

# Schedule F Information

Aaron McNay— Tax Policy and Research





# Who files a Schedule F?

- According to the IRS:
  - “Individuals, trusts, partnerships, S corporations, LLCs taxed as partnerships and sole members of a domestic LLC engaged in the business of farming report farm income on Schedule F (Form 1040).”

# How does the IRS define farm income?

- According to the IRS:
  - “Income from farming reported on Schedule F includes amounts received from cultivating, operating, or managing a farm for gain or profit, either as an owner or tenant.”

# How does the IRS define farm income? (continued)

- Farm income includes:
  - “income from operating a stock, dairy, poultry, fish, fruit, or truck farm”
  - “income from operating a plantation, ranch range, orchard, or grove.”
  - “Income received from operating a nursery, which specializes in growing ornamental plants...”
  - Income does **not** include gains or losses from the sale of farm assets such as land, depreciable farm equipment, buildings and structures, and livestock held for draft, breeding, sport or dairy purposes.

# Are there reasons why a property owner would not file a Schedule F?

- There are reasons why a property owner may not file a schedule F. Some of these include:
  - Leasing agriculture land to others who engage in agriculture activity. The landowner would report rental income, not farm income.
  - The agriculture income is generated through a different entity, such as C-corporation.

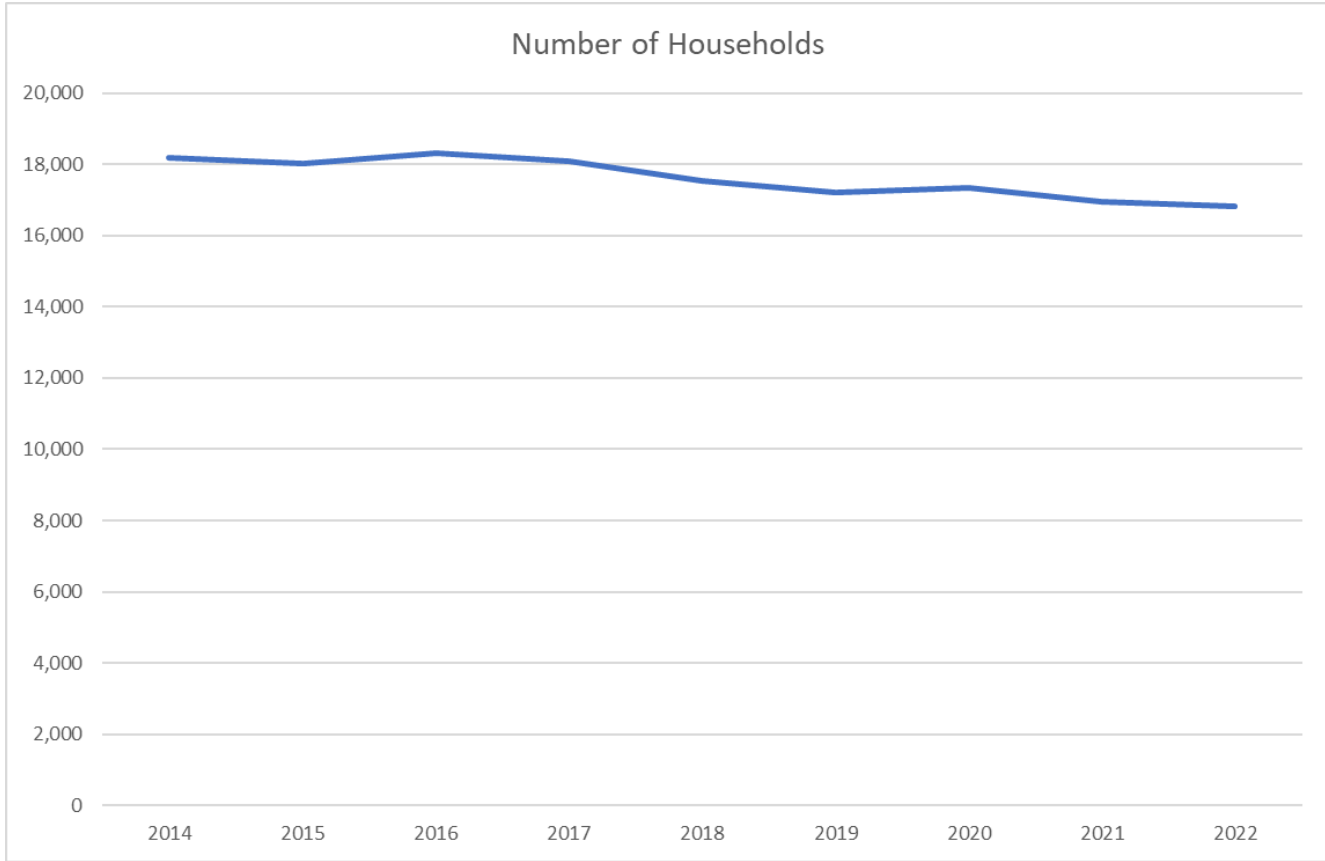
# Does the Department of Revenue receive Schedule F information?

