

CUVA Workshop

November 4th, 2024 at 2:00 pm

1. TPO'S
 - a. Each parcel must be viewed as a standalone parcel in qualifying for Cuva, regardless of what it is contiguous to.
 - b. If a parcel under 10.00 acres is contiguous to a larger piece under the same owner(s) name(s), they must be TPO'd together if the owners do not otherwise have agricultural proof in order to be approved for CUVA.
2. Wedding venues
 - a. How often can a property be used for wedding venue purposes without breaching? A property "which has been subject to a covenant for at least one year" must be used for agricultural purposes for 50% of the year or more.
 - b. Do we require the wedding venue questionnaire? **Yes**
3. Approval of new covenants under 10.00 acres (meaning 0- 9.99 acres). What can we accept?
 - a. Schedule E- reporting farm-related income or loss specifically
 - b. Schedule F with Form 1040, or, if applicable Form 4835 (Form 4835 is for Farm Rental Income and Expenses)
 - c. Gate card with property address included. If there is no physical address on the card, we need copy of the application as well.
 - d. Applications are reviewed with a field visit and aerial photography check
 - e. Exceptions are granted for a portion of a parcel under 10 acres that is annexed into a city; and parcels that meet qualifications for subsequently acquired.
4. The process for 10.00-20.00 acre parcel approvals
 - a. While processing applications, we conduct reviews using aerial photography and field visits, if necessary.
 - b. If use is not clear, we request further documentation to prove agricultural usage.
5. Splits of properties already in Cuva to now be under 10.00 acres (meaning 0-9.99 acres) (continuations)
 - a. If a property is recently split to now be below 10.00 acres and the owners are trying to continue the covenant, do we automatically require proof of agricultural usage? Or only if they add a residence, deed a portion to another owner, or otherwise change usage? Does it make a difference if the same owners still own all contiguous parcels (which in total add up to over 10.00 acres)? **Yes, we should immediately require either proof of continued agricultural usage or for the parcels to be re-combined for Tax Purposes Only upon property being split below 10.00 acres. It should not matter if the same owner owns all contiguous parcels.**

- b. What if owners split a property to be below 10 acres, with an old residence already on the now under 10-acre parcel (meaning nothing new has been added)? **We should still require proof of continued agricultural usage or TPO paperwork.**
- c. Will the same process apply to under 10.00-acre properties which are newly approved for Cuva, then are split to be even smaller? **We should require proof of continued agricultural usage or TPO paperwork.**
- d. What about parcels that are 10.00 acres with one house? 10.00 acres with two or more houses? **All of these scenarios should require proof of agricultural usage whether being approved for a new Cuva (refer to “Approval of new covenants under 10.00 acres”), or if additional residences are added in the middle of the covenant.**

Procedures for approval of under 10.00 acre parcels for new Conservation Use Covenants or continuations of existing Conservation Use Covenants:

1. If the owner is signing up for a new or renewal ten-year Conservation Use Covenant for a property under 10.00 acres, they will be denied if they do not provide the described acceptable proof of agricultural usage. This will give them 45 days to appeal the denial when assessment notices are sent out.
2. If a new owner is applying for a continuation of an already existing ten-year Conservation Use Covenant that is under 10.00 acres, the application will be taken to the Board of Assessors for approval, even if they do not provide proof of agricultural usage at the time of approval. However, the new owners will have to sign a notarized letter stating that they will have to provide the described acceptable proof of agricultural usage by May 1st of the year they are applying for a continuation, otherwise it will lead to a breach of the covenant.

