



FARM FOUNDATION® FORUM

TAX YEAR 2025: POTENTIAL IMPACTS AND OPPORTUNITIES FOR FARMERS AND THE AGRICULTURE SECTOR

DECEMBER 12, 2024



Today's webinar is made possible by a grant from Farm Credit

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TIM BRENNAN

Vice President, Programs and Strategic Impact
Farm Foundation

MEET FARM FOUNDATION

A 501(C)(3) NON-PROFIT AT THE INTERSECTION OF AGRICULTURE AND SOCIETY

**Farm Foundation
is an ACCELERATOR
of practical solutions
for agriculture.**

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and IDEAS into ACTION**



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Mission:

**To build trust and understanding
at the intersections of agriculture
and society.**

Vision:

**To build a future for farmers,
our communities and our world.**



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IMPORTANT NOTES

- Submit questions by clicking on the **Q&A Button** at the bottom of your screen.
- Please **include your name and company** so questions may be contextually understood.
- Due to **time limits**, we may not be able to ask all questions submitted.
- This Forum is being recorded and will be posted on our website at **farmfoundation.org** as well as the Farm Foundation **YouTube** channel.
- Please take the **short survey** at the conclusion of the Forum.

#FarmFoundationForum



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MODERATOR
TODD VAN HOOSE

President and CEO
Farm Credit Council





TIA MCDONALD

Research Agricultural Economist
USDA Economic Research Service

An Analysis of the Effect of Sunsetting Tax Provisions for Family Farm Households

Tia McDonald
USDA Economic Research Service
Research Agricultural Economist

Farm Foundation Forum
December 12, 2024

This research was supported by the U.S. Department of Agriculture, Economic Research Service. The findings and conclusions in this publication are those of the authors and should not be construed to represent any official USDA or U.S. Government determination or policy.



Expiring provisions examined

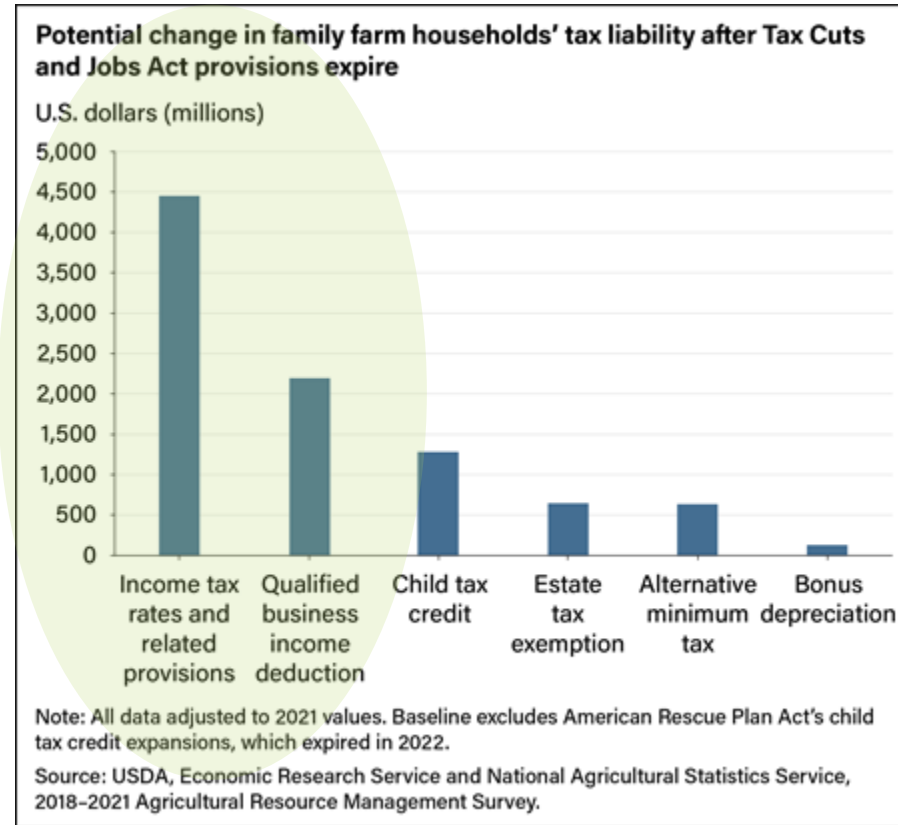
- Federal income tax
 - Individual income tax provisions
 - Income Tax Rates, Tax Brackets, Standard Deductions, SALT cap, and Personal Exemptions
 - **Child Tax Credit**
 - Alternative Minimum Tax
 - **Earned Income Tax Credit**
 - Business tax provisions
 - Qualified Business Income Deduction
 - Bonus depreciation
 - Excess business loss
- Federal Estate tax
 - Estate tax exemption

