



Tax Issues & Applying for PARRP Benefits

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Rural Tax Education

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 - Disaster/Weather Losses
 - Treatment of Government Payments
 - Farm Losses and Hobby Rules
 - Self-Employment Taxes
 - Estate and Gift Taxes
 - Like Kind Exchanges
 - Depreciation
 - Etc...



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Webinar Topics

- Where is farm information located in tax information
- Quick overview of Schedule F and Form 4797; need to extract separate income details
- Introduction of Forms FSA-1122 and FSA-1122A
- Overview of Form FSA-1123
- Farm example using Form FSA-1122 (for our example, we did not use FSA-1122A)
- Resources available
- Discussion of items to consider
- Questions and Answers

Pandemic Assistance Revenue

Program

- Calendar year based calculations from filed income tax returns (or as if filed a return)
- Do not consider using crop program years
- Must use amounts found on the tax return
 - Farmer selected benchmark year (2018 or 2019)
 - Pandemic year 2020

Where is Farm Income for PARP

- Not all Farm Income is on Schedule F
- Over 98% of farm returns are filed using cash accounting
- Schedule F – Farming activities
- Form 4797 – Raised breeding (dairy and draft) livestock
- Schedule F – Reported 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.

Schedule F vs. Schedule C

- Schedule F - First saleable point on schedule F
 - Sold in its original state
 - De minimis value-added
- Schedule C – NOT farm income
 - 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 the PARP Application

- Schedule F: Profit or Loss From Farming
 - Form 4797: Sales of Business Property
 - Farm Records
 - Forms FSA-1122 and FSA-1122A
 - Form FSA-1123
-
- Example to calculate input values for USDA Form FSA-1122



Schedule F:

Part I

Records needed to explain:

- Cooperative distributions, Line 3a & b
- Agriculture program payments, Line 4a & b
- CCC loan election(s) Line 5
- Crop insurance election(s) Line 6
- Other income, Line 8

OMB No. 1545-0074
2022
Attachment Sequence No. **14**

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.

Department of the Treasury
Internal Revenue Service

Name of proprietor _____ Social security number (SSN) _____

A Principal crop or activity _____ **B** Enter code from Part IV _____ **C** Accounting method: Cash 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 Yes No
F Did you make any payments in 2022 that would require you to file Form(s) 1099? See instructions Yes No
G If "Yes," did you or will you file required Form(s) 1099? Yes 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			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 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	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 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			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:
a All investment is at risk. **b** Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11346H Schedule F (Form 1040) 2022

Form 4797: Parts I

& II

Calculations are needed to:

- Separate raised breeding (dairy and draft) livestock sales reported on Part I, Line 2 (held for more than 24 months) from all other asset sales reported on Line 2
- Separate raised breeding (dairy and draft) livestock sales reported on Part II, Line 10 (held for 24 months or less) from all other asset sales reported on Line 10

Form 4797		Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))					OMB No. 1545-0184
Department of the Treasury Internal Revenue Service		Attach to your tax return. Go to www.irs.gov/Form4797 for instructions and the latest information.					2022
Name(s) shown on return						Identifying number	
1a	Enter the gross proceeds from sales or exchanges reported to you for 2022 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions						
1b	Enter the total amount of gain that you are including on lines 2, 10, and 24 due to the partial dispositions of MACRS assets.						
1c	Enter the total amount of loss that you are including on lines 2 and 10 due to the partial dispositions of MACRS assets						
Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)							
2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
3	Gain, if any, from Form 4684, line 39						
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37						
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824						
6	Gain, if any, from line 32, from other than casualty or theft						
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows						
Partnerships and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120-S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.							
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.							
8	Nonrecaptured net section 1231 losses from prior years. See instructions						
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions.						
Part II Ordinary Gains and Losses (see instructions)							
10	Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):						
11	Loss, if any, from line 7						
12	Gain, if any, from line 7 or amount from line 8, if applicable						
13	Gain, if any, from line 31						
14	Net gain or (loss) from Form 4684, lines 31 and 38a						
15	Ordinary gain from installment sales from Form 6252, line 25 or 36						
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824						
17	Combine lines 10 through 16.						
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below.						
18a	If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the loss from income-producing property on Schedule A (Form 1040), line 16. (Do not include any loss on property used as an employee.) Identify as from "Form 4797, line 18a." See instructions						
18b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Schedule 1 (Form 1040), Part I, line 4						

