



# Tax Issues & Applying for ERP 2022 Track 2 Benefits

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# Rural Tax Education

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RuralTax.org



- Website hosted by Utah State University
- 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

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- Where is farm information located in tax information
- Quick overview of Schedule F and need to extract separate income details
- Introduction of FSA Forms 524 and 524-A and 524-B (Track 2)
- Overview of Form FSA 510
- Farm example using Forms FSA 524 and FSA 524-A Sections A & B
- Resources
- Discussion
- Question and Answer

# Where is Farm Income

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- 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.

*See supplemental document to help with income sources: not an all-inclusive list.*

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

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- 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
- IRS Publication 225, The Farmer's Tax Guide



# Schedule F vs. Schedule C

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- 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 2022 Application

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- Schedule F
- Farm Records
- FSA Form 524
  - Track 2
- Worksheet 524-A
  - Track 2
- Form FSA 510 (if needed)
  
- Example to calculate input values for USDA Forms: Worksheet FSA 524-A and FSA 524 Application
  - Will Farmer example used for Track 2 application

# Additional Information for ERP 2022

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- Can apply for both Track 1 and Track 2
- If farmer receives a Track 1 amount, then the amount of the Track 2 payment will be reduced accordingly
- ERP 2022 Tool (spreadsheet for completing the application and making calculations)
- Website: <https://www.fsa.usda.gov/programs-and-services/emergency-relief/index>

# Schedule F

## Records needed to:

- Detail Lines 1a-c
- Separate eligible crops from livestock and grazing crops Line 2
- Detail Coop Distributions Lines 3a & b
- Detail Gov't Payments Lines 4a & b
- Detail CCC loan election(s) Lines 5a-c
- Detail Crop Ins. election(s) Lines 6a-d
- Detail Hedge transactions Line 8

SCHEDULE F (Form 1040)		Profit or Loss From Farming		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, 1041, or 1065. Go to <a href="http://www.irs.gov/ScheduleF">www.irs.gov/ScheduleF</a> for instructions and the latest information.		2023 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	
E Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on passive losses			<input type="checkbox"/> Yes <input type="checkbox"/> No	
F Did you make any payments in 2023 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	
<b>Part I Farm Income—Cash Method.</b> 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		5a	
b	CCC loans forfeited	5b	5c Taxable amount	5c
6	Crop insurance proceeds and federal crop disaster payments (see instructions):			
a	Amount received in 2023	6a	6b Taxable amount	6b
c	If election to defer to 2024 is attached, check here <input type="checkbox"/>		6d Amount deferred from 2022	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	<b>Gross income.</b> 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	
<b>Part II Farm Expenses—Cash and Accrual Method.</b> Do not include personal or living expenses. See instructions.				
10	Car and truck expenses (see instructions). Also attach Form 4562	10	23 Pension and profit-sharing plans	23
11	Chemicals	11	24 Rent or lease (see instructions):	
12	Conservation expenses (see instructions)	12	a Vehicles, machinery, equipment	24a
13	Custom hire (machine work)	13	b Other (land, animals, etc.)	24b
14	Depreciation and section 179 expense (see instructions)	14	25 Repairs and maintenance	25
15	Employee benefit programs other than on line 23	15	26 Seeds and plants	26
16	Feed	16	27 Storage and warehousing	27
17	Fertilizers and lime	17	28 Supplies	28
18	Freight and trucking	18	29 Taxes	29
19	Gasoline, fuel, and oil	19	30 Utilities	30
20	Insurance (other than health)	20	31 Veterinary, breeding, and medicine	31
21	Interest (see instructions):		32 Other expenses (specify):	
a	Mortgage (paid to banks, etc.)	21a	a	32a
b	Other	21b	b	32b
22	Labor hired (less employment credits)	22	c	32c
			d	32d
			e	32e
			f	32f
33	<b>Total expenses.</b> Add lines 10 through 32f. If line 32f is negative, see instructions		33	
34	<b>Net farm profit or (loss).</b> Subtract line 33 from line 9		34	
If a profit, stop here and see instructions for where to report. If a loss, complete line 36.				
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:			10
a	<input type="checkbox"/> All investment is at risk.	b	<input type="checkbox"/> Some investment is not at risk.	

# FSA 524, Page 1

OMB Expiration Date: 04/30/2024

<b>FSA-524</b> (10-31-23)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Farm Service Agency	<b>FOR COUNTY OFFICE USE ONLY</b>			
		1. Recording State <i>Name</i>	Code	2. Recording County <i>Name</i>	Code
		3. Program Year		4. Application Number	

## EMERGENCY RELIEF PROGRAM (ERP) 2022 TRACK 2 APPLICATION

**INSTRUCTIONS:** Return this completed form to your Recording County FSA Office.

### PART A – PRODUCER AGREEMENT

The Farm Service Agency (FSA) will make payments under ERP 2022 Track 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 that the producer is eligible to receive ERP Track 2 assistance. By submitting this application, the producer agrees:

To comply with the Notice of Funds Availability published by FSA. A copy of this document may be found at: <https://www.fsa.usda.gov/programs-and-services/emergency-relief/index>.

To provide to FSA any additional information requested by FSA to verify that information provided on this form is accurate within 30 calendar days of the request or the application will be disapproved. 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.

To comply with payment attribution and payment eligibility provisions by submitting the following forms within 60 days of the announced application deadline, if not already on file with FSA:

- AD-2047, Customer Data Worksheet
- CCC-902, Farm Operating Plan for Payment Eligibility
- CCC-901, Member Information for Legal Entities (if applicable)
- AD-1026, Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification
- FSA-510, Request for an Exception to the \$125,000 Payment Limitation for Certain Programs (optional, if applicable)
- CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification (optional, if applicable).

That any funds received by a producer under this program will be applied by FSA first to any judgment lien against the producer's property for a debt to the United States to the extent such a lien exists.

