



Cornell Cooperative Extension

Cornell Cooperative Extension

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Cornell Cooperative Extension

FARMER TAX \$CHOOL



Tax Management for Beginning and Small Farm Businesses

Tuesday, January 18th, 2022

7pm – 9pm

Joan Petzen, Steve Hadcock, Dayton Maxwell

Cornell Cooperative Extension

CCE Farmer Tax School 3

Session Housekeeping

- Use the chat function (send a message to everyone or to just the hosts) to interact.
- You are muted & without video.
- Everyone received an email with tonight's materials. Paper mailings went out on Monday.
- Please complete the post-course survey (link to be shared in the chat and via email).
- We'll follow up with the recording via email.
- Sign up for our final workshop at tinyurl.com/ccetaxschool



Cornell Cooperative Extension

CCE Farmer Tax School 4

Session Housekeeping

- Did you miss out on our last two courses? Recordings and resources are available until January 31st, 2022!
- Email kaw249@cornell.edu
- Income Tax Planning for Farms that File a Schedule F – Three Sessions (\$25)
- Farm Financial Records for Decision Making and Tax Management (\$10)



2022 Annie's Project: Know Your Numbers, Know Your Options

- [Tinyurl.com/cceannies](https://tinyurl.com/cceannies) for registration or contact Katelyn Walley-Stoll
- Five Sessions for \$100 (Scholarships Available, Free for Veterans)
- 12:30pm – 2:30pm Tuesdays: 1/25, 2/1, 2/8, 2/15, 2/22
- For farm women of any production area who want to
 - Better understand financial statements
 - Use financial information to make rational decisions
 - Learn about key decision making tools and resources
 - Improve communication with family/business partners/lenders



Disclaimer

This information is for educational and reference purposes only and is not a substitute for sound legal counsel and tax preparation. Cornell Cooperative Extension is dedicated to providing research-based information to our agricultural producers. Every effort has been made to provide correct, complete, and up-to-date recommendations. Changes occur constantly and human errors are possible.

**Thank you to our
sponsors!**

2020 CONSULTING

CLARITY/TRANSPARENCY/INTEGRITY

Anna Richards

Business Advisor
2020 Consulting, LLC

Covering all of NYS

2020 Consulting provides a suite of financial consulting services. Our financial management sector focuses on business analysis, management accounting and recordkeeping systems, while our business consulting services can help you navigate everything from new entity structure and design to business succession planning.

518-312-1262

www.2020consultingus.com

info@2020consultingus.com

Cornell Cooperative Extension



NBT Bank, N.A.

AG Banking Department

www.nbtbank.com

Covering all of NYS

Agricultural and personal financial services including: loans, insurance, deposit, and cash management services.

607-337-6150

52 South Broad Street, Norwich, NY 13815

Cornell Cooperative Extension



FARM CREDIT EAST

Farm Credit East, ACA

Jean Gallagher (Homer, NY Branch Manager)

Covering all of NYS - Find your local branch by visiting [FarmCreditEast.com](https://www.farmcrediteast.com)

Whether you're a small family operation or large agribusiness with diverse markets, we can provide the financial products, services and management support that will help you run your ag business smarter and better. Contact a local branch office to connect with one of our specialists in tax planning and preparation, financial record keeping, payroll processing, business consulting, and more.

607-749-7177

jean.gallagher@farmcrediteast.com

Cornell Cooperative Extension



NY FarmNet

Covering all of NYS

Always free, always confidential – we offer services for NY farms including financial analysis, business planning, and personal well-being. FarmNet has a network of consultants, who work one-on-one with farm families to resolve financial and personal issues.

For assistance, call 1-800-547-3276

nyfarmnet.org

nyfarmnet@cornell.edu

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As you navigate through the presentation, think about how to best utilize the information for your business.



Cornell Cooperative Extension

FARMER TAX \$CHOOL





Part- Time Farmer Tax School

- Presentation for informational purposes.
- Encouraged to seek qualified tax professional.

Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program



What do I need to do.....
Depends on who you ask.

Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

Federal Government

- You are a Farmer If..
 - > \$1,000 farm income
 - Complete Schedule F
 - Form 1040
- Do I need to make a Profit?
 - No
- Farm “Id” is taxpayer identification number



Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

State Government

- Income Tax
 - Basically follow IRS



Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

January 18, 2022

Part Time Farmer Tax School

- Dayton Maxwell
- Capital Area Agriculture and Horticulture Program (CAAHP)
- Farm Business Management Educator



Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

Business Verses Hobby What's the Difference?

- Operate a farm for profit
- Deduct all the ordinary and necessary expenses of carrying on the business of farming on Schedule F



Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

Business Verses Hobby What's the Difference?

- Do not operate the farming activity to make a profit
- Report the income from the activity on Schedule 1 form 1040
- No longer deduct expenses of carrying on the activity



Business Verses Hobby What's the Difference?

