



Tax Issues & Applying for ERP Phase 2 Benefits

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Rural Tax Education

RuralTax.org



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- Material developed, managed, and owned by the **National Farm Income Tax Committee**
- Informational Material on Ag, Timber, and Rural Tax topics include but not limited to:
 - Disaster/Weather Losses
 - Treatment of Government Payments
 - Farm Losses and Hobby Rules
 - Self-Employment Taxes
 - Estate and Gift Taxes
 - Like Kind Exchanges
 - Depreciation
 - Etc...



Acknowledgement/Disclaimer

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Webinar Topic Agenda

- Where is farm information located in tax information
- Quick overview of Schedule F and need to extract separate income details
- Introduction of FSA Forms 521 and 521-A
- Overview of Form FSA 510
- Farm example using Forms FSA 521 and FSA 521-A
- Resources
- Discussion
- Question and Answer

Where is Farm Income

- Not all Farm Income is on Schedule F
- Over 98% of farm returns are filed using cash accounting
- Schedule F – Farming activities
- Form 4797 – Breeding livestock, machinery and equipment
- Schedule C – Value Added products, ag tourism, etc.

There is a need to have clear communication between the operator and tax professionals to find out what their operation includes.

You cannot get the complete picture from just a tax return. Additional communication, records, etc. are needed.

Where is Farm Income

- Additional information sources on farm income
 - Materials on RuralTax.org
 - Tax topics/fact sheets
 - Links and other materials
 - Materials on farmers.gov/taxes
 - Webinar recordings
 - Links to materials
- Land Grant Universities through Extension



Schedule F vs. Schedule C

- Schedule F - First saleable point on schedule F
 - Sold in its original state
 - De minimis value-added
- Schedule C
 - Value added ag products – strawberry jam
 - Agriculture tourism activities
- Where do the value of the ag products that are grown by farmer and used in value-added ag products go?
 - Value at first saleable point on schedule F (selling to their value-added business)
 - Reasonable value
 - Could use the cost of production
 - Good practice to have documented value in multiple ways
- Might not have done it this way – need to look at the records of farm and ask questions.



Using Tax Information for ERP Application

- Schedule F
 - Farm Records
 - FSA Forms 521 and 521-A
 - Form FSA 510
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- Example to calculate input values for USDA Forms FSA 521-A and FSA 521

Schedule F

Records needed to:

- Detail Lines 1a-c
- Separate crops from livestock Line 2
- Detail Coop Distributions Line 3a & b
- Detail Gov't Payments, Line 4a & b
- Detail CCC loan election(s) Line 5
- Detail Crop Ins. election(s) Line 6

SCHEDULE F (Form 1040)		Profit or Loss From Farming		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		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.		2022 Attachment Sequence No. 14
Name of proprietor			Social security number (SSN)	
A Principal crop or activity		B Enter code from Part IV	C Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	D Employer ID number (EIN) (see instr.)
E Did you "materially participate" in the operation of this business during 2022? If "No," see instructions for limit on passive losses <input type="checkbox"/> Yes <input type="checkbox"/> No				
F Did you make any payments in 2022 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No				
G If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> 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 purchased livestock and other resale items (see instructions)	1a		
b	Cost or other basis of purchased 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		5c Taxable amount	5a
b	CCC loans forfeited	5b		5c
6	Crop insurance proceeds and federal crop disaster payments (see instructions):			
a	Amount received in 2022	6a	6b Taxable amount	6b
c	If election to defer to 2023 is attached, check here <input type="checkbox"/>		6d Amount deferred from 2021	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		
11	Chemicals	11		
12	Conservation expenses (see instructions)	12		
13	Custom hire (machine work)	13		
14	Depreciation and section 179 expense (see instructions)	14		
15	Employee benefit programs other than on line 23	15		
16	Feed	16		
17	Fertilizers and lime	17		
18	Freight and trucking	18		
19	Gasoline, fuel, and oil	19		
20	Insurance (other than health)	20		
a	Mortgage (paid to banks, etc.)	21a		
b	Other	21b		
22	Labor hired (less employment credits)	22		
23	Pension and profit-sharing plans	23		
24	Rent or lease (see instructions):			
a	Vehicles, machinery, equipment	24a		
b	Other (land, animals, etc.)	24b		
25	Repairs and maintenance	25		
26	Seeds and plants	26		
27	Storage and warehousing	27		
28	Supplies	28		
29	Taxes	29		
30	Utilities	30		
31	Veterinary, breeding, and medicine	31		
32	Other expenses (specify):			
a		32a		
b		32b		
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 If a profit, stop here and see instructions for where to report. If a loss, complete line 36.			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:			
a	<input type="checkbox"/> All investment is at risk.	b	<input type="checkbox"/> Some investment is not at risk.	

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Expiration Date: 12/31/2025

FSA-521 (01-23-23)	U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency		1. Application Number	
	EMERGENCY RELIEF PROGRAM (ERP) PHASE 2 APPLICATION			
		2. Recording State Name/Code	3. Recording County Name/Code	
NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is the Extending Government Funding and Delivering Emergency Assistance Act (Pub. L. 117-43). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, and Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary; however, failure to furnish the requested information will result in a determination of ineligibility for program benefits. Payments may be made under the program to which the form applies only to the extent permitted by applicable authorities.				
<i>Public Burden Statement (Paperwork Reduction Act): Public reporting burden for this collection is estimated to average 60 minutes per response, including reviewing instructions, gathering, and maintaining the data needed, completing (providing the information), and reviewing the collection of information. You are not required to respond to the collection of information, unless it displays a valid OMB control number. RETURN THIS COMPLETED FORM TO YOUR RECORDING COUNTY FSA OFFICE.</i>				

PART A - PRODUCER AGREEMENT

The Farm Service Agency (FSA) will make payments under ERP Phase 2 to eligible producers who meet the requirements of the program, subject to the availability of funds. The following information is needed for FSA to determine whether the applicant is eligible to receive ERP Phase 2 assistance. By submitting this application, the applicant agrees:

1. To comply with the regulatory requirements in 7 CFR part 760, Subpart S. A copy of these regulations may be found at: <https://www.fsa.usda.gov/programs-and-services/emergency-relief/index>
2. That the applicant experienced a decrease in allowable gross revenue due to necessary expenses related to losses of eligible crops due in whole or in part to a qualifying disaster event that occurred in the 2020 or 2021 calendar year. For ERP, qualifying disaster event means: wildfires, hurricanes (including excessive wind, storm surges, tornadoes, tropical storms, and tropical depressions that occurred as a direct result of a hurricane), floods (including silt and debris that occurred as a direct and proximate result of flooding), derechos (including excessive wind that occurred as a direct result of a derecho), excessive heat, winter storms (including excessive wind and blizzards that occurred as a direct result of a winter storm), freeze (including a polar vortex), smoke exposure, excessive moisture, and qualifying drought, and related conditions, occurring in calendar years 2020 and 2021. Related conditions mean damaging weather and adverse natural occurrences that occurred concurrently with and as a direct result of a specified qualifying disaster event. "Qualifying drought" means an area within the county in which the loss occurred was rated by the U.S. Drought Monitor as having a drought intensity of D2 (severe drought) for eight consecutive weeks or D3 (extreme drought) or higher for any period of time during the applicable calendar years. A list of counties that experienced a qualifying drought in calendar years 2020 and 2021 is available through local FSA service centers and at <https://www.fsa.usda.gov/programs-and-services/emergency-relief/index>.
3. To provide FSA all information that is necessary to verify the information provided on this form is accurate. Producer is required to retain documentation in support of their application for 3 years after the date of approval. All information provided to FSA for program eligibility and payment calculation purposes, including certification that a producer suffered an eligible loss due to a qualifying disaster event, is subject to spot check.
4. To comply with payment attribution and payment eligibility provisions by submitting the following forms within 60 days from the date of the ERP Phase 2 application deadline, as applicable, if not already on file with FSA for the applicable disaster year:
 - CCC-902, Farm Operating Plan for Payment Eligibility
 - CCC-901, Member Information for Legal Entities, if applicable
 - FSA-510, Request for an Exception to the \$125,000 Payment Limitation for Certain Programs (optional)
 - CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification (optional)
 - AD-1026, Highly Erodible Land Conservation (HELCS) and Wetland Conservation (WC) Certification
 - AD-2047, Customer Data WorksheetFailure of an individual, entity, or member of an entity to timely submit all required eligibility documents may result in no payment or a reduced payment.
5. The application will not be considered complete until the applicant has signed Item 27 and completed the FSA-522, Crop Insurance and/or NAP Coverage Agreement.