That the applicant experienced a decrease in disaster year 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 2022 calendar year. For ERP 2022, qualifying disaster event means: wildfires, tornadoes, hurricanes (including excessive wind, storm surges, 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 year 2022. 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 year. A list of counties that experienced a qualifying drought in calendar year 2022 is available through local FSA service centers and at <https://www.fsa.usda.gov/programs-and-services/emergency-relief/index>.

The application will not be considered complete until the producer has signed Item 22 and completed the FSA-525, Crop Insurance and/or NAP Coverage Agreement, completed all required items and signed in Item 8.

Failure of an individual, entity, or member of an entity to timely submit all information required may result in no payment or a reduced payment.

# FSA 524, Page 2

FSA-524 (10-31-23)

Page 2 of 3

<b>PART B – PRODUCER INFORMATION</b>											
5. Producer's Name (Person or Legal Entity)						7. Information Line					
6A. Address Line 1						8A. Primary Phone Number <input type="checkbox"/> Home <input type="checkbox"/> Cell					
6B. Address Line 2						8B. Alternate Phone Number <input type="checkbox"/> Home <input type="checkbox"/> Cell					
6C. City			6D. State		6E. Zip	9. Email Address					

<b>PART C – 2022 DISASTER YEAR REVENUE CERTIFICATION</b>						<b>FOR COUNTY OFFICE USE ONLY</b>					
10. Benchmark Year	11. Benchmark Year Revenue	12. Representative Revenue Year	13. Disaster Year Revenue	14. % of Expected Revenue from Specialty & High Value Crops	15. % of Expected Revenue from Other Crops	16. Were All Eligible Crops Insured or Covered by NAP?	17. COC Adjusted Benchmark Year Revenue	18. COC Adjusted Disaster Year Revenue	19. COC Adjusted % of Expected Revenue from Specialty & High Value Crops	20. COC Adjusted % of Expected Revenue from Other Crops	21. COC Adjusted Were All Eligible Crops Insured or Covered by NAP?
<input type="checkbox"/> 2018 Tax Year		<input type="checkbox"/> 2022 Tax Year				<input type="checkbox"/> Yes <input type="checkbox"/> No					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> 2019 Tax Year		<input type="checkbox"/> 2023 Tax Year									
<input type="checkbox"/> Expected		<input type="checkbox"/> Actual									

<b>PART D – PRODUCER CERTIFICATION</b>		
I hereby sign and certify 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.		
22A. Producer's Signature (By)	22B. Title/Relationship of Individual Signing in a Representative Capacity	22C. Date (MM-DD-YYYY)

<b>PART E –COC DETERMINATION</b>		
23A. COC Determination	23B. COC or Designee Signature	23C. Date (MM-DD-YYYY)
<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved		

# FSA 524 Appendix, Page 3

Include Gross Revenue from the Following Sources:	Exclude Gross Revenue from the Following Sources:
<p>Sales of eligible crops produced by the producer, which includes sales resulting from value added through post-production activities that were reportable on IRS Schedule F</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Strawberries into jam</li> </ul> <p>Sales of eligible aquatic species that are grown:</p> <ul style="list-style-type: none"> <li>• As food for human or livestock consumption</li> <li>• For industrial or biomass uses</li> <li>• As fish raised as feed for fish that are consumed by humans</li> <li>• As ornamental fish propagated and reared in an aquatic medium</li> </ul> <p>Eligible aquacultural species must be raised by a commercial operator and in water in a controlled environment</p>	<p>Sales of livestock, animal by-products, and any commodities that are excluded from eligible crops:</p> <ul style="list-style-type: none"> <li>• Animals for consumption by the owner, lessee, or other contract grower</li> <li>• Eggs</li> <li>• Milk</li> <li>• Mink including pelts</li> <li>• Revenue from animals for show, sport, or recreational purposes</li> <li>• Wild free roaming animals</li> <li>• Pollinators</li> <li>• Revenue from raised breeding livestock (Schedule 4797 Part 1, Column (d) or (g) or other information that could be reported on a Schedule F</li> <li>• Sales of agricultural commodities resulting from value added through post-production activities if reported on Schedule C</li> <li>• Commodities not grown in the U.S. and its territories</li> <li>• Crops for grazing</li> <li>• Aquatic species that do not meet the definition of aquaculture</li> <li>• Timber</li> <li>• Cannabis sativa L. and any part of the plant that does not meet the definition of hemp</li> </ul>
<p>Sales of eligible crops a producer purchased for resale that had a change in characteristic due to the time held (for example, a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months), less the cost or other basis of such eligible crops</p>	<p>Resale items not held for characteristic change</p>
<p>Cooperative distributions directly related to the sale of the eligible crops produced by the producer, such as patronage paid to producer for gross grain sales</p>	<p>Distributions that are not directly related to the sale of eligible crops that are not produced by the producer such as:</p>