- In determining whether or not the farming activity is for profit, all the facts are taken into account



Business Verses Hobby What's the Difference?

- Operate farm in a businesslike manner
- Time and effort spent on farming indicate intention to make it profitable
- I.e. – separate records and bank accounts



Business Verses Hobby What's the Difference?

- Depend on income from farming as a livelihood
- Losses are due to circumstances beyond control or are normal in the start-up phase of farming



Business Verses Hobby What's the Difference?

- Change methods of operation in an attempt to improve profitability
- Advisors, have the knowledge needed to carry on the farming activity as a successful business
- Success in making a profit in similar activities in the past



Business Verses Hobby What's the Difference?

- Make a profit from farming in some years and based on the amount of profit made can expect to make a future profit from the appreciation of the assets used in the farming activity



Presumption of Profit

- Farming or other activity is presumed carried on for profit if it produced a profit in at least 3 of the last 5 tax years, including the current year



Presumption of Profit

- Activities that consist primarily of breeding, training, showing, or racing horses are presumed carried on for profit if they produced a profit in at least 2 of the last 7 tax years, including the current year



Business Verses Hobby What's the Difference?

- The activity must be substantially the same for each year within this period
- A profit is determined when the gross income from an activity is more than the deductions for it



Business Verses Hobby What's the Difference?

- If your business or investment activity passes this 3- (or 2-) years-of-profit test, presume it is carried on for profit



Business Verses Hobby What's the Difference?

- Fail the 3- (or 2-) years-of-profit test, may still be considered to operate a farm for profit by considering the factors listed earlier



Business Verses Hobby What's the Difference?

- Starting out in farming and don't have 3 (or 2) years showing a profit
- May take advantage of this presumption later, after 5 (or 7) years of experience allowed by the test – postponement of determination

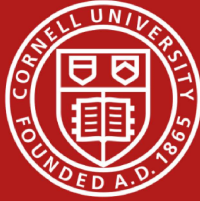


Business Verses Hobby What's the Difference?

- Must file Form 5213 within 3 years after the due date of your return for the year in which first carried on the activity
- Or, if earlier, within 60 days after receiving a written notice from the IRS proposing to disallow deductions attributable to the activity



Federal Income Tax Considerations For Farmers



Cornell Cooperative Extension

Cornell Cooperative Extension | Northwest New York Dairy, Livestock & Field Crops

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Tax Management for Beginning and Small Farm Businesses

Recordkeeping

Sales Tax

Farmers' School Tax Credit

Cornell Cooperative Extension | Northwest New York Dairy, Livestock & Field Crops

Name of Presenter / Event or Location

2

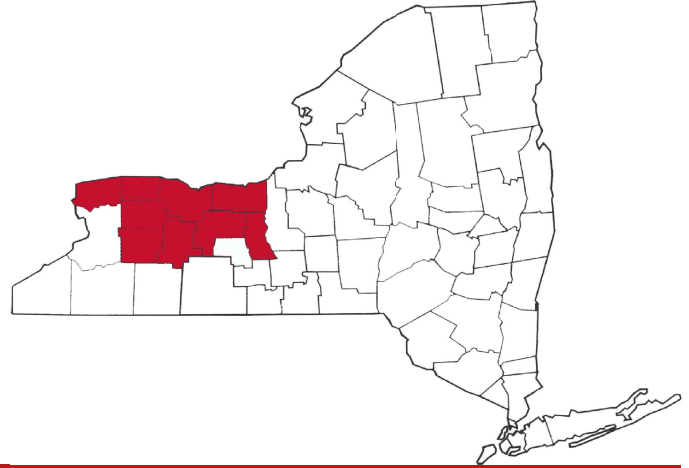
Joan Sinclair Petzen

Farm Business Management Specialist

JSP10@Cornell.edu

- Experienced educator
- Practiced facilitator
- Trusted farm financial analyst
- Recognized succession professional

The **Northwest New York Dairy, Livestock and Field Crops Team** is a Cornell Cooperative Extension partnership between Cornell University and the CCE Associations in 9 counties.



Recordkeeping – Why?

- Monitor progress of farming business
- Prepare financials statements
 - Balance sheet
 - Income statement – aka- profit and loss statement
 - Statement of cash flows
 - Statement of owner's equity
- Identify source of receipts
- Keep track of deductible expenses
- Prepare income tax returns
- Support items reported on tax returns

Recordkeeping – What?