PART B - PRODUCER INFORMATION

4. Producer Name, Address (City, State, and Zip Code), and Phone Number (include Area Code):

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PART C - 2020 DISASTER YEAR REVENUE CERTIFICATION						COC USE ONLY				
5. % of Expected Revenue from Specialty & High Value Crops	6. % of Expected Revenue from Other Crops	7. Benchmark Year	8. Benchmark Revenue	9. Representative Revenue Year	10. Disaster Year Revenue	11. COC Adjusted % of Expected Revenue from Specialty & High Value Crops	12. COC Adjusted % of Expected Revenue from Other Crops	13. COC Adjusted Benchmark Revenue	14. COC Adjusted Disaster Year Revenue	15. COC Approved or Disapproved
		<input type="checkbox"/> 2018 <input type="checkbox"/> 2019 <input type="checkbox"/> Adjusted		<input type="checkbox"/> 2020 <input type="checkbox"/> 2021						<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved

PART D - 2021 DISASTER YEAR REVENUE CERTIFICATION						COC USE ONLY				
16. % of Expected Revenue from Specialty & High Value Crops	17. % of Expected Revenue from Other Crops	18. Benchmark Year	19. Benchmark Revenue	20. Representative Revenue Year	21. Disaster Year Revenue	22. COC Adjusted % of Expected Revenue from Specialty & High Value Crops	23. COC Adjusted % of Expected Revenue from Other Crops	24. COC Adjusted Benchmark Revenue	25. COC Adjusted Disaster Year Revenue	26. COC Approved or Disapproved
		<input type="checkbox"/> 2018 <input type="checkbox"/> 2019 <input type="checkbox"/> Adjusted		<input type="checkbox"/> 2021 <input type="checkbox"/> 2022						<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved

PART E - PRODUCER CERTIFICATION

I hereby sign and acknowledge under penalty of perjury in accordance with 28 U.S.C. § 1746 and 18 U.S.C. § 1621 that all information on this application, whether entered by me or by someone else on my behalf, is true and correct. I understand that if any information is determined to be in error, the application may be denied, and such errors may result in a determination of ineligibility in whole or in part.

27A. Signature (By)	27B. Title/Relationship of the Individual Signing in the Representative Capacity	27C. Date (MM/DD/YYYY)

PART F - COUNTY COMMITTEE (COC) DETERMINATION	
28A. COC or Designee Signature	28B. Date (MM/DD/YYYY)

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HOW TO DETERMINE ALLOWABLE GROSS REVENUE

Table 1 provides guidance for:

- Determining allowable gross revenue source
- What to include/exclude when determining allowable gross revenue

Table 1.

Allowable Revenue Source:	Include Gross Revenue from the Following Sources:	Exclude Gross Revenue from the Following Sources:
Schedule F Line 1c "Sales of purchased livestock and other resale items," or information that could be reported on a Schedule F	Sales of eligible crops purchased for resale that had a change in characteristic due to the time held, such as: <ul style="list-style-type: none"> • A plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months 	Sales of livestock
Schedule F Line 2 "Sales of livestock, produce, grains, and other products you raised," or information that could be reported on a Schedule F	Sales of eligible crops grown and sold in the United States and its Territories by the applicant Sales of eligible crops grown by the applicant resulting from value added through post-production activities that could have been reported on IRS Schedule F For example: <ul style="list-style-type: none"> • Strawberries into jam Sales of aquatic species that are grown: <ul style="list-style-type: none"> • As food for human or livestock consumption • For industrial or biomass uses • As fish raised as feed for fish that are consumed by humans • As ornamental fish propagated and reared in an aquatic medium 	Sales of animals and their by-products: <ul style="list-style-type: none"> • Animals for consumption by the owner, lessee, or contract grower • Eggs • Milk • Milk including pelts • Revenue from animals for show, sport, or recreational purposes • Wild free-roaming animals • Revenue from raised breeding livestock (Schedule 4797 Part 1, Column (d) or (g) or other information that could be reported on a Schedule F) Sales of agricultural commodities resulting from value added through post-production activities if reported on Schedule C Commodities not grown in the United States and its Territories
Schedule F Line 3a "Cooperative distributions," Form 1099-PATR, or information that could be reported on a Schedule F	The taxable amount of cooperative distributions directly related to the sale of eligible crops produced by the applicant such as: <ul style="list-style-type: none"> • Per-unit allocations paid to patrons for gross grain sales 	Distributions that are not directly related to the sale of eligible crops that are not produced by the applicant
Schedule F Line 4a "Agricultural program payments," Form 1099-G, or information that could be reported on a Schedule F	<ul style="list-style-type: none"> • Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Program • Biomass Crop Assistance Program (BCAP) • Loan Deficiency Payment (LDP) Program • Market Loan Gains (MLG) - repayment of Commodity Credit Corporation (CCC) loan less than the original amount • Market Facilitation Program (MFP) • Seafood Trade Relief Program (STRP) • For the applicable disaster year only- Emergency Relief Program (ERP) Phase 1 payments issued to another person or entity for the applicant's share of an eligible crop, regardless of the tax year in which the payment would be reported to the IRS 	<ul style="list-style-type: none"> • Conservation Program Payments • Dairy Margin Coverage (DMC) Program • Marketing Assistance Loan (MAL) Pandemic Assistance payments including, but not limited to: <ul style="list-style-type: none"> • cost-share assistance • loss of buildings • livestock portion • Coronavirus Food Assistance Program (CFAP) - CFAP 1 and CFAP 2 • Pandemic Livestock Indemnity Program (PLIP) • Spot Market Hog Pandemic Program (SMHPP)



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Allowable Revenue Source:	Include Gross Revenue from the Following Sources:	Exclude Gross Revenue from the Following Sources:
Schedule F Line 5a - 5c "Commodity Credit Corporation (CCC) loans reported under election," Form 1099-A, or information that could be reported on a Schedule F	<ul style="list-style-type: none"> • CCC loans reported under election if elected to be treated as income and reported to IRS when all or part of the production is used as collateral to secure the loan • Forfeited CCC loans 	
Schedule F Line 6 "Crop insurance proceeds and federal crop disaster payments" or information that could be reported on a Schedule F	<ul style="list-style-type: none"> • Crop insurance proceeds <i>less administrative fees and premiums</i> • Noninsured Crop Disaster Assistance Program (NAP) payments <i>less administrative fees and premiums</i> • Benchmark Year Only - 2017 Wildfire and Hurricanes Indemnity Program (WHIP), 2018 & 2019 Wildfire and Hurricanes Indemnity Program (WHIP+), and Quality Loss Adjustment Program (QLA). • On-Farm Storage Loss Program (OFSLP) • Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP) - payments specific to aquaculture • Payments through grant agreements with FSA for losses of eligible crops • Grants from the Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), and State program funds for the direct loss of eligible crops or the loss of revenue for eligible crops 	<ul style="list-style-type: none"> • Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP)- payments specific to livestock and honeybees • Emergency Livestock Relief Program (ELRP) • Emergency Relief Program (ERP) Phase 1 Payments • Livestock Forage Disaster Program (LFP) • Livestock Indemnity Program (LIP) • Milk Loss Program • Disaster Year Only - Quality Loss Adjustment (QLA) Program • Tree Assistance Program (TAP) • Disaster Year Only - Wildfire and Hurricane Indemnity Program (WHIP/WHIP+)
Schedule F Line 7 "Custom hire (machine work) income," or information that could be reported on a Schedule F		Custom hire income
Schedule F Line 8 "Other income, including federal and state gasoline or fuel tax credit or refund," or information that could be reported on a Schedule F	Other revenue directly related to the production of eligible crops that the IRS requires the applicant to report such as but not limited to: <ul style="list-style-type: none"> • Commodity specific income received from state or local governments 	<ul style="list-style-type: none"> • Federal and State gas/fuel tax credits • Income from by-passed (unharvested) acres • Income from a pass-through entity such as an S Corporation or Limited Liability Company (LLC) • Certificate Exchanges • Net gain from hedging or speculation • Wages, salaries, and tips • Cash rent • Rental of equipment or supplies • Revenue earned as a contract producer

Note: An applicant is not required to have filed a Schedule F to determine allowable gross revenue. If an applicant did not file a Schedule F, the applicant will use the applicable federal tax form filed to determine allowable gross revenue in the same manner as if a Schedule F was filed.