Combined expiration of these provisions would increase tax liability from farm households by an estimated \$8.9 billion the year following expiration.

Expiration of estate tax exemption would increase estate tax liability from farm estates by an estimated \$647 million the year following expiration.



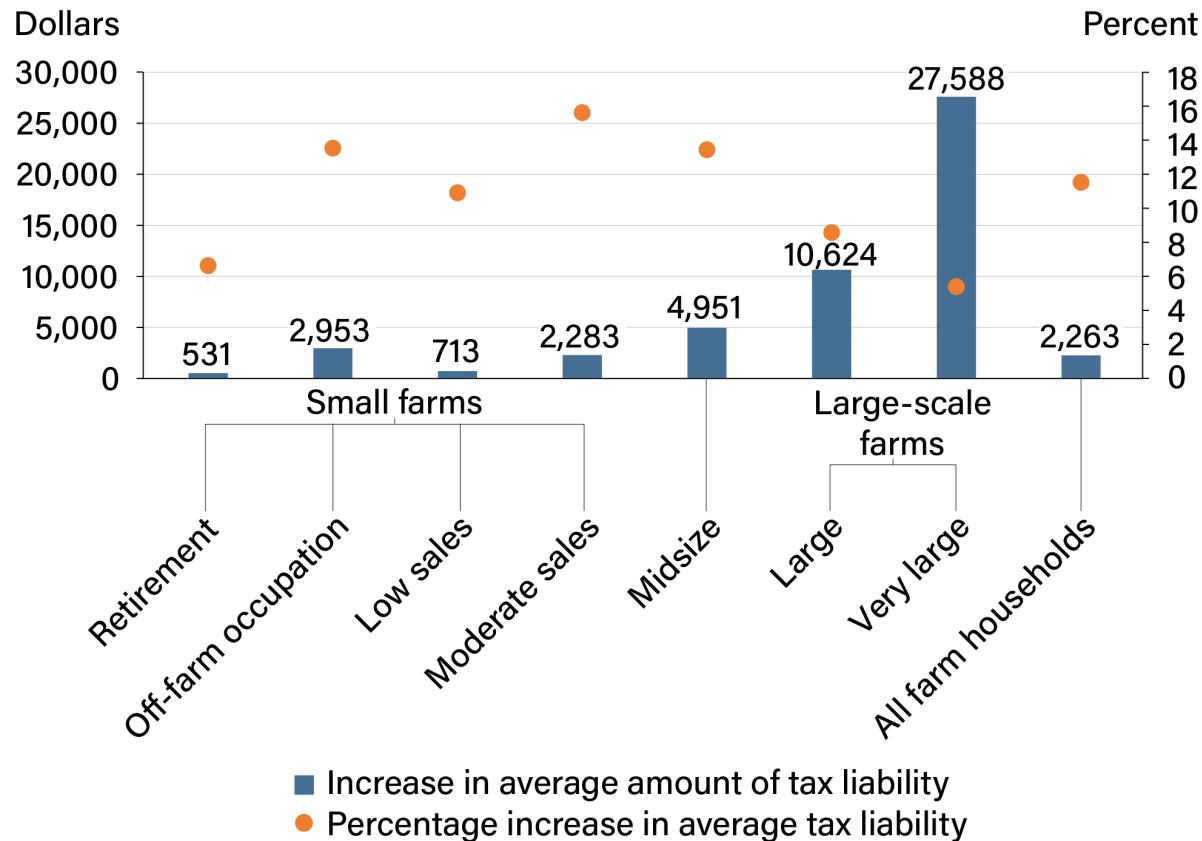
Estimated increase in aggregate tax liability



Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, 2018–2021 Agricultural Resource Management Survey



Average tax increase resulting from expiring income tax rates and related provisions



ERS Farm Typology Definition:

- **Retirement farms** have gross cash farm income (GCFI) less than \$350,000 and principal operators who report they are retired.
- **Off-farm occupation farms** have GCFI less than \$350,000 and principal operator who reports a primary occupation other than farming.
- **Low-sales farm** have GCFI less than \$150,000.
- **Moderate-sales farms** have GCFI between \$150,000 and \$349,000.
- **Midsize farms** have GCFI between \$350,000 and \$999,999.
- **Large family farms** have GCFI between \$1,000,000 and \$4,999,999.
- **Very large family farms** have GCFI greater than \$5,000,000.

Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, 2018–2021 Agricultural Resource Management Survey



Estimated impact of expiring QBI deduction

Farm type	Percent of farm households that received qualified business income deduction	For farm households affected by expiration of qualified business income deduction	
		Change in average tax liability (dollars)	Change in tax liability (percent)
Small			
Retirement	43.4	851	8.4
Off-farm occupation	40.6	1,010	4.0
Low sales	39.1	711	9.0
Moderate sales	73.3	3,068	20.0
Midsized	76.0	5,678	14.0
Large scale			
Large	77.8	11,868	8.5
Very large	79.7	87,219	14.1
All farm households	45.3	2,464	9.0

Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, 2018–2021 Agricultural Resource Management Survey



Economic
Research
Service

Economic
Research
Report
Number 328

February 2024

An Analysis of the Effect of Sunsetting Tax Provisions for Family Farm Households

Tia M. McDonald and Ron Durst

Thank you!

Tia M. McDonald
tia.mcdonald@usda.gov

Feature: Federal Tax Issues

March 06, 2024

Farm Households Face Larger Tax Liabilities When Provisions of the Tax Cuts and Jobs Act of 2017 Expire

by Tia M. McDonald and Ron Durst



Amber Waves

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KENT BACUS

Executive Director, Government Affairs
National Cattlemen's Beef Association (NCBA)

NCBA Update for Farm Foundation

Kent Bacus
Executive Director, NCBA

December 12, 2024



NATIONAL CATTLEMEN'S BEEF ASSOCIATION
CENTER FOR PUBLIC POLICY

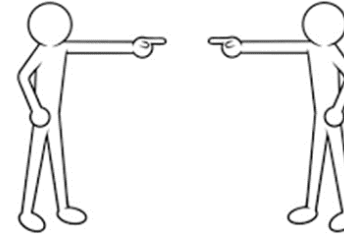


Timeline: 2025

Jan. → Mar. → July → Sept. → Oct. → Nov. → Dec.

- Jan 3: 119th Congress Sworn-in
- Jan 6: Congress Certifies Election Results
- Jan 20: Inauguration Day

- First 100 Days
- ✓ Debt Ceiling
 - ✓ Border Security
 - ✓ Tax Package
 - *Budget Reconciliation



- Updated Tax Code
- Extend Tax Code
- Default to pre-2017 TCJA levels



- Death Tax?
- 199A?
- Bonus Depreciation?
- Income Tax?
- Mortgage Int. Deductions?
- Child Tax Credit?