- Taxpayers do provide the Department of Revenue with their Schedule F.
- Taxpayers also report their net profit or loss amount on Montana's Form 2, line 6.
  - This will change starting tax year 2024.

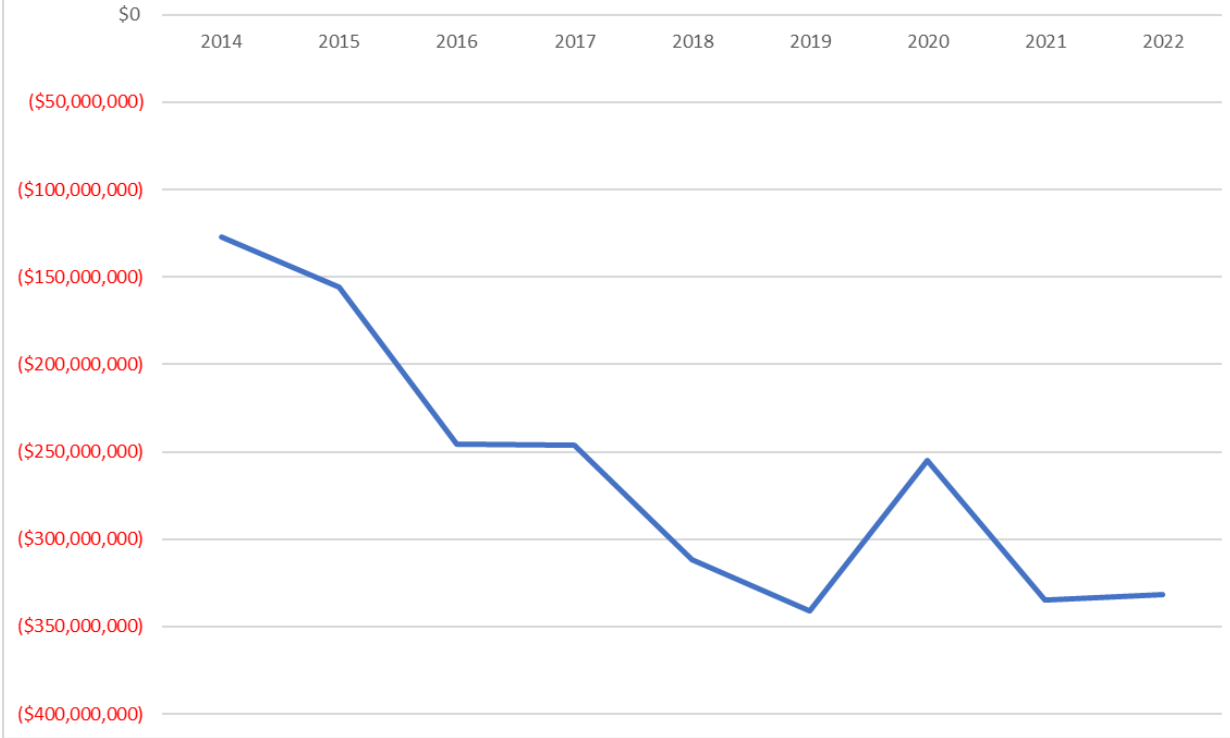
Full-Year Resident Taxpayer Households Reporting Schedule F Income

Tax Year	Total Households		Households Reporting Farm Income				
	Total Households	Average Federal Adjusted Gross Income	Households Reporting Farm Income	Share of Households	Total Farm Income	Average Farm Income	Average Federal Adjusted Gross Income
2014	455,207	\$56,865	18,193	4.0%	(\$127,057,328)	(\$6,984)	\$84,393
2015	460,862	\$56,814	18,028	3.9%	(\$155,821,573)	(\$8,643)	\$75,048
2016	469,635	\$56,317	18,318	3.9%	(\$245,346,401)	(\$13,394)	\$64,896
2017	473,346	\$59,817	18,077	3.8%	(\$246,510,751)	(\$13,637)	\$75,656
2018	476,972	\$62,942	17,529	3.7%	(\$311,488,526)	(\$17,770)	\$74,769
2019	486,830	\$64,153	17,214	3.5%	(\$341,345,562)	(\$19,830)	\$85,225
2020	498,869	\$67,562	17,340	3.5%	(\$255,046,159)	(\$14,709)	\$91,008
2021	500,976	\$87,325	16,960	3.4%	(\$334,737,012)	(\$19,737)	\$124,266
2022	508,782	\$82,349	16,816	3.3%	(\$331,478,150)	(\$19,712)	\$125,708