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Section A – Allowable Benchmark Year Revenue

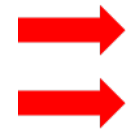
- Item 5

Section B – Identify Special Revenue Conditions

- Items 6-8

Section C – Actual Allowable Benchmark Year Revenue

- Items 9-16



FSA-521-A (01-23-23) U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency EMERGENCY RELIEF PROGRAM (ERP) PHASE 2 ALLOWABLE GROSS REVENUE WORKSHEET	1. Applicant Name:	2. Application Number:
	3. Recording State	4. Recording County
	SECTION A - DISASTER YEAR	
	5. Select Disaster Year: <input type="checkbox"/> 2020 <input type="checkbox"/> 2021	
SECTION B- IDENTIFY SPECIAL REVENUE CONDITIONS		
6. Are you a new producer in 2020 OR 2021 that did not have any allowable gross revenue in 2018 or 2019?		
<input type="checkbox"/> YES	If "YES", complete Section D, complete Sections E through G to calculate Expected Allowable Disaster Year Revenue , and then complete Sections H and K.	
<input type="checkbox"/> NO	If "NO", continue to Item 7.	
7. Do you have allowable gross revenue in 2018 or 2019, but your operation had undergone a decrease in operating capacity from the Benchmark Year to Disaster Year?		
<input type="checkbox"/> YES	If "YES", complete Sections C and D, complete Sections E through G to calculate Expected Decrease in Revenue , and then complete Sections I and K.	
<input type="checkbox"/> NO	If "NO", continue to Item 8.	
8. Do you have allowable gross revenue in 2018 or 2019, but your operation has undergone an increase in operating capacity from Benchmark Year to Disaster Year?		
<input type="checkbox"/> YES	If "YES", complete Sections C and D, complete Sections E through G to calculate Expected Increase in Revenue , and the complete Sections J and K.	
<input type="checkbox"/> NO	If "NO", complete Section C and D, and then complete Section K.	
SECTION C - ACTUAL ALLOWABLE BENCHMARK YEAR REVENUE		
Enter allowable gross revenue items based on the selected Benchmark Year (refer to How to Determine Allowable Gross Revenue Table on FSA-521).		
9.	Enter amount of allowable gross revenue from sales of eligible crops purchased for resale that had a change in characteristic due to the time held, such as a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months (Schedule F Line 1c):	
10.	Enter amount of allowable gross revenue from sales of eligible crops grown and sold in the United States by the applicant (example: corn sold as grain); also include sales of eligible crops grown by the applicant resulting from value added through post production activities that could have been reported on Schedule F (example: strawberries into jam); and also include sales of aquatic species that are grown as food for human or livestock consumption, for industrial or biomass uses, as fish raised as feed for fish that are consumed by humans, as ornamental fish propagated and reared in an aquatic medium (Schedule F Line 2):	
11.	Enter amount of allowable gross revenue from the taxable amount of cooperative distributions directly related to the sale of eligible crops produced by the applicant such as: per-unit allocations paid to patrons for gross grain sales (Schedule F Line 3a; Form 1099-PATR):	
12.	Enter amount of allowable gross revenue from agricultural program payments such as ARC/PLC, BCAP, LDP, MLG repayment of CCC loans less than the original amount, MFP, and STRP (Schedule F Line 4a, or Form 1099-G):	
13.	Enter amount of allowable gross revenue from CCC loans reported under election if elected to be treated as income and reported to IRS when all or part of the production is used as collateral to secure the loan; and forfeited CCC loans (Schedule F Line 5a - 5c, Form 1099-A):	
14.	Enter amount of allowable gross revenue from crop insurance proceeds less administrative fees and premiums, NAP payments less administrative fees and premiums, 2017 WHIP payments, 2018/2019 WHIP+ payments, QLA payments, OFSLP payments, ELAP payments specific to aquaculture, payments received through grant agreements with FSA for losses of eligible crops, grants from the Department of Commerce, NOAA, and State program funds for the direct loss of eligible crops or the loss of revenue for eligible crops (Schedule F Line 6):	
15.	Enter amount of other allowable gross revenue directly related to the production of eligible crops that the IRS requires the applicant to report, such as but not limited to: commodity specific income received from state or local governments (Schedule F Line 8):	
16.	Total Actual Allowable Benchmark Year Revenue (sum Items 9 through 15):	

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Section D – Allowable Disaster Year Revenue

- Items 17 - 24



1. Applicant Name		2. Application Number	
SECTION D - ACTUAL ALLOWABLE DISASTER YEAR REVENUE			
Enter allowable gross revenue items based on the selected Disaster Year (refer to <i>How to Determine Allowable Gross Revenue Table on FSA-521</i>).			
17. Enter amount of allowable gross revenue from sales of eligible crops purchased for resale that had a change in characteristic due to the time held, such as a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months (<i>Schedule F Line 1c</i>):			
18. Enter amount of allowable gross revenue from sales of eligible crops grown and sold in the United States by the applicant (example: corn sold as grain); also include sales of eligible crops grown by the applicant resulting from value-added through post-production activities that would have been reported on Schedule F (example strawberries into jam); and also include sales of aquatic species that are grown as food for human or livestock consumption, for industrial or biomass uses, as fish raised as feed for fish that are consumed by humans, as ornamental fish propagated and reared in an aquatic medium (<i>Schedule F Line 2</i>):			
19. Enter amount of allowable gross revenue from the taxable amount of cooperative distributions directly related to the sale of eligible crops produced by the applicant such as: per-unit allocations paid to patrons for gross grain sales (<i>Schedule F Line 3a or Form 1099-PATR</i>):			
20. Enter amount of allowable gross revenue from agricultural program payments such as ARC/PLC, BCAP, LDP, MLG - repayment of CCC loans less than the original amount, MFP, STRP, and ERP Phase 1 payments issued to another person or entity for the applicant's share of an eligible crop regardless of the year it would be reported to the IRS (<i>Schedule F Line 4a, or Form 1099-G</i>):			
21. Enter amount of allowable gross revenue from CCC loans reported under election if elected to be treated as income and reported to IRS when all or part of the production is used as collateral to secure the loan; and forfeited CCC loans (<i>Schedule F Line 5a - 5c, Form 1099-A</i>):			
22. Enter amount of allowable gross revenue from crop insurance proceeds less administrative fees and premiums, NAP payments less administrative fees and premiums, OFSLP payments, ELAP payments specific to aquaculture, payments received through grant agreements with FSA for losses of eligible crops, grants from the Department of Commerce, NOAA, and State program funds for the direct loss of eligible crops or the loss of revenue for eligible crops (<i>Schedule F Line 6</i>):			
23. Enter amount of other allowable gross revenue directly related to the production of eligible crops that the IRS requires the applicant to report, such as but not limited to: commodity specific income received from state or local governments (<i>Schedule F Line 8</i>):			
24. Total Actual Allowable Disaster Year Revenue (<i>sum Items 17 through 23</i>):			



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Section E – Eligible Value-Added Commodities

- Items 25 – 27
- If a new producer

Section F – Eligible Yield-Based Crops/Commodities

- Items 28 – 34
- If decrease in capacity

Section G – Eligible Inventory-Based Crops/Commodities

- Items 35 – 37
- If increase in capacity

Note: These sections may not be needed.

1. Applicant Name						2. Application Number			
SECTION E - ELIGIBLE VALUE-ADDED COMMODITIES									
25. Commodity:							26. Expected Revenue:		
27. Total Expected Revenue from Eligible Value-Added Commodities (sum amounts in column for Item 26):									
SECTION F - ELIGIBLE YIELD-BASED CROPS/COMMODITIES									
28. Crop/Commodity		29. Expected Acres:	30. Expected Yield per Acre:	31. Unit of Measure:	32. Expected Price per Unit:	33. Expected Revenue:			
34. Total Expected Revenue from Eligible Yield-Based Crops/Commodities (sum amounts in column for Item 33):									
SECTION G - ELIGIBLE INVENTORY-BASED CROPS/COMMODITIES									
35. Crop/Commodity:							36. Expected Revenue:		
37. Total Expected Revenue from Eligible Inventory-Based Crops/Commodities (sum amounts in column for Item 36):									

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Section H – Total Expected Allowable Disaster Year Revenue

- Items 38 - 41

Section I – Total Adjusted Benchmark Year Revenue from Decreased Operating Capacity

- Items 41 - 46

Section J – Total Adjusted Benchmark Year Revenue from Increased Operating Capacity

- Items 47 - 51

Section K – Total Allowable Benchmark Year and Allowable Disaster Year Revenue

- Items 52 and 53

Note: Sections H, I, and J not needed if sections E, F, and G were not used or needed.