EFFINGHAM COUNTY BOARD OF TAX ASSESSORS

Larry (Brad) Green, Chairman
Gussie Nease, Vice- Chairman
Janis Bevill
Lisa Mock Hurst
Scott Morgan



Neal Groover,
Chief Appraiser
901 N Pine St., Suite 106
Springfield, Georgia 31329
Phone: 912-754-2125
Fax: 912-754-9506

DATE

«LASTNAME»

«ADDRESS1»

«ADDRESS2»

«ADDRESS3»

«CITY», «STATE» «ZIP»

PARCEL # «PARCEL_NO»

Dear Property Owner,

You are receiving this letter because you have property that is under a Conservation Use covenant that requires verification of continued agricultural usage due to the establishment of a wedding venue on the property. O.C.G.A. § 48-5-7.4 gives allowance for Conservation Use property to be used as a site for farm weddings, as long as the main usage of the property and storage buildings remain agricultural. The following are examples of what can be provided: A Schedule E or F (profit or loss from farming), Form 4835 (Farm Rental Income and Expenses), and/or a GATE card. We will also need the attached questionnaire filled out, signed and returned.

If you need to contact us our phone number is 912-754-2125; or you can send an email to csarna@effinghamcounty.org.

Thank you,

Christine Sarna
Covenant Real Property Appraiser III
Effingham County Tax Assessors Office

Website
<https://www.effinghamcounty.org/471/Tax-Assessor>

Residential Business- Wedding Venue Questionnaire

1. Please describe the current agricultural usage of the property.

2. What wedding venue services are/will be provided by the property owner directly? (i.e. providing seating, catering, dressing stations, etc).

3. At what time(s) of the year are/will the venue be open to host wedding services? Please list the estimated specific timeframe(s) and number of weddings hosted.

4. How many acres of the property will be used for venue purposes? (We may request that a map be signed indicating the exact area).

5. Will the venue be leased out or rented for operation under a company such as an LLC? If yes, please provide the name and description of the contract.

6. Please list all buildings and structures (with measurements) that will be used for venue purposes, and attach photos of the interior of each (preferably the photos should be taken when they are being used for agricultural purposes).

7. Are any of the aforementioned buildings used solely for wedding venue purposes?

8. Has income already been earned on the property? _____ If yes, please provide income information for wedding venue operations and for farming operations, if applicable.

Land owner signature _____ Land owner signature _____
Telephone Number: _____ Date: _____
Email: _____

**SCHEDULE F
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Profit or Loss From Farming

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, 1041, or 1065.
Go to www.irs.gov/ScheduleF for instructions and the latest information.

OMB No. 1545-0074

2024
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: Cash Accrual _____ **D** Employer ID number (EIN) (see instr.) _____

E Did you "materially participate" in the operation of this business during 2024? If "No," see instructions for limit on passive losses Yes No

F Did you make any payments in 2024 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 2024	6a	6b Taxable amount	6b
c If election to defer to 2025 is attached, check here <input type="checkbox"/>		6d Amount deferred from 2023	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

34 **Net farm profit or (loss).** Subtract line 33 from line 9

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.

Part III Farm Income—Accrual Method (see instructions)

37	Sales of livestock, produce, grains, and other products (see instructions)		37
38a	Cooperative distributions (Form(s) 1099-PATR)	38a <input type="text"/>	38b Taxable amount
39a	Agricultural program payments	39a <input type="text"/>	39b Taxable amount
40	Commodity Credit Corporation (CCC) loans:		
a	CCC loans reported under election		40a
b	CCC loans forfeited	40b <input type="text"/>	40c Taxable amount
41	Crop insurance proceeds		41
42	Custom hire (machine work) income		42
43	Other income (see instructions)		43
44	Add amounts in the right column for lines 37 through 43 (lines 37, 38b, 39b, 40a, 40c, 41, 42, and 43)		44
45	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797	45 <input type="text"/>	
46		46 <input type="text"/>	
47		47 <input type="text"/>	
48		48 <input type="text"/>	
49	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*		49
50	Gross income. Subtract line 49 from line 44. Enter the result here and on Part I, line 9		50

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 48 is larger than the amount on line 47, subtract line 47 from line 48. Enter the result on line 49. Add lines 44 and 49. Enter the total on line 50 and on Part I, line 9.

Part IV Principal Agricultural Activity Codes



Do not file Schedule F (Form 1040) to report the following.

