

FOR IMMEDIATE RELEASE

October 9, 2012

CONTACT

Mary Ann Dunwell, Public Information Officer
Montana Department of Revenue
(406) 444-6700, 461-2648 cell, mdunwell@mt.gov

Steve Merritt, Public Information Officer
Montana Department of Livestock
(406) 444-9431, smerritt@mt.gov

Revenue Department Announces State Income Tax Deferrals on Forced Livestock Sales

Helena - Montana farmers and ranchers who were previously forced to sell livestock because of drought now have more time to replace the livestock and defer paying state and federal income taxes on any gains from those forced sales.

Under federal law, farmers and ranchers can defer any extra gains from these forced sales as long as the livestock is replaced within four years. The Internal Revenue Service recently granted a one-year extension because of persistent drought conditions. As a result, farmers and ranchers who were forced to sell livestock in 2008 due to drought now have an additional year to replace the livestock and may defer paying taxes on any gains. Montana law follows the federal practice regarding these gains so the deferral of taxation applies for state income tax purposes as well.

“We want farmers and ranchers to be aware of the tax provisions available to ease the impact on their livestock operations and to help them weather the drought,” said Dan Bucks, Director of the Montana Department of Revenue.

The 28 counties in Montana that qualify for this extension are Beaverhead, Big Horn, Broadwater, Carbon, Carter, Cascade, Custer, Fallon, Fergus, Gallatin, Garfield, Golden Valley, Jefferson, Judith Basin, Madison, Meagher, Musselshell, Park, Petroleum, Powder River, Rosebud, Silver Bow, Stillwater, Sweet Grass, Treasure, Wheatland, Wibaux and Yellowstone.

The one-year extension generally applies to the capital gains which eligible farmers and ranchers realized on drought-forced sales of livestock that they held for draft, dairy or breeding purposes. Sales of other livestock, such as those raised for slaughter or held for sporting purposes, and poultry are not eligible.

For more information, please visit the Revenue Department’s website at http://revenue.mt.gov/forindividuals/tax_relief_natural_disaster/default.mcp.x.

##