1. Applicant Name	2. Application Number
SECTION H - TOTAL EXPECTED ALLOWABLE DISASTER YEAR REVENUE	
38. Total Expected Allowable Disaster Year Revenue from Eligible Value-Added Based Commodities (total from Item 27):	
39. Total Expected Allowable Disaster Year Revenue from Eligible Yield-Based Crops/Commodities (total from Item 34):	
40. Total Expected Allowable Disaster Year Revenue from Eligible Inventory-Based Crops/Commodities (total from Item 37):	
41. Total Expected Allowable Disaster Year Revenue (sum Items 38 through 40):	
SECTION I - TOTAL ADJUSTED BENCHMARK YEAR REVENUE FROM DECREASED OPERATING CAPACITY	
42. Total Actual Allowable Benchmark Year Revenue (total from Item 16):	
43. Total Expected Decreased Revenue from Eligible Value-Added Based Commodities (total from Item 27):	
44. Total Expected Decreased Revenue from Eligible Yield-Based Crops/Commodities (total from Item 34):	
45. Total Expected Decreased Revenue from Eligible Inventory-Based Crops/Commodities (total from Item 37):	
46. Total Adjusted Benchmark Year Revenue from Decreased Operating Capacity (subtract Items 43 through 45 from Item 42):	
SECTION J - TOTAL ADJUSTED BENCHMARK YEAR REVENUE FROM INCREASED OPERATING CAPACITY	
47. Total Actual Allowable Benchmark Year Revenue (total from Item 16):	
48. Total Expected Increased Revenue from Eligible Value-Added Based Commodities (total from Item 27):	
49. Total Expected Increased Revenue from Eligible Yield-Based Crops/Commodities (total from Item 34):	
50. Total Expected Increased Revenue from Eligible Inventory-Based Crops/Commodities (total from Item 37):	
51. Total Adjusted Benchmark Year Revenue from Increased Operating Capacity (sum Items 47 through Item 50):	
SECTION K - TOTAL ALLOWABLE BENCHMARK YEAR AND ALLOWABLE DISASTER YEAR REVENUE	
52. Total Allowable Benchmark Year Revenue (total from Item 41, Item 46, or Item 51; if no total occurs in these, use total from Item 16):	
53. Total Allowable Disaster Year Revenue (total from Item 24):	

FSA 510

Used to apply for waiver of payment limitation of \$125,000

Issues of which to be aware

- If Gov't payments > \$125,000 this form is used to request waiver.
- The income values must be certified by either a CPA or Attorney; this is by statute
- In extremely rural areas this may prove to be problematic

FSA-510 04-04-22)		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency		OMB No. 0560-0307 OMB Expiration Date: 10/31/2022	
REQUEST FOR AN EXCEPTION TO THE \$125,000 PAYMENT LIMITATION FOR CERTAIN PROGRAMS				1. Return completed form to : (Name and address of FSA county office or USDA Service Center)	
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is the Disaster Relief Supplemental Appropriations Act, 2022 (Extending Government Funding and Delivering Emergency Assistance Act) (Pub. L. 117-43) and regulations and Federal Register Notices of Funding Availability for applicable programs. The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, tribal agencies, and nongovernment entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated).</p> <p>Public Burden Statement (Paperwork Reduction Act): Public reporting burden for this collection is estimated to average 5 minutes per response, including reviewing instructions, gathering and maintaining the data needed, completing (providing the information), and reviewing the collection of information. You are not required to respond to the collection or FSA may not conduct or sponsor a collection of information unless it displays a valid OMB control number. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>					
2. Name and Address of Individual or Legal Entity (Including Zip Code) (If general partnership or joint venture, complete only for each member)			3. Taxpayer Identification Number (TIN) (Social Security No., for Individual; or Employer Identification No., for Legal Entity)		
PART A – REQUIREMENTS FOR PAYMENT LIMITATION EXCEPTION FOR CERTAIN PROGRAMS					
4. Disaster relief programs implemented pursuant to Public Law 117-43, Division B, Title I, are subject to a \$125,000 payment limitation per person or legal entity. An exception to the \$125,000 payment limitation is available but only if both of the following conditions are met: <ul style="list-style-type: none"> • at least 75% of the individual's or legal entity's average adjusted gross income (AGI) for the 3 applicable taxable years was derived from farming, ranching or forestry operations. • a certification from a licensed CPA or an attorney is submitted to the FSA/USDA Service Center identified in item 1, attesting that at least 75% of the individual's or legal entity's average AGI for the 3 applicable taxable years was derived from farming, ranching, or forestry operations. The CPA and/or Attorney may meet this requirement by completing Part C below or providing a similar statement that is acceptable to FSA. <p>Based on the above statements, complete 4A and select the applicable box 4B or 4C below:</p>					
4A. <input type="checkbox"/> 20 Enter the program year for which program benefits are requested. The period for calculation of the average farm AGI will be the three taxable years preceding the most immediately preceding complete taxable year for which benefits are requested. For example, the 3-year period for the calculation of the average farm AGI for 2022 would be the taxable years of 2020, 2019 and 2018.					
4B. <input type="checkbox"/> YES the individual or legal entity in item 2 meets both of the above conditions and is requesting the exception to the Payment Limitation; OR					
4C. <input type="checkbox"/> NO the individual or legal entity in item 2 does not meet one or both of the above conditions (Payment limitation is \$125,000)					
PART B – CERTIFICATION BY INDIVIDUAL OR ENTITY					
By signing this form: <ul style="list-style-type: none"> - I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form; - I certify, if applicable, that all information contained in any certification from a CPA or an attorney submitted to FSA as described in this FSA-510 is true and correct, and is consistent with the tax returns filed with the IRS for myself or the legal entity that is seeking participation in an applicable program; - I acknowledge that failure to provide the certification described in this FSA-510 to FSA will result in the application of a \$125,000 payment limitation; - I certify that I am authorized under applicable state law to sign this certification on behalf of the legal entity identified in Item 2 (for legal entity only). 					
5. Signature (By)			6. Title/Relationship of the Individual if Signing in a Representative Capacity for a Legal Entity		7. Date (MM-DD-YYYY)
PART C – CERTIFICATION BY CERTIFIED PUBLIC ACCOUNTANT / ATTORNEY					
By signing this form: <ul style="list-style-type: none"> - I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form; - I certify the producer identified in Item 2 and TIN in Item 3 has met the minimum requirements to be eligible for the exception to the Payment Limitation as specified in Part A above. 					
8. Signature		9. Title (CPA/Attorney)	10. State/License Number		11. Date (MM-DD-YYYY)



Example: Will Farmer's Application for ERP Phase 2

Will Farmer operates a traditional diversified crop and livestock farm in the central plains of the United States. Will is making an application for 2020 disaster year, 2019 is his benchmark year.

Will Farmer's Schedule F, Part I

SCHEDULE F
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

▶ 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.

OMB No. 1545-0074

2019
Attachment
Sequence No. **14**

Name of proprietor Will Farmer		Social security number (SSN) 101010101	
A Principal crop or activity Grain and Livestock	B Enter code from Part IV 1 1 1 1 0 0	C Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	D Employer ID number (EIN) (see instr.) 2 3 9 8 7 6 5 4 2
E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
F Did you make any payments in 2019 that would require you to file Form(s) 1099? See instructions		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
G If "Yes," did you or will you file required Form(s) 1099?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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	200,000	
b Cost or other basis of livestock or other items reported on line 1a	1b	125,000	
c Subtract line 1b from line 1a	1c	75,000	
2 Sales of livestock, produce, grains, and other products you raised	2	255,550	
3a Cooperative distributions (Form(s) 1099-PATR)	3a	223,200	3b Taxable amount
4a Agricultural program payments (see instructions)	4a	65,200	4b Taxable amount
5a Commodity Credit Corporation (CCC) loans reported under election			5a 100,000
b CCC loans forfeited	5b		5c Taxable amount
6 Crop insurance proceeds and federal crop disaster payments (see instructions):			
a Amount received in 2019	6a	19,100	6b Taxable amount
c If election to defer to 2020 is attached, check here <input type="checkbox"/>			6d Amount deferred from 2018
7 Custom hire (machine work) income	7	12,900	
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8	3,100	
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	748,750	

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

Separate Crop and Livestock Income

Schedule F

- Provides totals for various line numbers
- E.g., Line 2 may have both raised livestock and crop income
 - De minimis value added
- Pages 3 & 4 of Form FSA 521 provide guidance as to what to remove

From Farm Records System split out Enterprises

- Review records to separate crop from livestock enterprises
- Separate purchased for resale items: livestock versus crops
- Review records to determine any other items
 - Value-added (Schedule C)
 - Sale of Business Assets (Form 4797)

Will's FSA 521-A: Sections A & B

Items 1 – 8 Example Situation

Item 1. Applicant	Will Farmer						
Item 2. Application No	1						
Item 3. Recording State	Kansas						
Item 4. Recording County							
Item 5. Disaster Year	2020						
Item 6.	No	Go to Item 7.				If "Yes", complete Sections D, E, F, G, H, & K	
Item 7.	No	Go to Item 8.				If "Yes", complete Sections C, D, E, F, G, I, & K	
Item 8.	No	Complete Sections C, D, and K.				If "Yes", complete Sections C, D, E, F, G, J, & K	

