

2020 Old McDonald Farm Sample Schedule F

Part I. Farm Income

Line 2: This is the gross income from sales, both retail and wholesale, of products produced on the farm.

Line 4a: You must report income from other sources in addition to your farming income on your Schedule F, such as federal disaster payments and money received from agricultural programs. Most agricultural programs will report income paid to you on [Form 1099-G](#), a copy of which will be mailed to you.

Line 7: Income you received doing work for other people.

Line 8: Enter on line 8 income not otherwise reportable on lines 1 through 7. This includes the following types of income.

- Illegal federal irrigation subsidies. See chapter 3 of Pub. 225.
- Bartering income.
- Income from cancellation of debt. In most cases, if a debt is canceled or forgiven, you must include the canceled amount in income. If a federal agency, financial institution, or credit union canceled or forgave a debt you owed of \$600 or more, it should send you a Form 1099-C, or similar statement, by January 31, 2020, showing the amount of debt canceled in 2019. However, you may be able to exclude the canceled debt from income. See Pub. 4681 for details.
- State gasoline or fuel tax refunds you received in 2019.
- Any amount included in income from line 2 of Form 6478, Biofuel Producer Credit.
- Any amount included in income from line 8 of Form 8864, Biodiesel and Renewable Diesel Fuels Credit.
- The amount of credit for federal tax paid on fuels claimed on your 2018 Schedule 5 (Form 1040). For information on including the credit in income, see chapter 2 of Pub. 510.
- Any recapture of excess depreciation on any listed property, including any section 179 expense deduction, if the business use percentage of that property decreased to 50% or less in 2019. Use Part IV of Form 4797 to figure the recapture. See the Instructions for Schedule C (Form 1040 or 1040-SR), line 13, for the definition of listed property.
- The inclusion amount on leased listed property (other than vehicles) when the business use percentage drops to 50% or less. See chapter 5 of Pub. 946 to figure the amount.
- Any recapture of the deduction or credit for clean-fuel vehicle refueling property or alternative fuel vehicle refueling property used in your farming business. For details on how to figure recapture, see Regulations section 1.179A-1.
- Any income from breeding fees, or fees from renting teams, machinery, or land that isn't reported on Schedule E (Form 1040 or 1040-SR) or Form 4835.

- The gain or loss on the sale of commodity futures contracts if the contracts were made to protect you from price changes. These are a form of business insurance and are considered hedges. If you had a loss in a closed futures contract, enclose the amount of the loss in parentheses.

Line 9: The total taxable income you received for the year.

Part II. Farm Expenses

Don't deduct the following.

- Personal or living expenses (such as taxes, insurance, or repairs on your home) that don't produce farm income.
- Expenses of raising anything you or your family used.
- The value of animals you raised that died.
- Inventory losses.
- Personal losses.

Line 10: You can deduct the actual expenses of operating your car or truck or take the standard mileage rate. If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested on Form 4562, Part V. Be sure to attach Form 4562 to your return. For details, see chapter 4 of Pub. 463.

Line 12: Deductible conservation expenses generally are those that are paid to conserve soil and water for land used in farming, to prevent erosion of land used for farming, or for endangered species recovery. These expenses can be deducted only if they're consistent with a conservation plan approved by the NRCS or a recovery plan approved pursuant to the Endangered Species Act of 1973, for the area in which your land is located. If no plan exists, the expenses must be consistent with a plan of a comparable state agency. Your deduction can't exceed 25% of your gross income from farming. If your conservation expenses are more than the limit, the excess can be carried forward and deducted in later tax years. However, the amount deductible for any 1 year can't exceed the 25% gross income limit for that year.

Line 13: amounts paid for custom hire or machine work (the machine operator furnished the equipment). Don't include amounts paid for rental or lease of equipment you operated yourself. Instead, report those amounts on line 24a.

Line 14: You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature. Don't deduct depreciation on your home, furniture or other personal items, land, livestock you bought or raised for resale, or other property in your inventory. See the Instructions for Form 4562 for information on when you must complete and attach Form 4562.

Line 19: Fuel for tractors and tools. Fuel for vehicles is covered in line 10.

Line 20: Deduct on this line premiums paid for farm business insurance. Deduct on line 15 amounts paid for employee accident and health insurance. Amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability aren't deductible. For details, see chapter 6 of Pub. 535.

Line 22: Enter the amounts you paid for farm labor. Don't include amounts paid to yourself.

Line 24 a & b: If you rented or leased vehicles, machinery, or equipment, enter on line 24a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an inclusion amount. See *Leasing a Car* in chapter 4 of Pub. 463 to figure this amount. Enter on line 24b amounts paid to rent or lease other property such as pasture or farmland.

Line 25: Enter amounts you paid for repairs and maintenance of farm buildings, machinery, and equipment that are not payments for improvements to the property. Don't deduct repairs or maintenance on your home.

Line 26: We plant a lot of bulbs every year (tulips, iris, ranunculus, lilies, etc.), and also continue to add trees—primarily citrus and olives. Some seeds, such as hybrid flower seeds, may be very expensive.

Line 28: Packaging: labels, bags, and boxes, work gloves, paper towels, etc.

Line 29: You can deduct the following taxes on this line.

- Real estate and personal property taxes on farm business assets.
- Social security and Medicare taxes you paid to match what you are required to withhold from farm employees' wages.
- Federal unemployment tax.
- Federal highway use tax.
- Contributions to state unemployment insurance fund or disability benefit fund if they're considered taxes under state law.

Don't deduct the following taxes on this line.

- Federal income taxes, including your self-employment tax. However, you can deduct one-half of self-employment tax on Schedule 1 (Form 1040 or 1040-SR), line 14, or Form 1040-NR, line 27.
- Estate and gift taxes.
- Taxes assessed for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your farming business. Instead, treat these taxes as part of the cost of the property.
- Other taxes not related to your farming business.

Line 30: Electricity for pumping water, running the cooler, running any equipment, etc.

Line 32: Include all ordinary and necessary farm expenses not deducted elsewhere on Schedule F (Form 1040 or 1040-SR). Don't include fines or penalties paid to a government for violating any law.