FSA-1122: Page 1, Part A

FSA-1122 (01-23-23)	U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency	1. Recording State	2. Program Year 2020
		3. Recording County	4. Application Number
<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 Consolidated Appropriations Act (Pub. L. 116-260) and 7 CFR Part 9. 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.</p> <p>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, or USDA may not conduct or sponsor a collection of information unless it displays a valid OMB control number. RETURN THIS COMPLETED FORM TO LOCAL USDA-FARM SERVICE AGENCY OFFICE.</p>			
<p>PART A – PRODUCER AGREEMENT</p> <p>The Department of Agriculture (USDA) will make PARP payments to producers who meet the requirements of the program, subject to the availability of funds. The following information is needed for USDA to make a determination that the applicant is eligible to receive a PARP payment. By submitting this application, and upon approval by USDA, the applicant agrees:</p>			
<ol style="list-style-type: none"> 1. To comply with regulations set forth in 7 CFR Part 9, subpart D; 2. That a PARP payment will only be made with respect to decreases in revenue for commodities grown in the US, unless the commodity was produced outside the US by a producer located in the US and marketed in the US; 3. To provide, upon request, to USDA all information that is necessary to verify that the information provided on this form is accurate and to allow USDA representative access to all documents and records of the producer, including those in the possession of a third-party such as a warehouse operator, processor or packer; 4. To comply with payment limitation, adjusted gross income, and other rules applicable to the PARP by completing forms: <ul style="list-style-type: none"> • CCC-902, Farm Operating Plan for Payment Eligibility • CCC-901, Member Information for Legal Entities, if applicable • CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information • FSA-1122A, Continuation Sheet For Pandemic Assistance Revenue Program (PARP) Adjusted Revenue, if applicable • FSA-1123, Certification of 2020 Adjusted Gross Income, optional • CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification, optional • AD-2106, Form to Assist in Assessment of USDA Compliance With Civil Rights Laws, optional • AD-2047, Customer Data Worksheet, optional; 5. To provide USDA all eligibility documents required for program participation within 60 days from the PARP application deadline. Failure of an individual, entity, or member of an entity to timely submit all eligibility documents required may result in no payment or a reduced payment; 6. To comply with the provisions of the Food Security Act of 1985 that protect highly erodible land and wetlands. All applicants must complete and submit all portions of form AD-1026, Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification unless: <ol style="list-style-type: none"> 6A. <ol style="list-style-type: none"> i. The applicant does not participate in USDA benefits subject to HELIC and WC compliance except Federal Crop Insurance or PARP, and ii. The applicant only has an interest in land devoted to the production of agricultural commodities that are perennial crops, excluding sugar cane, such as tree fruits, tree nuts, grapes, olives, native pasture and perennial forage. If the applicant produces alfalfa, the applicant must contact the Natural Resources Conservation Service to determine if such production qualifies as the production of a perennial crop; and iii. The applicant has not converted a wetland after December 23, 1985; or 6B. <ol style="list-style-type: none"> i. The applicant does not own or rent land devoted to an agricultural activity including cropland, rangeland, pastureland or forestland; or ii. The applicant is a producer of livestock, nursery crops, honey or similar commodity that is not produced from tillage of land; 7. If the applicant meets either the conditions in Item 6A (certification with box 5B on AD-1026) or 6B Certification (certification with box 5A on AD-1026), the applicant is only required to complete Parts A and D of form AD-1026. 8. If the applicant identifies as being a new producer or has increased their operation size between the benchmark year and 2020 they may complete supplemental worksheet FSA-1122 A to request an adjusted revenue. 9. If applicant receives assistance through the Coronavirus Food Assistance Program 1 or 2, Pandemic Livestock Indemnity Program, Spot Market Hog Pandemic Program, or Emergency Relief Program for 2020 after their PARP payment is issued, their PARP payment will be recalculated and the applicant must refund any resulting overpayment. 			

FSA-1122: Page 1, Parts B

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PART B – PRODUCER INFORMATION					
5. Producer Name, Address (City, State and Zip Code) and Phone Number (Include Area Code)					
PART C – ALLOWABLE GROSS REVENUE			AGENCY USE ONLY		
6. 2018 Allowable Gross Revenue	7. 2019 Allowable Gross Revenue	8. 2020 Allowable Gross Revenue	9. COC Adjusted 2018 Allowable Gross Revenue	10. COC Adjusted 2019 Allowable Gross Revenue	11. COC Adjusted 2020 Allowable Gross Revenue
PART D – PRODUCER CERTIFICATION					
<i>I hereby sign and acknowledge under penalty of perjury in accordance with 28 U.S.C. § 1746 and 18 U.S.C. § 1621 that the foregoing is true and correct.</i>					
12A. Signature (By)		12B. Title/Relationship of the Individual Signing in the Representative Capacity		12C. Date (MM/DD/YYYY)	
PART E – COUNTY COMMITTEE (COC) DETERMINATION					
13. COC or Designee Signature			14. Date (MM/DD/YYYY)	15. Determination <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED	

In accordance with Federal civil rights law and USDA civil rights regulations and policies, the USDA, its agencies, offices, and employees participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

DATE STAMPED



FSA- 1122: Page 2 Being revised

Table 1 provides guidance for:

- determining allowable gross revenue source
- what to include/exclude when determining allowable gross revenue.