- Assets used in business
- Revenue
- Expenses
- Employment
- Accounting methods
- Tax returns
- Retention

Assets used in business

- Must be kept at least 7 years following the year you sell the asset
 - When and how you acquired the asset (whether the asset was new or used).
 - Full purchase cost of the asset.
 - Cost of any improvements.
 - Section 179 deduction taken.
 - Deductions taken for depreciation.
 - Deductions taken for casualty losses, such as losses resulting from fires or storms.
 - How you used the asset.
 - When and how you disposed of the asset.
 - Fair market value of property when traded.
 - Selling price.
 - Expenses of sale

Income and Expenses

- Income
 - Date received
 - Source
 - Type of revenue
- Expenses
 - Date paid
 - Payee
 - What was purchased

Employment

- Pay date and period covered
- For hourly employees – hours, rate of pay and overtime
- Work agreement – job requirements, regular hours, pay rate & day
- Sick leave whether paid or unpaid
- Tax withholding, social security, medicare, unemployment, disability

Accounting Methods

- Cash
 - Record income when received
 - Record expenses when paid
- Accrual
 - Sometimes called double entry bookkeeping
 - Record income when the sale occurs whether or not payment is received
 - Record expenses when incurred even if not paid for yet
 - Matches income and expenses to the production period

Bookkeeping or Accounting Systems

- Used to organize transaction records
- Over the visor, dashboard, console methods
- Shoebox method
- Spindle method
- Monthly folder method
- Ledger – a system of columns for recording income and expenses
- Computer based systems

Cornell Cooperative Extension | Northwest New York Dairy, Livestock & Field Crops

SCHEDULE F (Form 1040) Profit or Loss From Farming OMB No. 1545-0047
 Department of the Treasury Internal Revenue Service (IRS) Attach to Form 1040, Form 1043-SR, Form 1040-NR, Form 1041, or Form 1065. **2020** Attach to Form 1040, Form 1043-SR, Form 1040-NR, Form 1041, or Form 1065. Go to www.irs.gov/ScheduleF for instructions and the latest information. Sequence No. 14

Name of proprietor Social security number (SSN)

A Principal crop or activity **B** Enter code from Part IV **C** Accounting method: Cash Accrual **D** Employer ID number (EIN) (see instr.)

E Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on passive losses. Yes No

F Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions. Yes No

G If "Yes," did you or will you file required Form(s) 1099? Yes No

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method: Complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other resale items (see instructions)	1a	
b Cost or other basis of livestock or other items reported on line 1a	1b	
c Subtract line 1b from line 1a		1c
2 Sales of livestock, produce, grains, and other products you raised		2
3a Cooperative distributions (Forms 1099-PATR)	3a	3b Taxable amount
4a Agricultural program payments (see instructions)	4a	4b Taxable amount
5a Commodity Credit Corporation (CCC) loans reported under election	5a	5b Taxable amount
b CCC loans forfeited	5b	5c Taxable amount
6 Crop insurance proceeds and federal crop disaster payments (see instructions):		
a Amount received in 2020	6a	6b Taxable amount
c If election to defer to 2021 is attached, check here <input type="checkbox"/>		6d Amount deferred from 2019
7 Custom hire (machine work) income		7
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)		8
9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5b, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part II, line 50. See instructions.		9

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.

10 Car and truck expenses (see instructions). Also attach Form 4532	10	23 Pensions and profit-sharing plans	23
11 Chemicals	11	24 Rent or lease (see instructions):	
12 Conservation expenses (see instructions)	12	a Vehicles, machinery, equipment	24a
13 Custom hire (machine work)	13	b Other (land, animals, etc.)	24b
14 Depreciation and section 179 expense (see instructions)	14	25 Repairs and maintenance	25
15 Employee benefit programs other than on line 23	15	26 Seeds and plants	26
16 Feed	16	27 Storage and warehousing	27
17 Fertilizers and lime	17	28 Supplies	28
18 Freight and trucking	18	29 Taxes	29
19 Gasoline, fuel, and oil	19	30 Utilities	30
20 Insurance (other than health)	20	31 Veterinary, breeding, and medicine	31
21 Interest (see instructions):		32 Other expenses (specify):	
a Mortgage (paid to banks, etc.)	21a	a	32a
b Other	21b	b	32b
22 Labor hired (less employment credits)	22	c	32c
		d	32d
		e	32e
		f	32f
33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions			33
34 Net farm profit or (loss). Subtract line 33 from line 9			34

35 Reserved for future use.

36 Check the box that describes your investment in this activity and see instructions for where to report your loss:
 All investment is at risk. Some investment is not at risk.

