

## Additional Questions for Farmers / Business owners



1. Do you qualify your spouse as a separate person for purposes of government/deficiency payment limitations from FSA?
2. Does your spouse perform farm-related duties? Do you pay your spouse in commodities? If yes, please ask for the guidelines issued by the IRS.
3. Do your children perform farm or business-related duties? Do you pay your children wages? Do your children have interest or investment income? Do your children own livestock?
4. Do you have health insurance coverage for you and your dependants?
5. Does your total out-of-pocket medical, dental or optometry exceeds \$500, you may benefit from a medical reimbursement plan (Section 105 plan) allowing these as a fully deductible business expense. If unable to itemize or deduct as a business expense and you have a high deductible health insurance plan, you may be eligible for a Health Savings Account (HSA.)
6. How is your land owned? How was it acquired? Do you rent from your spouse?
7. Does your net income (in relation to living style and total dependents) meet the common sense rule?
8. Do you have any CCC loans or did you pay off any CCC loans?
9. Did you enter into any deferred payment contracts or advanced payment contracts on grain or livestock?
10. Did you sell additional livestock due to weather (drought) conditions? You may be eligible to defer income.
11. Do you contribute to a church or charity? If yes, consider the benefit of donating agricultural commodities (corn, calves, etc.) to the church or auction. Full deduction if you do not itemize.
12. Is your tax return and taxable income important in satisfying any lender, i.e. Is your banker concerned with your Schedule F net income?
13. Does your farm interest expense include interest related to your primary residence?
14. Do you have a separate personal checking account from your farm account? (Allocation of interest). If wages are paid to spouse, they must be deposited in a separate account, including livestock or grain as wages to spouse.
15. Is any income for rent of land, equipment or crop share? Rent and crop share income is not subject to social security.
16. Did you have any equipment or land purchased-without a down payment and financed 100%? (Available to depreciate in year of purchase). Was this equipment new or used?
17. Did you do any hedging or speculating? The IRS has issued guidelines to classify a true hedge.
  - A. Identify as a hedge by the end of the business day hedge is entered into.
  - B. Identify the commodity or inventory being hedged. (long corn to hedge feed costs or short corn to hedge corn production).
  - C. We will need all confirmation statements plus the 1099 form.
18. Are you planning or considering any purchases of equipment, vehicles or breeding stock for the coming tax year? Any major changes to your operation planned? Please inform us of your plans.
19. Did any purchased livestock die?
20. Do you have any suppliers (feed dealers, John Deere Farm Plan, etc.) that finance your purchases? You may be able to take a deduction for the amount on account at the end of the year.
21. Did you use refinancing proceeds used to pay interest? Interest cannot be deducted until paid with your funds.