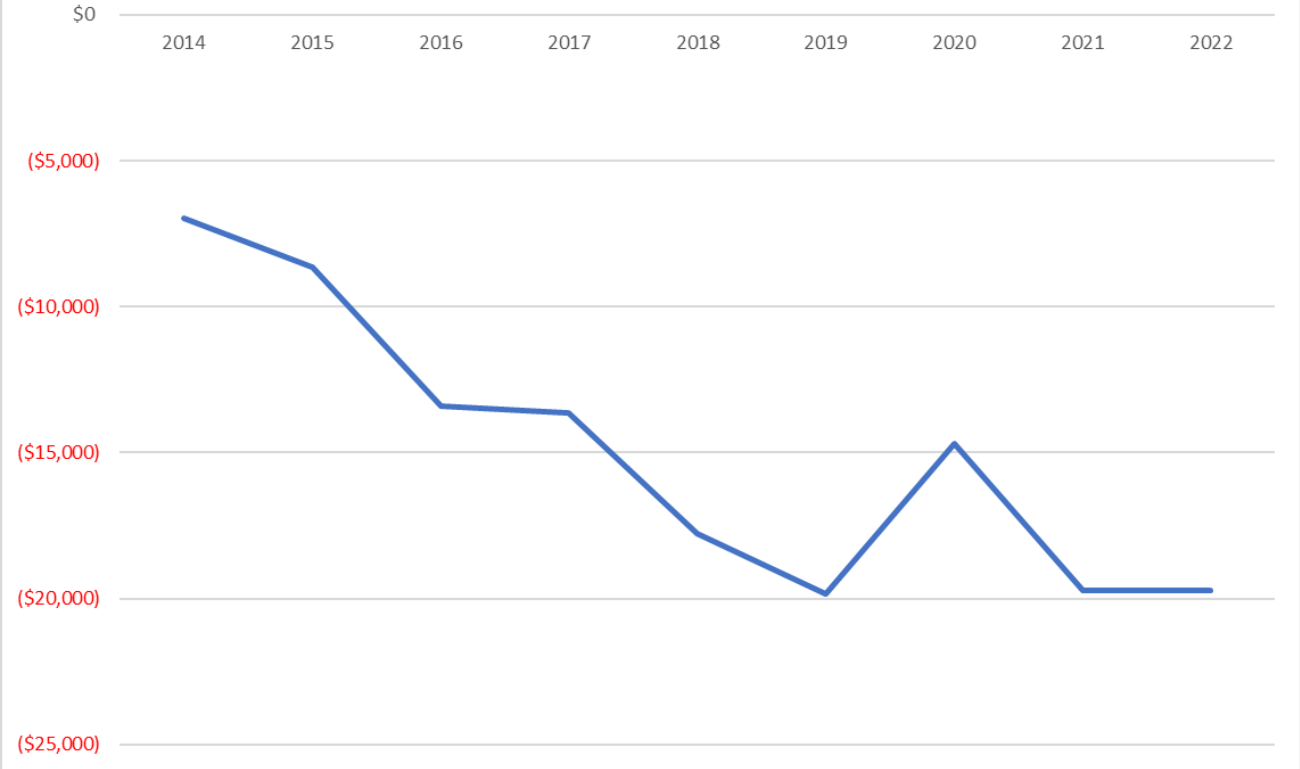




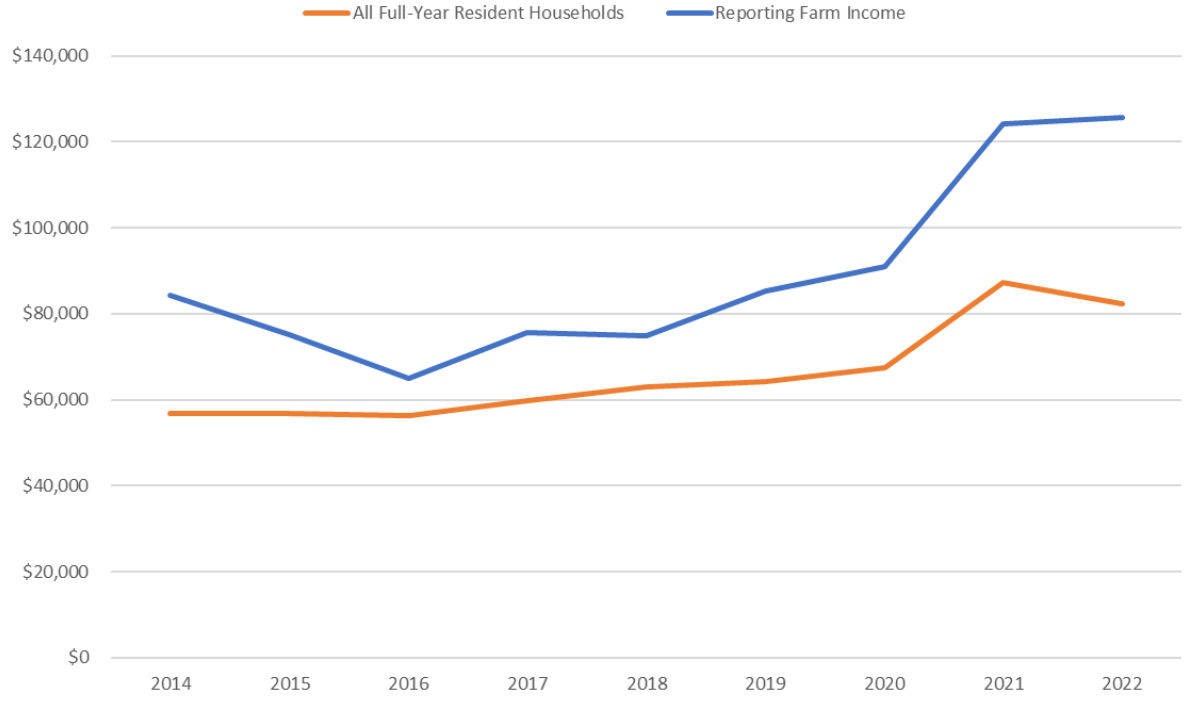
### Farm Income Reported



### Average Household Farm Income



## Federal Adjusted Gross Income of Full-Year Resident Taxpayers



Schedule F Submitted Through the Modernized E-File System				
Filed Under	Number of Forms		Net Farm Profit or Loss	
	Tax Year		Tax Year	
	2021	2022	2021	2022
Social Security Number	20,247	19,466	(\$558,525,477)	(\$537,124,242)
Federal Employer ID Number	4,488	4,155	(\$237,601,122)	(\$294,965,978)

Schedule F Form Counts and Income By Industry Code				
Industry Code	Number of Forms		Net Farm Profit or Loss	
	Tax Year		Tax Year	
	2021	2022	2021	2022
None	1,142	869	(\$59,619,826)	(\$100,561)
Crop Production	7,880	7,635	(\$108,926,965)	(\$126,154,052)
Animal Production	15,443	14,863	(\$690,886,587)	(\$698,918,149)
Forestry and Logging	270	254	\$63,306,779	(\$6,917,458)
Total	24,735	23,621	(\$796,126,599)	(\$832,090,220)

Schedule F Form Counts and Income By Industry Code				