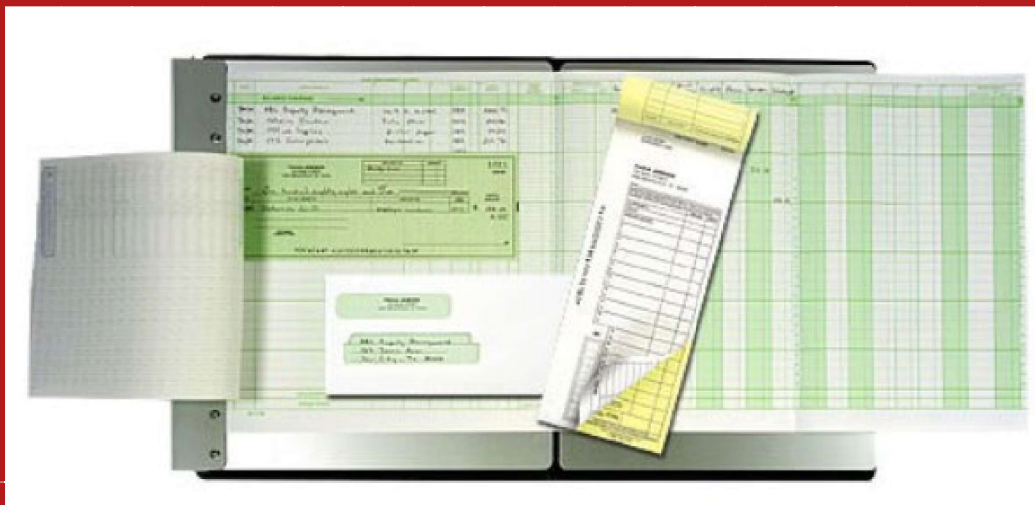
For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11349H Schedule F (Form 1040) 2020

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Cornell Cooperative Extension Financial Records

- Cornell Classic Farm Account Book
- Cornell Dairy Farm Account Book
- Cornell Beef Farm Account Book
- Cornell Farm Business Record Book

One write system – type of ledger system



Computer Based Systems

Software Is What Does the Work

- Personal
 - Quicken
 - Mint
 - More...
- Business
 - Quickbooks
 - Centerpoint
 - Peachtree
 - More...

Cornell Cooperative Extension | Northwest New York Dairy, Livestock & Field Crops

What do you want from your bookkeeping System?

- Do you sell wholesale in large lots with revenue coming in a few big chunks each year?
- Does your business have a retail focus with daily sales?
 - Do you handle a lot of cash?
 - Do you accept credit/debit cards?
 - Does your business have online sales?
- Do you employ people and need to keep payroll records?
- Do you have loans, lines of credit or credit cards with which you pay bills?

Cornell Cooperative Extension | Northwest New York Dairy, Livestock & Field Crops

Records Retention

- Income Tax Returns and Income & Expense Records - 3 years following the year the taxes were paid or filed whichever is later
- Assets - Depreciation Schedule - until 3 years after the asset was either sold or any replacement your traded it in on was sold
- Employment Records - 4 years after the last date the employee worked for you
 - On-Boarding - Cornell Agricultural Labor Development Program
 - Starts 1/21/2022 - <https://agworkforce.cals.cornell.edu/category/human-resource-management/onboarding/>
 - Template - <https://agworkforce.cals.cornell.edu/onboarding/>

Recordkeeping System

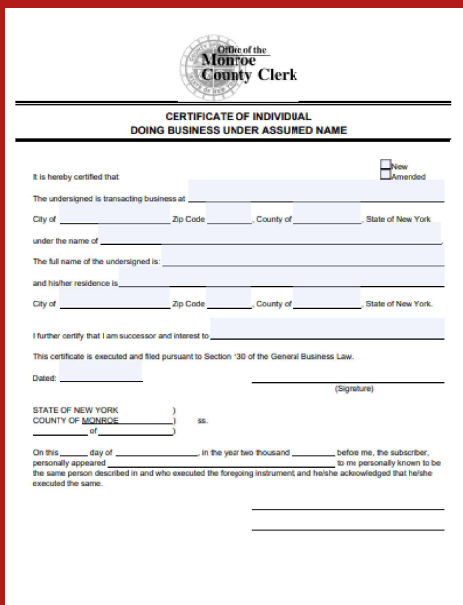
- Organized
- Able to retrieve records for your own use or in case of an audit

IF payment is by...	THEN the statement must show the...
Check	<ul style="list-style-type: none"> • Check number. • Amount. • Payee's name. • Date the check amount was posted to the account by the financial institution.
Electronic funds transfer	<ul style="list-style-type: none"> • Amount transferred. • Payee's name. • Date the transfer was posted to the account by the financial institution.
Credit card	<ul style="list-style-type: none"> • Amount charged. • Payee's name. • Transaction date.

Doing Business As ... DBA

- Informs the public you are doing business under an assumed name
- Sole Proprietors & Partnerships
 - File with the County Clerk where the business is located
- LLC, Corporation, LLP
 - File with NYS Department of State

DBA Form



Office of the
MONROE
County Clerk

**CERTIFICATE OF INDIVIDUAL
DOING BUSINESS UNDER ASSUMED NAME**

It is hereby certified that: New Amended

The undersigned is transacting business at _____
City of _____ Zip Code _____ County of _____ State of New York
under the name of _____
The full name of the undersigned is: _____
and his/her residence is _____
City of _____ Zip Code _____ County of _____ State of New York.

I further certify that I am successor and interest to _____
This certificate is executed and filed pursuant to Section 330 of the General Business Law.

