

# FARM INCOME AND EXPENSE WORKSHEET

SS # / FEDERAL ID # \_\_\_\_\_

Dairy Keeper Co  
13430 Wood Road  
Bath, Michigan 48808  
Telephone (517) 243-0563

## FARM INCOME

Tax Year: \_\_\_\_\_

<b>SALE OF NON-BREEDING LIVESTOCK and OTHER ITEMS THAT WERE BOUGHT FOR RESALE</b> <i>(Include animals used for dairy, draft or breeding below ††)</i>				
Kind	Date Sold	Sales Price	Date Purch.	Cost
Total:				

SALE OF NON-BREEDING RAISED LIVESTOCK, GRAINS & PRODUCE	NET AMOUNT
Feeder Cattle and Calves	
Springing Heifers, Bulls and Cows (enter below ††)	//////
Lambs and Sheep	
Butcher Hogs and Feeder Pigs	
Sows and Boars (enter below ††)	//////
Poultry	
GROSS Milk and Dairy Products	
Eggs	
Wool	
Soybeans	
Corn	
Other Grains	
Hay and Straw	
Fruits or Vegetables	
Value of Commodity Wage Transferred	

OTHER FARM INCOME	AMOUNT
Patronage Dividends (bring 1099-PATR forms & attached stmts.) Are purchases 100% for farm use? *	
EIDL Loan Advance	
Agriculture Program Payments (Bring in Forms 1099-G)	
Amount of PPP Loan (not federally taxable, even if forgiven)	
Repayment of Prior Year's ASCS Payments	
Commodity Credit Loans & Title 1 Payments **	
Crop Insurance or Disaster Payments – Defer all or claim all - <small>Bring Details</small>	
Custom Hire / Machine Work Income	
State Gasoline Tax Refund Received	
Federal Gasoline Tax Refund from Prior Year's Return	
Other (bartering income, breeding fees, etc.)	

**Note: Gross grain sales may be reported to you by the elevator on 1099-PATR. Please bring these in – the IRS matches.**

Bring in details of any casualty loss and insurance reimbursement you received.

There is a deduction for domestic farm profit (code Section 199A) that your farm may qualify for.

Did you defer **Disaster** income, **Crop Insurance Proceeds** or **Forced Sales due to Disaster** in **Prior** tax year? ..... Yes \_\_\_\_\_ No \_\_\_\_\_

Have you ever made an election to report CCC loans as income in the year received?..... Yes \_\_\_\_\_ No \_\_\_\_\_

How many hours did you and/or your spouse devote to this operation during the year? ..... Full Time or \_\_\_\_\_ # of hours  
You need to be able to prove that you spend over 500 hours per year on your farming activity in order to deduct a loss. Keep a record of your time if you are a part-time farmer.

Are any portion of your expenses in this business not subject to payback by you?..... Yes \_\_\_\_\_ No \_\_\_\_\_

Have any of your debts been cancelled or forgiven? (Bring in Form 1099-C or 1099-A if you received one.) ..... Yes \_\_\_\_\_ No \_\_\_\_\_

Did you receive \$10,000 in actual cash (currency/coin) from any individual at any one time or in accumulated amounts during this tax year? If so, file Form 8300 within 15 days. .... Yes \_\_\_\_\_ No \_\_\_\_\_

Did you defer paying any self-employment tax in 2022 ? ..... Yes \_\_\_\_\_ No \_\_\_\_\_

\* Bring in details of all Commodity Credit Loans and direct or counter-cyclical payments under Title 1 of the Food, Conservation and Energy Act of 2008 as amended

**NON-FARM INCOME** (Wages, interest, etc.): Please fill out Tax Deduction Finder.

<b>†† SALE OF LIVESTOCK (dairy, draft, breeding) MACHINERY, TRADED MACHINERY, EQUIPMENT and LAND</b>					
Kind of Property	Date Sold	Sales Price	Sales Expense	Date Acquired	Original Cost (if Purch.)