# FSA 524 Appendix, Page 4

	<ul style="list-style-type: none"> <li>• Patronage paid to a producer based on the amount of money borrowed and the interest paid</li> <li>• Dividend paid to a producer based on the services used or products purchased</li> </ul>
<p>Benefits for eligible crops under the following agricultural programs:</p> <ul style="list-style-type: none"> <li>• Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Program</li> <li>• Biomass Crop Assistance Program (BCAP)</li> <li>• Coronavirus Food Assistance Program (CFAP) – CFAP 1 and CFAP 2</li> <li>• Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP) - payments for aquaculture crop(s)</li> <li>• Emergency Relief Program (ERP) – Phase 1 and Phase 2</li> <li>• Loan Deficiency Payment (LDP) Program</li> <li>• Market Loan Gains (MLG) - repayment of Commodity</li> <li>• Market Facilitation Program (MFP)</li> <li>• On-Farm Storage Loss Program (OFSLP)</li> <li>• Quality Loss Adjustment Program (QLA)</li> <li>• Seafood Trade Relief Program (STRP)</li> <li>• Wildfire and Hurricanes Indemnity Programs (2017 WHIP and WHIP+)</li> <li>• Pandemic Assistance Revenue Program (PARP)</li> </ul> <p>For the disaster year only: ERP 2022 Track 1 payments issued to another person or entity for the producer's share of an eligible crop, regardless of the tax year in which the payment would be reported to IRS</p>	<p>Pandemic Assistance payments including but not limited to payments from:</p> <ul style="list-style-type: none"> <li>• Pandemic Livestock Indemnity Program (PLIP)</li> <li>• Spot Market Hog Pandemic Program (SMHPP)</li> <li>• Pandemic Assistance for Timber Harvesters and Haulers (PATHH)</li> </ul> <p>Any pandemic assistance payments that were not for the loss of eligible crops or the loss of revenue from eligible crops, such as:</p> <ul style="list-style-type: none"> <li>• Cost-share assistance</li> <li>• Assistance for loss of buildings</li> <li>• Payments for livestock portion</li> </ul> <p>Other program payments, including but not limited to payments from:</p> <ul style="list-style-type: none"> <li>• Conservation program payments</li> <li>• Dairy Margin Coverage (DMC) Program</li> <li>• Marketing Assistance Loan (MAL)</li> </ul>
<p>CCC loans for eligible crops, if treated as income and reported to IRS</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• CCC loan proceeds for eligible crops if elected to be treated as income in a prior year less the tax basis in year of repayment</li> <li>• CCC loans for eligible crops 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</li> <li>• Forfeited CCC loans for eligible crops</li> </ul>	





# FSA 524 Appendix, Page 4

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<p>FCIC crop insurance proceeds for eligible crops, minus the amount of administrative fees and premiums</p> <p>Proceeds for eligible crops under private insurance policies</p>	<p>Federal disaster program payments under the following programs:</p> <ul style="list-style-type: none"><li>• Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP) for livestock and honeybees</li><li>• Emergency Livestock Relief Program (ELRP)</li><li>• Emergency Relief Program 2022 (ERP 2022) Track 1</li><li>• Livestock Forage Disaster Program (LFP)</li><li>• Livestock Indemnity Program (LIP)</li><li>• Milk Loss Program (MLP)</li><li>• Tree Assistance Program (TAP)</li></ul>
 <p>Noninsured Crop Disaster Assistance Program (NAP) payments for eligible crops, minus the amount of service fees and premiums</p>	

# FSA 524 Appendix, Page 5

<p>Payments issued through grant agreements with FSA for losses of eligible crops</p>	
<p>Grants from the Department of Commerce, National Oceanic and Atmospheric Administration and State program funds providing direct payments for the loss of eligible crops or the loss of revenue from eligible crops</p>	
<p>Other revenue directly related to the production of eligible crops that IRS requires the producer to report as income including but not limited to:</p> <ul style="list-style-type: none"> <li>• Commodity-specific income received from state or local governments</li> <li>• Net gain from hedging</li> </ul>	<ul style="list-style-type: none"> <li>• Federal and State gas/fuel tax credits</li> <li>• Income from a pass-through entity such as an S Corporation or Limited Liability Company (LLC)</li> <li>• Certificate Exchanges</li> <li>• Custom hire income</li> <li>• Wages, salaries, tips, and cash rent             <ul style="list-style-type: none"> <li>• Employee Retention Credit (ERTC)</li> <li>• Paycheck Protection Program (PPP)</li> </ul> </li> <li>• Rental of equipment or supplies</li> <li>• Revenue earned as a contract producer</li> <li>• Net gain from speculation</li> </ul>
<p>For producers who applied for the previous ERP Phase 2 and selected 2022 as the representative revenue year only: Value of the actual production for the following DAFP-approved crops that do not have revenue directly from sales due to the producer's ordinary operation:</p> <ul style="list-style-type: none"> <li>• All eligible crops grown for feed, to be stored, and fed to livestock on the farm</li> <li>• Any variety of grapes grown and used by the same producer for wine production</li> <li>• Fresh apples, cherries, peaches and plums grown and processed into cider and wine by the same producer</li> </ul> <p>The value will be based on:</p> <ul style="list-style-type: none"> <li>• Actual production of the crop</li> <li>• Published price for the crop based on the best data available for the crop such as NASS, RMA, NAP, and locally published prices based on sales for the applicable year</li> </ul> <p>The method for determining the value is the same for both the benchmark and disaster year</p>	

