

FEDERAL NEWS WEEKLY SUMMARY



AGRICULTURE

CCC LENDING RATES FOR NOVEMBER 1996

■(WASHINGTON) The interest rate for 1995 and prior crop year commodity loans disbursed by USDA's Commodity Credit Corporation during Nov. 1996, is 5.625 percent, down from the Oct. 1996 rate of 5.875 percent. For 1996 crop year commodity loans, the interest rate is 6.625 percent for loans disbursed during Nov. 1996, down from 6.875 for Oct. 1996.

Past monthly releases announcing interest rates charged by USDA's Commodity Credit Corporation on commodity loans disbursed for that particular month reflected the interest rate charged the CCC by the U.S. Treasury for that month. This was the interest rate specified by the CCC since Jan. 1, 1982, but the process of establishing the interest rate was changed by a provision of the Federal Agriculture Improvement and Reform Act of 1996, enacted on April 4, 1996.

—U.S. DEPT. OF AGRICULTURE
11/04/96

PUBLIC LAW 480 COUNTRY ALLOCATIONS ANNOUNCED

■(WASHINGTON) The U.S. Department of Agriculture this week announced preliminary fiscal year 1997 allocations of \$205.0 million for 21 countries to cover commodity financing extended under Title I of the Food for Peace Program (Public Law 480), and commodity grants under the Food for Progress Program, funded by Title I appropriations.

According to Christopher E. Goldthwait, general sales manager for USDA's Foreign Agricultural Service, this week's announced allocations reflect a P.L. 480 program level for fiscal year 1997 of \$226.9 million for concessional credit financing, and \$13.9 million for ocean freight differential costs associated with cargo preference requirements. The commodity allocations reflect current market conditions, particularly for feed grains and soybeans.

Title I of the Food for Peace Program is a concessional sales program to promote

exports of agricultural commodities from the United States and to foster broad-based sustainable development in recipient countries. The program provides export financing over payment periods of up to 30 years, low interest rates, and maximum grace periods on payments of principal of up to five years. Private entities, including agricultural trade organizations, are authorized to participate in the program.

The Food for Progress program is an independently authorized program that may be funded with Title I monies. This program is used to support countries that have made commitments to introduce or expand free enterprise elements in their agricultural economies. Kyrgyzstan, Mongolia, and Tajikistan are the countries currently expected to receive commodity donations through this program.

—U.S. DEPT. OF AGRICULTURE
11/07/96

BUSINESS & LABOR

IRS ANNOUNCES 1997 PENSION PLAN LIMITATIONS

■(WASHINGTON) The Internal Revenue Service recently announced cost-of-living adjustments applicable to dollar limitations on benefits under qualified retirement plans and to other provisions affecting such plans.

Section 415 of the Internal Revenue Code provides for dollar limitations on benefits and contributions under these plans. It also requires that the Commissioner annually adjust these limits for cost-of-living increases. Effective January 1, 1997, the limitation on the annual benefit under a defined benefit plan under section 415(b)(1)(A) is increased from \$120,000 to \$125,000. For participants who separated from service before January 1, 1997, the limitation for defined benefit plans under section 415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 1996, by 1.0294.

The limitation for defined contribution plans under section 415(c)(1)(A) remains unchanged at \$30,000.

The Code provides that various other dollar amounts are to be adjusted at the same time and in the same manner as the dollar limitation of section 415(b)(1)(A). These dollar amounts and the adjusted amounts are as follows:

The special limitation for qualified police or firefighters under section 415(b)(2)(G) is increased from \$66,000 to \$70,000.

The limitation on the exclusion for elective deferrals under section 402(g)(1) remains unchanged at \$9,500.

The dollar amount under section 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan subject to a 5-year distribution period is increased from \$690,000 to \$710,000, while the dollar amount used to determine the lengthening of the 5-year distribution period is increased from \$135,000 to \$140,000.

The threshold amount under section 4980A(c)(1)(B) regarding excess distributions is increased from \$155,000 to \$160,000.

The limitation used in the definition of highly compensated employees under section 414(q)(1)(B), as changed by section 1431 of the Small Business Job Protection Act of 1996, is \$80,000.

The annual compensation limit under sections 401(a)(17) and 404(l) is increased from \$150,000 to \$160,000.

The compensation amount under section 408(k)(2)(C) regarding simplified employee pensions (SEPs) remains unchanged at \$400. The compensation amount under section 408(k)(3)(C) for SEPs is increased from \$150,000 to \$160,000.

The compensation amount under section 408(p)(2)(A) regarding simple retirement accounts, as added by section 1421 of the Small Business Job Protection Act of 1996, is \$6,000.

The limitation on deferrals under sections 457(b)(2) and (c)(1) concerning deferred compensation plans of state and local governments and tax-exempt organizations remains unchanged at \$7,500.

—INTERNAL REVENUE SERVICE
11/06/96

NEW IRS DOCUMENT EXPLAINS SECTION 530 RELIEF REQUIREMENTS

■(WASHINGTON) The Internal Revenue Service recently released a simple, one-page document to help businesses understand their rights under the law when the IRS questions their classification of workers as independent contractors.

The new explanation, Independent Contractor or Employee?, sets out the three so-

Continued on next page

*"Integrity simply means a willingness
not to violate one's identity."*

Erich Fromm