Allowable income

Farm income from the production of agricultural commodities that the IRS requires you to report, including only the amount received from:

(a) Line 3 of Schedule F - the sales of animals, and other agricultural commodities you bought for resale less the cost or other basis of such animals or other commodities

(b) Line 4 of Schedule F - the sales of animals, produce, grains and other agricultural commodities you raised;

(c) Line 5b of Schedule F - the taxable amount of total cooperative distributions (Include only those directly related to the sale of agricultural commodities.);

(d) Line 7a of Schedule F - Commodity Credit Corporation loans reported under election (Amounts received from the Commodity Credit Corporation for production that was placed under loan and that you elected to report to the IRS in a tax year prior to the year in which the loan period ended.);

(e) Line 7c of Schedule F - the taxable amount of Commodity Credit Corporation loans forfeited (Amounts received from the Commodity Credit Corporation for production that is placed under loan.);

(f) Line 10 of Schedule F - other income, including Federal and state gasoline or fuel tax credit or refund

(Exclude Federal and state gasoline or fuel tax credits or refunds if reported on this line.

Include all income directly related to the production of agricultural commodities that the IRS requires you to report, including, but not limited to:

(1) Income from bartering (This amount will be determined in accordance with IRS rules.);
(2) Payments from buyers of agricultural commodities for bypassed acreage (These are payments made to you in accordance with a contract between you and a buyer for not harvesting your crop.); and
(3) Diversion or set-aside payments or other income from such programs under any Federal or State Program, or marketing order. (These are payments made to you for not producing or harvesting an agricultural commodity.)

(g) Of the type stated in (a) through (f) that is reported to the IRS on any other tax form.
Allowable expenses -

Farm expenses that are reported to the IRS for the production of agricultural commodities, including only those specifically listed below:

(a) Line 2 of Schedule F - the cost or other basis of animals and other agricultural commodities you bought for resale;

(b) Line 12 of Schedule F - car and truck expenses;

(c) Line 13 of Schedule F - chemicals;

(d) Line 14 of Schedule F - conservation expenses;

(e) Line 15 of Schedule F - custom hire (machine work);

(f) Line 16 of Schedule F - depreciation and section 179 expense deduction not claimed elsewhere (Include only the amount of depreciation allowed for animals);

(g) Line 18 of Schedule F - feed purchased;

(h) Line 19 of Schedule F - fertilizers and lime;

(i) Line 20 of Schedule F - freight and trucking;

(j) Line 21 of Schedule F - gasoline, fuel and oil;

(k) Line 22 of Schedule F - insurance (other than health);

(l) Line 24 of Schedule F - labor hired (less employment credits) (Exclude share holder wages, if reported on this line.);

(m) Line 27 of Schedule F - repairs and maintenance;

(n) Line 28 of Schedule F - seeds and plants purchased;

(o) Line 29 of Schedule F - storage and warehousing;

(p) Line 30 of Schedule F - supplies purchased (Exclude those used in post-production value added operations such as processing, packing, packaging, etc.);

(q) Line 32 of Schedule F - utilities;

(r) Line 33 of Schedule F - veterinary, breeding, and medicine; and

(s) Line 34 of Schedule F - other farm expenses (Include only those directly related to the production of agricultural commodities that the IRS allows you to report.)
Excluded income

Certain income not included in the AGR income history, including:

(1) Value added activities for any agricultural product including the cost and value of post-production operations for;
   
   (a) Preparing insured commodities for sale (including sorting, grading, packing, cold and controlled atmosphere storage, freezing, etc.);
   
   (b) Processing or making value added items (e.g., cider from apples raised, flour from raised grain, baskets of fruit, etc.);
   
   (c) The value of packing materials and the value of the labor used to perform such activities.

(2) Cooperative dividends that are not directly related to the production of an insured agricultural commodity;

(3) Custom hire (machine work).

(4) Agricultural program payments.

(5) Commodities not covered (e.g., animals for sport, show, or pets, timber, forest and forest products).

(6) Ad hoc disaster payments (multi-year disaster assistance, etc.).