NCBA Tax Survey - Overview

July 2023 - March 2024

Over 1200 responses

67% members/33% non-members

Representation from almost every state

99% of survey respondents identify as a family-owned enterprise

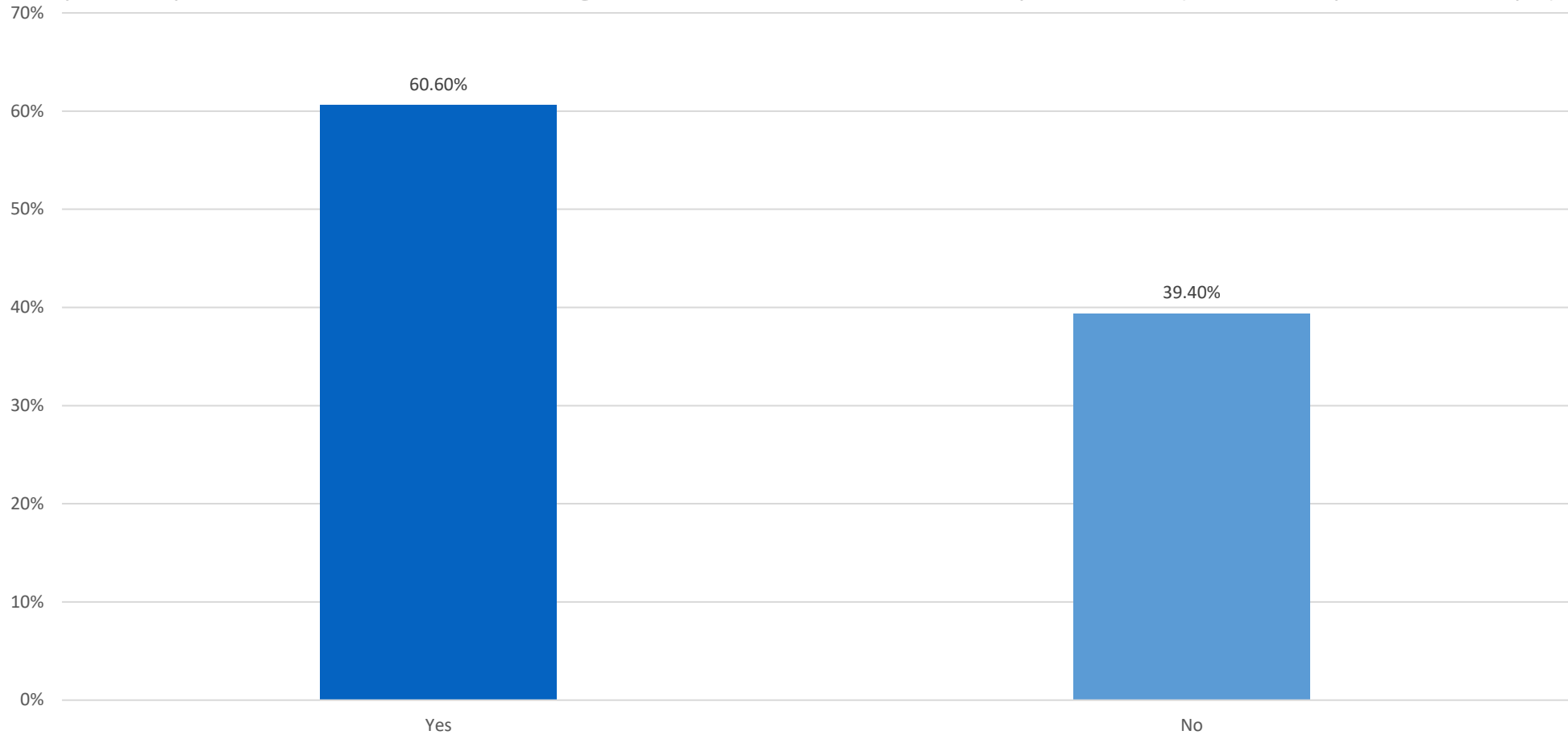


NATIONAL CATTLEMEN'S BEEF ASSOCIATION
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NCBA Tax Survey - Estate Tax

Will you be impacted when the federal estate and gift tax credit is reduced to \$5,000,000 per individual (\$10,000,000 per married couple)?