Table 1.

Allowable gross revenue INCLUDES revenue from the following sources:	Allowable gross revenue EXCLUDES revenue from the following sources:
<p>(1) Sales of agricultural commodities produced by the producer, including sales resulting from value added through post-production activities. <i>(Sched. F Line 2, or other comparable Federal tax form)</i></p> <p>NOTE: include income from:</p> <ul style="list-style-type: none"> • inventory carried over from the prior tax year • post-production activities (value added) i.e., grapes into wine or strawberries into jam. • Commodities not grown in the U.S. <i>(if grown by U.S. producer and marketed in the U.S.)</i> • Interest Charge Domestic International Sales Corporation (IC-DISC) income from the sale of agricultural commodities. <p>(2) Sales of agricultural commodities purchased for resale, less the cost or other basis of such commodities. <i>(Sched. F Line 1C, or other comparable Federal tax form)</i></p> <p>NOTE: The sale of eligible aquatic species may only be included if the eligible aquatic species were raised by a commercial operator and in water in a controlled environment.</p> <p>(3) The taxable amount of cooperative distributions directly related to the sale of agricultural commodities produced by the applicant. <i>(Sched F – Line 3a, or other comparable Federal tax form)</i></p> <p>(4) Payments received under the following agricultural programs regardless of crop year or program year <i>(Sched F Line 4a & 4b, or other comparable Federal tax form):</i></p> <ul style="list-style-type: none"> • Agriculture Risk Coverage and Price Loss Coverage Program (ARC/PLC) • Biomass Crop Assistance Program (BCAP) • Dairy Margin Coverage Program (DMC) • Loan Deficiency Payment (LDP) and Market Loan Gains (MLG) • Market Facilitation Program (MFP) • Margin Protection Program (MPP Dairy) • Seafood Trade Relief Program (STRP) <p>(5) Commodity Credit Corporation (CCC) loans reported under election if elected to be treated as income and reported to IRS. <i>(Schedule F Line 5a, or other comparable Federal tax form)</i></p> <p>(6) Crop insurance proceeds received from FCIC or a private plan of insurance regardless of crop year (as reported to IRS). <i>(Schedule F Line 6, or other comparable Federal tax form)</i></p> <p>(7) Federal disaster program payments under the following programs <i>(Schedule F Line 6, or other comparable Federal tax form):</i></p> <ul style="list-style-type: none"> • 2017 Wildfire and Hurricanes Indemnity Program (WHIP) 	<p>(1) Pandemic Assistance from:</p> <ul style="list-style-type: none"> • Coronavirus Food Assistance Program (CFAP) 1 • Coronavirus Food Assistance Program (CFAP) 2 • Pandemic Livestock Indemnity Program (PLIP) • Spot Market Hogs Pandemic Program (SMHPP) <p>(2) 2020 Emergency Relief Program (ERP) Payments</p> <p>(3) Wild free-roaming animals</p> <p>(4) Horses and other animals used for racing or wagering</p> <p>(5) Aquatic species that are NOT grown:</p> <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, or • as ornamental fish propagated and reared in an aquatic medium. <p>(6) <i>Cannabis sativa L.</i> and any part of that plant including the seeds, thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis, that is grown under a license or other required authorization issued by the applicable governing authority that permits the production of hemp</p> <p>(7) Timber</p> <p>(8) Resale of items not held for characteristic change</p> <p>9) Income from a pass-through entity such as an S Corporation or LLC</p> <p>(10) Conservation Program payments</p> <p>(11) Certificate Exchanges</p> <p>(12) Any pandemic assistance payments that were not for the loss of agricultural commodities or the loss of revenue from agricultural commodities, including, but not limited to:</p> <ul style="list-style-type: none"> • cost-share assistance • loss of buildings, • etc. <p>(13) Custom hire income <i>(Sched F Line 7, or other comparable Federal tax form)</i></p> <p>(14) Net gain from hedging or speculation</p> <p>(15) Wages, salaries, and tips</p> <p>(16) Cash rent</p> <p>(17) Rental of equipment or supplies</p> <p>(18) Revenue earned as a contract producer.</p>



FSA- 1122: Page 2 Being revised (cont.)

