

# Agricultural Cooperatives and the Domestic Production Activities Deduction (DPAD)

**Assumptions:**

Federal net income before DPAD or patronage dividend: \$100,000  
 Cooperative paid IRC Sec. 1382 patronage dividends: \$35,000  
 Amount of DPAD passed through to patrons: \$10,000

**Federal taxable income:**

Federal net income before DPAD / patronage deduction  
 IRC Sec. 199 DPAD  
 IRC Section 1382 Patronage dividend  
 Section 1382 patronage dividend addback for DPAD  
 Federal Taxable income

	Current Law (w/o DPAD)	Current Law w/ DPAD												
		<table border="1"> <thead> <tr> <th>Pass-Thru</th> <th>No Pass-Thru</th> </tr> </thead> <tbody> <tr> <td>\$100,000</td> <td>\$100,000</td> </tr> <tr> <td>(\$10,000)</td> <td>(\$10,000)</td> </tr> <tr> <td>(\$35,000)</td> <td>(\$35,000)</td> </tr> <tr> <td>\$0</td> <td>\$0</td> </tr> <tr> <td><b>\$65,000</b></td> <td><b>\$55,000</b></td> </tr> </tbody> </table>	Pass-Thru	No Pass-Thru	\$100,000	\$100,000	(\$10,000)	(\$10,000)	(\$35,000)	(\$35,000)	\$0	\$0	<b>\$65,000</b>	<b>\$55,000</b>
Pass-Thru	No Pass-Thru													
\$100,000	\$100,000													
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**Oregon Gross Tax Calculation**

Federal net income before DPAD / patronage deduction  
 IRC Sec. 199 DPAD  
 IRC Section 1382 Patronage dividend  
 Oregon disconnect from (addback for) DPAD  
 Net Oregon taxable income  
 Oregon gross tax

	Current Law (w/o DPAD)	Prior Tax Filings (w/ DPAD)	Recent Enforcement (w/ DPAD)	Difference
	\$100,000	\$100,000	\$100,000	\$0
	\$0	(\$10,000)	(\$10,000)	\$0
	(\$35,000)	(\$35,000)	(\$25,000)	(\$10,000)
	\$0	\$10,000	\$10,000	\$0
	<b>\$65,000</b>	<b>\$65,000</b>	<b>\$75,000</b>	<b>(\$10,000)</b>
	\$4,290	\$4,290	\$4,950	(\$660)