Items 1 – 8 FSA 521-A

OMB Control Number: 0308-0008
Expiration Date: 12/31/2025

FSA-521-A (01-23-23) U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency EMERGENCY RELIEF PROGRAM (ERP) PHASE 2 ALLOWABLE GROSS REVENUE WORKSHEET	1. Applicant Name:	2. Application Number:
	WILL FARMER	
	3. Recording State	4. Recording County
SECTION A - DISASTER YEAR		
5. Select Disaster Year: <input checked="" type="checkbox"/> 2020 <input type="checkbox"/> 2021		
SECTION B - IDENTIFY SPECIAL REVENUE CONDITIONS		
6. Are you a new producer in 2020 OR 2021 that did not have any allowable gross revenue in 2018 or 2019?		
<input type="checkbox"/> YES	If "YES", complete Section D, complete Sections E through G to calculate Expected Allowable Disaster Year Revenue , and then complete Sections H and K.	
<input checked="" type="checkbox"/> NO	If "NO", continue to Item 7.	
7. Do you have allowable gross revenue in 2018 or 2019, but your operation had undergone a decrease in operating capacity from the Benchmark Year to Disaster Year?		
<input type="checkbox"/> YES	If "YES", complete Sections C and D, complete Sections E through G to calculate Expected Decrease in Revenue , and then complete Sections I and K.	
<input checked="" type="checkbox"/> NO	If "NO", continue to Item 8.	
8. Do you have allowable gross revenue in 2018 or 2019, but your operation has undergone an increase in operating capacity from Benchmark Year to Disaster Year?		
<input type="checkbox"/> YES	If "YES", complete Sections C and D, complete Sections E through G to calculate Expected Increase in Revenue , and the complete Sections J and K.	
<input checked="" type="checkbox"/> NO	If "NO", complete Section C and D, and then complete Section K.	

FSA 521, Pages 3 & 4

FSA-521 (01-23-23)

Page 3 of 4

HOW TO DETERMINE ALLOWABLE GROSS REVENUE

Table 1 provides guidance for:

- Determining allowable gross revenue source
- What to include/exclude when determining allowable gross revenue

Table 1.

Allowable Revenue Source:	Include Gross Revenue from the Following Sources:	Exclude Gross Revenue from the Following Sources:
Schedule F Line 1c "Sales of purchased livestock and other resale items," or information that could be reported on a Schedule F	Sales of eligible crops purchased for resale that had a change in characteristic due to the time held, such as: <ul style="list-style-type: none"> • A plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months 	Sales of livestock
Schedule F Line 2 "Sales of livestock, produce, grains, and other products you raised," or information that could be reported on a Schedule F	Sales of eligible crops grown and sold in the United States and its Territories by the applicant Sales of eligible crops grown by the applicant resulting from value added through post-production activities that could have been reported on IRS Schedule F For example: <ul style="list-style-type: none"> • Strawberries into jam Sales of aquatic species that are grown: <ul style="list-style-type: none"> • As food for human or livestock consumption • For industrial or biomass uses • As fish raised as feed for fish that are consumed by humans • As ornamental fish propagated and reared in an aquatic medium 	Sales of animals and their by-products: <ul style="list-style-type: none"> • Animals for consumption by the owner, lessee, or contract grower • Eggs • Milk • Mink including pelts • Revenue from animals for show, sport, or recreational purposes • Wild free-roaming animals • Revenue from raised breeding livestock (Schedule 4797 Part 1, Column (d) or (g) or other information that could be reported on a Schedule F) Sales of agricultural commodities resulting from value added through post-production activities if reported on Schedule C Commodities not grown in the United States and its Territories
Schedule F Line 3a "Cooperative distributions," Form 1099-PATR, or information that could be reported on a Schedule F	The taxable amount of cooperative distributions directly related to the sale of eligible crops produced by the applicant such as: <ul style="list-style-type: none"> • Per-unit allocations paid to patrons for gross grain sales 	Distributions that are not directly related to the sale of eligible crops that are not produced by the applicant
Schedule F Line 4a "Agricultural program payments", Form 1099-G, or information that could be reported on a Schedule F	<ul style="list-style-type: none"> • Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Program • Biomass Crop Assistance Program (BCAP) • Loan Deficiency Payment (LDP) Program • Market Loan Gains (MLG) - repayment of Commodity Credit Corporation (CCC) loan less than the original amount • Market Facilitation Program (MFP) • Seafood Trade Relief Program (STRP) • For the applicable disaster year only- Emergency Relief Program (ERP) Phase 1 payments issued to another person or entity for the applicant's share of an eligible crop, regardless of the tax year in which the payment would be reported to the IRS 	<ul style="list-style-type: none"> • Conservation Program Payments • Dairy Margin Coverage (DMC) Program • Marketing Assistance Loan (MAL) Pandemic Assistance payments including, but not limited to: <ul style="list-style-type: none"> • cost-share assistance • loss of buildings • livestock portion • Coronavirus Food Assistance Program (CFAP) - CFAP 1 and CFAP 2 • Pandemic Livestock Indemnity Program (PLIP) • Spot Market Hog Pandemic Program (SMHPP)

FSA-521 (01-23-23)

Page 4 of 4

Allowable Revenue Source:	Include Gross Revenue from the Following Sources:	Exclude Gross Revenue from the Following Sources:
Schedule F Line 5a - 5c "Commodity Credit Corporation (CCC) loans reported under election," Form 1099-A, or information that could be reported on a Schedule F	<ul style="list-style-type: none"> • CCC loans reported under election if elected to be treated as income and reported to IRS when all or part of the production is used as collateral to secure the loan • Forfeited CCC loans 	
Schedule F Line 6 "Crop insurance proceeds and federal crop disaster payments" or information that could be reported on a Schedule F	<ul style="list-style-type: none"> • Crop insurance proceeds <i>less administrative fees and premiums</i> • Noninsured Crop Disaster Assistance Program (NAP) payments <i>less administrative fees and premiums</i> • Benchmark Year Only - 2017 Wildfire and Hurricanes Indemnity Program (WHIP), 2018 & 2019 Wildfire and Hurricanes Indemnity Program (WHIP+), and Quality Loss Adjustment Program (QLA). • On-Farm Storage Loss Program (OFSLP) • Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP) - payments specific to aquaculture • Payments through grant agreements with FSA for losses of eligible crops • Grants from the Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), and State program funds for the direct loss of eligible crops or the loss of revenue for eligible crops 	<ul style="list-style-type: none"> • Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP)- payments specific to livestock and honeybees • Emergency Livestock Relief Program (ELRP) • Emergency Relief Program (ERP) Phase 1 Payments • Livestock Forage Disaster Program (LFP) • Livestock Indemnity Program (LIP) • Milk Loss Program • Disaster Year Only - Quality Loss Adjustment (QLA) Program • Tree Assistance Program (TAP) • Disaster Year Only - Wildfire and Hurricane Indemnity Program (WHIP/WHIP+)
Schedule F Line 7 "Custom hire (machine work) income," or information that could be reported on a Schedule F		Custom hire income
Schedule F Line 8 "Other income, including federal and state gasoline or fuel tax credit or refund," or information that could be reported on a Schedule F	Other revenue directly related to the production of eligible crops that the IRS requires the applicant to report such as but not limited to: <ul style="list-style-type: none"> • Commodity specific income received from state or local governments 	<ul style="list-style-type: none"> • Federal and State gas/fuel tax credits • Income from by-passed (unharvested) acres • Income from a pass-through entity such as an S Corporation or Limited Liability Company (LLC) • Certificate Exchanges • Net gain from hedging or speculation • Wages, salaries, and tips • Cash rent • Rental of equipment or supplies • Revenue earned as a contract producer

Note: An applicant is not required to have filed a Schedule F to determine allowable gross revenue. If an applicant did not file a Schedule F, the applicant will use the applicable federal tax form filed to determine allowable gross revenue in the same manner as if a Schedule F was filed.