(5) Commodity Credit Corporation (CCC) loans reported under election if elected to be treated as income and reported to IRS. *(Schedule F Line 5a, or other comparable Federal tax form)*

(6) Crop insurance proceeds received from FCIC or a private plan of insurance regardless of crop year (as reported to IRS). *(Schedule F Line 6, or other comparable Federal tax form)*

(7) Federal disaster program payments under the following programs *(Schedule F Line 6, or other comparable Federal tax form)*:

- 2017 Wildfire and Hurricanes Indemnity Program (WHIP)
- Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP)
- Livestock Forage Disaster Program (LFP)
- Livestock Indemnity Program (LIP)
- Noninsured Crop Disaster Assistance Program (NAP)
- Milk Loss Program
- On-Farm Storage Loss Program (OFSLP)
- Tree Assistance Program (TAP)
- Wildfires and Hurricanes Indemnity Program+ (WHIP+)

(8) Payments issued through grant agreements with FSA for losses of agricultural commodities

(9) Revenue from raised breeding livestock *(Sched 4797 Part 1 column (d) or (g), or other comparable Federal tax form)*

(10) Revenue earned as a cattle feeder operation

(11) NOAA grants and State program funds providing direct payments for the loss of agricultural commodities or the loss of revenue from agricultural commodities; and

(12) Other revenue directly related to the production of agricultural commodities that IRS requires the applicant to report as income including but not limited to:

- Federal and State gas/fuel tax credits
- Income from by-passed (unharvested) acres
- Commodity specific income received from State or local governments.

13) Pandemic Market Volatility Assistance Program (PMVAP) benefits received, regardless of the calendar year in which the payment was received.

- loss of buildings,
- etc.

(13) Custom hire income *(Sched F Line 7, or other comparable Federal tax form)*

(14) Net gain from hedging or speculation

(15) Wages, salaries, and tips

(16) Cash rent

(17) Rental of equipment or supplies

(18) 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.

FSA-1122A;

Page 1 Application for NEW producers or if there was an increase in the business operations

- Part B – new 2020 producer
- Part C – new 2019 producer without a full year's revenue
- Part D – 2020 increase in operation

FSA-1122A (01-23-23)		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency		1. Recording State	2. Program Year 2020
CONTINUATION SHEET FOR PANDEMIC ASSISTANCE REVENUE PROGRAM (PARP) ADJUSTED REVENUE				3. Recording County	4. Application Number
<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 Consolidated Appropriations Act (Pub. L. 115-280) and 7 CFR Part 9. 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.</p> <p>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, or USDA may not conduct or sponsor a collection of information unless it displays a valid OMB control number. RETURN THIS COMPLETED FORM TO LOCAL USDA-FARM SERVICE AGENCY OFFICE.</p>					
PART A – PRODUCER INFORMATION					
5. Producer's Name and Address (City, State, and Zip Code) and Phone Number (Include Area Code)					
6. Are you a new producer who began farming in 2020 that doesn't have revenue in 2018 and 2019? <input type="checkbox"/> YES <input type="checkbox"/> NO. If "Yes", Complete Parts B and E NOTE: Acceptable documentation must be provided within 30 calendar days of submission of the PARP application.					
7. Are you a producer who began farming in 2019 that does not have a full year's revenue to report from 2018 or 2019? <input type="checkbox"/> YES <input type="checkbox"/> NO. If "Yes", complete Parts C and E. NOTE: Acceptable documentation must be provided within 30 calendar days of submission of the PARP application.					
8. Did your operation have an increase in operating capacity in 2020 compared to 2018 or 2019 that impacted revenue? <input type="checkbox"/> YES <input type="checkbox"/> NO. If "Yes", complete Parts D and E NOTE: Acceptable documentation must be provided within 30 calendar days of submission of the PARP application.					
PART B – NEW 2020 PRODUCER				COC USE ONLY	
9. 2020 Expected Allowable Gross Revenue				10. COC Adjusted 2020 Expected Allowable Gross Revenue	
PART C – NEW 2019 PRODUCER WITHOUT FULL YEAR'S REVENUE				COC USE ONLY	
11. Basis for Increase in Production		12. Percent of Increased Production for Entire Farming Operation		13. COC Adjusted Percent for Increased Production for Entire Farming Operation	
Example: Added Irrigation System, & Increased Acreage		25%			
PART D – 2020 INCREASE IN OPERATION				COC USE ONLY	
14. Basis for Increase in Production		15. Percent of Increased Production for Entire Farming Operation		16. COC Adjusted Percent for Increased Production for Entire Farming Operation	
Example: Added Irrigation System, & Increased Acreage		25%			
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 the foregoing is true and correct. If a new producer in 2020, I understand that I must provide documentation to the COC within 30 days of submitting the PARP application to support my certification of expected allowable gross revenue. If a new producer in 2019 without a full year's revenue or had an increase in operation in 2020, I understand that I must provide documentation to the COC within 30 days of submitting the PARP application that supports the increase in operating capacity that would have resulted in a higher revenue for 2020.					
17. Signature (By)		18. Title/Relationship of the Individual Signing in the Representative Capacity		19. Date (MM/DD/YYYY)	
PART F – COC DETERMINATION					
20. COC or Designee Signature			21. Date (MM/DD/YYYY)		22. Determination <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 696-7442; or (3) email: program.intel@usda.gov. USDA is an equal opportunity provider, employer, and lender.