ELIZABETH SWANSON

National Tax Senior Manager
Pinion



Planning for Uncertainty in 2025

Elizabeth Swanson
Senior Manager, Pinion

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We have proudly supported food, agriculture, and community businesses for 90 years, and now we're writing a new chapter, with a vibrant, new name.

Why Pinion?

Just as a pinion gear system drives motion, we will continue to deliver powerful strategies and thought leadership that drives your business and legacy forward.

Driving business forward.



pinion

Formerly named KCoe Isom

OUR FOCUS

Two-thirds of our business is Food & Ag



Commodity, Permanent & Specialty Crops



Beef & Other Livestock



Top Dairies



Food & Beverage Manufacturing



Technology



Equipment Manufacturing



Equipment Dealerships



Beer, Wine, & Spirits



Distribution



Biofuels

Attest services provided by KCoe Isom LLP.



pinion

FROM POLICY TO PLATE



TAX IN 2025: WHAT WE KNOW

- Stakes are high
 - 10 provisions expiring at the end of 2024
 - 30 provisions expiring at the end of 2025
 - 4 international-focused provisions expiring at the end of 2025
- Congress intends to try to act quickly

SUNSETTING TAX PROVISIONS

- Estate and gift tax exemptions
- Qualified business income deduction
- Bonus depreciation
- Reduced individual income tax rates
- Expanded standard deduction
- SALT cap

OTHER TAX CONCERNS

- Already-expired provisions
- President-Elect Trump's varied tax commitments
- Negotiations required to manage costs
- Planned lack of retroactive effect





PAUL NEIFFER

Agribusiness and Business Advisor
Farm CPA Report

Background

- Enacted as part of National Defense Authorization Act for Fiscal Year 2021
- Effective January 1, 2024
- Any entity that files with Secretary of State
- General partnership, etc. are exempt
- Large operating entities exempt
 - More than \$5 million in revenue
 - More than 20 FTE

Penalty for Not Reporting

- \$500 per day late
 - \$591 Indexed
- For willful negligence
 - Maximum \$10,000 penalty
 - Up to two years in jail
- If corrected within 90 days of “error”
 - Then no penalty

Individuals to report

- Those who
 - Exercise significant control over a reporting company, or
 - Owns or controls 25% of the reporting company

Substantial Control

- Must report all who have substantial control
- No limit to number to report
- When in doubt, report them
- Includes
 - Senior officers
 - Ability to appoint or remove senior officers
 - Important decision-maker
 - Any other form of substantial control

Ownership Interest

- Any individual who owns 25% directly or indirectly must be listed
- Includes any options, conversions, etc.
- Can bring in trustees or beneficiaries of trusts
- Typical FLP may list voting units and non-voting units
- All single-member LLCs must report

FLP Example

- Hans & Greta each have 1 voting unit of HG Farms LLC. Hans & Greta own 50 non-voting units and their three kids each have 300 non-voting units.
- Result – All five will need to be listed as more than 25% owners
 - Jim and Joan each have 50% of the vote
 - Their kids each have more than 25% ownership in the LLC

Company Applicant

- Must report company applicant for any entity created after 2023
- Company applicant is
 - Direct filer of the company's application
 - Directed or controlled the application

Information reported - Company

- Full legal name
- Any “DBA” names
- Complete current US address
 - No PO Box
- State, tribal or foreign jurisdiction of formation
- IRS TIN or EIN

Applicant, Substantial & Owners

- Full legal name
- Date of birth
- Complete residential address
- Unique identifying number
 - Driver's License
 - Passport
 - Other
- Upload copy of document

FinCEN Identifier

- Unique identification number
- Saves applicant from entering the same information over and over
- Easy to get
 - Instantaneous download of number
- If entering more than a few, this is a must
 - In our opinion

Important dates

- December 31, 2024
 - Deadline for all entities formed before 2024
- 90 days
 - Deadline for new entities formed in 2024
- 30 days
 - Deadline for new entities after 2024
 - Deadline for any changes to be reported