Will's Sch F to 521-A Example

Information for Section C

Schedule F (Form 1040): Profit or Loss From Farming		2019		FSA 521-A	
Line No.	Line Description	Schedule F Part I		Section C - Actual	Allowable Benchmark Year Revenue (2019)
Line 1a	Sales of purchased livestock and other resale items	\$ 200,000	125,000 corn and 75,000 pigs	Sale of eligible crops only	\$ 125,000
Line 1b	Cost or other basis of purchased livestock or other items reported on line 1a	\$ 125,000	100,000 corn and 25,000 pigs	Cost of eligible crops only	\$ 100,000
Line 1c	Subtract line 1b from line 1a	\$ 75,000		Item 9	\$ 25,000
Line 2	Sales of livestock, produce, grains, and other products raised				
	Livestock raised	\$ 143,750	from records		\$ 143,750
	Crops raised	\$ 111,800	from records		\$ 111,800
	Line 2 Total	\$ 255,550	must = Sch F	Item 10	\$ 111,800
Line 3a	Coop Distributions on	\$ 223,200	incl personal		\$ 223,200
Line 3b	(Forms 1099-PATR)	\$ 222,900	less personal	Item 11	\$ 222,900
Line 4a	Agricultural Program	\$ 65,200			
Line 4b	Payments	\$ 60,200	eligible crops less mkt gain	Item 12	\$ 60,200
Lines 5a, 5b, & 5c	Commodity Credit Corporation loans reported under election	\$ 100,000	lines 5a and 5c	Item 13 (amount from 5a and 5c)	\$ 100,000
Lines 6a & 6b	Crop Insurance Proceeds and Federal Disaster Payments	\$ 19,100		Item 14	\$ 19,100
Line 7	Custom hire income	\$ 12,900			\$ 12,900
Line 8	Other income	\$ 3,100	Fuel credit	Item 15	\$ -
Line 9	Gross income	\$ 748,750		Item 16	\$ 539,000

Will's FSA 521-A: Section C

SECTION C - ACTUAL ALLOWABLE BENCHMARK YEAR REVENUE	
Enter allowable gross revenue items based on the selected Benchmark Year (refer to <i>How to Determine Allowable Gross Revenue Table on FSA-521</i>).	
9. Enter amount of allowable gross revenue from sales of eligible crops purchased for resale that had a change in characteristic due to the time held, such as a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months (<i>Schedule F Line 1c</i>):	\$25,000
10. Enter amount of allowable gross revenue from sales of eligible crops grown and sold in the United States by the applicant (example: corn sold as grain); also include sales of eligible crops grown by the applicant resulting from value added through post production activities that could have been reported on Schedule F (example: <i>strawberries into jam</i>); and also include sales of aquatic species that are grown as food for human or livestock consumption, for industrial or biomass uses, as fish raised as feed for fish that are consumed by humans, as ornamental fish propagated and reared in an aquatic medium (<i>Schedule F Line 2</i>):	\$111,800
11. Enter amount of allowable gross revenue from the taxable amount of cooperative distributions directly related to the sale of eligible crops produced by the applicant such as: per-unit allocations paid to patrons for gross grain sales (<i>Schedule F Line 3a; Form 1099-PATR</i>):	\$222,900
12. Enter amount of allowable gross revenue from agricultural program payments such as ARC/PLC, BCAP, LDP, MLG repayment of CCC loans less than the original amount, MFP, and STRP (<i>Schedule F Line 4a, or Form 1099-G</i>):	\$80,200
13. Enter amount of allowable gross revenue from CCC loans reported under election if elected to be treated as income and reported to IRS when all or part of the production is used as collateral to secure the loan; and forfeited CCC loans (<i>Schedule F Line 5a - 5c, Form 1099-A</i>):	\$100,000
14. Enter amount of allowable gross revenue from crop insurance proceeds less administrative fees and premiums, NAP payments less administrative fees and premiums, 2017 WHIP payments, 2018/2019 WHIP+ payments, QLA payments, OFSLP payments, ELAP payments specific to aquaculture, payments received through grant agreements with FSA for losses of eligible crops, grants from the Department of Commerce, NOAA, and State program funds for the direct loss of eligible crops or the loss of revenue for eligible crops (<i>Schedule F Line 6</i>):	\$19,100
15. Enter amount of other allowable gross revenue directly related to the production of eligible crops that the IRS requires the applicant to report, such as but not limited to: commodity specific income received from state or local governments (<i>Schedule F Line 8</i>):	\$0
16. Total Actual Allowable Benchmark Year Revenue (<i>sum Items 9 through 15</i>):	\$539,000

Separate Crop and Livestock Income For Disaster Year – Section D

Schedule F

- Provides totals for various line numbers
- E.g., Line 2 may have both raised livestock and crop income
 - De minimis value added
- Pages 3 & 4 of Form FSA 521 provide guidance as to what to remove

From Farm Records System split out Enterprises

- Review records to separate crop from livestock enterprises
- Separate purchased for resale items: livestock versus crops
- Review records to determine any other items
 - Value-added (Schedule C)
 - Sale of Business Assets (Form 4797)

Will Farmer's Schedule F, Part I

SCHEDULE F (Form 1040)		Profit or Loss From Farming		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		<p>▶ 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.</p>		<p>2020 Attachment Sequence No. 14</p>	
Name of proprietor Will Farmer			Social security number (SSN) 101010101		
A Principal crop or activity Grain and Livestock	B Enter code from Part IV ▶ 1 1 1 1 0 0	C Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual		D Employer ID number (EIN) (see instr.) 2 3 9 8 7 6 5 4 2	
E Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on passive losses			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
F Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
G If "Yes," did you or will you file required Form(s) 1099?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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	215,000		
b	Cost or other basis of livestock or other items reported on line 1a	1b	130,000		
c	Subtract line 1b from line 1a	1c	85,000		
2	Sales of livestock, produce, grains, and other products you raised	2	179,500		
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	124,000	3b	Taxable amount
4a	Agricultural program payments (see instructions)	4a	63,000	4b	Taxable amount
5a	Commodity Credit Corporation (CCC) loans reported under election	5a		5c	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	65,000	6b	Taxable amount
c	If election to defer to 2021 is attached, check here <input type="checkbox"/>	6d	Amount deferred from 2019	6d	
7	Custom hire (machine work) income	7	4,500		
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8	21,000		
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	536,000		
Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.					



Will's Sch F to 521-A Example

Information for Section D

Schedule F (Form 1040): Profit or Loss From Farming		2019		FSA 521-A Section C - Actual		2020		FSA 521-A Section D - Actual	
Line No.	Line Description	Schedule F Part I		Allowable Benchmark Year Revenue (2019)		Schedule F Part I		Allowable Disaster Year Revenue (2020)	
Line 1a	Sales of purchased livestock and other resale items	\$ 200,000	125,000 corn and 75,000 pigs	Sale of eligible crops only	\$ 125,000	\$ 215,000	135,000 corn and 80,000 pigs	Sale of eligible crops only	\$ 135,000
Line 1b	Cost or other basis of purchased livestock or other items reported on line 1a	\$ 125,000	100,000 corn and 25,000 pigs	Cost of eligible crops only	\$ 100,000	\$ 130,000	95,000 corn and 35,000 pigs	Cost of eligible crops only	\$ 95,000
Line 1c	Subtract line 1b from line 1a	\$ 75,000		Item 9	\$ 25,000	\$ 85,000		Item 17	\$ 40,000
Line 2	Sales of livestock, produce, grains, and other products raised								
	Livestock raised	\$ 143,750	from records		\$ 143,750	\$ 118,000	from records		\$ 118,000
	Crops raised	\$ 111,800	from records		\$ 111,800	\$ 61,500	from records		\$ 61,500
	Line 2 Total	\$ 255,550	must = Sch F	Item 10	\$ 111,800	\$ 179,500	must = Sch F	Item 18	\$ 61,500
Line 3a	Coop Distributions on	\$ 223,200	incl personal		\$ 223,200	\$ 124,000	inc personal		\$ 124,000
Line 3b	(Forms 1099-PATR)	\$ 222,900	less personal	Item 11	\$ 222,900	\$ 123,000	less personal	Item 19	\$ 123,000
Line 4a	Agricultural Program	\$ 65,200				\$ 63,000			
Line 4b	Payments	\$ 60,200	eligible crops less mkt gain	Item 12	\$ 60,200	\$ 58,000	eligible crops less mkt gain	Item 20	\$ 58,000
Lines 5a, 5b, & 5c	Commodity Credit Corporation loans reported under election	\$ 100,000	lines 5a and 5c	Item 13 (amount from 5a and 5c)	\$ 100,000		lines 5a and 5c	Item 13 (amount from 5a and 5c)	
Lines 6a & 6b	Crop Insurance Proceeds and Federal Disaster Payments	\$ 19,100		Item 14	\$ 19,100	\$ 65,000		Item 22	\$ 65,000
Line 7	Custom hire income	\$ 12,900			\$ 12,900	\$ 4,500			\$ 4,500
Line 8	Other income	\$ 3,100	Fuel credit	Item 15	\$ -	\$ 21,000	Fert. refund	Item 23	\$ 20,000
Line 9	Gross income	\$ 748,750		Item 16	\$ 539,000	\$ 536,000		Item 24	\$ 367,500



