

Is it the right time for me to sell my timber to avoid possible changes in the tax laws?

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Are you considering to complete a timber sale before year's end to avoid any new or unknown taxes such as the 3.8% Medicare surcharge on investment income from the Obama-care for taxpayers with income over \$200,000 (single, head-of-household filing statuses) and \$250,000 (married filing a joint return), and perhaps a 5% increase in the long-term Capital Gains Rate. Selling under any level of uncertainty is never a good idea. Taxpayers should be clear in their goals relative to how property is held; as an investment (most landowners fall in this category) or as business property because income tax results differ. Owning timber for timber production is a long-term investment and so deciding when to harvest should be based on sound economic decisions. Timber, even unmanaged stands, are increasing in value, earning interest at rates comparable to other investments. For example, hardwood timber growing at 2% per year (typical of an unmanaged hardwood stand, a well-managed one can grow over 5%/year) can expect a return on the investment of approximately 6% based on the timbers growth rate and quality. The time to harvest timber should be based on financial maturity, not on potential changes in tax policy. So the time to harvest your timber should be based on your goals and objectives, your level of risk, and on the financial maturity of the timber. For more information on selling timber please look at the Spring 2012 Issue of National Woodlands Magazine article "When to Cut Your Woodland" [http://www.woodlandowners.org/Publications/Magazine\(2012-04\).pdf](http://www.woodlandowners.org/Publications/Magazine(2012-04).pdf) and the Extension publication "Timber Sales: A Planning Guide For Landowners (AG-640), <http://www.ces.ncsu.edu/forestry/pdf/ag/ag640.pdf>. For information on managing your timber contact your local Cooperative Extension Office.

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