

January 4-8, 2010

Speaker: Dr. Neil E. Harl

7:30 room open

Seminar 8am-noon

FARM INCOME TAX

New legislation

- 2008 Farm Bill tax provisions
- 2008 Emergency Economic Stabilization Act

Reporting farm income

- Leasing land to family entity
- Constructive receipt of income
- Deferred payment and installment payment arrangements for grain and livestock sales
- Agricultural program payments
- Payments from contract production
- Items purchased for resale
- Items raised for sale
- Federal gas tax credit
- Crop insurance proceeds
- Weather-related livestock sales
- Sales of diseased livestock
- Reporting federal disaster assistance benefits
- Gains and losses from commodity futures
- Section 1231 transactions
- Long-term capital gains treatment
- Earned income credit, income averaging
- Transferring farm property in a divorce

Claiming farm deductions

- Soil and water conservation expenditures
- Fertilizer deduction election
- Depreciation
- Farm lease deductions
- Prepaid expenses
- Interest
- Preproductive period expense provisions
- Travel expense
- Paying rental to a spouse
- Deducting environmental cleanup costs
- Paying wages in kind
- Section 105 plans
- Meals and lodging for employees

Ruling requests

- Technical advice, letter rulings.

Sale of property

- Income in respect of decedent
- Sale of farm residence
- Installment sale including related party rules

- Private annuity
 - Self-canceling installment notes
 - Sale and gift combined.
- Like-kind exchanges**
- Requirements for like-kind exchanges
 - “Reverse Starker” exchanges
 - What is “like-kind” for realty
 - New like-kind guidelines for personal property

- Partitioning property
- Exchanging partnership assets

Taxation of debt

- Turnover of property to creditors
- Discharge of indebtedness
- Taxation in bankruptcy.

FARM ESTATE AND BUSINESS PLANNING

The Liquidity Problem

Property Held in Co-ownership

- Federal estate tax treatment of joint tenancy
- Severing joint tenancies
- Joint tenancy and probate avoidance
- Joint tenancy ownership of personal property
- Other problems of property ownership

Federal Estate Tax

- The gross estate

Special use valuation

- Family-owned business deduction
- Property included in the gross estate
- Claiming deductions from the gross estate
- Marital and charitable deductions
- Taxable estate
- The unified credit and other credits
- Unified estate and gift tax rates
- Generation skipping transfer tax
- Federal estate tax liens
- Undervaluations of property
- Reopening an examination

Gifts

- Income tax implications of gifts during life
- Federal gift tax
- Transferring life insurance

Use of the Trust

Corporations

- Creating one or more entities
- The “Mizell” problem
- Alternative strategies for shifting ownership and control from parent(s) to on-farm heirs
- Fundamental tasks in planning to

- accommodate the interests of off-farm heirs
- Losses from passive activities
- “Imputation” rules
- Buy-sell agreements
- Federal farm program payment limitations

The General Partnership

- Features of a partnership
- Employee status

Limited Partnerships

- Income tax status
- Family limited partnerships
- Valuation discounts

The Closely-Held Corporation - Introduction

- State anti-corporate farming restrictions
- Developing the capitalization structure
- Tax-free exchanges
- Would incorporation trigger a gift because of severance of land held in joint tenancy?
- “Section 1244” stock

Income Tax Status of the Corporation as a Farmer

- The regular method of income taxation
- The Subchapter S method of taxation

Employee Status

- Advantages and disadvantages
- Should the corporation own the residences?
- Should the corporation own the automobiles?
- Health and accident plans

Social Security

- In-kind wages paid to agricultural labor

Financing, Estate Planning Aspects and Dissolution

- Would corporate status affect the status of an operation as a borrower from Federal and Federally related agencies?
- Corporate stock as a major estate asset
- Valuation discounts
- Dissolution and liquidation

Limited Liability Companies

- General nature of entity
- Management of LLCs
- Doing business in other states as an LLC
- Dissolution of an LLC
- Income tax treatment of LLCs
- Self-employment tax considerations

Seminar Registration Form

Agricultural Tax Seminars in Hawai'i January 4-8, 2010

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Questions Call Robert Achenbach, (1-541-466-5544) or e-mail: robert@agrilawpress.com.

**FARM INCOME TAX, ESTATE
AND BUSINESS PLANNING SEMINARS**

by Dr. Neil E. Harl
January 4-8, 2010

Sheraton Keauhou Beach Resort and Spa, Big Island, Hawai'i

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Expert, in-depth, and comprehensive discussions of the major income tax and estate and business planning issues for farms, ranches and agribusinesses for accountants, lawyers and agribusiness professionals.

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The Lecturer

Dr. Neil E. Harl is a nationally recognized expert on taxation, estate planning, business planning, and agricultural law and has given over 3,200 seminars in 43 states since 1964. He is the Charles F. Curtiss Distinguished Professor in Agriculture and Emeritus Professor of Economics at Iowa State University, and a member of the Iowa Bar. Dr. Harl is author of the 14 volume treatise, *Agricultural Law*, the one volume *Agricultural Law Manual* and over 800 articles on agricultural law. He is also the co-author of *Principles of Agricultural Law*, a college-level text and co-author of three Tax Management portfolios with Professor McEowen: "The Family-Owned Business Deduction," by Harl and McEowen; "Taxation of Cooperatives," by McEowen and Harl; and "Taxation of Farm Income," by Harl and McEowen. Dr. Harl has received numerous awards as a scholar and teacher and for distinguished service to agriculture.

The Seminar

As a review of the seminar schedule below indicates, these seminars are designed to provide attendees with a comprehensive and practical understanding of major agricultural tax issues. In addition, the speaker is open to questions and responses from the attendees. The seminars will be 8:00 a.m. to Noon, Monday, Tuesday, Wednesday, Thursday, and Friday, January 4-8, 2010 at the spectacular ocean-front Sheraton Keauhou Resort and Spa on Keauhou Bay, 12 miles south of the Kona International Airport on the Big Island, Hawai'i. Your registration fee includes comprehensive, annotated seminar materials for the days attended which will be updated just prior to the seminar. A buffet breakfast and break refreshments are included in the registration fee.

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