National Injunction

- Federal Court of Eastern Texas
 - Imposed National Injunction on all BOI activities
 - Indicated likely unconstitutional
- Will be appealed all the way to the Supreme Court
- FinCEN has indicated it will agree
 - No current requirement to file the report
 - But can continue to do so



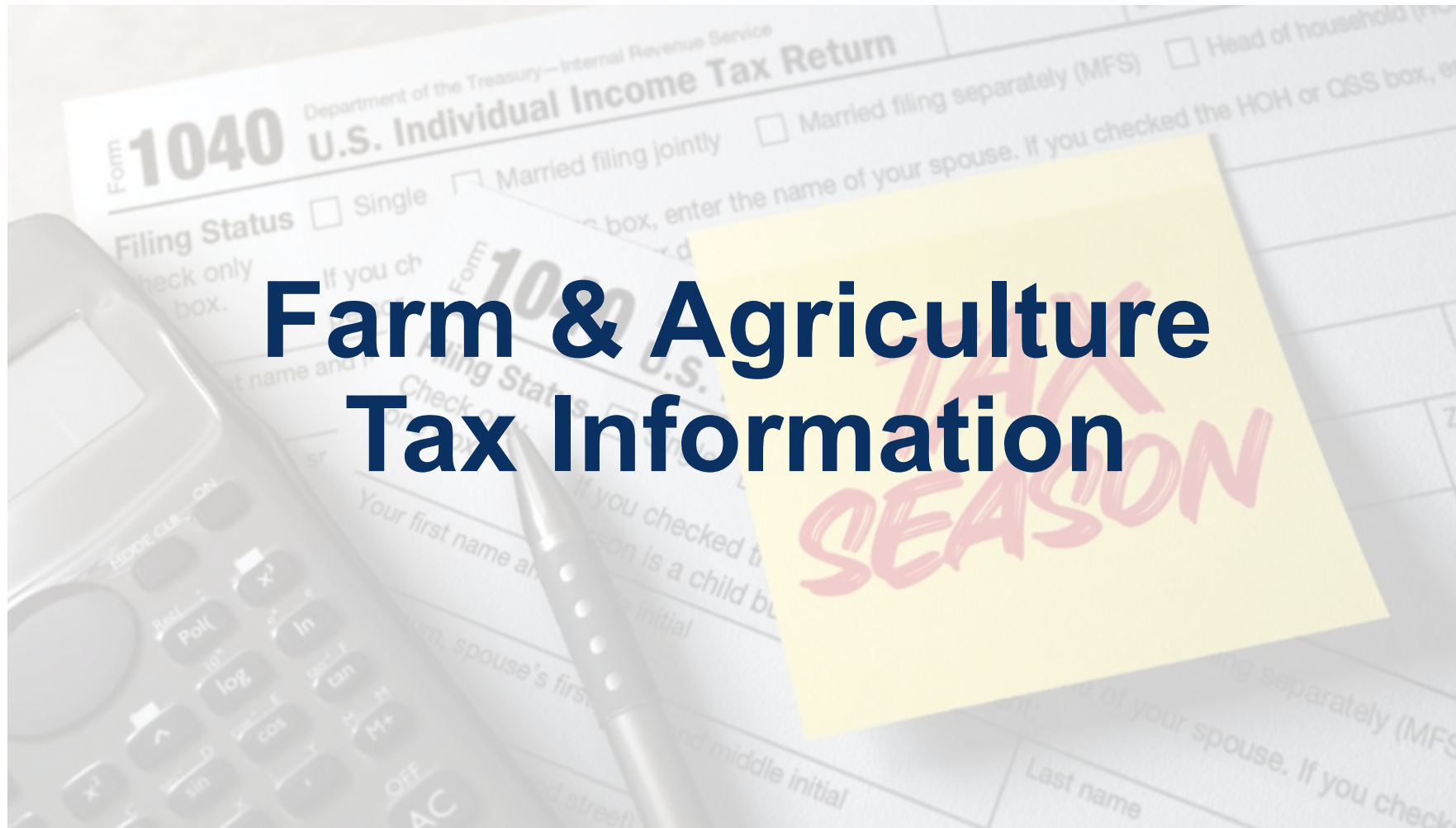


MARK ALBRIGHT

Public Affairs Specialist – Communication and Liaison
– Tax Outreach Partnership and Education
Internal Revenue Service



