



Q:

What is the tax deduction know as Section 199 Domestic Production Deductions that is being passed through to the members of CFE and how do I qualify?

A:

The Section 199 Production Deduction is for qualified member/owners that sell grain to CFE. This deduction is for Cooperatives that market agricultural or horticultural products for their patrons. Cooperatives are then allowed to pass this deduction through to its member/owners. This is a deduction that will show up in box 6 of your 1099 PATR.

Each individual cooperative follows IRS guidelines for calculating the overall company Domestic Production Deduction. Similar to how a member's patronage allocation, the individual member's share of the Domestic Production Deduction is based on the proportionate share of qualifying grain sold to CFE during this past fiscal year.

CFE for 2018 will pass through \$7,350,000 or roughly .1450/bushel utilizing Domestic Production Deduction to its member/owners producers on qualifying bushels sold to CFE.

This Section 199 Domestic Production Deduction is in addition to members receiving grain patronage for every bushel that was sold to CFE.

We thank you for your business and it pays to do business with CFE.