

AGRICULTURAL TAX PLANNING

Returns and Filings

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Tax returns and other filings are and have been a part of doing business. Federal, state and local taxes, licenses and permits are levied/required on virtual all businesses. This article will focus on the major federal and state tax returns and information returns that most Florida farmers and ranchers have filed or will be filing for tax year 2015. This article does not address every possible return or form that may be required nor does it address federal or state estimated and quarterly payments, Florida Sales and Use Tax payments and returns or state and local permits or licenses. Brief explanations are provided for a number of the forms listed.

FEDERAL:

- Form 1099 and Form 1096
- Form W-2 and Form W-3
- Form 940 (Annual)
- Form 941 (Quarterly)
- Form 943 (Annual)
- Form 944 (Annual)
- Form 1120
- Form 1120-S
- Form 7004
- Form 1040 (Including Schedule F & Schedule C)
- Form 4868
- Form 1065
- Form 1041 U. S. Income Tax Return for Estates and Trusts
- Form 720 Quarterly Federal Excise Tax Return
- Form 1095A (Affordable Care Act Required Forms)
- Form 1095B “ “
- Form 1095C “ “

STATE

- Form RT-6 Florida Department of Revenue Employer's Quarterly Report
- Form F-1120 Florida Corporate Income/Franchise and Emergency Excise Tax Return
- Form F-1065 Florida Partnership Information Return
- Form F-7004 (Extension of time to file income /franchise return)
- Florida Annual Report

COUNTY

- DR-405 Tangible Personal Property Tax Return

Form 1099-MISC, Form 1099-Patronage & Form 1099-INT

Form 1099-MISC – Report amounts aggregating \$600 or more in any one year paid to **individuals and unincorporated parties** in the course of your trade or business for **services performed**, such as payments to cowboys, repairman, veterinarians, etc. Payments for rents/leased land aggregating \$600 or more are also reportable, except payments of rents to real estate agents. Payments for merchandise and payments to most

corporations are not reportable. However, payments to corporations for **healthcare and medical services are reportable including payments to incorporated vets**. Payments to **attorneys** including those incorporated are also required to be reported.

Form 1099-PATR – Payments of patronage dividends or other distributions by cooperatives to persons in the amount of \$10 or more are reportable on Form 1099-PATR. “A cooperative determined to be primarily engaged in the retail sale of goods and services that are generally for personal, living or family use of the members may ask for and receive exemption from filing Form 1099-PATR.”

Form 1099-INT – Generally, this form is used to report interest income of \$10 or more paid to any one person in any one year. You are not required to report interest on an obligation issued by an individual.

Forms 1099 for 2015 were required to be given in person or mailed to recipients by February 1, 2016. Copies furnished to the IRS were due by February 29, 2016 along with transmittal Form 1096 if you are filing with the IRS in paper form. If you are filing 250 or more information returns of any one type, you are required to file electronically with the IRS using a different transmittal form and the due date is extended to March 31, 2016.

FORM W-2 & W-3

Most readers are familiar with Form W-2 Wage and Tax Statement. It is used by employers to report salaries, wages and other compensation including non-cash payments for services performed by an employee. Also reported on W-2s is any income tax, social security tax or Medicare tax withheld. Also reported on this form is the additional 0.9% Medicare surtax on remuneration in excess of \$200,000 paid during the calendar year. W-2 copies to employees were due by February 1, 2016. Copies sent to the Social Security Administration (SSA) were due by February 29, 2016 along with a Form W-3 Summary. If you have issued 250 or more forms, the copies must be submitted electronically to the SSA, and are due March 31, 2016.

The new FICA wage base limit for 2016 is \$118,500; the same as it was for 2015.

Form 940, Employer’s Annual Federal Unemployment (FUTA) Tax Return

Form 940 is used to calculate your FUTA tax liability for 2015, taking into account the Florida reemployment (unemployment) tax payments made. The amount due will depend on the amounts paid on a quarterly basis. If you made all of your deposits on time, you had until February 10, 2016 to file the form. Otherwise the due date was February 1, 2016. Agricultural employers who meet certain thresholds are required to file Form 940. Florida reemployment returns, Form RT-6 are due on the last day of the month following the end of a quarter.

Form 941, Employer’s Quarterly Federal tax Return

This form is used to report quarterly wages paid and federal taxes withheld and deposited during the quarter. The return is due on the last day of the month following the end of the quarter.