FSA-1122A, Page

2 Form Instructions

General Form Instructions

PARP applicants that are a new producer in 2020, new producer in 2019, or a producer who increased production capacity from 2018 or 2019 to 2020 may seek a COC adjustment to the 2018 or 2019 revenue as applicable. The producer will complete this form in addition to form FSA-1122 and provide acceptable documentation to COC within 30 calendar days of submitting the PARP application. Failure to timely provide acceptable documentation will result in the COC denying the 2018 or 2019 allowable gross revenue adjustment.

New Producer in 2020:

Producers who began their farm operation in 2020 will certify their **actual** allowable gross revenue from 2020 on form FSA-1122 and their **expected** allowable gross revenue in 2020 on this form. Acceptable documentation must be provided within 30 calendar days of filing the PARP application. Acceptable documentation includes, but is not limited to financial documents, sales contracts or purchase agreements, documentation supporting production capacity, use of existing production capacity or physical alterations that demonstrate production capacity. The documentation must demonstrate the expected level of gross revenue prior to the impact of the COVID-19 pandemic. Acceptable documentation must have been generated in the ordinary course of business and dated prior to the impact of the COVID-19 pandemic.

New Producer in 2019:

A new producer in 2019 is a producer who began farming in 2019 that does not have a full year's gross revenue to report for 2018 or 2019. The producer will certify their 2019 and 2020 **actual** allowable gross revenue on form FSA-1122. The producer may seek a COC adjustment to their 2019 gross revenue by completing this form.

Increased Operating Capacity from 2018 or 2019 to 2020

A producer who increased the operating capacity of their farming operation will not have 2018 or 2019 gross revenue that reflects their 2020 operating capacity and gross revenue. The producer will certify their 2018 or 2019 and 2020 **actual** allowable gross revenue on form FSA-1122. The producer may seek a COC adjustment to their 2018 or 2019 revenue by completing this form.

The following table describes the types of evidence and provides examples that document the expected revenue had:

- the new producer in 2019 been operating at full capacity in 2019
- the same capacity in 2018 or 2019 as in 2020 if the operation increased capacity.

Basis or Reason for Increase	Examples and Evidence include but not limited to	Unit of Measure includes but not limited to
Added production capacity to the farm operation	Added land (<i>purchase or lease agreements, FSA-578</i>)	Acres
	Added livestock (<i>purchase documents</i>)	Head
	Added greenhouse (<i>purchase documents, construction contracts</i>)	Number
Increased the use of existing production capacity	Double-cropping existing land (<i>FSA-578</i>)	Acres
	Beginning production on high density blocks or orchards (<i>evidence that supports farming practices</i>)	Bushels, pounds, tons, etc.
Making physical alterations to existing production capacity	Adding irrigation to existing land (<i>FSA-578, equipment purchases</i>)	Bushels, pounds, tons
	Beginning production on certified organic acreage (<i>FSA-578, OCCSP, Organic Certification documents</i>)	Bushels, pounds, tons

FSA-1123

Used by persons or legal entities that exceed the average Adjusted Gross Income (AGI) threshold of \$900,000 for years 2016 through 2018.

- If the average for the 3 years is greater than \$900,000, the form FSA-1123 must be completed.
- A licensed CPA or Attorney must:
 1. certify that the average AGI for the 2020 program year exceeds the \$900,000 limit,
 2. certify the 2020 tax year AGI is \$900,000 or less, and
 3. certify other items on page 2.