- Income from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural services if your principal source of income is from providing such services. Instead, see the Instructions for Schedule C (Form 1040).
- Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead, see the Instructions for Schedule C (Form 1040).
- Income from managing a farm for a fee or on a contract basis. Instead, see the Instructions for Schedule C (Form 1040).
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Instead, see the Instructions for Form 4797.

These codes for the Principal Agricultural Activity classify farms by their primary activity to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the code that best identifies your primary farming activity and enter the six-digit number on line B.

Crop Production

- 111100 Oilseed and grain farming
- 111210 Vegetable and melon farming

- 111300 Fruit and tree nut farming
- 111400 Greenhouse, nursery, and floriculture production
- 111900 Other crop farming

Animal Production

- 112111 Beef cattle ranching and farming
- 112112 Cattle feedlots
- 112120 Dairy cattle and milk production
- 112210 Hog and pig farming
- 112300 Poultry and egg production
- 112400 Sheep and goat farming
- 112510 Aquaculture
- 112900 Other animal production

Forestry and Logging

- 113000 Forestry and logging (including forest nurseries and timber tracts)
- 113110 Timber tract operations
- 113210 Forest nurseries and gathering of forest products
- 113310 Logging

SCHEDULE E (Form 1040)

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

2024 Attachment Sequence No. 13

Department of the Treasury Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-NR, or 1041.

Go to www.irs.gov/ScheduleE for instructions and the latest information.

Name(s) shown on return

Your social security number

Part I Income or Loss From Rental Real Estate and Royalties

Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

- A Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions. B If "Yes," did you or will you file required Form(s) 1099?

1a Physical address of each property (street, city, state, ZIP code)

Table with 3 rows (A, B, C) for physical addresses.

Table with 6 columns: 1b Type of Property, 2 For each rental real estate property... Fair Rental Days, Personal Use Days, QJV. Rows A, B, C.

Type of Property:

- 1 Single Family Residence, 2 Multi-Family Residence, 3 Vacation/Short-Term Rental, 4 Commercial, 5 Land, 6 Royalties, 7 Self-Rental, 8 Other (describe)

Main table for income and expenses with columns for Properties A, B, C and rows for Income (3, 4), Expenses (5-20), and Totals (21-26).

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations

Note: If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you must check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (f) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section Yes No

Table with 6 columns: (a) Name, (b) Enter P for partnership; S for S corporation, (c) Check if foreign partnership, (d) Employer identification number, (e) Check if basis computation is required, (f) Check if any amount is not at risk. Rows A, B, C, D.

Summary table for Part II with columns: (g) Passive loss allowed, (h) Passive income from Schedule K-1, (i) Nonpassive loss allowed, (j) Section 179 expense deduction from Form 4562, (k) Nonpassive income from Schedule K-1. Rows A, B, C, D, 29a Totals, b Totals, 30, 31, 32.

Part III Income or Loss From Estates and Trusts

Table with 2 columns: (a) Name, (b) Employer identification number. Rows A, B.

Summary table for Part III with columns: (c) Passive deduction or loss allowed, (d) Passive income from Schedule K-1, (e) Deduction or loss from Schedule K-1, (f) Other income from Schedule K-1. Rows A, B, 34a Totals, b Totals, 35, 36, 37.

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

Table with 5 columns: (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, (e) Income from Schedules Q, line 3b. Rows 38, 39.

Part V Summary

Summary table for Part V with 2 columns: Description, Amount. Rows 40, 41, 42, 43.

Farm Rental Income and Expenses
(Crop and Livestock Shares (Not Cash) Received by Landowner (or Sub-Lessor))
(Income Not Subject to Self-Employment Tax)
Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form4835 for the latest information.

Name(s) shown on tax return

Your social security number

Employer ID number (EIN), if any

A Did you actively participate in the operation of this farm during 2023? See instructions Yes No

Part I Gross Farm Rental Income—Based on Production. Include amounts converted to cash or the equivalent.

