

Court Ruling Means Tax Changes on CRP Payments

(KTNC) - New tax hassles are brewing for those in the Conservation Reserve Program. The U-S Tax Court has ruled that C-R-P payments don't equate to cash rent, which means self-employment taxes must be paid on that income.

Roger McEowen (muh-CONE), the director of the Center for Ag Law and Taxation, says the ruling has huge consequences for farmland investors and retired farmers who don't collect Social Security benefits, because they're now liable for taxes on C-R-P. (play audio :16 "type of things.")

McEowen says bids will have to be increased in the C-R-P application process. (play audio :23 "bid amount.")

McEowen says it will be costly to appeal the tax ruling to the 8th Circuit Court of Appeals. He says it'll likely take a coalition of Ag groups, conservation groups, and lenders banding together to raise the funds to make the appeal.

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