

# Citrus Notes

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## February 2016

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*Dear Growers,**The following are grower events planned for the near future:**February 4<sup>th</sup> February OJ Break**March 3<sup>rd</sup> March OJ Break**April 5<sup>th</sup> 2016 Florida Citrus Growers' Institute**Enjoy the issue,*Chris Oswalt  
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## February OJ Break



Our February 2016 Polk County Citrus Grower's OJ Break will be held at the UF/IFAS Citrus Research and Education Center, BHG Hall, 700 Experiment Station Rd., Lake Alfred. The OJ Break will begin on Thursday, February 4, 2016, at 10:00 a.m. and we will have the following presentations dealing with citrus nutrition.

- 10:00 a.m. Common sense principles to consider with citrus fertilization.  
**Chris Oswalt UF/IFAS**
- 10:30 a.m. Economic and horticultural factors when choosing the right sources for crop nutrition  
**Eric Waldo, Yara North America**
- 10:50 a.m. Break
- 11:00 a.m. Fertilizer sources for tree health: citrus requirements and disease mitigation  
**Dr. Bill Easterwood, Yara North America**
- 11:35 a.m. Fertigation of hydroponically grown citrus  
**Dr. Arnold Schumann UF/IFAS**
- 12:10 p.m. Lunch
- 1:00 p.m. Field tour of containerized citrus production trial  
**Dr. Arnold Schumann UF/IFAS**
- 1:30 p.m. Adjourn

Yara North America, Inc. will be sponsoring lunch, so we will need you to pre-register by contacting Gail Crawford by phone at 863-519-1042 or email her at:

[dorothy@ufl.edu](mailto:dorothy@ufl.edu). Please register before noon on Tuesday, February 2, 2016.

There will also be 2.5 CEU's offered for Certified Crop Advisors.

## March OJ Break

The March 2016 OJ Break will again be held at the UF/IFAS Citrus Research and Education Center. We are holding our annual Citrus Pest Management Guide update. We hope to have copies of the 2016 edition of the Citrus Spray Guide available at this meeting. It will be held on Thursday, March 3, 2016, and we will have CEU information and the agenda in next month's Citrus Notes.

## Brazil Citrus Tour, June 18-25, 2016

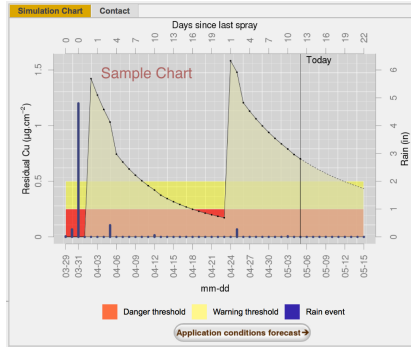
Dr. Steve Futch is looking at taking another group of citrus growers to Brazil to see their



citrus industry. The tentative dates are June 18-25, 2016. As in the past, we will depart on Saturday (June 18) with arrival in Brazil on Sunday morning. Our citrus visits will begin on Monday morning and our group will depart Brazil on Friday evening with arrival back to Florida on Saturday morning, June 25<sup>th</sup>. We will spend the entire week in the state of Sao Paulo looking at citrus operations to see how they are working on control measures to manage HLB. In the past, we have visited groves, citrus nurseries, and packing houses. Each tour has been slightly different, with actual stops to be determined in the near future.

Once we get 10 people that commit to going on the citrus tour, we will be developing a complete itinerary with locations visited. We anticipate the trip to cost approximately \$2,500 per person which will include hotel, ground transportation and airfare to and from Florida. The final cost may vary slightly due to exchange rates, increases in airfare, and the total number of participants participating in the trip. The maximum number of participants is limited to 15.

If you are interested in traveling to Brazil in June 2016, please call Dr. Futch at: 863-956-8644 or by email: [shf@ufl.edu](mailto:shf@ufl.edu), and I will add you to a list of possible participants.



### Citrus Copper Scheduler Model

As we enter the spring flush season, citrus fungal diseases need to be controlled on fruit destined for the fresh fruit market.

There is a model available on the Florida Automated Weather Network or FAWN that can help growers determine when it would be time to make a copper fungicide application. This model uses data from the FAWN weather stations to determine when copper residues drop below a protective residual level for citrus fruit. One of the environmental parameters used in the model is rainfall. Rainfall data can be from one of the nearest FAWN weather stations or from a grower's rain gauge located in the grove. Additional information used in the model would be the variety of citrus and bloom date. Once this information has been entered, the grower would then enter the dates of copper applications, rate of copper in pounds per acre and spray volume in gallons per acre.

The copper spray scheduling model could be of great benefit to citrus growers this season due to the predicted El Niño wet winter. The model can be accessed from FAWN at the following website: <http://fawn.ifas.ufl.edu/climate.php> under the new tools heading.