# FSA 524-A, Page 1

## Section A – Benchmark Year Revenue

FSA-524-A (12-05-23)	U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency	1. Producer's Name (Person or Legal Entity)
<b>EMERGENCY RELIEF PROGRAM (ERP) 2022 TRACK 2 TAX YEAR REVENUE WORKSHEET</b>		2. Application Number
<b>SECTION A – BENCHMARK YEAR REVENUE</b>		
<i>Enter allowable gross revenue items based on the tax year selected for Benchmark Year, either tax year 2018 or 2019.</i>		
3.	Enter amount of allowable gross revenue from sales of eligible crops grown in the United States by the producer (example: corn sold as grain):	
4.	Enter amount of allowable gross revenue from sales of eligible crops resulting from value added through post-production activities that were reportable on IRS Schedule F, excluding any amount that was reportable on IRS Schedule C (example: strawberries made into jam):	
5.	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 (example: a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months):	
6.	Enter amount of allowable gross revenue from 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, and as ornamental fish propagated and reared in an aquatic medium:	
7.	Enter amount of allowable gross revenue from federal crop insurance proceeds for eligible crops less administrative fees and premiums:	
8.	Enter amount of allowable gross revenue from NAP payments for eligible crops less service fees and premiums:	
9.	Enter amount of allowable gross revenue from private crop insurance proceeds for eligible crops:	
10.	Enter amount of allowable gross revenue from benefits for eligible crops for the following agricultural programs: ARC/PLC, BCAP, CFAP 1, CFAP 2, LDP, MLG repayment of CCC loans less than the original amount, MFP, STRP, 2017 WHIP payments, 2018/2019 WHIP+ payments, QLA payments, PARP payments, ERP Phase 1 payments, ERP Phase 2 payments, OFSLP payments, and ELAP payments specific to aquaculture:	
11.	Enter amount of total revenue from benefits for eligible crops for the following: payments through grant agreements with FSA, grants from the Department of Commerce, grants from NOAA, and State programs for the direct loss of eligible crops or the loss of revenue for eligible crops:	
12.	Enter amount of allowable gross revenue from cooperative distributions directly related to the sale of eligible crops produced by the producer, such as per-unit allocations paid to patrons for gross grain sales:	
13.	Enter amount of allowable gross revenue from CCC loans for eligible crops 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 for eligible crops:	
14.	Enter amount of allowable gross revenue from CCC loan proceeds for eligible crops if elected to be treated as income in a prior year less the tax basis in year of repayment:	
15.	Enter amount of other revenue directly related to the production of eligible crops that IRS requires the producer to report as income including but not limited to commodity-specific income received from state or local governments; and net gain from hedging:	
16.	<b>Total Benchmark Year Revenue (sum Items 3 through 15):</b>	



# FSA 524-A,

## Page 1

**Section A –  
Benchmark Year  
Revenue Locations  
on Schedule F or  
Other Source  
Documents  
(Supplemental  
Document)**

Item number	Primary Source: Tax Return	Secondary Source(s)
	<b>SECTION A: BENCHMARK YEAR</b>	
3	Schedule F, Line 2 	Records to remove livestock and crops for grazing
4	Value added, Schedule F, Line 2	Sch F, lines 1a-c, Records
5	Value added, Schedule F, Lines 1a-c	Records
6	Schedule F, Line 2	Records
7	Schedule F, Lines 6a-d, depending on facts	1099-MISC, Records
8	Schedule F, Lines 4a & b, depending on facts	1099-G, Records
9	Schedule F, Lines 6a-d, depending on facts	1099-MISC, Records
10	Schedule F, Lines 4a & b, depending on facts	1099-G, Records, Bank deposits
11	Schedule F, Lines 4a & b, depending on facts	1099-G, Sch F, Line 8
12	Schedule F, Lines 3a & b, depending on facts	1099-PATR, Records
13	Schedule F, Line 5a and/or Line 5b & c	CCC documentation, Records
14	Schedule F, Lines 1a-c	CCC documentation, Records
15	Schedule F, Line 8 (hedge gain/loss*) 	Records (eligible crop)
16	Summation of items 3-15	Total of Item 16 goes to Item 57

Producer's Name		Application Number	
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# FSA 524-A,

## Page 2

### Section B – Disaster Year Revenue

SECTION B – DISASTER YEAR REVENUE	
<i>Enter allowable gross revenue items based on the Representative Revenue Year selected for Disaster Year, either tax year 2022 or 2023.</i>	
17. Enter amount of allowable gross revenue from sales of eligible crops grown in the United States by the producer (example: corn sold as grain):	
18. Enter amount of allowable gross revenue from sales of eligible crops resulting from value added through post-production activities that were reportable on IRS Schedule F, excluding any amount that was reportable on IRS Schedule C (example: strawberries made into jam):	
19. 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 (example: a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months):	
20. Enter amount of allowable gross revenue from 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:	
21. Enter amount of allowable gross revenue from federal crop insurance proceeds for eligible crops less administrative fees and premiums:	
22. Enter amount of allowable gross revenue from NAP payments for eligible crops less service fees and premiums:	
23. Enter amount of allowable gross revenue from private crop insurance proceeds for eligible crops:	
24. Enter amount of allowable gross revenue from benefits for eligible crops for the following agricultural programs: ARC/PLC, BCAP, CFAP 1, CFAP 2, LDP, MLG repayment of CCC loans less than the original amount, MFP, STRP, 2017 WHIP payments, 2018/2019 WHIP+ payments, QLA payments, PARP payments, ERP Phase 1 payments, ERP Phase 2 payments, OFSLP payments, ELAP payments specific to aquaculture, and ERP 2022 Track 1 payments issued to another person or entity for the producer's share of an eligible crop, regardless of the tax year in which the payment would be reported to IRS:	
25. Enter amount of total revenue from benefits for eligible crops for the following: payments through grant agreements with FSA, grants from the Department of Commerce, grants from NOAA, and State programs for the direct loss of eligible crops or the loss of revenue for eligible crops:	
26. Enter amount of allowable gross revenue from cooperative distributions directly related to the sale of eligible crops produced by the producer, such as per-unit allocations paid to patrons for gross grain sales:	
27. Enter amount of allowable gross revenue from CCC loans for eligible crops 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 for eligible crops:	
28. Enter amount of allowable gross revenue from CCC loan proceeds for eligible crops if elected to be treated as income in a prior year less the tax basis in year of repayment:	
29. Enter amount of other revenue directly related to the production of eligible crops that IRS requires the producer to report as income including but not limited to commodity-specific income received from state or local governments; and net gain from hedging:	
30. Total Disaster Year Revenue (sum Items 17 through 29):	



