

SCHEDULE OF FARM INCOME AND EXPENSES

TO BE SENT WITH RETURN FORM 1040A OR 1040 TO THE COLLECTOR OF
INTERNAL REVENUE ON OR BEFORE MARCH 15, 1919

Name

Address

INSTRUCTIONS

This work sheet or schedule of farm income and expenses is to be used in determining the net income from a farm business. It may be used by farm owners who work their own farms or rent them out on shares, or by tenants.

If you have two or more farms, it may be desirable to fill out a separate sheet for each farm.

This schedule is to be delivered to the Collector of Internal Revenue with your income tax return (Form 1040A or Form 1040). You should keep a copy for reference next year.

INCOME

All the farm income from whatever source must be reported in this schedule. Only income actually received need be included, but this does not mean that the taxpayer must receive cash. Anything of value received instead of cash must be considered income to the extent of its cash value. Thus, the value of groceries, merchandise, etc., received in exchange for eggs, butter, or other produce must be reported as income.

The value of farm produce which is consumed by the farmer and his family need not be reported as income; but expenses incurred in raising produce thus consumed must not be claimed as deductions.

If timber sold in 1918 was grown in part before March 1, 1913, the income to be reported is the difference between the fair market value of such timber on March 1, 1913, and the price received, less any expenses of growing the timber that have not heretofore been claimed as deductions. Report such income in the same manner as income from sale of land, in Schedule D of Form 1040A or Form 1040.

EXPENSES AND OTHER DEDUCTIONS

Report as farm expenses only amounts actually paid out in carrying on the farm business.

Labor.—Only that part of the board of hired labor which is purchased should be included as a deduction. The value of products furnished by the farm and used in the board of hired labor is not a deductible expense.

Rations purchased and furnished to laborers or share-croppers are deductible as a part of the labor expense.

Do not deduct the value of your own labor or that of your wife or dependent minor children.

Do not deduct amounts paid to persons engaged in household work except to the extent that the services of such employees are used in boarding and otherwise caring for farm laborers. Services of employees engaged in caring for the farmer's own household are not a deductible expense.

Fertilizers, manures, etc.—The cost of manures, commercial fertilizers, lime, raw rock phosphate, etc., that were bought during the year may be included as an expense.

Taxes.—Do not deduct inheritance or estate taxes, Federal income taxes, drainage taxes, or taxes for any improvement or betterment

tending to increase the value of the property. Be ready to show tax receipts if possible. Do not deduct taxes on your dwelling or household property.

Interest on indebtedness.—All interest paid on farm mortgages, notes, and other obligations incurred to carry on the farm business should be deducted.

Bad debts.—Report only debts, arising from sales that have been reported as income, which have been definitely proved within the year to be worthless.

Repairs and depreciation.—Depreciation claimed should not exceed the actual cost of the property (or its fair market value March 1, 1913, if acquired before that date) divided by its probable life in years. Only such depreciation of farm buildings and equipment as is not offset by repairs may be deducted. Do not deduct repairs or depreciation of the dwelling you occupy, or of your personal or household equipment.

Do not claim as a separate item depreciation of live stock or any other property included in your inventory, as such depreciation is taken care of in the reduced amount of the inventory at the close of the year.

Losses.—You may deduct losses of buildings, machinery, and other property not included in your inventory, resulting from fires or other casualties and not compensated for by insurance or otherwise. Losses of property included in your inventory are taken care of by the reduced amount of the inventory at the close of the year.

Automobile expense.—You may deduct expenses of operation, repairs, and depreciation of automobiles used exclusively in the farm business. If an automobile is used in the farm business for a part of the time only, a corresponding part of the expense may be deducted.

HOW TO FILL OUT THIS SCHEDULE

Enter on pages 2 and 3 the amounts received from sales of farm crops, animals, and products, and the value of crops, animals, and products that were on hand at the beginning and end of the year. Go over the list of farm expenses on page 3 and enter the amount of each kind of expense separately so far as possible. Fill in the statement of repairs and depreciation of farm buildings, etc., on page 4.

In case you have complete farm records already summarized, enter the totals from your books in the spaces provided therefor.

When all the receipts and expenses have been entered, bring the various totals together in the summary on page 4. The figures inclosed in parenthesis are intended as a key to aid you in bringing forward the proper totals.

When you have determined the net farm income, transfer the amount to line 21 in Schedule A of the income tax return (Form 1040A or Form 1040).

While this schedule is intended to cover in detail only your income from the farm business, there are added at the bottom of page 4 spaces for making notes regarding income from other sources. Such income should be reported in detail in Schedules B to K of Form 1040A or Form 1040.

REPAIRS AND DEPRECIATION

DESCRIPTION	COST OF PROPERTY (or market value March 1, 1913)	REPAIRS	DEPRECIATION	
			Rate	Amount
Farm buildings	\$	\$		\$
Farm fences, drains, ditches, etc.				
Farm machinery and tools				
TOTALS	\$	\$	(18)	(19)

SUMMARY

Amount received for farm products sold or exchanged		Farm expenses, etc.	
1. Crops (2)	\$	14. Cost of live stock purchased during year (5)	\$
2. Live stock (6)		15. Expenses (17)	
3. Crop products (9)		16. Repairs (18)	
4. Live stock products (12)		17. Depreciation (19)	
5. Miscellaneous (14)		18.	
6. Total receipts	\$	19. Total expenses, etc.	\$
Inventory value of farm crops, etc., at end of year		Inventory value of farm crops, etc., at beginning of year	
7. Crops (3)	\$	20. Crops (1)	\$
8. Live stock (7)		21. Live stock (4)	
9. Crop products (10)		22. Crop products (8)	
10. Live stock products (13)		23. Live stock products (11)	
11. Supplies (16)		24. Supplies (15)	
12. Total inventory at end of year	\$	25. Total inventory at beginning of year	\$
13. Total receipts plus inventory at end of year (Item 6 plus Item 12)	\$	26. Total expenses plus inventory at beginning of year (Item 19 plus Item 25)	\$
27. Net farm income to be reported in Schedule A, line 21, of Form 1040 A or Form 1040 (Item 13 minus Item 26)		\$	

OTHER INCOME TO BE REPORTED ON RETURN (Form 1040 A or Form 1040)

DESCRIPTION	GROSS	DEDUCTIONS	NET
Income from salaries, wages, commissions, bonuses, director's fees, and pensions (to be reported in Schedule B)	\$	\$	\$
Income from partnerships, personal service corporations, and estates and trusts (to be reported as Item C)			
Income from sale of land, buildings, stocks, bonds, and other property (to be reported in Schedule D)			
Income from rents and royalties (to be reported in Schedule E)			
Interest on corporation bonds containing tax-free covenant, on which a tax of 2% was paid by debtor corporation (to be reported as Item F)			
Other income (to be reported in Schedule G)			
Dividends on stock of corporations organized or doing business in the United States (to be reported as Item K on Form 1040 A, or K(a) on Form 1040)			
Interest on obligations of the United States in excess of the exemptions allowed by law (to be reported as Item K(b), Form 1040)			