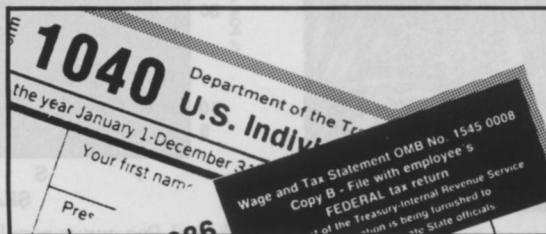


TAX REFORM

Businesses will feel the bite from reform

The tax reform passed by Congress in 1986 represents the broadest change in taxation since income tax was introduced. As a result, individuals and businesses alike are scrambling to learn the new system.

"It will change the way you do business planning," says Michael E. Mares, a partner in the Virginia-based accounting firm Rauch, Witt & Co. Taxes on capital gains from selling assets have increased roughly 12 percent from last year. Tax credits for equipment purchases have been repealed retroactive to Jan. 1, 1986. Credits from prior to 1986 will be cut 35 percent. In addition, the equipment depreciation period has been stretched from five to seven years, with lower deductions in the first two years, increasing taxes. However, the expense amount on equipment pur-



chases has been increased to the first \$10,000 spent, up from \$5,000. "The remaining (expense) is depreciated over the seven years," Mares explains.

Deductions for miscellaneous business expenses have been nearly eliminated: if they exceed two percent of business income, the amount above that two percent can be deducted. The deduction for a business meal has also been cut to 80 percent.

Also, says Mares, "The Internal

Revenue Service now has the authority to disallow what they consider to be lavish and extravagant meals and other forms of entertainment. It is going to be interesting to see what some revenue agents think are lavish and extravagant and what we as taxpayers think are lavish and extravagant," he comments.

Mares' accounting firm has published a booklet outlining changes in the tax structure, but he recommends seeking professional advice when preparing taxes for a detailed explanation of changes.

Though the tax structure is set for 1987, further changes may be in store. Mares says 40 tax amendment bills have already been introduced in Congress this year.

Mares spoke on the topic at the 1987 Virginia Turfgrass Conference.

RESEARCH

Yet unfound: answers for 'black layer'

One of the most heavily-attended sessions at the most recent Virginia Turfgrass Conference was what was originally intended to be a panel discussion of summer decline of bentgrass. Prompted by questions from concerned superintendents, the session ended as a discussion of the progress on finding a cure for anaerobic black layer.

Seated on the panel were Drs. David Chalmers and Houston Couch of Virginia Tech University; Clinton F. Hodges of Iowa State University and Leon T. Lucas of North Carolina State University.

While the panelists said progress was being made, none could provide a conclusive solution to the problem, which has taken out a number of greens on courses throughout the country.

The panelists concluded that excess water is not the only factor causing the disease, and the problem, though more prevalent in sand-based greens, is not limited to them.

Hodges reported that there is a connection between the black layer and



Left to right, Drs. David Chalmers, Houston Couch, Virginia Tech University, Clinton F. Hodges, Iowa State University and Leon T. Lucas, North Carolina State University, prepare for their panel discussion.

algae presence. The algae feeds off of calcareous sand, present in many sand bases, creating a film layer which anaerobic organisms feed on.

Hodges suggested checking the sand base for calcium presence, and checking irrigation water—especially if it comes from a pond or lake on the course—for algae content. Using algae-free water is a benefit, he added.

Chalmers recommended using cultural practices to at least isolate the problem. Aeration, he said, has shown good results.

Couch said he believes the eventual cure for the problem will be a chemical one. He added that he and Hodges are seeking funding for a joint research project to further study black layer.