Will's FSA 521-A: Section D

SECTION D - ACTUAL ALLOWABLE DISASTER YEAR REVENUE	
Enter allowable gross revenue items based on the selected Disaster Year (refer to <i>How to Determine Allowable Gross Revenue Table on FSA-521</i>).	
17. Enter amount of allowable gross revenue from sales of eligible crops purchased for resale that had a change in characteristic due to the time held, such as a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months (<i>Schedule F Line 1c</i>):	\$40,000
18. Enter amount of allowable gross revenue from sales of eligible crops grown and sold in the United States by the applicant (example: corn sold as grain); also include sales of eligible crops grown by the applicant resulting from value-added through post-production activities that would have been reported on Schedule F (example strawberries into jam); and also include sales of aquatic species that are grown as food for human or livestock consumption, for industrial or biomass uses, as fish raised as feed for fish that are consumed by humans, as ornamental fish propagated and reared in an aquatic medium (<i>Schedule F Line 2</i>):	\$81,500
19. Enter amount of allowable gross revenue from the taxable amount of cooperative distributions directly related to the sale of eligible crops produced by the applicant such as: per-unit allocations paid to patrons for gross grain sales (<i>Schedule F Line 3a or Form 1099-PATR</i>):	\$123,000
20. Enter amount of allowable gross revenue from agricultural program payments such as ARC/PLC, BCAP, LDP, MLG - repayment of CCC loans less than the original amount, MFP, STRP, and ERP Phase 1 payments issued to another person or entity for the applicant's share of an eligible crop regardless of the year it would be reported to the IRS (<i>Schedule F Line 4a, or Form 1099-G</i>):	\$58,000
21. Enter amount of allowable gross revenue from CCC loans reported under election if elected to be treated as income and reported to IRS when all or part of the production is used as collateral to secure the loan; and forfeited CCC loans (<i>Schedule F Line 5a - 5c, Form 1099-A</i>):	
22. Enter amount of allowable gross revenue from crop insurance proceeds less administrative fees and premiums, NAP payments less administrative fees and premiums, OFSLP payments, ELAP payments specific to aquaculture, payments received through grant agreements with FSA for losses of eligible crops, grants from the Department of Commerce, NOAA, and State program funds for the direct loss of eligible crops or the loss of revenue for eligible crops (<i>Schedule F Line 6</i>):	\$65,000
23. Enter amount of other allowable gross revenue directly related to the production of eligible crops that the IRS requires the applicant to report, such as but not limited to: commodity specific income received from state or local governments (<i>Schedule F Line 8</i>):	\$20,000
24. Total Actual Allowable Disaster Year Revenue (<i>sum Items 17 through 23</i>):	\$367,500


Will's FSA 521-A: Sections E, F, & G

1. Applicant Name		2. Application Number			
SECTION E - ELIGIBLE VALUE-ADDED COMMODITIES					
25. Commodity:					26. Expected Revenue:
27. Total Expected Revenue from Eligible Value-Added Commodities <i>(sum amounts in column for Item 26):</i>					
SECTION F - ELIGIBLE YIELD-BASED CROPS/COMMODITIES					
28. Crop/Commodity	29. Expected Acres:	30. Expected Yield per Acre:	31. Unit of Measure:	32. Expected Price per Unit:	33. Expected Revenue:
34. Total Expected Revenue from Eligible Yield-Based Crops/Commodities <i>(sum amounts in column for Item 33):</i>					
SECTION G - ELIGIBLE INVENTORY-BASED CROPS/COMMODITIES					
35. Crop/Commodity:					36. Expected Revenue:
37. Total Expected Revenue from Eligible Inventory-Based Crops/Commodities <i>(sum amounts in column for Item 36):</i>					

Will's FSA 521-A: Sections H, I, & J

SECTION H - TOTAL EXPECTED ALLOWABLE DISASTER YEAR REVENUE	
38. Total Expected Allowable Disaster Year Revenue from Eligible Value-Added Based Commodities (total from Item 27):	
39. Total Expected Allowable Disaster Year Revenue from Eligible Yield-Based Crops/Commodities (total from Item 34):	
40. Total Expected Allowable Disaster Year Revenue from Eligible Inventory-Based Crops/Commodities (total from Item 37):	
41. Total Expected Allowable Disaster Year Revenue (sum Items 38 through 40):	
SECTION I - TOTAL ADJUSTED BENCHMARK YEAR REVENUE FROM DECREASED OPERATING CAPACITY	
42. Total Actual Allowable Benchmark Year Revenue (total from Item 16):	
43. Total Expected Decreased Revenue from Eligible Value-Added Based Commodities (total from Item 27):	
44. Total Expected Decreased Revenue from Eligible Yield-Based Crops/Commodities (total from Item 34):	
45. Total Expected Decreased Revenue from Eligible Inventory-Based Crops/Commodities (total from Item 37):	
46. Total Adjusted Benchmark Year Revenue from Decreased Operating Capacity (subtract Items 43 through 45 from Item 42):	
SECTION J - TOTAL ADJUSTED BENCHMARK YEAR REVENUE FROM INCREASED OPERATING CAPACITY	
47. Total Actual Allowable Benchmark Year Revenue (total from Item 16):	
48. Total Expected Increased Revenue from Eligible Value-Added Based Commodities (total from Item 27):	
49. Total Expected Increased Revenue from Eligible Yield-Based Crops/Commodities (total from Item 34):	
50. Total Expected Increased Revenue from Eligible Inventory-Based Crops/Commodities (total from Item 37):	
51. Total Adjusted Benchmark Year Revenue from Increased Operating Capacity (sum Items 47 through Item 50):	

Will's FSA 521-A: Example

Schedule F (Form 1040): Profit or Loss From Farming		2019		FSA 521-A Section C - Actual			2020		FSA 521-A Section D - Actual	
Line No.	Line Description	Schedule F Part I		Allowable Benchmark Year Revenue (2019)			Schedule F Part I		Allowable Disaster Year Revenue (2020)	
Line 1a	Sales of purchased livestock and other resale items	\$ 200,000	125,000 corn and 75,000 pigs	Sale of eligible crops only	\$ 125,000		\$ 215,000	135,000 corn and 80,000 pigs	Sale of eligible crops only	\$ 135,000
Line 1b	Cost or other basis of purchased livestock or other items reported on line 1a	\$ 125,000	100,000 corn and 25,000 pigs	Cost of eligible crops only	\$ 100,000		\$ 130,000	95,000 corn and 35,000 pigs	Cost of eligible crops only	\$ 95,000
Line 1c	Subtract line 1b from line 1a	\$ 75,000		Item 9	\$ 25,000		\$ 85,000		Item 17	\$ 40,000
Line 2	Sales of livestock, produce, grains, and other products raised									
	Livestock raised	\$ 143,750	from records		\$ 143,750		\$ 118,000	from records		\$ 118,000
	Crops raised	\$ 111,800	from records		\$ 111,800		\$ 61,500	from records		\$ 61,500
	Line 2 Total	\$ 255,550	must = Sch F	Item 10	\$ 111,800		\$ 179,500	must = Sch F	Item 18	\$ 61,500
Line 3a	Coop Distributions on	\$ 223,200	incl personal		\$ 223,200		\$ 124,000	inc personal		\$ 124,000
Line 3b	(Forms 1099-PATR)	\$ 222,900	less personal	Item 11	\$ 222,900		\$ 123,000	less personal	Item 19	\$ 123,000
Line 4a	Agricultural Program	\$ 65,200					\$ 63,000			
Line 4b	Payments	\$ 60,200	eligible crops less mkt gain	Item 12	\$ 60,200		\$ 58,000	eligible crops less mkt gain	Item 20	\$ 58,000
Lines 5a, 5b, & 5c	Commodity Credit Corporation loans reported under election	\$ 100,000	lines 5a and 5c	Item 13 (amount from 5a and 5c)	\$ 100,000			lines 5a and 5c	Item 13 (amount from 5a and 5c)	
Lines 6a & 6b	Crop Insurance Proceeds and Federal Disaster Payments	\$ 19,100		Item 14	\$ 19,100		\$ 65,000		Item 22	\$ 65,000
Line 7	Custom hire income	\$ 12,900			\$ 12,900		\$ 4,500			\$ 4,500
Line 8	Other income	\$ 3,100	Fuel credit	Item 15	\$ -		\$ 21,000	Fert. refund	Item 23	\$ 20,000
Line 9	Gross income	\$ 748,750		Item 16	\$ 539,000		\$ 536,000		Item 24	\$ 367,500

Will's FSA 521-A: Section K

SECTION K - TOTAL ALLOWABLE BENCHMARK YEAR AND ALLOWABLE DISASTER YEAR REVENUE	
52. Total Allowable Benchmark Year Revenue (total from Item 41, Item 48, or Item 51; if no total occurs in these, use total from Item 16):	\$539,000
53. Total Allowable Disaster Year Revenue (total from Item 24):	\$367,500

Transfer Information to FSA 521

FSA-521 (01-23-23)