1	Income from production of livestock, produce, grains, and other crops	1	
2a	Cooperative distributions (Form(s) 1099-PATR)	2a	
		2b	Taxable amount
3a	Agricultural program payments (see instructions)	3a	
		3b	Taxable amount
4	Commodity Credit Corporation (CCC) loans (see instructions):		
a	CCC loans reported under election	4a	
b	CCC loans forfeited	4b	
		4c	Taxable amount
5	Crop insurance proceeds and federal crop disaster payments (see instructions):		
a	Amount received in 2023	5a	
		5b	Taxable amount
c	If election to defer to 2024 is attached, check here <input type="checkbox"/> 5d Amount deferred from 2022	5d	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	Gross farm rental income. Add amounts in the right column for lines 1 through 6. Enter the total here and on Schedule E (Form 1040), line 42	7	

Part II Expenses—Farm Rental Property. Do not include personal or living expenses.

8	Car and truck expenses (see Schedule F (Form 1040) instructions). Also attach Form 4562	8		21	Pension and profit-sharing plans	21	
9	Chemicals	9		22	Rent or lease:		
10	Conservation expenses (see instructions)	10		a	Vehicles, machinery, and equipment (see instructions)	22a	
11	Custom hire (machine work)	11		b	Other (land, animals, etc.)	22b	
12	Depreciation and section 179 expense deduction not claimed elsewhere	12		23	Repairs and maintenance	23	
13	Employee benefit programs other than on line 21 (see Schedule F (Form 1040) instructions)	13		24	Seeds and plants	24	
14	Feed	14		25	Storage and warehousing	25	
15	Fertilizers and lime	15		26	Supplies	26	
16	Freight and trucking	16		27	Taxes	27	
17	Gasoline, fuel, and oil	17		28	Utilities	28	
18	Insurance (other than health)	18		29	Veterinary, breeding, and medicine	29	
19	Interest (see instructions):			30	Other expenses (specify):		
a	Mortgage (paid to banks, etc.)	19a		a	-----	30a	
b	Other	19b		b	-----	30b	
20	Labor hired (less employment credits) (see Schedule F (Form 1040) instructions)	20		c	-----	30c	
				d	-----	30d	
				e	-----	30e	
				f	-----	30f	
				g	-----	30g	
31	Total expenses. Add lines 8 through 30g. See instructions	31		31		31	
32	Net farm rental income or (loss). Subtract line 31 from line 7. If the result is income, enter it here and on Schedule E (Form 1040), line 40. If the result is a loss, you must go to line 34. See instructions	32		32		32	
33	Reserved for future use	33		33		33	
34	If line 32 is a loss, check the box that describes your investment in this activity. See instructions			34a	<input type="checkbox"/> All investment is at risk.		
				34b	<input type="checkbox"/> Some investment is not at risk.		
c	You may have to complete Form 8582 to determine your deductible loss, regardless of which box you checked. If you checked box 34b, you must complete Form 6198 before going to Form 8582. In either case, enter the deductible loss here and on Schedule E (Form 1040), line 40. See instructions.	34c		34c		34c	

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form 4835 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form4835.

Purpose of Form

If you were the landowner (or sub-lessor) and did not materially participate (for self-employment tax purposes) in the operation or management of the farm, use Form 4835 to report farm rental income based on crops or livestock produced by the tenant. See chapter 12 in Pub. 225, *Farmer's Tax Guide*, for the definition of material participation for landlords.

Use this form only if the activity was a rental activity for purposes of the passive activity loss limitations. See the Instructions for Form 8582, *Passive Activity Loss Limitations*, for the definition of "rental activity."

If you have net income on line 32, your tax may be less if you figure it using Schedule J (Form 1040).

Do not use Form 4835 if you were a/an:

- Tenant—instead use Schedule F (Form 1040) to report farm income and expenses;
- Landowner (or sub-lessor) and materially participated in the operation or management of the farm—instead use Schedule F (Form 1040) to report farm income and expenses;
- Landowner (or sub-lessor) and received cash rent for pasture or farmland based on a flat charge—instead report as income on Schedule E (Form 1040), Part I;
- Estate or trust with rental income and expenses from crop and livestock shares—instead report on Schedule E (Form 1040), Part I; or
- Partnership or S corporation with rental income and expenses from crop and livestock shares—instead report on Form 8825.

