

## Tax Deductions for Farms

### Income

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|----------------|--|
| Sales and Rent | Sale of livestock, sale of grains and produce raised or purchased for resale, government subsidies, pasture rent |
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### Expenses

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|------------------------|--|
| Accounting             | Receipts for your accounting kit, computer programs, tax preparation, accountant fees, apps  |
| Advertising            | Business cards, testing, brochures, social media   |
| Bank Charges           | Fees charged by banks to maintain an account, wire fees, ATM withdraw, or other bank services  |
| Breeding               | Services and supplies  |
| Chemicals              | For crops and pest control   |
| Children Paid          | Money paid to children for helping with such things as delivering flyers and/or product, stuffing envelopes, cleaning office and/or car, modeling. <b>Must keep a detailed log of tasks and how paid.</b>  |
| Cost of Goods Sold     | Cost of crops or livestock purchased then resold   |
| Delivery or Shipping   | Cost to ship crops and/or livestock  |
| Dues and Subscriptions | Dues to professional organizations and magazines that have to do with your trade or business   |
| Educational Expense    | Classes, seminars, trade show, and/or fairs  |
| Equipment              | Larger tools that last longer than 3 years: compressors, trailers, tractors, welding equipment, etc. that cost over \$500  |
| Fuel                   | Diesel, gas, propane, wood, and coal   |
| Hired Labor            | Any outside labor hired to do planting, harvesting, repairs, feeding or maintenance  |
| Home Office            | A separate room in your home to do business and accounting. A percentage of utility bills, home owners or renters insurance, property tax, mortgage interest, refinance fees, repairs and maintenance, cleaning supplies, office decor, etc may be taken. It is determined by square footage of office space vs square footage of the entire house |
| Insurance              | Liability, vehicle, property, in some cases key man life   |
| Gifts                  | Gifts to clients and associates limited to \$25 per person per year  |
| Laundry and Cleaning   | Cleaning fees for special farm protective clothing   |
| Legal and Professional | Attorneys, accountants, appraisers, and/or certification expense   |

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| Machinery Rent            | Machines and equipment you rent for short period of time for a one time job   |
| Machinery Lease           | Machines and equipment you lease but keep and use all the time  |
| Meals                     | Meals with clients, potential clients, and associates. Note: entertainment is no longer deductible  |
| Meat Processing Fees      | Fees to process livestock for resale  |
| Mileage                   | There are two ways to take a vehicle expense. If you choose mileage, you take the mileage used when picking up product, supplies, office supplies, meetings, handing out advertising or business cards, meals with clients, etc. The second option is Vehicle (see Vehicle deduction).  |
| Office Expense            | Office supplies, forms and receipt books, computer supplies, Internet, postage, etc.  |
| Property Rent             | Pastures, land, and buildings   |
| Purchases                 | Any equipment, office furniture, computers, vehicles that cost over \$500   |
| Repairs/Maintenance       | Repairs and maintenance to equipment, buildings, fences, and/or irrigation that do not increase the value   |
| Seed/Plants               | Purchased for producing products to sell or for feed  |
| Show Expense              | Fees to enter shows and Fairs   |
| Supplies                  | Things you use to run your farm: small tools, filters, buckets, containers, cleaning etc.   |
| Taxes and Licenses        | Business, professional, state and city licenses. Taxes on property, payroll, and sales tax  |
| Telephone                 | Cell phone, phone lines into home for business, fax, Internet   |
| Tools and Small Equipment | Small tools under \$500 that the last less than 3 years: hammers, screwdrivers, saws, etc.  |
| Travel                    | Hotels, airfare, cab fare (ex. Uber or Lyft), public transit, parking, cleaning while away from home, business trip log, bus, train, etc.   |
| Vehicle                   | There are two ways to take a vehicle expense. If you choose vehicle, you take the expense using the vehicle: fuel, parts, mechanics, oil changes, car washes, insurance, etc. Along with taking the vehicle expense you can also depreciate the vehicle. Note that unless the vehicle is used solely for the business you must track business use vs. personal use. The second option is Mileage (see Mileage deduction). |
| Vet Fees                  | Any service performed by a veterinarian, including medicines  |