I have also attached page two of UF/IFAS PP 277, Citrus Black Spot Management Timing Schedule (<https://edis.ifas.ufl.edu/pdf/PP/PP27700.pdf>). It has a suggested foliar fungal management program for citrus diseases. Information on specific recommendations for fungicides and material rates can be found in the 2015 Florida Citrus Pest Management Guide. We have a few copies at the office or you can view it online at: <http://www.thepacker.com/grower/2015-florida-citrus-pest->

[management-guide](#). We should, in the near future, have available the 2016 version of the guide.

### 2016 Florida Citrus Growers' Institute



The 2016 Florida Citrus Growers Institute will be held in Avon Park at the South Florida State College Campus. The Institute will be on Tuesday, April 5, 2016, in the Theater for Performing Arts. We will have the program agenda and a registration brochure available soon. We look forward to seeing you at this year's Institute.

### Agricultural Tax Planning - 2015 Tax Extenders

(Author: Thomas J. Bryant, CPA and Ryan Beasley, CPA).

Congress acted and the President signed on December 18, 2015 a "Tax Extenders Bill". The bill, **Protecting Americans from Tax Hikes Act of 2015 (PATH ACT)** contains over 100 separate provisions and makes some important provisions **permanent**. The provisions of the PATH Act are expansive affecting the total US economy, both businesses and individuals and will be very helpful to farmers in reducing their current Federal taxes. The PATH Act contains \$622 billion in tax breaks. This article will cover the more significant provisions, both business and individual, of the PATH ACT, with emphasis on farming.

#### Business Extenders

- **Section 179 Expensing** – The Section 179 expensing provisions of the tax law have been made **permanent**. In addition, the \$25,000 limit (tax year 2015) has been increased **from \$25,000 to \$500,000** with a dollar-for-dollar phase-out limit once equipment purchases total \$2 million. The Section 179 expense limits will also be indexed to inflation in \$10,000 increments beginning in 2016. The special rule allowing off-the-shelf computer software to be treated as Section 179 property, and the ability to revoke a Section 179 elec-

tion without IRS consent has also been made permanent.

Section 179 property is generally defined as depreciable tangible personal property acquired for use in a trade or business, **new or used**. Some examples of qualifying farm assets other than the normal farm equipment and office furniture and fixtures are; water wells, drainage facilities, single purpose Ag structures, vines and orchards, fences, and controlled atmosphere storage. A Section 179 deduction cannot exceed aggregate taxable business income.

Bonus Depreciation – The PATH Act reinstates Bonus Depreciation for **five years**. Fifty percent for years 2015-2017, forty percent for 2018; and thirty percent for 2019. Bonus Depreciation is additional first-year depreciation available on depreciable property used in business. The property must be **new** and generally have a recovery period of 20 years or less. Most all farm assets should qualify. Fruit, vineyard, and nut growers received an additional break with the new PATH Act. Bonus Depreciation is now available when trees, vines and plants are planted or grafted. Under the former Bonus Depreciation rules, these assets were not available for Bonus Depreciation until placed in service. **However, before electing Bonus Depreciation in the year of planting, the additional costs to be incurred in future years before the asset is placed in service should be considered. If Bonus Depreciation is taken in the year of planting; it cannot be claimed on the pre-production cost incurred before the trees or vines are placed in service.** If those costs are significantly greater than costs incurred in the planting year, it may be beneficial **not** to make the election in the planting year.

The PATH Act also modifies Bonus Depreciation to include qualified improvement property and it increased the first year depreciation for passenger autos by \$8000, unadjusted for inflation.

**Note** – The permanence and increase in the Section 179 expensing limit, the reinstatement of Bonus Depreciation, and the announcement last month of the increase of the De minimis Safe Harbor Election limit from \$500 to \$2,500 gives, farmers, and other businesses the opportunity to currently expense rather than capitalize and depreciate many of their asset purchases for 2015 and years to come. Generally in order of use, the De minimis Safe Harbor Election would be used first, followed by Section 179 expensing, and third taking Bonus Depreciation on any remaining assets.

- Other Permanent Business Extensions (does not include all)

Research Tax Credit 15-year straight-line cost recovery for qualified leasehold improvements, restaurant property and retail improvements

Charitable deductions for the contribution of food inventory

Bases adjustment in stock when an S corporation makes charitable contributions of property

- Other Business Extensions not made Permanent

Work Opportunity Tax Credit (WOTC) – Five years

New Markets Tax Credit – Five years

- Timber Gains – Effective for tax year 2016, the act provides that C corporation timber gains are subject to a tax rate of 23.8 percent.

### Individual Extenders

#### Permanent beginning in 2015 (does not include all)

- State and Local Sales Tax Deduction – The Act makes permanent the election to deduct state and local general sales tax in lieu of deducting state and local income taxes.