# FSA 524-A,

## Page 2

**Section B – Disaster Year Revenue Locations on Schedule F or Other Source Documents (Supplemental Document)**

Item number	Primary Source: Tax Return	Secondary Source(s)
<b>SECTION B: DISASTER YEAR</b>		
17	Schedule F, Line 2 	Records to remove livestock and crops for grazing
18	Value added, Schedule F, Line 2	Sch F, lines 1a-c, Records
19	Value added, Schedule F, Lines 1a-c	Records
20	Schedule F, Line 2	Records
21	Schedule F, Lines 6a-d, depending on facts	1099-MISC, Records
22	Schedule F, Lines 4a & b, depending on facts	1099-G, Records
23	Schedule F, Lines 6a-d, depending on facts	1099-MISC, Records
24	Schedule F, Lines 4a & b, depending on facts	1099-G, Records, Bank deposits
25	Schedule F, Lines 4a & b, depending on facts	1099-G, Sch F, Line 8
26	Schedule F, Lines 3a & b, depending on facts	1099-PATR, Records
27	Schedule F, Line 5a and/or Line 5b & c	CCC documentation, Records
28	Schedule F, Lines 1a-c	CCC documentation, Records
29	Schedule F, Line 8 (hedge gain/loss*)	Records (eligible crop)
30	Summation of items 17 – 29	Total of Item 30 goes to Item 58



Producer's Name		Application Number	
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# FSA 524-A,

## Page 3

### Section C – Adjusted Benchmark Year Revenue



**SECTION C – ADJUSTED BENCHMARK YEAR REVENUE**

**ATTENTION** Section C is **only applicable to** applicants who received a payment under ERP Phase 2 for the 2021 program year and elected the 2022 tax year for their representative disaster year and that need to adjust Benchmark Year Revenue when operation capacity increased or decreased in Representative Revenue Year 2023 as compared to the Benchmark Year, or if there is no allowable gross revenue in 2018 or 2019 because the applicant is a new producer.

Complete this section include adjustments to Benchmark Year Revenue.

**ELIGIBLE YIELD-BASED CROPS**

31. Crop	32. Expected Acres	33. Expected Yield/Acre	34. Unit of Measure	35. Expected Price/Unit:	36. Expected Revenue

37. Total Expected Revenue from Eligible Yield-Based Crops (sum amounts in column for Item 36):

**ELIGIBLE SALES FROM VALUE ADDED THROUGH POST-PRODUCTION ACTIVITES**

38. Crop	39. Expected Revenue

40. Total Expected Revenue from Eligible Value-Added Through Post-Production Activities (sum amounts in column for Item 39):

**ELIGIBLE INVENTORY CROPS**

41. Crop	42. Expected Revenue:

43. Total Expected Revenue from Eligible Inventory Crops (sum amounts in column for Item 42):

**TOTAL ADJUSTMENTS FOR BENCHMARK YEAR REVENUE**

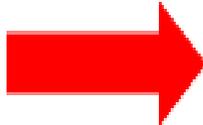
44. Total Adjustments from an Increase in Operation Capacity (sum Item 37, Item 40, and Item 43; leave blank if no increase in operation capacity):	
45. Total Adjustments from a Decrease in Operation Capacity (sum Item 37, Item 40, and Item 43; leave blank if no decrease in operation capacity):	
46. Total Adjustments for New Producers (sum Item 37, Item 40, and Item 43; leave blank if not a new producer):	21

# FSA 524-A, Page 4

**Section D – Crop Value for Deputy Admin. – Approved Crops**



**Section E – Total Benchmark and Disaster Year Revenue**



**SECTION D – CROP VALUE FOR DEPUTY ADMINISTRATOR-APPROVED CROPS**

**ATTENTION**

*Section D is **only applicable to** applicants who received a payment under ERP Phase 2 for the 2021 program year and elected the 2022 tax year for their representative disaster year that will include crop values, as approved by the Deputy Administrator in allowable gross revenue for Benchmark Year and Disaster Year, for crops that did not generate revenue directly from the sale of the crop and that the producer uses within their ordinary operations (Deputy Administrator-Approved Crops).*

*Complete this section to include the value of Deputy Administrator-Approved Crops in allowable gross revenue for Benchmark Year and Disaster Year.*

**VALUE OF DEPUTY ADMINISTRATOR-APPROVED CROPS PRODUCED BUT NOT SOLD IN THE BENCHMARK YEAR**

*Enter the value of all Deputy Administrator-Approved Crops produced but not sold for the selected Benchmark Year.*

47. Crop	48. Total Production (in Units)	49. Price per Unit	50. Value
51. Total Value of Deputy Administrator-Approved Crops Produced but Not Sold in the Benchmark Year (sum amounts in column for Item 50):			

**VALUE OF DEPUTY ADMINISTRATOR-APPROVED CROPS PRODUCED BUT NOT SOLD IN THE DISASTER YEAR**

*Enter the value of all Deputy Administrator-Approved Crops produced but not sold for Representative Revenue Year 2023.*

52. Crop	53. Total Production (in Units)	54. Price per Unit	55. Value
56. Total Value of Deputy Administrator-Approved Crops Produced but Not Sold in the Disaster Year (sum amounts in column for Item 55):			

**SECTION E – TOTAL BENCHMARK AND DISASTER YEAR REVENUE**

57. Total Benchmark Year Revenue (sum Item 16, Item 44, Item 46, and Item 51; then subtract Item 45):	
58. Total Disaster Year Revenue (sum Item 30 and Item 56):	