FSA-1123 (12-14-21)		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency		1. PROGRAM YEAR: 2020	
CERTIFICATION OF 2020 ADJUSTED GROSS INCOME (AGI)				2. Return completed form to (Name and address of FSA county office or USDA Service Center):	
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 Notice of Funds Availability FR Doc. 2021-0012, and the Coronavirus Aid, Relief, Economic Security (CARES) Act (Pub. L. 116-136). 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). 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. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.					
3. Name and Address of Individual or Legal Entity (Including Zip Code) (If general partnership or joint venture, complete only for each member)				4. Last (4) Digits - Taxpayer Identification Number (TIN) (Social Security Number for Individual; or Employer Identification Number for Legal Entity)	
PART A - CERTIFICATION OF 2020 ADJUSTED GROSS INCOME					
Persons and Legal Entities (including members holding an ownership interest in the legal entity) that exceed the average AGI limitation of \$900,000 for the 2016, 2017, and 2018 tax years may otherwise qualify for certain Pandemic Assistance, as specified by program requirements, when: <ul style="list-style-type: none">• the person's or legal entity's Adjusted Gross Income (AGI) for the 2020 tax year is \$900,000 or less, and• a certification from a licensed CPA or an attorney is submitted to the FSA/USDA Service Center identified in Item 2, attesting that the person or legal entity identified in Item No. 3 did not have AGI that exceeded \$900,000 for the 2020 tax year. The CPA or Attorney may meet this requirement by completing Part C below or providing a statement that is acceptable to FSA.					
PART B - CERTIFICATION BY PERSON OR AUTHORIZED REPRESENTATIVE FOR THE LEGAL ENTITY					
<i>By signing this form:</i> <ul style="list-style-type: none">• I acknowledge the average AGI for program year 2020 exceeds the \$900,000 statutory average AGI limitation for the person or legal entity identified in Item 3.• I certify the AGI for the 2020 tax year is \$900,000 or less for the person or legal entity identified in Item 3.• I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form.• I certify that all information contained in the certification from a licensed CPA or attorney is true and correct, and is consistent with the tax returns filed with the IRS for myself or the legal entity that is seeking to qualify for program benefits subject to a certification of 2020 AGI.• I acknowledge that failure to provide the CPA or attorney certification referenced in Part A to FSA will result in being ineligible for the applicable program benefit.• I certify that I am authorized under applicable state law to sign this certification on behalf of the legal entity identified in Item 3 (for legal entity only).					
5. Signature (By)		6. Title/Relationship of the Individual if Signing in a Representative Capacity		7. Date (MM-DD-YYYY)	
PART C - CERTIFICATION BY LICENSED CERTIFIED PUBLIC ACCOUNTANT / ATTORNEY					
<i>By signing this form:</i> <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 Items 3 and 4 has met the minimum requirements specified in Part A.					
8. Signature		9. Title (CPA/Attorney)		10. State/License Number	
				11. Date (MM-DD-YYYY)	



Example: Will Farmer's Application for PARP

- Will Farmer operates a traditional diversified crop and livestock farm in the central plains of the United States.
- Will is making an application for the 2020 Pandemic year; 2019 is his benchmark year.
- Will received a \$10,000 ERP payment in 2020.

Will Farmer's Schedule F, Part I

(2)

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.

Will Farmer's Form 4797: Parts I

& II

Form 4797	Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))	OMB No. 1545-0184
Department of the Treasury Internal Revenue Service	▶ Attach to your tax return. ▶ Go to www.irs.gov/Form4797 for instructions and the latest information.	2019 Attachment Sequence No. 27

Name(s) shown on return Will Farmer	Identifying number 101010101
--	---------------------------------

1 Enter the gross proceeds from sales or exchanges reported to you for 2019 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	Cull cows	Various LT	07/31/2019	16,640	N/A	0.00	16,640

3 Gain, if any, from Form 4684, line 39	3
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5
6 Gain, if any, from line 32, from other than casualty or theft	6
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows	7 16,640

Partnerships and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120-S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years. See instructions	8
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions	9 16,640

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

Cull heifers	Various ST	7/31/2019	5,000	N/A	0.00	5,000

11 Loss, if any, from line 7 **11**

Will Farmer's Schedule F, Part I

(2)

SCHEDULE F
(Form 1040)

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

2020
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 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		5a
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		6d Amount deferred from 2019
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 Farmer's Form 4797:

Parts I

Form 4797	Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))	OMB No. 1545-0184
Department of the Treasury Internal Revenue Service	▶ Attach to your tax return. ▶ Go to www.irs.gov/Form4797 for instructions and the latest information.	2020 Attachment Sequence No. 27

Name(s) shown on return <i>Will Farmer</i>	Identifying number <i>101010101</i>
1 Enter the gross proceeds from sales or exchanges reported to you for 2020 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions	
	1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	<i>Cull cows</i>	<i>Various LT</i>	<i>7/30/2020</i>	<i>30,303</i>	<i>N/A</i>	<i>0.00</i>	<i>30,303</i>

3 Gain, if any, from Form 4684, line 39	3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6 Gain, if any, from line 32, from other than casualty or theft	6	
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows	7	<i>30,303</i>

Partnerships and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120-S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years. See instructions	8	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions	9	<i>30,303</i>

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

10	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	<i>Cull heifers</i>	<i>Various ST</i>	<i>7/30/2020</i>	<i>4,500</i>	<i>N/A</i>	<i>0.00</i>	<i>4,500</i>

Determining Allowable Gross

Revenue

Schedule F

- Provides totals for various line numbers.
- Line 2 may have de minimis value added.
- Page 2 of Form FSA-1122 provides guidance as to what to remove from calculations.
- ERP payment received in 2020 will be adjusted by FSA for the payment calculations.