# FARM EXPENSES

<b>CHEMICALS</b>			
<b>CONSERVATION</b> Grading, terracing, contour plowing, drainage & irrigation ditches, dams, ponds, windbreaks, removing brush <b>Bring approved plan.</b> Limited to 25% gross farm income.			
<b>*CUSTOM HIRE/MACHINE WORK</b> Baling, combining, corn picking, corn drying, silo filling, feed grinding, spraying, seed cleaning, etc.			
<b>FEED PURCHASED</b> Hay, grain, salt, silage, ground feed, concentrates, minerals, etc.			
<b>FERTILIZERS &amp; LIME</b>			
<b>*FREIGHT &amp; TRUCKING</b>			
<b>GASOLINE, FUEL &amp; OIL TOTAL EXPENSE</b> For farm use; grease, lube, oil, propane & other. Include corn dryer heat. Do not include car/truck.		\$	
<b>NON-HIGHWAY FUEL USED FOR FEDERAL GAS TAX CREDIT (Please bring in receipts)</b>			
# of Gallons-Gas/Gasohol (if you paid excise tax)		gallons	
Aviation Gasoline or Fuel		gallons	
<b>INSURANCE</b> (Do not include car/truck/health)			
Fire & wind			
Less for house			
Hail & crop insurance			
Farm liability			
<b>INTEREST: MORTGAGE - FARM LAND &amp; BUILDINGS ONLY</b>			
Paid to financial institution (bring Form 1098)			
* Paid to individual			
<b>OTHER INTEREST:</b> Farm obligations			
(Do not include car/truck)			
<b>LABOR HIRED</b> For farm work			
Commodity wage			
Wages to spouse			
Wages to children under 18			
<i>(W-2s and payroll taxes may be required)</i>			
<b>*LAND CLEARING</b> Clearing off trees, stumps, brush, rocks, etc., to make land tillable for first-time farm use. Not currently deductible (will add to cost of your land). NOTE: Enter upkeep of previously farmed land in Repairs & Maintenance.			
<b>*RENT or LEASE</b> machinery & equipment only (do not include car/truck)			
Farm, farmland, pasture, animals, other			
<b>*REPAIRS &amp; MAINTENANCE</b> On equipment, farm buildings, fences, and machinery. Also include small tools, paint, etc. (Do not include car/truck)			
<b>SEEDS &amp; PLANTS</b> Corn, grain, grass, alfalfa, soybeans, specialty plants, etc. [List trees and vines in Major Purchase section.]			
<b>STORAGE &amp; WAREHOUSING</b>			
<b>SUPPLIES</b> Dairy supplies, insecticides, litter, rope, tar paper, twine, wire, utensils, flashlights, boots, gloves, nails, bolts, brooms, etc. Cost of supplies on hand on 12/31: \$ _____			
<b>TAXES</b> Real estate taxes total			
Bring in Property Tax Stmt.			
Less house portion			
Personal property / highway use tax			
Employer's share payroll tax			
<b>UTILITIES</b>			
Electricity (total for year)			
Less personal use			
<b>TELEPHONE</b>			
(Monthly Base Charge is not deductible)			
2nd line/options (or cellular)			
Long distance farm calls			
<b>VETERINARY, BREEDING &amp; MEDICINE</b>			
<b>PERSONAL CONSUMPTION</b>			
Milk (number of gallons consumed) _____			
Animals butchered: (R)aised or (P)urchased (list live weight)			
_____			
_____			
Eggs & chickens (if feed is listed in farm exp.)			
<b>OTHER</b>			
Accounting & attorney fees/ farm business			
Advertising			
Bank charges/deposit box (farm business)			
Bovine tuberculosis testing			
Cable/satellite weather channel			
Capital retains			
CCC deduction			
D.H.I.A.			
Education (farm related)			
Employee benefit programs (health ins., etc.)			
Farm organization dues and publications			
Home Office – see Tax Deduction Finder			
Number of meals served to hired help or, cost of groceries for hired help			
Office supplies/postage (farm business)			
Pension & profit-sharing plans/maintenance fee			
Trailer licenses			
Farm travel (overnight lodging)			
Number of nights away from home			
Repayment of shared appreciation agreement			
Deductions from gross elevator sales on 1099-PATR			

\* If over \$600.00 to an individual, list Name, Address & Social Security Number on page 4.

**1099 INFORMATION**

- Amounts of \$600 or more paid to individuals (not corporations) for rent, interest or services rendered in the course of your business require 1099 Information Statements.
- Failure to file 1099 Information Statements with the IRS and recipient by January 31 can cause penalties to be assigned. These penalties have been increased substantially.
- You are required to withhold tax on the payment if recipient does not furnish you with their identification number. (Use form W-9 to obtain their SSN before you pay them.)
- You are liable for the Federal 24% tax if you were required to withhold it and did not withhold it.