# 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	
<b>REQUEST FOR AN EXCEPTION TO THE \$125,000 PAYMENT LIMITATION FOR CERTAIN PROGRAMS</b>				1. Return completed form to: (Name and address of FSA county office or USDA Service Center)	
<p><b>NOTE:</b> 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><b>Public Burden Statement (Paperwork Reduction Act):</b> 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. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></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)		
<b>PART A – REQUIREMENTS FOR PAYMENT LIMITATION EXCEPTION FOR CERTAIN PROGRAMS</b>					
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"> <li>• 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.</li> <li>• 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.</li> </ul> <p>Based on the above statements, complete 4A and select the applicable box 4B or 4C below:</p>					
4A. <input type="checkbox"/> <b>20</b> 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"/> <b>YES</b> 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"/> <b>NO</b> the individual or legal entity in item 2 does not meet one or both of the above conditions (Payment limitation is \$125,000)					
<b>PART B – CERTIFICATION BY INDIVIDUAL OR ENTITY</b>					
By signing this form: <ul style="list-style-type: none"> <li>- I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form;</li> <li>- 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;</li> <li>- 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;</li> <li>- 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).</li> </ul>					
5. Signature (By)			6. Title/Relationship of the Individual if Signing in a Representative Capacity for a Legal Entity		7. Date (MM-DD-YYYY)
<b>PART C – CERTIFICATION BY CERTIFIED PUBLIC ACCOUNTANT / ATTORNEY</b>					
By signing this form: <ul style="list-style-type: none"> <li>- I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form;</li> <li>- 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.</li> </ul>					
8. Signature		9. Title (CPA/Attorney)	10. State/License Number		11. Date (MM-DD-YYYY)
					23
DATE STAMPED					



# Example: Will Farmer's Application for ERP 2022 Track 2

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Will Farmer operates a traditional diversified crop and livestock farm in the central plains of the United States. Will is making an application for 2023 disaster year, 2019 is his benchmark year.

# Will Farmer's Schedule F, Part I

SCHEDULE F (Form 1040 or 1040-SR)		Profit or Loss From Farming		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065. ▶ Go to <a href="http://www.irs.gov/ScheduleF">www.irs.gov/ScheduleF</a> for instructions and the latest information.		2019 Attachment Sequence No. 14	
Name of proprietor <b>Will Farmer</b>			Social security number (SSN) <b>101010101</b>		
A Principal crop or activity <b>Grain and Livestock</b>	B Enter code from Part IV <b>1 1 1 1 0 0</b>	C Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual		D Employer ID number (EIN) (see instr.) <b>2 3 9 8 7 6 5 4 2</b>	
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		
<b>Part I Farm Income—Cash Method.</b> 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	3b	222,900
4a Agricultural program payments (see instructions)	4a	65,200	4b Taxable amount	4b	60,200
5a Commodity Credit Corporation (CCC) loans reported under election	5a	100,000	5c Taxable amount	5c	
b CCC loans forfeited	5b		5c Taxable amount	5c	
6 Crop insurance proceeds and federal crop disaster payments (see instructions):					
a Amount received in 2019	6a	19,100	6b Taxable amount	6b	19,100
c If election to defer to 2020 is attached, check here			6d Amount deferred from 2018	6d	
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 <b>Gross income.</b> 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			
<b>Part II Farm Expenses—Cash and Accrual Method.</b> Do not include personal or living expenses. See instructions.					

# Separate Crop and Livestock Income

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## **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 3-5 of Form FSA 524 Appendix provide guidance as to what income 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 524-A: Section A Items 3-7

OMB Approval No. 0560-0316  
OMB Expiration Date: 04/30/2024

<b>FSA-524-A</b> (12-05-23)	U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency  <b>EMERGENCY RELIEF PROGRAM (ERP) 2022 TRACK 2 TAX YEAR REVENUE WORKSHEET</b>	1. Producer's Name ( <i>Person or Legal Entity</i> )  Will Farmer
		2. Application Number

## SECTION A – BENCHMARK YEAR REVENUE

*Enter allowable gross revenue items based on the tax year selected for Benchmark Year, either tax year 2018 or 2019.*

3. Enter amount of allowable gross revenue from sales of eligible crops grown in the United States by the producer (example: corn sold as grain):	111,800
4. Enter amount of allowable gross revenue from sales of eligible crops resulting from value added through post-production activities that were reportable on IRS Schedule F, excluding any amount that was reportable on IRS Schedule C (example: strawberries made into jam):	4,500
5. 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 (example: a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months):	0
6. Enter amount of allowable gross revenue from 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, and as ornamental fish propagated and reared in an aquatic medium:	0
7. Enter amount of allowable gross revenue from federal crop insurance proceeds for eligible crops less administrative fees and premiums:	10,100

# FSA 524-A, Section A Items 8-16

8. Enter amount of allowable gross revenue from NAP payments for eligible crops less service fees and premiums:	5,000
9. Enter amount of allowable gross revenue from private crop insurance proceeds for eligible crops:	4,000
10. Enter amount of allowable gross revenue from benefits for eligible crops for the following agricultural programs: ARC/PLC, BCAP, CFAP 1, CFAP 2, LDP, MLG repayment of CCC loans less than the original amount, MFP, STRP, 2017 WHIP payments, 2018/2019 WHIP+ payments, QLA payments, PARP payments, ERP Phase 1 payments, ERP Phase 2 payments, OFSLP payments, and ELAP payments specific to aquaculture:	55,200
11. Enter amount of total revenue from benefits for eligible crops for the following: payments through grant agreements with FSA, grants from the Department of Commerce, grants from NOAA, and State programs for the direct loss of eligible crops or the loss of revenue for eligible crops:	5,000
12. Enter amount of allowable gross revenue from cooperative distributions directly related to the sale of eligible crops produced by the producer, such as per-unit allocations paid to patrons for gross grain sales:	222,900
13. Enter amount of allowable gross revenue from CCC loans for eligible crops 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 for eligible crops:	25,000
14. Enter amount of allowable gross revenue from CCC loan proceeds for eligible crops if elected to be treated as income in a prior year less the tax basis in year of repayment:	100,000
15. Enter amount of other revenue directly related to the production of eligible crops that IRS requires the producer to report as income including but not limited to commodity-specific income received from state or local governments; and net gain from hedging:	-1,500
16. Total Benchmark Year Revenue (sum Items 3 through 15):	542,000