Form 943, Employer’s Annual Federal Tax Return for Agricultural Employees

This form is used to report annual Ag wages paid and federal taxes withheld and deposited during the year. The return was due February 1, 2016 but could be filed as late as February 10, 2016 if all tax deposits were timely made.

Form 944, Employer’s Annual Federal Tax Return

Form 944 is used by small employers, \$1,000 or less in total taxes withheld for the year. No deposits are required during the year and the taxes can be paid with the filing of the

return. You cannot use Form 944 unless you are notified to do so by the IRS. You may opt out of using Form 944 by request to the IRS. You may also request the use of Form 944 if you believe you meet the requirements. The return and payment was due February 1, 2016. If you had deposited your tax due by February 1, 2016 you have until February 10, 2016 to file the return.

Form 1120, U.S. Corporation Income Tax Return

Form 1120 is filed by ranchers, farmers and other businesses operating as C-Corporations. Other types of organizations, such as LLC's may elect to file as corporations. The due date for filing Form 1120 is the 15th day of the third month following the close of the tax year. For calendar year 2015 filers, this year's due date is March 15, 2016.

Form 1120-S, U.S. Income Tax Return for an S-Corporation

Organizations electing to be taxed as S-Corporations must file Form 1120-S. The due date is the same as that of Form 1120.

Form 7004, Application for Automatic Extension of Time to File

Form 7004 is used to request an extension of time to file a multitude of forms including Form 1120, Form 1065, and Form 1041, among others. The extension requested is for either 5 or 6 months depending on the type of return being extended. The extension is for filing only and taxes due must be paid by the original due date of the return. Form 7004 must be filed by the original due date of the return being extended.

Form 1040, U.S. Individual Income Tax Return

The individual income tax rates are the same for 2015 with the top tax rate of 39.6%, but the brackets have been indexed for inflation. The top capital gains rate remains at 20%. The Medicare surtax on earned income of 0.9% and the 3.8% Medicare surtax on investment income also remain the same. The new personal exemption amount is \$4,000, but is reduced as your income exceeds certain thresholds and itemized deductions have similar restrictions. The standard mileage rate for vehicles used in a trade or business is 57.5 cents per mile for 2015. Single member LLC's are disregarded for federal income tax purposes and are included in the individuals Form 1040 on the appropriate schedule. The due date for the 2015 Form 1040 is April 18, 2016.

Schedule F is used to report income and expense from farming and ranching operations, and Schedule C for other businesses. Farmers who owed tax but did not make an estimated payment on January 15, can file Form 1040 on March 1, 2016, pay the tax due and avoid a late payment penalty.

Form 4868, Application for Automatic Extension of Time

Individuals can request an automatic extension of time to file Form 1040, but this does not extend the time to pay any tax due. Extensions are due by April 15, 2016.

Form 1065, U.S. Return of Partnership Income

This form is used to report income, gains, losses, deductions, credits, etc., of a partnership. Multiple member LLC's are usually treated as partnerships for federal income tax reporting. Forms 1065 for 2015 are due March 15, 2016.

Florida Annual Report

The Florida Annual Report is filed with the Florida Department of State, Division of Corporations. The report is due May 1st of each year. All corporations, LLC's, LP's, and LLLP's must file the report. The annual fee for "for profit" corporations is \$150; non-profit corporations, \$61.25; LLC's \$138.75 and \$500 for limited partnerships and limited

liability limited partnerships. After May 1st, a late filing fee of \$400 will be assessed on all entities required to file, except for non-profits. The report is filed online.

Summary

Federal and state governments strongly suggest e/filing whenever possible and in many cases e/filing is required. This article does not cover all tax returns and reports that farmers and ranchers may be required to file in any one year, but does cover most. As stated above, it does not include estimated quarterly payments and sales tax forms. It does however; highlight the volume and complexity that Florida farmers and ranchers encounter today in complying with Federal and Florida tax laws.

For information on this topic and other tax planning for ranching and farming, please contact me at (863) 640-2008 or Tom@beasleybryantcpa.com and /or Ryan Beasley at (863) 646-1373 or Ryan@beasleybryantcpa.com. Please visit our website at www.beasleybryantcpa.com for information on other relevant topics.

We at Beasley, Bryant & Company, CPA's, P. A. are experienced in agricultural business problems, tax issues or concerns, and are here to help you.

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