

FARMING MATTERS

Year End Tax Planning

Tax planning is easier, and more effective, if completed before the end of the year. There are many factors that may contribute to 2010 farm incomes being higher than anticipated, including:

- Several farm sectors had a bumper year in 2010 due to higher crop prices, excellent yields and rebounding swine prices,
- Many farmers may have income in the form of government assistance payments,
- Most farmers file income taxes on a cash basis, meaning amounts received in 2010 are taxable in 2010, even if related to a prior year, and
- Some farmers experiencing tight cash flows may delay payments to their suppliers, thus reducing deductible cash expenses for 2010.

With planning, it may be possible to mitigate some of these factors. Please call before the end of the year if you would like us to estimate your 2010 tax liability and discuss strategies to reduce your balance owing.

Important Farm Deadlines

2010 Production Insurance Reporting - December 15, 2010, to report yields for corn, soybeans and edible beans.

2011 Production Insurance Applications/Cancellations – April 1, 2011.

2011 Production Insurance Premiums – April 15, 2011.

2010 Risk Management Premium – due by December 15, 2010.

2010 Final deadline for AgriStability fee – December 31, 2010.

2009 Final deadline for AgriInvest forms – December 31, 2010.

2010 Final deadline for interim AgriStability Applications – December 31, 2010.

2010 Final Risk Management coverage changes/applications for new farmers – was November 25, 2010.

2011 AgriStability fee deadline without penalty – April 30, 2011.

2011 Final deadline to request refund from Farm Business Registration – May 30, 2011.

For a complete calendar of deadlines see the AgriCorp website at www.agricorp.com.

2010 AgriStability Interim Payments

If your farming business is in financial difficulty and you wish to receive 2010 AgriStability assistance early, AgriStability Interim Payment Applications are available. You must submit an interim application to AgriCorp by the end of your fiscal period or December 31, 2010, whichever is earlier. Contact our office to discuss eligibility requirements.

Filing an interim application does not eliminate the need to file an AgriStability application at the end of your fiscal year. Overpayments must be repaid or deducted from future AgriStability or other government payments.

AgriStability Appeals

Ward & Uptigrove has been successful in appealing AgriStability grants, generating thousands of extra dollars in assistance for clients. We initiate appeals when we find errors while reviewing Calculation of Program Benefits (CPB). Although processing errors have decreased, there are still many mathematical and processor judgment errors potentially reducing your assistance. AgriStability has a strict policy of only sending CPB's directly to the

producer. **To file an appeal, we must receive the CPB in advance of the appeal deadline.**

AgriInvest

AgriInvest replaces the coverage for margin declines of less than 15%, previously covered by the CAIS program. Each year producers deposit funds into an AgriInvest account and receive a matching government contribution. Participants should soon receive a notice of their 2009 eligible contribution. To obtain government matching, your contribution must be paid prior to the date indicated on the notice.

The non-penalty deadline to apply for the 2009 program was September 30, 2010. However, you may still enroll until December 31, 2010, with penalty. Contact us immediately if you would like to be involved with this program.

Deposits for 2009 and following years must be made at your local financial institution.

Some producers have received their deposit notices for 2008 and/or 2009 and neglected to make their deposit. This results in a loss of government funds. Please ensure you make the required deposit within the deadline.

Deferred Payment for Grain – A Change

A popular tax deferral plan was to sell grain in the fall and ask the elevator to defer payment until the following year. AgriCorp has recently notified all licensed grain dealers this practice is not allowed under the Grains Act.

Licensed grain dealers have effectively stopped accepting any more deferred payment agreements and are taking immediate steps to clear existing deferred payment arrangements by early January 2011.

Non compliance with the Grains Act is considered an offense that could result in significant fines and imprisonment.

Farmers affected by this announcement should contact us to avoid unwanted adverse tax consequences in 2010 or 2011.