Dated: _____ (Signature)

STATE OF NEW YORK }
COUNTY OF MONROE } ss. _____
of _____ }

On this _____ day of _____ in the year two thousand _____ before me, the subscriber,
personally appeared _____ to me personally known to be
the same person described in and who executed the foregoing instrument, and he/she acknowledged that he/she
executed the same.



- [NYS-SMALL-Business-Guide042019.pdf](#)

Farmer's Tax Guide and Schedule F

- <https://www.irs.gov/pub/irs-pdf/p225.pdf>
- <https://www.irs.gov/pub/irs-pdf/f1040sf.pdf>

Cornell Cooperative Extension Capital Area Agriculture and Horticulture Program

Free Chicken Coop Plans f... Project Deadline Countdo... Suggested Sites Web Slice Gallery

1 / 2

SCHEDULE F
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service (009)

Profit or Loss From Farming

OMB No. 1545-0074
2019
Attachment Sequence No. 14

► Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065.
► Go to www.irs.gov/ScheduleF for instructions and the latest information.

Name of proprietor _____ Social security number (SSN) _____

A Principal crop or activity _____ **B** Enter code from Part IV _____ **C** Accounting method: Cash Accrual _____ **D** Employer ID number (EIN) (see instr.) _____

E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses Yes No
F Did you make any payments in 2019 that would require you to file Form(s) 1099? See instructions Yes No
G If "Yes," did you or will you file required Form(s) 1099? Yes No

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other resale items (see instructions)	1a		
b Cost or other basis of livestock or other items reported on line 1a	1b		
c Subtract line 1b from line 1a			1c
2 Sales of livestock, produce, grains, and other products you raised			2
3a Cooperative distributions (Form(s) 1099-PATR)	3a	3b Taxable amount	3b
4a Agricultural program payments (see instructions)	4a	4b Taxable amount	4b
5a Commodity Credit Corporation (CCC) loans reported under election	5a	5b Taxable amount	5b
b CCC loans forfeited	5b	5c Taxable amount	5c
6 Crop insurance proceeds and federal crop disaster payments (see instructions):			
a Amount received in 2019	6a	6b Taxable amount	6b
c If election to defer to 2020 is attached, check here <input type="checkbox"/> 6d Amount deferred from 2018			6d
7 Custom hire (machine work) income			7
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)			8
9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions.			9

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.

10 Car and truck expenses (see instructions). Also attach Form 4562	10	23 Pension and profit-sharing plans	23
11 Chemicals	11	24 Rent or lease (see instructions):	
12 Conservation expenses (see instructions)	12	a Vehicles, machinery, equipment	24a
13 Custom hire (machine work)	13	b Other (land, animals, etc.)	24b
14 Depreciation and section 179 expense (see instructions)	14	25 Repairs and maintenance	25
15 Employee benefit programs other than 401(k) plans	15	26 Seeds and plants	26
		27 Storage and warehousing	27
		28 Supplies	28
		29 Taxes	29

10:21 PM
1/18/2020

SCHEDULE 1 (Form 1040 or 1040-SR)

Additional Income and Adjustments to Income

OMB No. 1545-0074

2019 Attachment Sequence No. 01

Department of the Treasury Internal Revenue Service

Attach to Form 1040 or 1040-SR. Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040 or 1040-SR Your social security number

At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? Yes No

Part I Additional Income

Table with 9 rows for Part I: 1 Taxable refunds, credits, or offsets of state and local income taxes; 2a Alimony received; 3 Business income or (loss); 4 Other gains or (losses); 5 Rental real estate, royalties, partnerships, S corporations, trusts, etc.; 6 Farm income or (loss); 7 Unemployment compensation; 8 Other income; 9 Combine lines 1 through 8.

Part II Adjustments to Income

Table with 2 rows for Part II: 10 Educator expenses; 11 Certain business expenses of reservists, performing artists, and fee-basis government officials.

Form 1040 U.S. Individual Income Tax Return 2019. Includes sections for Filing Status, Home address, Standard Deduction, and various income and deduction lines (1-11b).

Cornell Cooperative Extension Capital Area Agriculture and Horticulture Program

Page 2 of 4 IT-201 (2018)

Federal income and adjustments (see page 16)

Whole dollars only

1	Wages, salaries, tips, etc.	1	.00
2	Taxable interest income	2	.00
3	Ordinary dividends	3	.00
4	Taxable refunds, credits, or offsets of state and local income taxes (also enter on line 25)	4	.00
5	Alimony received	5	.00
6	Business income or loss (submit a copy of federal Schedule C or C-EZ, Form 1040)	6	.00
7	Capital gain or loss (if required, submit a copy of federal Schedule D, Form 1040)	7	.00
8	Other gains or losses (submit a copy of federal Form 4797)	8	.00
9	Taxable amount of IRA distributions. If received as a beneficiary, mark an X in the box <input type="checkbox"/>	9	.00
10	Taxable amount of pensions and annuities. If received as a beneficiary, mark an X in the box <input type="checkbox"/>	10	.00
11	Rental real estate, royalties, partnerships, S corporations, trusts, etc. (submit copy of federal Schedule E, Form 1040)	11	.00
12	Rental real estate included in line 11	12	.00
13	Farm income or loss (submit a copy of federal Schedule F, Form 1040)	13	.00
14	Unemployment compensation	14	.00
15	Taxable amount of social security benefits (also enter on line 27)	15	.00
16	Other income (see page 16) Identify:	16	.00
17	Add lines 1 through 11 and 13 through 16	17	.00

Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

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Cornell Cooperative Extension Capital Area Agriculture and Horticulture Program

Federal Income Tax Considerations For

- Manage taxable income by farmers

- Schedule F line 14 - depreciation

- Must show profit motive

- Good businesses pay taxes

- Beware of the lender



Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

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Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

Real Property Taxes

- Ag Value Assessment
 - 7 or 5 acres
 - Avg. \$10,000 or \$50,000
 - Prior two years
 - Beg farmer qualify first year make \$10,000
- Need to apply each year by March 1





NEW YORK STATE

Department of Taxation and Finance
Office of Real Property Tax Services

Agricultural Assessment Application
For the 20__ Assessment Roll

RP-305
(1/17)

Renewal Form RP-305-r may be filed with the Assessor for each year hereafter if this application is approved and there are no changes in any information entered on this application form.

To be Completed by the Assessor

Application date _____	Tax Map number _____	Exemption amount \$ _____	Exemption code <input type="checkbox"/> 41720 - County Formed Ag. District <input type="checkbox"/> 41730 - Outside Ag. District <input type="checkbox"/> 41750 - New orchard/vineyard
<input type="checkbox"/> Soil maps filed on _____	<input type="checkbox"/> Soil group worksheet filed on _____	<input type="checkbox"/> Soil map or soil worksheet modification (use Form RP-305-c) Sent _____ Received _____	
<input type="checkbox"/> Property located in an established agricultural district? Yes <input type="checkbox"/> No <input type="checkbox"/>		<input type="checkbox"/> Form RP-305-a sent _____	
Assessor's signature _____		Date _____	

Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

AVA – Land Requirements

- Owned or leased
 - Combination of 7 or 5 acres
 - Do I need to own land?
 - No
 - Must have a 5 yr. written lease
- Landowner needs to submit a form
- RP-305-c (Rental Affidavit) needs to be filed as well.



NEW YORK STATE Department of Taxation and Finance
Office of Real Property Tax Services

Agricultural Assessment Application **RP-305**
For the 20__ Assessment Roll (1/17)

Renewal Form RP-305-r may be filed with the Assessor for each year hereafter if this application is approved and there are no changes in any information entered on this application form.

To be Completed by the Assessor

Application date	Tax Map number	Exemption amount \$	Exemption code
<input type="checkbox"/> Soil maps filed on _____	<input type="checkbox"/> 41730 - County Formed Ag. District		<input type="checkbox"/> 41730 - Outside Ag. District
<input type="checkbox"/> Soil group worksheet filed on _____	<input type="checkbox"/> 41730 - New orchard/vineyard		
<input type="checkbox"/> Soil map or soil worksheet modification (use Form RP-305-c)	Sent _____ Received _____		
<input type="checkbox"/> Property located in an established agricultural district? Yes <input type="checkbox"/> No <input type="checkbox"/>			
<input type="checkbox"/> Form RP-305-a sent			
Assessor's signature _____	Date _____		

Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

AVA in Tough Times

- Can have the monetary threshold waived
 - RP 305-f
- New form being developed
 - For COVID-19



NEW YORK STATE Department of Taxation and Finance
Office of Real Property Tax Services

Agricultural Assessment Application **RP-305**
For the 20__ Assessment Roll (1/17)

Renewal Form RP-305-r may be filed with the Assessor for each year hereafter if this application is approved and there are no changes in any information entered on this application form.

To be Completed by the Assessor

Application date	Tax Map number	Exemption amount \$	Exemption code
<input type="checkbox"/> Soil maps filed on _____	<input type="checkbox"/> 41730 - County Formed Ag. District		<input type="checkbox"/> 41730 - Outside Ag. District
<input type="checkbox"/> Soil group worksheet filed on _____	<input type="checkbox"/> 41730 - New orchard/vineyard		
<input type="checkbox"/> Soil map or soil worksheet modification (use Form RP-305-c)	Sent _____ Received _____		
<input type="checkbox"/> Property located in an established agricultural district? Yes <input type="checkbox"/> No <input type="checkbox"/>			
<input type="checkbox"/> Form RP-305-a sent			
Assessor's signature _____	Date _____		

Cornell Cooperative Extension | Capital Area Agriculture and Horticulture Program

Structures

- 10 year exemption
 - Ag or Hort. structure
- Permanent exemption
 - Temp. greenhouse
 - Grain bins
 - Bulk milk tanks