Qualified joint ventures. If you and your spouse each materially participated as the only members of a jointly owned and operated farm rental business, and you filed a joint return for the tax year, you can make an election to be taxed as a qualified joint venture instead of a partnership. This election in most cases will not increase the total tax owed on the joint return, but it does give each of you credit for social security earnings on which retirement benefits are based and for Medicare coverage without filing a partnership return.

If you and your spouse make the election and you didn't materially participate (for self-employment tax purposes) in the operation or management of the farm, but maintained the farm as a rental business, you each can file a separate Form 4835 to report your share of farm rental income based on crops or livestock produced by the tenant. If you and your spouse did materially participate (for self-employment tax purposes) in the operation or management of the farm, you each must file a separate Schedule F (Form 1040). For an explanation of

"material participation," see the instructions for Schedule C (Form 1040), Profit or Loss From Business (Sole Proprietorship), line G. For more information on qualified joint ventures, go to www.irs.gov/QJV.

Additional information. See the Instructions for Schedule F (Form 1040), Profit or Loss From Farming, and Pub. 225 for more information.

Specific Instructions

Employer ID number (EIN). You need an EIN only if you had a qualified retirement plan or were required to file an employment; excise; estate; trust; partnership; or alcohol, tobacco, and firearms tax return. If you need an EIN, see the Instructions for Form SS-4.

Line A. Generally, you are considered to actively participate if you participated in making management decisions or arranging for others to provide services (such as repairs) in a significant and bona fide sense. Management decisions that are relevant in this context include approving new tenants, deciding on rental terms, approving capital or repair expenditures, and other similar decisions. You do not, however, actively participate if at any time during the year your interest (including your spouse's interest) in the activity was less than 10% (by value) of all interests in the activity.

Part I. Gross Farm Rental Income—Based on Production

Line 1. Report income you received from livestock, produce, grains, and other crops based on production. Under both the cash and the accrual methods of accounting, you must report livestock or crop share rentals received in the year you convert them into money or its equivalent.

Lines 2a and 2b. Enter on line 2a your total distributions from cooperatives as shown on Form 1099-PATR, *Taxable Distributions Received From Cooperatives*. On line 2b, report the taxable amount. See the instructions for Schedule F (Form 1040), lines 3a and 3b.

Lines 3a and 3b. Enter on line 3a the total agricultural program payments you received. On line 3b, report the taxable amount. See the instructions for Schedule F (Form 1040), lines 4a and 4b.

Lines 4a through 4c. Report the full amount of Commodity Credit Corporation (CCC) loans forfeited, even if you reported the loan proceeds as income. See the instructions for Schedule F (Form 1040), lines 5a through 5c.

Lines 5a through 5d. In general, you must report crop insurance proceeds in the year you receive them. Federal crop disaster payments are treated as crop insurance proceeds. However, if you use the cash method of accounting and 2023 was the year of damage, you can elect to include certain proceeds in income for 2023. To do this, check the box on line 5c and attach a statement to your return. See chapter 3 of Pub. 225.

Generally, if you elect to defer any eligible crop insurance proceeds, you must defer all such crop insurance proceeds (including federal crop disaster payments).

For details on how to complete lines 5a through 5d, see the instructions for Schedule F (Form 1040), lines 6a through 6d.

Line 6. Use this line to report income not shown on lines 1 through 5d. See the instructions for Schedule F (Form 1040), line 8.

Part II. Expenses—Farm Rental Property

Capitalizing costs of producing property and acquiring property for resale. If you produced real or tangible personal property or acquired property for resale, certain expenses may have to be included in inventory costs or capitalized. These expenses include the direct costs of the property and the share of any indirect costs allocable to that property. For details and exceptions, see *Capitalizing costs of producing property and acquiring property for resale* in the Instructions for Schedule F (Form 1040).

How to report. Do not reduce your expenses on lines 8 through 30f by the expenses you must capitalize. Instead, enter the total amount capitalized in parentheses on line 30g. On the line to the left of the line 30g entry space, enter “263A.”