- The American Opportunity Tax Credit (AOTC) – The AOTC had been scheduled to expire in 2017.
- The \$250 above-the-line deduction for teacher’s classroom expenses is now permanent. The \$250 deduction will be indexed to inflation beginning in 2016. The PATH Act now includes “professional development expenses” within the scope of the deduction.
- The PATH Act permanently extends the provision for individuals age 70 1/2 and older to make tax-free distributions from IRA’s to a qualified charitable organization. The amount of the distribution is still capped at \$100,000 per year.

#### Two-Year Extensions (2015-2016)

- The PATH Act extends the above-the-line deduction for qualified tuition and fees for post-secondary education.
- The PATH Act excludes from income cancellation of mortgage debt on a principal residence up to \$2 million, \$1 million for married couples filing separately. The PATH Act modifies the provision to include indebtedness discharged in 2017, if the discharge is made under a binding agreement entered into in 2016.
- The mortgage insurance premium deduction is extended through 2016.

#### Energy Extenders (does not include all)

- The Section 25C residential energy property credit is extended through 2016.
- The production tax credit (PTC) for wind energy is extended through 2019, but reduces from 100% for 2015 and 2016 to 40% in 2019 in yearly increments of 20%.
- The PATH Act extends through 2016 the production credit for qualified Indian coal facilities, removes certain limitations and allows the credit to be claimed against AMT.

- Also extended through 2016 are credits for alternative fuels, biofuels and energy- efficient new homes.

#### Other Provisions

- Delayed for two years is the Affordable Care Act (ACA) excise tax on certain high-end health care plans known as “Cadillac” plans. The PATH Act also provided that payments of the tax will be deductible against income tax. The excise tax was scheduled to apply to tax years beginning after December 31, 2017.
- The ACA excise tax on qualified medical devices is delayed for two years. The excise tax will not apply to sales during calendar years 2016 and 2017.

#### Omnibus Budget Bill

The President also signed on December 18<sup>th</sup> a FY 2016 Omnibus Budget Bill. Several energy extenders and other tax provisions are included in the Omnibus Bill. One of these provisions delayed until 2017 the ACA’s health insurance provider fee.

#### Summary

The PATH Act made over 20 provisions permanent and enhanced many others, more than the previous tax extender bills had accomplished. Other provisions were extended for five years and many for two years. The provisions listed and commented on are those we believe are most important to our readers, but as stated, the PATH Act and Omnibus Bill contain many other tax provisions. Please contact me or your tax professional for more details on the tax provisions of these new laws and how they may affect your particular business. This article is based on the best available information at the time it was written.

For information on this topic and other tax planning for farming, please contact me at (863) 640-2008 or [tom@beasleybryantcpa.com](mailto:tom@beasleybryantcpa.com) and/or Ryan Beasley at (863) 646-1373 or [ryan@beasleybryantcpa.com](mailto:ryan@beasleybryantcpa.com). Please visit our website at [www.beasleybryantcpa.com](http://www.beasleybryantcpa.com) for information on other relevant topics.

We at Beasley, Bryant & Company, CPA's, P. A. are experienced in agricultural business problems, tax issues or concerns, and are here to help you.



## ***Pesticide News & Information***

### **EPA Registers New Biochemical Miticide to Combat Varroa Mites in Beehives**

EPA has registered a new biochemical miticide, Potassium Salts of Hops Beta Acids (K-HBAs), which is intended to provide another option for beekeepers to combat the devastating effects of the Varroa mite on honey bee colonies and to avoid the development of resistance toward other products. Rotating products to combat Varroa mites is an important tactic to prevent resistance development and to maintain the usefulness of individual pesticides.

The registrant, a company called Beta Tech Hop Products, derived K-HBAs from the cones of female hop plants, *Humulus lupulus*. To control mites on honey bees, the product is applied inside commercial beehives via plastic strips.

Varroa mites are parasites that feed on developing bees, leading to brood mortality and reduced lifespan of worker bees. They also transmit numerous honeybee viruses. The health of a colony can be critically damaged by an infestation of Varroa mites. Once infested, if left untreated, the colony will likely die.

This biochemical, like all biopesticides, is a naturally-occurring substance with minimal toxicity and a non-toxic mode of action against the target pest(s). There are numerous advantages to using biopesticides, including reduced toxicity to other organisms (not intended to be affected), effectiveness in small quantities, and reduced environmental impact.

More information on this registration can be found at [www.regulations.gov](http://www.regulations.gov) in Docket ID EPA-HQ-OPP-2014-0375.

Find out about other EPA efforts to address pollinator loss: <http://www2.epa.gov/pollinator-protection>.

Learn more about biopesticides:  
<http://www.epa.gov/pesticides/biopesticides/>.  
(EPA Pesticide Program Updates, 9/30/15)

My note: another beneficial use for the common hop other than beer.