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January 31, 2019

Dear Linn Cooperative Oil Company Member:

This letter is to notify you about important tax information regarding the IRC 199A Domestic Production Activities Deduction (referred to as "DPAD") that has impacted your cooperative and therefore your 2018 tax reporting. Please provide this letter to your tax preparer with your 1099-PATR.

The IRS requires cooperatives to treat grain purchases from members as per unit retain allocations paid in money (PURPIMs) for purposes of calculating the DPAD (deduction). This classification means that Linn Cooperative Oil Company should not deduct the PURPIMs when calculating our deduction for the calendar year-ended December 31, 2018. This allows Linn Cooperative Oil Company to pass-through a portion of this deduction to its members to utilize on the member's tax return or to retain a portion of this deduction to realize tax savings that can be used to continue to upgrade facilities to better meet the needs of our members. The 199A deduction will be passed through to the members within 8.5 months after December 31, 2018 and be reported on box 6 of your 2019 Form 1099-PATR. The domestic production activities deduction calculated under the former Section 199 tax law for our calendar year ending December 31, 2017, was retained by the cooperative rather than passed through to the members during 2018 due to the change in the tax law.

Linn Cooperative Oil Company will report these payments to members for their grain sales for the entire calendar year 2018 on Form 1099-PATR box 3. Under regulation 1.199-6, PURPIM's paid by Linn Co-operative Oil Company to our members are considered qualified payments. *Please consult with your tax advisor regarding how these qualified payments will affect the member's 199A deduction calculation for 2018. The explanation of box 3 of Form 1099-PATR noted on the back of your Form 1099-PATR was pre-2018 tax law.*

The amount reported on Form 1099-PATR **box 3** is your calendar year 2018 **gross** grain sales paid (rather than net grain sales) by Linn Cooperative Oil Company. **Members should classify both patronage (Box 1) and gross grain sales (Box 3) as cooperative distributions and not as grain sales on the farm income tax schedule.** Generally, the items that differ from gross grain sales to net grain sales include deductions from grain checks for quality discounts, storage, drying, trucking, and check-off expenses.

The IRS also requires that we use the name that is associated with the taxpayer ID# on your account. We have attempted to get the correct taxpayer name on your 1099 so please let us know if this is incorrect.

Please consult your tax advisor for determination on how this will impact you as well as how you report these payments on your tax return. If you or your tax advisor would like to contact us regarding this letter, please call us at 319-377-4881 and ask for Ron Woeste or Mike Arnold.

Sincerely,

Linn Cooperative Oil Company