \$900 for a quarter or \$3600 for full year.
5. Depreciation 179 limit for 2004 is \$102,000, phase out \$410,000.

Other Changes/Clarifications:

Income averaging: For taxable years beginning after December 31, 2003, alternative minimum tax is compared to the regular tax liability (without regard to income averaging). Thus farmers will receive the full benefit of income averaging.

Depreciation for SUV's: The act limited the 179 deduction for SUV's placed in service for business purposes to \$25,000. When deciding if your new vehicle is a truck or SUV, there are guidelines such as GVW, number of passengers, etc. that your consultant can explain. However, another requirement new this year is a "truck" must have a 6 foot box.



IOWA TAX UPDATES

State of Iowa Unemployment Tax: If you have payroll and are required to withhold unemployment Iowa tax, you should have been notified that the surcharge collections have stopped. This is because the authorization for the extension of the unemployment surcharge was part of the legislation (HF692) recently nullified by an Iowa Supreme Court ruling. If you have any question call Iowa Workforce Development at 1-800-972-2024.

Iowa Depreciation Rules Changed for Past Years: Iowa is now retro actively coupling with the 50% bonus depreciation, 30% bonus depreciations (for assets placed in service after May 6, 2003) and the increased 179 deduction (from \$25000 to \$100,000 for 2003) with the Internal Revenue Service. Because of this change, it may be beneficial for you to amend 2003 Iowa tax return. When your 2003 Iowa tax return was due 4/30/04, the 50% bonus was NOT ALLOWED and the 179 deduction was limited to \$24,000. I know the consultants have been busy amending returns.

SOFTWARE CORNER



PCMARS PLUS AVAILABLE DECEMBER 1

If you are wanting **more** from your PcMars, check out the PcMars Plus. This enhancement will add complete inventory tracking, enterprise allocation, field production tracking, and livestock production data.

A simple explanation of the PcMars Plus enhancement is it allows you to automatically increase/decrease inventory items (ie: corn, beans, hogs) when entering your cash transactions. You then will be able to quickly assign your inventory a FMV and generate a net worth for any month.

PcMars Plus Additional Report Features

Enterprise Report Enhancements: The PcMars Plus provides a simple tool to override “general” enterprise transaction allocations to corn, beans, hogs, etc. and easily generate cash enterprise reports.

Enterprise Analysis Report: This report will show an accrued enterprise net by combining cash and inventory transactions.

Additional Comments

PcMars Plus is only for the cash version and simply tracks inventory for the net worth. Your tax reports are **still** cash basis.

PcMars Plus is an enhancement to PcMars, so you can access all past PcMars data. The additional features in PcMars Plus will simply be “grayed out” because they are not available in your prior PcMars data. Additionally, PcMars Plus can convert your data from PcMars to PcMars Plus.

The additional cost for this enhancement (PcMars Plus) is \$350, so your cost will depend on the current version of PcMars you already have.

Cost Summary

IF you don’t already have PcMars and are interested in the PcMars Plus program, it will cost \$700 .

IF you have PcMars 2.0 and are interested in purchasing the PcMars Plus program, it will cost \$350 .

IF you have any other version of the Windows PcMars and are interested in purchasing the PcMars Plus, the cost would be \$80.00 to upgrade to PcMars 2.0 and \$350 .

IF you have the DOS version of PcMars and are interested in the PcMars Plus program, it will cost \$120.00 to upgrade to the Windows version of PcMars 2.0 and \$350 .

(Prices quoted do not include applicable Iowa sales tax, shipping or handling)



WWW.PCMARS.COM

PcMars 2.0.8 PATCH AVAILABLE ON WEB SITE

The newest patch to the PcMars 2.0 full version is now available on our web site at www.pcmars.com . It is FREE and very easy to download.

Several of the changes made in the program are “hidden” changes that you would not necessarily see—ie: you can’t deactivate account codes/enterprises if they are used in assets or liabilities; you can cut/copy/paste and use “right click” in asset/liability screens; we have adjusted default windows sizes for Windows XP; have added an improved rebuild utility; and several other “hidden” changes. For a complete list check out “What’s New at www.pcmars.com .

We encourage **everyone** to download this 2.0.8 patch in order to utilize your accounting program to its full capabilities. If you have an older version 1.0, 1.1 or 1.2, you need to purchase the 2.0 upgrade before you can utilize the **free** patch service. Simply call us at 515-233-5802 to order your 2.0 upgrade.

Not sure what version of PcMars you have—To check your version of PcMars:

1. Open your PcMars program.
2. Click on the word “Help” above the icon bar.
3. Click on “About PcMars” from the drop down list.

A screen will pop up showing you the **exact** version you have. The most recent patch is 2.0.8. If you have any earlier version of 2.0 or higher, you can download the current patch.

You can upgrade your software anytime throughout the year, so don’t wait until next year!



NEWSLETTER BY EMAIL

We have been sending the Newsletter and PcMars Tips by email (if we have yours). If you haven’t received an email, either your “spam” filter is blocking them or we don’t have a **current** email address for you. All Newsletters will come from info@iowafarmbusiness.org , so be sure to add us to your “safe senders list”. Also—if you want to be added, just send an email with your name to info@iowafarmbusiness.org .



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**FALL CONSULTANT
WORKSHOP HELD**

The Fall Consultant Workshop was held September 20-22, 2004 in Ames. The workshop included sessions on tax changes/updates; tax planning strategies; developing a new analysis program; and financial spreadsheet review for membership.

Speakers included---

Betsy J. Fallacaro, Taxpayer Advocate, Internal Revenue Service discussed taxpayer rights.

Kelvin Leibold, ISU Extension demonstrated machinery cost/replacement worksheets.

James McCarthy, Farm Bureau Financial Services presented charitable remaining trust planning tools.

Jeff Taylor, TASC reviewed 105c cafeteria plans and tax savings for members.

The consultant workshop also included in depth discussion on designing a new analysis program and the reports/data comparison tools members need.

If you have comments on the new analysis or any suggestion on services you would like added, let us know at 515-233-5802.

**MARKET OUTLOOK MEETING
SCHEDULED**

Cedar Valley and Mississippi Valley will be hosting a joint market meeting December 8, 2004 at the Holiday Inn Amana Colony (Interstate 80, Exit 225). The market meeting will be held from 7:00-9:00 p.m. and will be presented by Terry Jones of Russell Consulting Group. Cost for the meeting is \$30/person or \$35/couple. For more information call us at 515-233-5802.



**WE WISH YOU A HAPPY
AND SAFE HOLIDAY
SEASON**