Line 10. Expenses you paid or incurred for soil and water conservation, prevention of erosion, or endangered species recovery can be deducted only if they are consistent with a conservation plan approved by the Natural Resources Conservation Service of the Department of Agriculture or a recovery plan approved pursuant to the Endangered Species Act of 1973 for the area in which your land is located. If no plan exists, your expenses must be consistent with a plan of a comparable state agency. Your deduction, however, cannot exceed 25% of your gross income from farming. See the instructions for Schedule F (Form 1040), line 12.

Line 12. Enter your depreciation and section 179 expense deduction. For details, including whether you must file Form 4562, Depreciation and Amortization, see chapter 7 of Pub. 225 and the Instructions for Form 4562.

Lines 19a and 19b. Your interest expense could be limited. See the Instructions for Form 8990 for more information.

The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. You must allocate (classify) your interest expense so it is deducted (or capitalized) on the correct line of your tax return and it gets the right tax treatment. These rules could affect how much interest you are allowed to deduct on Form 4835. See the instructions for Schedule F (Form 1040), lines 21a and 21b.

Line 22a. If you rented or leased vehicles, machinery, or equipment, enter on line 22a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an inclusion amount. See *Leasing a Car* in Pub. 463, Travel, Gift, and Car Expenses.

Lines 30a through 30g. Enter expenses not listed on another line. See the instructions for Schedule F (Form 1040), lines 32a through 32f. If you are required to capitalize expenses, see *How to report under Capitalizing costs of producing property and acquiring property for resale* on this page.

Line 31. If you entered capitalized expenses on line 30g, your total expenses on line 31 will equal the total of lines 8 through 30f reduced by the amount on line 30g.

Line 32. If line 31 is more than line 7, don't enter your loss on line 32. If you have a loss, you must apply the at-risk rules and the passive activity loss rules. To apply these rules, follow the instructions for line 34 and the Instructions for Form 8582. After applying these rules, the amount of your allowable loss may be smaller than the amount figured by subtracting line 31 from line 7.

- If line 7 is more than line 31 and you don't have prior year unallowed passive activity losses from this activity, subtract line 31 from line 7. The result is your net farm rental income.
- If line 7 is more than line 31 and you have prior year unallowed passive activity losses from this activity, don't enter your net farm rental income on line 32 until you have figured the amount of prior year unallowed passive activity losses you may claim this year. Use Form 8582 to figure the amount of prior year unallowed passive activity losses you may include on line 32. If there is a net loss after applying the prior year unallowed loss against the net farm rental income, enter zero on line 32 and enter the net loss on line 34c. Indicate that you are including prior year passive activity losses by entering “PAL” on the dotted line to the left of the entry space for line 32.

Note: You may need to include information from Form 4835 on Form 8582 even if you have a net profit. For more information, see the Instructions for Form 8582.

Line 34. To determine your deductible loss, you may need to complete Form 8582 regardless of whether you checked box 34a or 34b. However, if you checked box 34b, you must complete Form 6198, At-Risk Limitations, before you complete Form 8582. See the instructions for Schedule F (Form 1040), line 36.

Do not complete Form 8582 if either of the following applies.

- You meet all of the conditions listed under *Exception for Certain Rental Real Estate Activities* in the Instructions for Schedule E (Form 1040). Instead, enter your deductible loss on line 34c and on Schedule E (Form 1040), line 40.
- You were a real estate professional (as defined in the Instructions for Schedule E (Form 1040)) and you materially participated in the operation of this activity (under the passive loss rules). See the Instructions for Form 8582 for the definition of material participation. Your loss is not subject to the passive activity loss limitations. Instead, enter your deductible loss on line 34c and on Schedule E (Form 1040), line 40. Also include the loss in the total for Schedule E (Form 1040), line 43.