Form 4797

- Review sales of business assets (Sale of Business Assets).
- Only include sales of raised breeding (dairy and draft) livestock (Part I, Line 2 and Part II, Line 10).




Will Farmer's Schedule F for 2019 & 2020 with PARP adjustments for FSA-1122

ERP payment of \$10,000 is included in line 4b of

Schedule F (Form 1040): Profit or Loss From Farming		2019		FSA-1122		2020		FSA-1122	
Line No.	Line Description	Schedule F Part I		Part C - 2019 Allowable Gross Revenue Box 7.		Schedule F Part I		Part C - 2020 Allowable Gross Revenue Box 8.	
Line 1a	Sales of purchased livestock and other resale items	\$ 200,000				\$ 215,000			
Line 1b	Cost or other basis of purchased livestock or other items reported on line 1a	\$ 125,000				\$ 130,000			
Line 1c	Subtract line 1b from line 1a	\$ 75,000		Allowable	\$ 75,000	\$ 85,000		Allowable	\$ 85,000
Line 2	Sales of livestock, produce, grains, and other products raised	\$ 255,550		Allowable	\$ 255,550	\$ 179,500		Allowable	\$ 179,500
Line 3a	Coop Distributions on	\$ 223,200	incl personal			\$ 124,000	incl personal		
Line 3b	(Forms 1099-PATR)	\$ 222,900	less personal	Allowable	\$ 222,900	\$ 123,000	less personal	Allowable	\$ 123,000
Line 4a	Agricultural Program	\$ 65,200				\$ 63,000			
Line 4b	Payments	\$ 60,200	eligible crops less mkt gain	Allowable	\$ 60,200	\$ 58,000	eligible crops less mkt gain	Allowable	\$ 58,000
Lines 5a, 5b, & 5c	Commodity Credit Corporation loans reported under election	\$ 100,000	lines 5a and 5c	Allowable	\$ 100,000		lines 5a and 5c	Allowable	
Lines 6a & 6b	Crop Insurance Proceeds and Federal Disaster Payments	\$ 19,100		Allowable	\$ 19,100	\$ 65,000		Allowable	\$ 65,000
Line 7	Custom hire income	\$ 12,900				\$ 4,500			
Line 8	Other income	\$ 3,100	Fuel credit	Allowable	\$ 3,100	\$ 21,000	Fuel Credit \$1K State grant \$20K	Allowable	\$ 21,000
Line 9	Gross income	\$ 748,750		Box 7.	\$ 735,850	\$ 536,000		Box 8.	\$ 531,500

Will's PARP income adjustments for sales of cull raised breeding livestock from Form 4797 for 2019 & 2020

Form 4797 sales of
breeding (dairy and
draft) livestock are
added to the Gross
Income from
Schedule F as

PARP Adjustments	2019	2020
Schedule F		
Modified Gross Income	\$ 735,850	\$ 531,500
Breeding animal sales		
Form 4797: Part I, Line 2	\$ 16,640	\$ 30,300
Form 4797: Part II, Line 10	\$ 5,000	\$ 4,500
 Total Allowable Gross Revenue	\$ 757,490	\$ 556,300 
Percentage decline from 2019 to 2020		26.56% 

Will's FSA-1122

FSA-1122 (01-23-23) U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency PANDEMIC ASSISTANCE REVENUE PROGRAM (PARP) APPLICATION	1. Recording State Kansas	2. Program Year 2020
	3. Recording County	4. Application Number
<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 Consolidated Appropriations Act (Pub. L. 116-260) and 7 CFR Part 9. 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.</p> <p>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, or USDA may not conduct or sponsor a collection of information unless it displays a valid OMB control number. RETURN THIS COMPLETED FORM TO LOCAL USDA-FARM SERVICE AGENCY OFFICE.</p>		