Department of Taxation and Finance
Office of Real Property Tax Services
**Application for Tax Exemption of
Agricultural and Horticultural
Buildings and Structures**

RP-483
(1/17)

**Read information and instructions on Form RP-483-A.
A separate application must be filed for each building and structure for which exemption is sought.**

Name(s) of owner(s)					
Mailing address of owner(s) (number and street or PO box)			Location of property (street address)		
City, village, or post office	State	ZIP code	City, town, or village	State	ZIP code
Daytime contact number	Evening contact number	School district			
E-mail address			Tax map number of section/book/lot/ Property identification (see tax bill or assessment roll)		
1. Description of building or structure (if necessary attach plans or specifications):					

Now to Dayton Maxwell

Income Tax Considerations for Farmers

NYS Sales Tax

- Must obtain a Certificate of Authority to Collect NYS Sales Tax
- Any business that sells taxable products even if all their sales are to organizations that are exempt from sales tax must have a Certificate of Authority and file **TIMELY** Sales Tax Returns
- Even small businesses start out filing quarterly.
- After a year if the total sales tax collected is less than \$3,000 then NYS can grant permission for filing annually.

Applying for an Employer Identification Number (EIN)

- Apply on-line in about 15 minutes
- Apply by fax
- Apply in writing
- Encourage you to find the SS-4 form to gather the information you need

The image shows the SS-4 form, titled 'Application for Employer Identification Number'. It includes fields for legal name, trade name, mailing address, city/state/zip, type of organization, and various checkboxes for business types and employee status. The form is numbered SS-4 and includes a date of December 2010.

Exempt Sales

- Food
- Medicine

Taxable Sales

- Most other products and services

Sales Tax Resources

- How to Register for NYS Sales Tax
 - <https://www.ny.gov/sites/default/files/atoms/files/HowToRegisterForNYSSalesTax.pdf#:~:text=If%20you%20will%20bc%20making%20sales%20in%20New,of%20business%20at%20all%20times.%20T his%20bulletin%20explains%3A>
- A Guide to Sales Tax in New York
 - <https://www.ny.gov/sites/default/files/atoms/files/GuideToSalesTaxInNYS.pdf>

Sales Tax Exemption for Farmers and Commercial Horse Boarding Operations

- Does not require a Sales Tax Number unless you are operating a horse boarding operation
- Items you are purchasing must be used predominantly in the production of farm products
 - Greater than 50%

Short Break

NYS Farmer's School Tax Credit

Who is eligible?

- You are entitled to this refundable credit if you or your business:
- is engaged in the business of farming, **and**
- paid school district property taxes on qualified agricultural property

Farmers' School Tax Credit

How much is the credit?

- 50% of the taxes paid on agricultural land
- Will have to allocate the taxes paid among buildings, farm house and agricultural land

NYS Farmer's School Tax Credit

When claiming this credit, you must keep the following required documentation for your records:

- copies of all school tax bills
- copies of canceled checks or other supporting documentation as proof of payment
- organizational chart that includes entity names, identification numbers, and percentage of ownership
- if any tax bills include residential or non-qualifying property, documentation about the non-eligible acreage and taxes included in the bill
- if any tax bills are for property that you are not the owner of, copies of the land sales contract

NYS Farmer's School Tax Credit

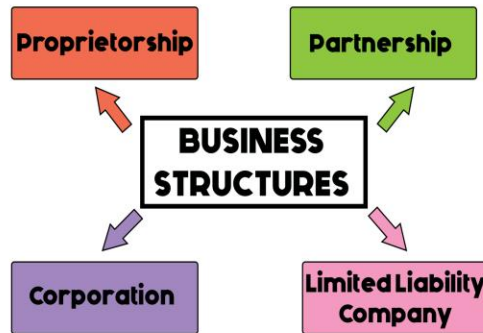
- A credit on your NYS Income Tax Return
- To claim the credit, you'll need to file either:
 - Form CT-47, Claim for Farmers' School Tax Credit, if you're a corporation; or
 - Form IT-217, Claim for Farmers' School Tax Credit, if you're not a corporation.

Now to Dayton Maxwell

Forms of Business

Forms of Business

- What is a form of business?
- The form in which a business conducts itself publicly during the course of normal operations
- Trading, buying, and selling



Forms of Business

A formal business entity is
just like another person
sitting in the room!

