

Farm Business Management

Celebrates 70 years

Established in 1953



Fun Christmas idea for those who want to freak out their neighbors.





SANTA HAS BEEN READING YOUR POSTS ALL YEAR.

MOST OF YOU ARE GETTING DICTIONARIES.



THAT WAS THE LAST YEAR SANTA
WOULD FORGET TO BRING HIS GLASSES

2023 Federal Tax Information

- Standard Deduction Single \$13,850
- Standard Deduction Joint \$27,700
- Personal Exemptions were repealed in 2018
- FICA (Self-Employment) 12.4% on first \$160,200
- Medicare Tax (SE) 2.9% and as no limitation
- **Medicare Surcharge** 3.8% on investment income
for individuals above \$200,000 and married above
\$250,000
.9% on wage income above those levels

2023 Tax Info Continued-

- Section 179: \$1,160,000 in 2023; starts to phase out at \$2,890,000; applies to new and used assets
- Bonus Depreciation for 2023 is 80%; available for new and used equipment; will be phased down the next 3 years to 60% in 2024, 40% in 2025, 20% in 2026 and completely phased out for tax year 2027
- **Mileage Rates- 2023**
 - Business \$0.655 per mile
 - Medical and Moving \$0.22 per mile
 - Charitable \$0.14 per mile

Capital Gains and Gifting Limits

- **Capital Gains Tax Rates** : Income Thresholds

• Married	Single	Rate
• <\$89,250	<\$44,625	0%
• \$89,251-\$553,850	\$44,626-\$492,300	15%
• >\$553,850	>\$492,300	20%

- **Gift Tax limits- 2023**

• Annual Exclusion	\$17,000
• Lifetime Exemption	\$12,920,00

Tax Credits

- **Child Tax Credit**- maximum is \$2,000 per qualifying child; refundable portion increased to \$1,600 for 2023. Credit phases out at \$400,000 AGI for joint filers and \$200,000 for all other returns
- **Earned Income Tax Credits- 2023**
- Refer to tax Information sheet for AGI withholds

Form 1099 Requirements

- **Form 1099-MISC**
- Payments made in the course of business of \$600 or more
- Land rent, building and machinery are most common expenses
- Medical and health care (Veterinary Services) are also to be issued a 1099-MISC
- Corporations and LLC' s taxed as C or S Corps usually do not need to be issued 1099's
- Veterinaries and attorneys are exceptions

1099-MISC continued

- 1099-MISC not required to be issued for merchandise such as supplies, repairs, feed.
- Trucking or freight charges are also excluded
- Proceeds from spot sales or forward contracts of commodities and livestock are not subject to information return reporting.
- Commodities sold through a cooperative are treated differently. Tied to 1099-PATR issues and Sec 199 Qualified Business Income Issues
- 4-H and FFA Prizes- Fair Premiums over \$600 would receive a 1099-MISC

FORM 1099-NEC

- Form 1099-NEC is used to report nonemployee compensation paid for in the course of business of \$600 or greater
- Payments to no-employees providing services, as well as attorneys.
- Form 1099-NEC was reintroduced in 2020. 1099-NEC was otherwise last used in 1982.
- 1099-NEC would be issued custom hire and application charges, agronomists, contractors

Form 1099-INT and 1099-C

- **Form 1099-INT** is required for interest payments of \$10 or more.
- Land Contract for Deeds or Installment sales the farmers needs to issue a 1009-INT for the interest paid in the tax year.
- **1099-C**: Cancellation of Debt
- Some FSA borrowers may have received payment forgiveness in the past year. FSA will be issuing a 1099-C to their direct loan customers.

Corporate Transparency ACT

- CTA was enacted as part of the Anti-Money Laundering Act of 2020.
- CTA was enacted to prevent money laundering, corrupt financial transactions, and financial terrorism.
- Requires the Financial Crimes Enforcement Network(FinCEN) to establish and maintain a national registry of beneficial owners of entities that are otherwise not subject to disclosure regulations

Beneficial Ownership Information

- BOI will need to be completed in 2024 for all corporations, LLC' s, or any entities created by the filing of a document with the Secretary of State or similar office.
- FinCEN will begin accepting reports electronically on Jan 1, 2024.
- Companies must disclose full legal name, a complete address, and Tax Identification Number(TIN)

Who are Beneficial Owners

- Individuals that own or control 25% or more of the ownership interests of the reporting company
- Information the Beneficial Owners need to provide includes: full legal name, birthdate, and a complete address
- Penalties for Noncompliance:
- The CTA has authorized reporting failure penalties of up to \$500 per day up to \$10,000. The statute also calls for possible imprisonment of up to 2 years.

Current Tax Code scheduled to
reset to 2017 rules in 2026

- Questions??