PART B – PRODUCER INFORMATION					
5. 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 – ALLOWABLE GROSS REVENUE			AGENCY USE ONLY		
6. 2018 Allowable Gross Revenue	7. 2019 Allowable Gross Revenue	8. 2020 Allowable Gross Revenue	9. COC Adjusted 2018 Allowable Gross Revenue	10. COC Adjusted 2019 Allowable Gross Revenue	11. COC Adjusted 2020 Allowable Gross Revenue
	\$757,490	\$556,300			
PART D – PRODUCER CERTIFICATION					
<i>I hereby sign and acknowledge under penalty of perjury in accordance with 28 U.S.C. § 1746 and 18 U.S.C. § 1621 that the foregoing is true and correct.</i>					
12A. Signature (By)		12B. Title/Relationship of the Individual Signing in the Representative Capacity		12C. Date (MM/DD/YYYY)	
PART E – COUNTY COMMITTEE (COC) DETERMINATION					
13. COC or Designee Signature			14. Date (MM/DD/YYYY)	15. Determination	
				<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED	

FSA-1122 Application

Adjustments

Refer to Page 2 of FSA-1122 for details

- Schedule F: Profit or Loss from Farming
 - Lines 3a and b: Subtract Cooperative Distributions for nonfarm items (Refer to 1099-PATR and farm records)
 - Lines 5a, b, and c: CCC loans elected to be treated as income (not as a loan) and loans forfeited (not repaid)
 - Line 7: Custom hire income is to be removed
 - Line 8: Income must be related to the production of commodities
- Form 4797: Sales of Business Property
 - Include the sale of raised breeding (dairy and draft) livestock in the determination of the Allowable Gross Revenue
 - Raised livestock sales are reported on Lines 2 and 10 of Form 4797

NOTE: be sure to review Page 2 of Form FSA-1122 for guidance of inclusions and exclusions such as the \$10,000 ERP payment used in the example

Part III Farm Income—Accrual Method (see instructions)

37	Sales of livestock, produce, grains, and other products (see instructions)			37	Lines 1c plus 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	Cash Revenue Tot		
45	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797	45	Grain & Livestock				
46	Cost of livestock, produce, grains, and other products purchased during the year	46	Grain & Livestock				
47	Add lines 45 and 46	47	Sub total				
48	Inventory of livestock, produce, grains, and other products at end of year	48	Grain & Livestock				
49	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*	49	Total Grain & Lstk				
50	Gross income. Subtract line 49 from line 44. Enter the result here and on Part I, line 9	50	Accrual Adj. Total				

Accrual Method of Accounting

PARP Focus is on "Cash Basis"

Amount on Line 44 is to be used as Allowable Gross

PARP Fact Sheet: Page 2

Allowable Gross Revenue

Allowable gross revenue includes all revenue a producer received on a **“cash basis”** method during the applicable calendar year and reportable to IRS on Schedule F or **some other Federal tax form**. Allowable gross revenue does NOT include costs or expenses associated with revenue generated by the farming operation.

Allowable gross revenue must have been received from the production or sale of an ag commodity including crops, aquaculture, livestock, livestock byproduct, or other animal or animal byproduct. The commodity must have been produced in the U.S. or produced outside the U.S. by a producer located in the U.S. and marketed in the U.S.

Review of PARP Application Process

- Application on Calendar Year (not a crop production year)
- Follow Form FSA-1122 instructions
- Use the USDA Pandemic Revenue Program Tool to assist with calculating allowable entries
- Post allowable entries from USDA Tool into FSA-1122
- Sign and date

- Complete Forms FSA-1122A and/or FSA-1123 if needed

FSA-1123

If AGI exceeds \$900,000 limit

- File Form FSA-1123 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-1123 is not needed because the threshold was not reached
- Will's AGI was less than \$900,000.

USDA PARP Resources

Pandemic Assistance Revenue Program Website

<https://www.farmers.gov/coronavirus/pandemic-assistance/parp>

Pandemic Assistance Revenue Program (PARP) Fact Sheet

https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2023/fsa_parp_factsheet_22_012423.pdf

Emergency Relief Program Phase 2 and Pandemic Assistance Revenue Program Comparison Fact Sheet

https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2023/fsa_parp_erp2_factsheet_22_update_011823.pdf

FSA-1122 Pandemic Assistance Revenue Program (PARP) Application

<https://www.farmers.gov/sites/default/files/documents/farmersgov-parp-application-form.pdf>

FSA-1122A Continuation Sheet for Pandemic Assistance Revenue Program (PARP) Adjusted Revenue

<https://www.farmers.gov/sites/default/files/documents/farmersgov-parp-continuation-sheet.pdf>

FSA-1123 Certification of 2020 Adjusted Gross Income (AGI)

<https://www.farmers.gov/sites/default/files/2021-12/fsa-1123-12152021.pdf>

USDA Gross Revenue Calculation Worksheet

https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/farmers/docs/pandemic_rev_program_tool_version_1_2_final.xlsm

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 (Registration Info)
 - March 2023 – Schedule F: a line by line discussion
 - May 2023 – ERP Phase 2 Application webinar
- 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**
