

are approximations—not exact figures. And, for the sake of our example you buy the farm with no money down.

Cost of farming for 3 years:

Lime, fertilizer, seeds, insecticides, taxes, etc.....	\$9,600
Wages for manager.....	22,800
Interest at 6 percent on \$23,200 mortgage (3 years).....	4,176
Total outlay.....	36,576

Estimated farm income for the 3 years:

1st year.....	6,400
2d year.....	9,600
3d year.....	11,600
Total income.....	27,600

Net loss for 3 years..... 8,976

But would you really be out \$8,976? Not at all. *Your farm losses are fully deductible from your personal income tax.* Your actual loss depends on your tax bracket.

A Look At Tax Advantages Waiting For You

First off, you'll get those tax advantages you might ordinarily expect: depreciation deductions on farm machinery and buildings, expenses deductions on farm supplies, and a deduction for labor and management costs.

Special farm tax breaks.—Expenditures for soil, water, conservation, and land clearing (for the purpose of building up your farm) are deductible. In every other business, costs of a similar character *must be capitalized*.

Here's a few more.—(1) Exemption from the Federal gasoline tax for all gas used on the farm (non-highway use). (2) Control of income on Commodity Credit Corporation loans—you can pick and choose the most convenient year to report the income. (3) No tax on farm products used by your family. (4) Charitable deductions for the full value of gifts of farm products. (5) Benefits through farm cooperatives. (6) Capital gain treatment on sale of timber, farm buildings, livestock, and unharvested crops sold with the land.

HOW TO "GROW" TAX-SHELTERED FORTUNES IN CATTLE

If you're looking around for a "big-return" use for your land, don't overlook cattle. Many investors who have already made it "big," swear by a cattle investment as being as close to a "sure thing" as you can get. *Why?* Simply because it combines nature, the tax law, and basic economic principles into a dollar-making, dollar-saving wealth builder.

Most important.—You must do things right. This means getting and following good advice—tax advice included—up and down the line.

According to those in the know, there are several very important reasons why an investment in cattle is hard to beat. Let's take a look at some of them:

(1) There's a demand for the product—the population is exploding and almost everyone likes steaks.

(2) It doesn't necessarily take a fortune to get the ball rolling. Assuming you have some suitable land, a judicious investment in some young heifers—and one bull—will get you off the ground. Just let nature take her course from there on.

(3) All expenses (except the cost of the land) are deductible from ordinary income either as business expenses or by way of depreciation. So, while the herd is building up, you can use these deductions to offset other highly taxed income.

(4) Many of the expenses you will incur qualify for the 7% investment credit—producing an immediate dollar-for-dollar slash in your personal tax bill. These would include, for example, the cost of fences to contain the cattle, drain tiles to improve pasturage, paved barnyards and water wells, but not the cost of purchasing the cattle.

(5) The herd builds up tax-free—fast? How? Simply trade off the calves produced by your herd for additional heifers, which will produce more calves, faster; trade off for more heifers, and so on.

(6) Thanks to the tax law, much of the income produced by the herd will be