NAME	ADDRESS	IDENTIFICATION #	AMOUNT	PURPOSE OF PAYMENT

**FARM MANAGEMENT: YEAR END TAX PLANNING**

*Farm Resource: finbin.umn.edu - A composite of financial data from participating farms*

- 1. Goal: Maintain Income at Targeted Level from Year to Year**

    - a. Wide fluctuations can prevent you from taking advantage of personal deductions in years of low income.
    - b. Level amounts of income will maximize Social Security benefits at retirement and for Social Security Disability benefits.
    - c. Income averaging is available for farmers. New clients -- bring in 3 previous tax returns.
  - 2. Prepare for Year End**

    - a. Bring current year's books up to date.
      - list income items already received.
      - record expenses paid.
      - check last year's farm expense worksheet so you don't forget any items.
    - b. Depreciation
      - look at last year's depreciation to see if items are current.
      - list purchases on Page 2 to see what is available for first-year expensing.
      - over \$2,500 and expected to last more than one year.
  - 3. See Your Tax Advisor Before Year End to Analyze Your Tax Situation**

    - a. Discuss tax consequences of casualty losses, debt forgiveness, and refinancing.
    - b. Decide if you need to increase or decrease net income.
    - c. Investigate Earned Income Credit, Retirement Savings Credit, Health Savings Account, IRAs, and other retirement plans. If over 70<sup>1/2</sup>, you may donate up to your required minimum distribution amount directly to charity.
  - 4. Increase Net Income**

    - a. Sell crops, cull animals, report CCC loans as income, redeem savings bonds, convert IRAs.
    - b. Delay paying expenses until January 2nd; make arrangements with creditors.
    - c. Capitalize breeding fees, repairs, chemicals and cost sharing programs.
  - 5. Decrease Net Income**

    - a. Delay sales of crops and animals when you can.
    - b. Sell on a deferred payment contract; must be signed and dated:
      - delivering product or crop to the elevator locks in market price.
      - you cannot have access to the money this year - this is an unsecured contract with the elevator.
    - c. Take out a CCC loan on stored crops. This allows you to have spendable (but not taxable) cash to use to prepay expenses, if you elect, or have previously elected, to exclude the loan as income for the current year.
    - d. Pay up all existing bills at year end.
    - e. Consider a separate entity (corporation) for farm operation. Use lease agreements.
- 6. Wages Paid to Spouses**
- a. Be sure the taxpayer and spouse have a bona fide employer-employee relationship and farm services are actually rendered. Compensation should be reflective of services performed and paid regularly.
  - b. Wages are subject to FICA tax and W-2s, 943s, etc. must be filed.
  - c. A carefully constructed employer-employee relationship will enable deductible Sec. 105 and 106 health plans to be formed. They must be maintained throughout the year.
  - d. Ask about Sick and Family Leave Credits and Employee Retention Credits.
- 7. Wages Paid In Kind (Commodity Wages)**
- In general, commodity wages paid to agricultural labor are not subject to FICA and FUTA as long as the payment is not paid in a form that is readily converted to cash. Be careful in this area. Livestock is not the best commodity to transfer. Grain is better because you can use bushels etc. **File W-2, 943, and state quarterlies.** Consult your tax advisor.
- 8. Gifts Paid In Kind (Commodity Gifts)**
- Gifting commodities to your children or to a charity will eliminate the commodity from your income and self-employment tax. The commodity needs to be a crop or animal raised in the prior year. If the gift is over \$15,000, a gift tax return will need to be filed. Gifting of a commodity to a charity is an excellent tax planning tool if you do not itemize your deductions. Consult your tax advisor.
- 9. Rent Paid to Spouse as Lessor**
- Rent paid by one spouse to the other is generally deductible if there is a true landlord-tenant relationship. **CAUTION:** Treatment must be consistent and carefully constructed. Any participation in farm activity by spouse makes rent subject to SE Tax. Consult your tax advisor.

**ALWAYS HAVE AN ECONOMIC REASON FOR PURCHASES — TAX DEDUCTIONS SAVE ONLY A PERCENTAGE OF THE AMOUNT SPENT.**

Are you interested in Bookkeeping services? YES  NO