# FSA 524-A, Section E, Item 57

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SECTION E - TOTAL BENCHMARK AND DISASTER YEAR REVENUE	
57. Total Benchmark Year Revenue <i>(sum Item 16, Item 44, Item 46, and Item 51; then subtract Item 45):</i>	542,000

# Separate Crop and Livestock Income For Disaster Year – Section B

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## 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 3-5 of Form FSA 524 Appendix provide guidance as to what income 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 524-A: Section B Items 17 -23

FSA-524-A (12-05-23)

Page 2 of 5

Producer's Name	Will Farmer	Application Number	
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SECTION B – DISASTER YEAR REVENUE	
<i>Enter allowable gross revenue items based on the Representative Revenue Year selected for Disaster Year, either tax year 2022 or 2023.</i>	
17. Enter amount of allowable gross revenue from sales of eligible crops grown in the United States by the producer (example: corn sold as grain):	61,500
18. Enter amount of allowable gross revenue from sales of eligible crops resulting from value added through post-production activities that were reportable on IRS Schedule F, excluding any amount that was reportable on IRS Schedule C (example: strawberries made into jam):	4,000
19. 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 (example: a plant purchased at a size of 2 inches and sold as an 18-inch plant after 4 months):	0
20. Enter amount of allowable gross revenue from 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:	0
21. Enter amount of allowable gross revenue from federal crop insurance proceeds for eligible crops less administrative fees and premiums:	45,000
22. Enter amount of allowable gross revenue from NAP payments for eligible crops less service fees and premiums:	15,000
23. Enter amount of allowable gross revenue from private crop insurance proceeds for eligible crops:	10,000

# FSA 524-A: Section B Items 24 -30

24. Enter amount of allowable gross revenue from benefits for eligible crops for the following agricultural programs: ARC/PLC, BCAP, CFAP 1, CFAP 2, LDP, MLG repayment of CCC loans less than the original amount, MFP, STRP, 2017 WHIP payments, 2018/2019 WHIP+ payments, QLA payments, PARP payments, ERP Phase 1 payments, ERP Phase 2 payments, OFSLP payments, ELAP payments specific to aquaculture, and ERP 2022 Track 1 payments issued to another person or entity for the producer's share of an eligible crop, regardless of the tax year in which the payment would be reported to IRS:	53,000
25. Enter amount of total revenue from benefits for eligible crops for the following: payments through grant agreements with FSA, grants from the Department of Commerce, grants from NOAA, and State programs for the direct loss of eligible crops or the loss of revenue for eligible crops:	5,000
26. Enter amount of allowable gross revenue from cooperative distributions directly related to the sale of eligible crops produced by the producer, such as per-unit allocations paid to patrons for gross grain sales:	123,000
27. Enter amount of allowable gross revenue from CCC loans for eligible crops 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 for eligible crops:	40,000
28. Enter amount of allowable gross revenue from CCC loan proceeds for eligible crops if elected to be treated as income in a prior year less the tax basis in year of repayment:	0
29. Enter amount of other revenue directly related to the production of eligible crops that IRS requires the producer to report as income including but not limited to commodity-specific income received from state or local governments; and net gain from hedging:	3,000
30. Total Disaster Year Revenue ( <i>sum Items 17 through 29</i> ):	359,500

# FSA 524-A, Section E, Item 58

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SECTION E – TOTAL BENCHMARK AND DISASTER YEAR REVENUE	
57. Total Benchmark Year Revenue <i>(sum Item 16, Item 44, Item 46, and Item 51; then subtract Item 45):</i>	542,000
 58. Total Disaster Year Revenue <i>(sum Item 30 and Item 56):</i>	359,500

Producer's Name	Will Farmer	Application Number	
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**SECTION C – ADJUSTED BENCHMARK YEAR REVENUE**

**ATTENTION**

*Section C is **only applicable to** applicants who received a payment under ERP Phase 2 for the 2021 program year and elected the 2022 tax year for their representative disaster year and that need to adjust Benchmark Year Revenue when operation capacity increased or decreased in Representative Revenue Year 2023 as compared to the Benchmark Year, or if there is no allowable gross revenue in 2018 or 2019 because the applicant is a new producer.*

*Complete this section include adjustments to Benchmark Year Revenue.*

**ELIGIBLE YIELD-BASED CROPS**

31. Crop	32. Expected Acres	33. Expected Yield/Acre	34. Unit of Measure	35. Expected Price/Unit:	36. Expected Revenue

37. Total Expected Revenue from Eligible Yield-Based Crops *(sum amounts in column for Item 36):*

**ELIGIBLE SALES FROM VALUE ADDED THROUGH POST-PRODUCTION ACTIVITES**

38. Crop	39. Expected Revenue

40. Total Expected Revenue from Eligible Value-Added Through Post-Production Activities *(sum amounts in column for Item 39):*

**ELIGIBLE INVENTORY CROPS**

41. Crop	42. Expected Revenue:

43. Total Expected Revenue from Eligible Inventory Crops *(sum amounts in column for Item 42):*

**TOTAL ADJUSTMENTS FOR BENCHMARK YEAR REVENUE**

44. Total Adjustments from an Increase in Operation Capacity <i>(sum Item 37, Item 40, and Item 43; leave blank if no increase in operation capacity):</i>	
45. Total Adjustments from a Decrease in Operation Capacity <i>(sum Item 37, Item 40, and Item 43; leave blank if no decrease in operation capacity):</i>	
46. Total Adjustments for New Producers <i>(sum Item 37, Item 40, and Item 43; leave blank if not a new producer):</i>	34

# Will's FSA 524-A: Section C

Producer's Name	Will Farmer	Application Number	
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**SECTION D – CROP VALUE FOR DEPUTY ADMINISTRATOR-APPROVED CROPS**