Tax Outreach Partnership and Education



Farm & Agriculture Tax Information



Farmers, ranchers and farm workers can find ag-related tax info anytime on IRS.gov

An official website of the United States Government

IRS

Help | News | English | Charities & Nonprofits | Tax Pros

File | Pay | Refunds | Credits & Deductions | Forms & Instructions

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Home / News / IRS Tax Tips / Farmers, ranchers and farm workers can find ag-related tax info anytime on IRS.gov

Farmers, ranchers and farm workers can find ag-related tax info anytime on IRS.gov

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- Topics in the news
- News releases
- Multimedia center
- Tax relief in disaster situations
- Inflation Reduction Act
- Tax reform
- Taxpayer First Act
- Tax scams and consumer alerts
- The tax gap
- Fact sheets
- IRS Tax Tips**
- e-News subscriptions
- IRS guidance
- Media contacts
- IRS statements and announcements

IRS Tax Tip 2022-163, October 25, 2022

The IRS website has a wealth of information for farmers, ranchers and other farm workers. Whether they've got a question about whether crop insurance is taxable, they need to find financial resources for a small business, or they want to learn about industry trends, the IRS.gov can help get them answers.

Here are a few webpages on IRS.gov that may be useful to farmers and other taxpayers in the ag industry:

[Forms and publications to help farmers](#)

This webpage has a variety of tax forms and publications of interest to farmers. They can find information about how federal tax laws apply to farming, filing requirements and return forms, accounting periods and methods, farm income and expenses and much more.

[Financial resources for small businesses](#)

This page links business owners to many commonly used financial resources for small businesses, from the Small Business Administration to Farm Service Agency and others.

[Agriculture trends and statistics](#)

Keeping on top of industry trends is an important part of any business. This page provides industry-specific and general survey results that may be of interest to the small business owner.

[Tax relief after natural disasters](#)

Drought, fire and flooding can hit farming operations hard. After a natural disaster, taxpayers can find information on the most recent tax relief provisions for taxpayers affected by disaster situations. People can also refer to the [FAQs for Disaster Victims](#) for more information.

The IRS [Agriculture Tax Center](#) is a great resource for tax info, forms and ag-related tips. including topics like:

<https://www.irs.gov/newsroom/farmers-ranchers-and-farm-workers-can-find-ag-related-tax-info-anytime-on-irsgov>



Agriculture Tax Center



File Pay Refunds Credits & Deductions Forms & Instructions

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Agriculture tax center

English | [Español](#)

Individuals

Businesses and self-employed

Business tax account

Small business and self-employed

Employer ID numbers

Business taxes

Reporting information returns

Self-employed

Starting a business

Operating a business

Closing a business

Industries and professions

Small business events

Online learning

Large business

Corporations

Partnerships

Charities and nonprofits

International taxpayers

Cancellation of Debt, Foreclosures, and Similar Dispositions of Farm Property

Have you had a portion of a loan forgiven? Did you experience a foreclosure of farm property? For more information see [Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments \(for Individuals\)](#) or [Publication 5550, Real Estate Property Foreclosure and Cancellation of Debt Audit Technique Guide](#). [PDF](#)

Commodity Credit Corporation Loans - Agriculture Tax Tips

When does a loan become income?

Conservation Reserve Program "Annual Rental Payments" and Self-Employment Tax

This section offers information on the United States Department of Agriculture (USDA) Conservation Reserve Program (CRP) and the proper reporting of annual rental payments.

Crop Insurance and Crop Disaster Payments - Agriculture Tax Tips

Are these payments taxable?