Cornell Cooperative Extension Capital Area Agriculture and Horticulture Program

TABLE 1. FACTORS IN THE CHOICE OF BUSINESS STRUCTURE

Factor	Sole Proprietorship	Business Corporation	Partnerships	Cooperative	Limited Liability Company
Personal stakeholder liability	No shield against personal liability.	Shareholders generally do not have personal liability.	Personal liability of partners in a general partnership is not limited. Limited partnerships can provide protection to limited partners.	Members are typically afforded same limited liability protection afforded to shareholders in general business corporation.	Similar to general business corporation in that investors are shielded from personal liability.
Means of formation	Because there is no entity to form, a sole proprietorship is easy and inexpensive to initiate.	Expenses can include: incorporation costs, filing fees, annual franchise taxes and filing documents to qualify to do business in identified states.	Minimal expense and formality. Usually a written agreement is utilized.	Typically, expense and formality similar to forming a business corporation. Additional expenses and formality required to be recognized under Sec. 521 of Internal Revenue Code.	Organization may be expensive and complex. Filing articles of organization with the Secretary of State, developing written operating agreement and publication of notice of formation.
Duration of Business Structure	A sole proprietorship will cease to exist upon the death or bankruptcy of the sole proprietor.	Unless the certificate of incorporation specifies an expiration date, a corporation will have perpetual existence.	Unless otherwise specified, death, withdrawal, or bankruptcy of a partner will result in termination.	Unless the certificate of incorporation specifies an expiration date, a cooperative will have perpetual existence.	Exists until such time when articles of organization are canceled. Once formed, exists indefinitely.
System of governance	Sole proprietor has total control.	Management is by a Board of Directors. Control is exercised by shareholders who vote for directors.	Management is carried out as provided in the partnership agreement. Unless otherwise provided in the partnership	Management is by a Board of Directors. Control is exercised by members who vote for directors.	LLC members can either designate "managers" or assume management responsibility themselves.

Cornell Cooperative Extension Capital Area Agriculture and Horticulture Program

Factor	Sole Proprietorship	Business Corporation	Partnerships	Cooperative	Limited Liability Company
Antitrust limitations	No immunity from anti-trust laws.	No immunity from anti-trust laws.	No immunity from anti-trust laws.	Under the Capper-Volstead Act and Clayton Act, agricultural producers may act together to collectively market products and enjoy limited immunity from anti-trust laws.	No immunity from anti-trust laws unless structured as an agricultural producer cooperative.
Property interests	A sole proprietor has a direct ownership interest in business assets.	A shareholder owns shares of stock in a business corporation, which is an intangible form of property interest. The shareholder therefore has an indirect interest in business assets. Agreements among shareholders may place transfer restrictions upon shares.	Partners own a partnership interest in the partnership, which is an intangible form of property interest. The partner therefore has an indirect ownership interest in business assets. Agreements among partners may place transfer restrictions upon partnership interests.	Members own either shares of stock or a membership interest in the cooperative, depending upon whether the cooperative is organized with or without capital stock. The cooperative may also issue different types of equity interests to its members, depending upon the patronage capital system employed by the cooperative. Such interests are intangible, and represent an indirect ownership interest in business assets. The cooperative's charter documents, applicable law, and agreements among members may place transfer restrictions upon such interests.	Members own a membership interest in the limited liability company, which is an intangible form of property interest. The member therefore has an indirect ownership interest in business assets. Agreements among members may place transfer restrictions upon membership interests.
Earnings distribution	Earnings are received directly by the sole proprietor.	Earnings distributed to shareholders based on ownership interest.	Earnings distributed to partners based the partnership agreement.	Earnings distributed to members on basis of patronage.	Earnings distributed to members based on operating agreement.

Cornell Cooperative Extension Capital Area Agriculture and Horticulture Program

Factor	Sole Proprietorship	Business Corporation	Partnerships	Cooperative	Limited Liability Company
Taxation and New York State Fees	All tax consequences are the responsibility of sole proprietor.	In general, "C" corporations incur double taxation ; tax charged on income at the corporate level as well as at the shareholder level. Corporations pay New York State Franchise taxes. In the case of an "S" corporation, income is passed through to shareholders and taxed at their level.	Not subject to income taxation. Partners are subject to income taxation for their share of the partnership's profits or losses. Partners who are New York State residents pay NYS income taxes.	Cooperatives fall into two categories: 1. Exempt - where most of the net earnings are not subject to federal income taxation. 2. Non-exempt - where net earnings are taxable but qualifies for offsetting deductions on earnings derived from business done with patrons Cooperatives formed in New York State pay an annual fee in lieu of state franchise tax.	Single member LLC's are treated as sole proprietorship. Multiple member LLC's are treated as Partnerships. In both cases, the entity pays no taxes with losses or income passed through to member(s). LLCs formed in New York pay an annual fee.

Cornell Cooperative Extension Capital Area Agriculture and Horticulture Program

What The Lender Likes?

The Lender

- A history of profitability (schedule F)
- Strong financial position
- A business plan to repay
- Clean credit history
- Equity to put in the game and collateral
- Experience



The Lender

- What if you have all of this?
- Farm Credit East
- Norwich Bank and Trust
- Community Bank



The Lender

- What if you have some or none of this?
- Try Farm Service Agency
- Go back to previous slide



Questions





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FARMER TAX \$CHOOL