The Georgia Agricultural Tax Exemption program (GATE) is an agricultural sales and use tax exemption certificate issued by the Georgia Department of Agriculture (GDA) that identifies its user as a qualified farmer or agricultural producer. This year, there have been a few changes in the application process for GATE, one of which is that the application process is now entirely online. Mailed applications are no longer accepted. **Follow this step-by-step guide to apply.**

Apply in 9 easy steps **START**


1

Make sure you have the following information ready:

1) Taxpayer ID Number 2) Type of Tax Forms Filed 3) Email address

2

Visit agr.georgia.gov/apply-gate-card with your favorite web browser.

 agr.georgia.gov/apply-gate-card

3

If you do not have an active card, select **APPLY** from the top of the page.

Apply for a GATE Card

Apply for a 2023-2025 GATE card

→

4

Choose the option from which you earn the most income and press “Continue.” Selecting “D” will place your application under further review, after which you will be contacted by a GDA representative.

Enter the following information to qualify for the Georgia GATE Card Program:

Applicant must meet at least one of the following criteria for agricultural exemption. (Check the box that best describes your primary agricultural operation.)

- A.** The person or entity is the owner or lessee of agricultural land or other real property from which \$5,000.00 or more of agricultural products in aggregate were produced and sold during the year, including payments from government sources;
- B.** The person or entity is in the business of performing agricultural operations and has provided \$5,000.00 of such services during the year;
- C.** The person or entity is in the business of producing long-term agricultural products from which there might not be annual income, including, but not limited to, timber, pulpwood, orchard crops, pecans, livestock, and horticultural or other multiyear agricultural or farm products. Applicants must demonstrate that sufficient volumes of such long-term agricultural products will be produced which have the capacity to generate in aggregate at least \$5,000.00 in annualized sales in the future;
- D.** If your primary agricultural operation does not comply with one of the above criteria, and you feel you qualify for the GATE program, please describe your current operation, and why it should qualify.

5

Select your type of ag operation.

Choose the category that best fits your operation.

Enter the primary agricultural operation of the Georgia GATE Card Program Applicant:

Type:

Category:
 Select from the list below
 0 - Other
 11111 - Soybean Farming
 11112 - Oilseed (except Soybean) Farming
 11113 - Dry Pea and Bean Farming

6

Fill out the requested information.

Business Name: *

(If not applying as a business, use primary cardholder's name as Business Name)

Primary Card Holder Full Name: *

Physical Farm/Operation Address

Address 1: *

Address 2:

City: * State: (Select) * Zip: * -

County: (Select) *

Mailing Address Same as Street Address

Address 1: *

Address 2:

City: * State: (Select) * Zip: * -

7

To qualify for a GATE card, you must provide a taxpayer ID number. This information will be submitted to the Georgia Department of Revenue for verification. **You must use the taxpayer ID number that you use when filing your farming revenue.** Please check with your tax preparer if you are not sure of the correct number to use.

Select your method of taxpayer ID and enter the number to the right of your selection.

Georgia Taxpayers:

GA Sales and Use Tax

GA Individual Income Tax Number (SSN)

GA Corporate Income Tax Number (FEIN or EIN)

Out-of-State Applicants:

FEIN or EIN

Social Security Number

CONTINUES ON NEXT PAGE

8

Select all the tax forms you file. If only “Other” is selected, your application will be placed under further review, after which you will be contacted by a GDA representative.

For the purpose of meeting eligibility requirements, I file one or more of the following to meet my federal tax obligations: *

- IRS Schedule F - Profit or Loss From Farming
- IRS Form 4835 - Farm Rental Income and Expenses
- IRS Schedule E - Supplemental Income and Loss
- IRS Form 4797 - Sales of Business Property
- IRS Form 1065 - U.S. Return of Partnership Income
- IRS Form 1120 - U.S. Corporation Income Tax Return
- IRS Form 1120S - U.S. Income Tax Return for an S Corporation
- Other

9

Read and check **each box** then select your method of payment.

Finish and Pay by Credit Card or Finish and Pay by ACH (Bank Account)

FINISH

Thank you for applying for a GATE card!

If you are approved, you will receive a card like the one below and two key fobs soon.

Please email farmtax@agr.georgia.gov or call us at **855-FARM-TAX** with any questions or concerns. We are available to speak with you M-F 8 AM - 5 PM.