<b>ATTENTION</b>	<p><i>Section D is <b>only applicable to</b> applicants who received a payment under ERP Phase 2 for the 2021 program year and elected the 2022 tax year for their representative disaster year that will include crop values, as approved by the Deputy Administrator in allowable gross revenue for Benchmark Year and Disaster Year, for crops that did not generate revenue directly from the sale of the crop and that the producer uses within their ordinary operations (Deputy Administrator-Approved Crops).</i></p> <p><i>Complete this section to include the value of Deputy Administrator-Approved Crops in allowable gross revenue for Benchmark Year and Disaster Year.</i></p>
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**VALUE OF DEPUTY ADMINISTRATOR-APPROVED CROPS PRODUCED BUT NOT SOLD IN THE BENCHMARK YEAR**  
*Enter the value of all Deputy Administrator-Approved Crops produced but not sold for the selected Benchmark Year.*

47. Crop	48. Total Production (in Units)	49. Price per Unit	50. Value
51. Total Value of Deputy Administrator-Approved Crops Produced but Not Sold in the Benchmark Year <i>(sum amounts in column for Item 50):</i>			

**VALUE OF DEPUTY ADMINISTRATOR-APPROVED CROPS PRODUCED BUT NOT SOLD IN THE DISASTER YEAR**  
*Enter the value of all Deputy Administrator-Approved Crops produced but not sold for Representative Revenue Year 2023.*

52. Crop	53. Total Production (in Units)	54. Price per Unit	55. Value
56. Total Value of Deputy Administrator-Approved Crops Produced but Not Sold in the Disaster Year <i>(sum amounts in column for Item 55):</i>			

# Will's FSA 524-A: Section D

# Transfer Information to FSA 524

FSA-524 (10-31-23)

Page 2 of 3

PART B – PRODUCER INFORMATION											
5. Producer's Name (Person or Legal Entity) Will Farmer						7. Information Line					
6A. Address Line 1 22380 Farm Road						8A. Primary Phone Number <input checked="" type="checkbox"/> Home <input type="checkbox"/> Cell (785) 333-9999					
6B. Address Line 2						8B. Alternate Phone Number <input type="checkbox"/> Home <input type="checkbox"/> Cell					
6C. City Anytown				6D. State KS		6E. Zip 66050		9. Email Address			
PART C – 2022 DISASTER YEAR REVENUE CERTIFICATION							FOR COUNTY OFFICE USE ONLY				
10. Benchmark Year	11. Benchmark Year Revenue	12. Representative Revenue Year	13. Disaster Year Revenue	14. % of Expected Revenue from Specialty & High Value Crops	15. % of Expected Revenue from Other Crops	16. Were All Eligible Crops Insured or Covered by NAP?	17. COC Adjusted Benchmark Year Revenue	18. COC Adjusted Disaster Year Revenue	19. COC Adjusted % of Expected Revenue from Specialty & High Value Crops	20. COC Adjusted % of Expected Revenue from Other Crops	21. COC Adjusted Were All Eligible Crops Insured or Covered by NAP?
<input type="checkbox"/> 2018 Tax Year		<input type="checkbox"/> 2022 Tax Year				<input type="checkbox"/> Yes <input type="checkbox"/> No					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> 2019 Tax Year	542,000	<input checked="" type="checkbox"/> 2023 Tax Year	359,500	0	100	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Expected		<input type="checkbox"/> Actual									
PART D – PRODUCER CERTIFICATION											
I hereby sign and certify 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.											
22A. Producer's Signature (By)				22B. Title/Relationship of Individual Signing in a Representative Capacity Producer/Owner				22C. Date (MM-DD-YYYY)			
PART E –COC DETERMINATION											
23A. COC Determination <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved						23B. COC or Designee Signature			23C. Date (MM-DD-YYYY)		



Item 16: If all crops insured or NAP covered, 90% factor of Benchmark revenue. Not all crops covered, then 70% factor.

**Part III Farm Income – Accrual Method** (see instructions)

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

# Accrual Basis: ERP's Focus is on Grain Income

# Review of Application Process

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## Schedule F and Records

- From records separate crop from livestock income.
- De minimis value added
- Use Form 524-A instructions and USDA ERP 2022 Tool to calculate allowable entries

## Forms 524-A Worksheet and 524

- Post allowable entries from Schedule F (and supporting documents) into FSA Form 524-A
- Transfer appropriate entry values from FSA 524-A to Form FSA 524
- Sign and date

# FSA 510

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## **If Government Payments exceed 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 2022 Resources

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USDA Emergency Relief Website for ERP 2022

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

FSA 524 Application Track 1

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

FSA 524 Application Track 2

[https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/emergency-relief-program/pdfs/fsa\\_524\\_erp\\_2022\\_tracks\\_2\\_application.pdf](https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/emergency-relief-program/pdfs/fsa_524_erp_2022_tracks_2_application.pdf)

FSA 524-A Track 2 Revenue Worksheet

[https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/emergency-relief-program/pdfs/fsa\\_524\\_a\\_erp\\_2022\\_track\\_2\\_expected\\_revenue\\_worksheet.pdf](https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/emergency-relief-program/pdfs/fsa_524_a_erp_2022_track_2_expected_revenue_worksheet.pdf)

ERP 2022 Tool

[https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/emergency-relief-program/docs/erp2022\\_tool\\_version\\_final-v1.2-1192023.xlsm](https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/emergency-relief-program/docs/erp2022_tool_version_final-v1.2-1192023.xlsm)

FSA 510

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

# Finding a Farm Tax Expert

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- 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, and land returns
  - Ask about services and fees
  - Make sure the preparer is available
  - Ask how they handle “gray” areas
  - Find out limits on audit representation

# Tax Resources

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

# Follow-up Questions

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Please send your follow-up questions to:

- Janet Wright
- [janet.wright@usda.gov](mailto:janet.wright@usda.gov)



**Thank you for your  
Attention today**

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