

Calculating Farm or Self-Employment Income

Persons engaged in farming or who operate other types of private business where cash flow varies throughout the year, making it impossible to predict income with any accuracy, may use their income tax records for the preceding calendar year and adjust for the current year.

Any adjustments made for the current year must be substantiated with documents for verification purposes. The income to be reported is income derived from the business venture less operating costs incurred in the generation of that income.

If you have additional income from other sources, this income must be treated as separate and apart from the income generated from your business or farm venture.

The information for arriving at allowable income from a private business operation may be taken from the Income Tax Return - 1040 Form.

Tax Form 1040: Line 7a

Supporting Documents for form 1040

Business: Schedule C, using Line 31.

Farm: Schedule F, using Line 34.

Schedule 1: Shows same totals as the pertinent Schedule C or F, transferred to form 1040.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial	Last name	Your social security number
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
Foreign country name	foreign province/state/county	foreign postal code
If more than four dependents, see instructions and ✓ here <input type="checkbox"/>		

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You:	Were born before January 2, 1955	Are blind	Spouse:	Was born before January 2, 1955	Is blind
Dependents (see instructions):	(1) Social security number	(2) Relationship to you	(3) if qualifies for (see instructions):	Child tax credit	Credit for other dependents
(1) Firstname	Lastname			<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Standard Deduction for—
 • Single or Married filing separately, \$12,200
 • Married filing jointly or Qualifying widow(er), \$24,400
 • Head of household, \$18,350
 • If you checked any box under Standard Deduction, see instructions.

1 Wages, salaries, tips, etc. Attach Form(s) W-2		1
2a Tax-exempt interest	2a	2b Taxable interest. Attach Sch. B if required
3a Qualified dividends	3a	3b Ordinary dividends. Attach Sch. B if required
4a IRA distributions	4a	4b Taxable amount
c Pensions and annuities	4c	4d Taxable amount
5a Social security benefits	5a	5b Taxable amount <input type="checkbox"/>
6 Capital gain or (loss). Attach Schedule D if required. If not required, check here		6 Use
7a Other income from Schedule 1, line 9		7a
b Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income		7b
8a Adjustments to income from Schedule 1, line 22 USE THIS LINE		
8a b Subtract line 8a from line 7b. This is your adjusted gross income		8b Do Not Use
9 Standard deduction or itemized deductions (from Schedule A)	9	
10 Qualified business income deduction. Attach Form 8995 or Form 8995-A	10	
11a Add lines 9 and 10		11a
b Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-		11b

12a Tax (see inst.) Check if any from Form(s): 1 8814 2 4972 3 **12a**

b Add Schedule 2, line 3, and line 12a and enter the total **12b**

13a Child tax credit or credit for other dependents **13a**

b Add Schedule 3, line 7, and line 13a and enter the total **13b**

14 Subtract line 13b from line 12b. If zero or less, enter -0- **14**

15 Other taxes, including self-employment tax, from Schedule 2, line 10 **15**

16 Add lines 14 and 15. This is your **total tax** **16**

17 Federal income tax withheld from Forms W-2 and 1099 **17**

18 Other payments and refundable credits:

• If you have a qualifying child, attach Sch. EIC.

• If you have nontaxable combat pay, see instructions.

a Earned income credit (EIC) **18a**

b Additional child tax credit. Attach Schedule 8812 **18b**

c American opportunity credit from Form 8863, line 8 **18c**

d Schedule 3, line 14 **18d**

e Add lines 18a through 18d. These are your **total other payments and refundable credits** **18e**

19 Add lines 17 and 18e. These are your **total payments** **19**

Refund

20 If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you **overpaid** **20**

21a Amount of line 20 you want **refunded to you**. If Form 8888 is attached, check here **21a**

Direct deposit? See instructions.

b Routing number **c** Type: Checking Savings

d Account number

22 Amount of line 20 you want **applied to your 2020 estimated tax** **22**

Amount You Owe

23 **Amount you owe**. Subtract line 19 from line 16. For details on how to pay, see instructions **23**

24 Estimated tax penalty (see instructions) **24**

Third Party Designee

Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. **Yes** Complete below **No**

(Other than paid preparer)

Designee's name Phone no. Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date Your occupation If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Joint return? See instructions. Keep a copy for your records.

Spouse's signature. If a joint return, **both** must sign. Date Spouse's occupation If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)

Phone no. Email address

Paid

Preparer's name Preparer's signature Date PTIN Check if: 3rd Party Designee

Preparer Use Only

Firm's name Phone no. Self-employed Firm's address Firm's EIN

SCHEDULE 1
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

► Attach to Form 1040 or 1040-SR.

► Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2019

Attachment
Sequence No. **01**

Name(s) shown on Form 1040 or 1040-SR

Your social security number

At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? Yes No

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ►		
3	Business income or (loss). Attach Schedule C	3	Use line 3
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	Use line 6
7	Unemployment compensation	7	
8	Other income. List type and amount ►	8	
9	Combine lines 1 through 8. Enter here and on Form 1040 or 1040-SR, line 7a	9	

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions) ►		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Tuition and fees. Attach Form 8917	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040 or 1040-SR, line 8a	22	

SCHEDULE F
(Form 1040 or 1040-SR)

Profit or Loss From Farming

OMB No. 1545-0074

2019
Attachment
Sequence No. **14**

Department of the Treasury
Internal Revenue Service (99)

▶ **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.**

Name of proprietor		Social security number (SSN)	
A Principal crop or activity	B Enter code from Part IV	C Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	D Employer ID number (EIN) (see instr.)
E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses		<input 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 type="checkbox"/> Yes <input type="checkbox"/> No	
G If "Yes," did you or will you file required Form(s) 1099?		<input 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		
b Cost or other basis of 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 2019	6a	6b Taxable amount	6b
c If election to defer to 2020 is attached, check here <input type="checkbox"/>		6d Amount deferred from 2018	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 lines 35 and 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	38b	Taxable amount
39a	Agricultural program payments	39a	39b	Taxable amount
40	Commodity Credit Corporation (CCC) loans:			
a	CCC loans reported under election		40a	
b	CCC loans forfeited	40b	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		
46	Cost of livestock, produce, grains, and other products purchased during the year	46		
47	Add lines 45 and 46	47		
48	Inventory of livestock, produce, grains, and other products at end of year	48		
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 or 1040-SR) to report the following:

- Income from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis. Instead, file Schedule C (Form 1040 or 1040-SR).
- Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead, file Schedule C (Form 1040 or 1040-SR).
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Instead, file 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

- 11100 Oilseed and grain farming
- 11210 Vegetable and melon farming

- 11300 Fruit and tree nut farming
- 11400 Greenhouse, nursery, and floriculture production
- 11900 Other crop farming

Animal Production

- 11211 Beef cattle ranching and farming
- 11212 Cattle feedlots
- 11213 Dairy cattle and milk production
- 11220 Hog and pig farming
- 11230 Poultry and egg production
- 11240 Sheep and goat farming
- 11250 Aquaculture
- 11290 Other animal production

Forestry and Logging

- 11300 Forestry and logging (including forest nurseries and timber tracts)