Estimated Taxes

[Notice 2022-13](#) [PDF](#) provides a waiver of the addition to tax under section 6654 for underpayment of estimated income tax by qualifying farmers and fishermen described in the notice. Under the notice, the addition to tax is waived for farmers and fishermen who, by April 18, 2022, or, for those taxpayers who reside in Maine or Massachusetts, by April 19, 2022, file their 2021 federal income tax return and pay in full any tax reported as due on the return.

Farm Income Averaging - Agriculture Tax Tips

Is your profit greater than normal? See [Publication 225, Farmer's Tax Guide](#), for more information.

Drought-stricken farmers, ranchers may have more time to replace livestock

Farmers and ranchers who were previously forced to sell livestock due to drought in a relevant region may have an additional year to replace livestock and defer tax on any gains from forced sales. Refer to [Tax Relief in Disaster Situations](#) for more information.

Financial Resources - Agriculture

This section provides you with direct links to many commonly-used financial resources for small businesses.

Foreign Agricultural Workers

For U.S. tax purposes, Farm Workers may be treated differently than other foreign employees.

Forms and Publications to Assist Farmers

This article contains links to Forms and Publications of interest to farmers.

Soil and Water Conservation - Agriculture Tax Tips

Do you have an erosion problem?

Trends and Statistics - Agriculture

<https://www.irs.gov/businesses/small-businesses-self-employed/agriculture-tax-center>



Publication 225: Farmer's Tax Guide



Department of the Treasury
Internal Revenue Service

Publication 225
Cat. No. 11049L

Farmer's Tax Guide

For use in preparing
2024 Returns

Acknowledgment: The valuable advice and assistance given us each year by the National Farm Income Tax Extension Committee is gratefully acknowledged.



Get forms and other information faster and easier at:
• [IRS.gov](https://www.irs.gov) (English) • [IRS.gov/Korean](https://www.irs.gov/korean) (한국어)
• [IRS.gov/Spanish](https://www.irs.gov/spanish) (Español) • [IRS.gov/Russian](https://www.irs.gov/russian) (Русский)
• [IRS.gov/Chinese](https://www.irs.gov/chinese) (中文) • [IRS.gov/Vietnamese](https://www.irs.gov/vietnamese) (Tiếng Việt)

Oct 25, 2024

Contents

Introduction	1
What's New for 2024	2
What's New for 2025	2
Reminders	3
Chapter 1. Importance of Records	4
Chapter 2. Accounting Methods	5
Chapter 3. Farm Income	9
Chapter 4. Farm Business Expenses	20
Chapter 5. Soil and Water Conservation Expenses	28
Chapter 6. Basis of Assets	31
Chapter 7. Depreciation, Depletion, and Amortization	37
Chapter 8. Gains and Losses	49
Chapter 9. Dispositions of Property Used in Farming	57
Chapter 10. Installment Sales	61
Chapter 11. Casualties, Thefts, and Condemnations	66
Chapter 12. Self-Employment Tax	75
Chapter 13. Employment Taxes	80
Chapter 14. Fuel Excise Tax Credits and Refunds	86
Chapter 15. Estimated Tax	89
How To Get Tax Help	90
Index	94

Introduction

You are in the business of farming if you cultivate, operate, or manage a farm for profit, either as owner or tenant. A farm includes livestock, dairy, poultry, fish, fruit, and truck farms. It also includes plantations, ranches, ranges, and orchards and groves.

This publication explains how the federal tax laws apply to farming. Use this publication as a guide to figure your taxes and complete your farm tax return. If you need more information on a subject, get the specific IRS tax publication covering that subject. We refer to many of these free publications throughout this publication. See [How To Get Tax Help](#) for information on ordering these publications.

The explanations and examples in this publication reflect the IRS's interpretation of tax laws enacted by Congress, Treasury regulations, and court decisions. However, the information given does not cover every situation and is not intended to replace the law or change its meaning.

<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKewi2pMXLqgCKAxUvGDQIHcFdOoYQFnoECBsQAQ&url=https://www.irs.gov/publications/P225&usq=AOvVaw1RZQQEB4mEjgwjX73q5u26&opi=89978449>





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