Page 2 of 4

PART C - 2020 DISASTER YEAR REVENUE CERTIFICATION						COC USE ONLY				
5. % of Expected Revenue from Specialty & High Value Crops	6. % of Expected Revenue from Other Crops	7. Benchmark Year	8. Benchmark Revenue	9. Representative Revenue Year	10. Disaster Year Revenue	11. COC Adjusted % of Expected Revenue from Specialty & High Value Crops	12. COC Adjusted % of Expected Revenue from Other Crops	13. COC Adjusted Benchmark Revenue	14. COC Adjusted Disaster Year Revenue	15. COC Approved or Disapproved
		<input type="checkbox"/> 2018 <input type="checkbox"/> 2019 <input type="checkbox"/> Adjusted		<input type="checkbox"/> 2020 <input type="checkbox"/> 2021						<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved
PART D - 2021 DISASTER YEAR REVENUE CERTIFICATION						COC USE ONLY				
16. % of Expected Revenue from Specialty & High Value Crops	17. % of Expected Revenue from Other Crops	18. Benchmark Year	19. Benchmark Revenue	20. Representative Revenue Year	21. Disaster Year Revenue	22. COC Adjusted % of Expected Revenue from Specialty & High Value Crops	23. COC Adjusted % of Expected Revenue from Other Crops	24. COC Adjusted Benchmark Revenue	25. COC Adjusted Disaster Year Revenue	26. COC Approved or Disapproved
		<input type="checkbox"/> 2018 <input type="checkbox"/> 2019 <input type="checkbox"/> Adjusted		<input type="checkbox"/> 2021 <input type="checkbox"/> 2022						<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved
PART E - PRODUCER CERTIFICATION										
I hereby sign and acknowledge under penalty of perjury in accordance with 28 U.S.C. § 1746 and 18 U.S.C. § 1621 that all information on this application, whether entered by me or by someone else on my behalf, is true and correct. I understand that if any information is determined to be in error, the application may be denied, and such errors may result in a determination of ineligibility in whole or in part.										
27A. Signature (By)					27B. Title/Relationship of the Individual Signing in the Representative Capacity			27C. Date (MM/DD/YYYY)		
PART F - COUNTY COMMITTEE (COC) DETERMINATION										
28A. COC or Designee Signature									28B. Date (MM/DD/YYYY)	

In accordance with Federal crop loss relief and USDA disaster assistance policies, the USDA, its agencies, offices, and employees participate in administering USDA programs on an equal basis without regard to race, color,

Will's FSA 521: Example

FSA-521					
Part C - 2020 Disaster Year Revenue Certification					
Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10
% of Expected Revenue from Specialty & High Value Crops	% of Expected Revenue from Other Crops	Benchmark Year	Benchmark Revenue	Representative Revenue Year	Disaster Year Revenue
0	100%	2019	\$539,000	2020	\$ 367,500

Will's FSA 521: Parts B, C, E, & F

PART B - PRODUCER INFORMATION

4. Producer Name, Address (City, State, and Zip Code), and Phone Number (include Area Code):

WILL FARMER
 22380 FARM ROAD
 ANYTOWN, KS 66050
 785-333-9999

PART C - 2020 DISASTER YEAR REVENUE CERTIFICATION

PART C - 2020 DISASTER YEAR REVENUE CERTIFICATION						COC USE ONLY				
5. % of Expected Revenue from Specialty & High Value Crops	6. % of Expected Revenue from Other Crops	7. Benchmark Year	8. Benchmark Revenue	9. Representative Revenue Year	10. Disaster Year Revenue	11. COC Adjusted % of Expected Revenue from Specialty & High Value Crops	12. COC Adjusted % of Expected Revenue from Other Crops	13. COC Adjusted Benchmark Revenue	14. COC Adjusted Disaster Year Revenue	15. COC Approved or Disapproved
0	100	<input type="checkbox"/> 2018 <input checked="" type="checkbox"/> 2019 <input type="checkbox"/> Adjusted	\$539,000	<input checked="" type="checkbox"/> 2020 <input type="checkbox"/> 2021	\$367,500					<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved

PART E - PRODUCER CERTIFICATION

I hereby sign and acknowledge under penalty of perjury in accordance with 28 U.S.C. § 1746 and 18 U.S.C. § 1621 that all information on this application, whether entered by me or by someone else on my behalf, is true and correct. I understand that if any information is determined to be in error, the application may be denied, and such errors may result in a determination of ineligibility in whole or in part.

27A. Signature (By)

27B. Title/Relationship of the Individual Signing in the Representative Capacity

27C. Date (MM/DD/YYYY)

PART F - COUNTY COMMITTEE (COC) DETERMINATION

28A. COC or Designee Signature

28B. Date (MM/DD/YYYY)

Part III Farm Income – Accrual Method (see instructions)

37	Sales of livestock, produce, grains, and other products (see instructions)			37	Line 2		
38a	Cooperative distributions (Form(s) 1099-PATR)	38a	Line 3a	38b	Taxable amount	38b	Line 3b
39a	Agricultural program payments	39a	Line 4a	39b	Taxable amount	39b	Line 4b
40	Commodity Credit Corporation (CCC) loans:						
a	CCC loans reported under election			40a		40a	Line 5a
b	CCC loans forfeited	40b	Line 5b	40c	Taxable amount	40c	Line 5c
41	Crop insurance proceeds			41		41	Line 6
42	Custom hire (machine work) income			42		42	Line 7
43	Other income (see instructions)			43		43	Line 8
44	Add amounts in the right column for lines 37 through 43 (lines 37, 38b, 39b, 40a, 40c, 41, 42, and 43)			44		44	Sub total
45	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797	45	Separate Grains				
46	Cost of livestock, produce, grains, and other products purchased during the year	46	from Livestock				
47	Add lines 45 and 46	47	Similar to Lines				
48	Inventory of livestock, produce, grains, and other products at end of year	48	1a through 1c				
49	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*			49		49	Grains only
50	Gross income. Subtract line 49 from line 44. Enter the result here and on Part I, line 9			50		50	Goal is Grain only

Accrual Basis:

ERP's Focus is on Grain Income

Review of Application Process

Schedule F and Records

- From records separate crop from livestock income.
- De minimis value added
- Use Form 521-A instructions and USDA Tool to calculate allowable entries

Forms 521-A and 521

- Post allowable entries from USDA Tool into FSA Form 521-A
- Transfer appropriate entry values from FSA 521-A to Form FSA 521
- Sign and date

FSA 510

If a single Government Payment exceeds the \$125,000 limit

- File Form FSA 510 for waiver
- The reported income must be certified by a CPA or attorney; this is required by statute not USDA policy
- In very rural areas, this certification could be problematic

Will Farmer Example

- Filing of Form FSA 510 is not needed because the threshold was not reached.

USDA ERP Resources

USDA Emergency Relief Website

<https://www.fsa.usda.gov/programs-and-services/emergency-relief/index>

FSA 521 Application

https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/emergency-relief-program/pdfs/fsa0521_230123v06lc.pdf

FSA 521-A Worksheet

https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/emergency-relief-program/pdfs/fsa_521_a_new.pdf

FSA 510

<https://www.farmers.gov/sites/default/files/2022-04/farmersgov-form-fsa510-exception-04-04-2022.pdf>

Discussion Items

- Net sales of items held for resale
- Value Added Ag Products
 - Strawberries grown for strawberry jam
 - If included on Schedule F
 - How it is valued
 - De minimis amount of processed products may be on Schedule F and included in ERP Phase 2
- Cooperative distributions
 - Included in ERP Phase 2 From sales of specific crop – grain marketing
 - Excluded from ERP Phase 2 From purchases of supplies – Farm store coops with fertilizer and feed
- Ag program payments
 - Exclude – EQIP for livestock
 - Exclude – CRP, wetlands, conservation payments
- **3a, 3b, 4a, and 4b Issue**

Finding a Farm Tax Expert

- Materials available
 - Tax topic - [How to Choose a Tax Professional | USU](#)
 - Webinar – Introduction to Ag Taxes. [Taxes and USDA Programs | Farmers.gov](#)
 - Includes choosing a tax professional
- What to look for in finding additional expertise
 - Check the preparer's qualifications
 - Ask about experience with farm, forest, ranch land returns
 - Ask about service fees
 - Make sure the preparer is available
 - Ask how they handle “grey” areas
 - Find out limits on audit representation

Tax Resources

- [Farmers.gov/taxes](https://farmers.gov/taxes)
 - Webinars and links to materials
 - July 12 – Ag Taxes: What new farmers should know
 - March 2023 – Schedule F: a line by line discussion
- RuralTax.org
 - Tax topics
 - How to pick a tax professional
 - Farm, Farming and Who is a Farmer
- Land Grant Universities Extension Programs
- AgFTAP.org

Follow-up Questions

Please send your follow-up questions to:

- Janet Wright
- janet.wright@usda.gov



**Thank you for your
Attention today**