Industry Code	Number of Forms		Net Farm Profit or Loss	
	Tax Year		Tax Year	
Industry Code	2021	2022	2021	2022
None	1,142	869	(\$59,619,826)	(\$100,561)
Oilseed and Grain Farming	4,122	3,895	(\$13,536,420)	(\$7,166,957)
Vegetable and Melon Farming	193	184	\$453,985	\$107,100
Fruit and Tree Nut Farming	390	407	(\$21,576,214)	(\$25,835,134)
Greenhouse, Nursery, and Floriculture Production	150	138	(\$6,928,886)	(\$7,793,388)
Other Crop Farming	3,025	3,011	(\$67,339,430)	(\$85,465,673)
Beef Cattle Ranching and Farming	12,512	11,954	(\$536,517,826)	(\$523,399,560)
Cattle Feedlots	231	203	(\$14,419,403)	\$487,666
Dairy Cattle and Milk Production	86	97	(\$64,095,773)	(\$5,822,076)
Hog and Pig Farming	157	135	\$11,155,308	(\$63,098,919)
Poultry and Egg Production	178	200	(\$2,305,371)	(\$2,606,510)
Sheep and Goat Farming	590	600	(\$9,871,174)	(\$11,203,333)
Aquaculture	33	33	(\$143,371)	(\$312,035)
Other Animal Production	1,656	1,641	(\$74,688,977)	(\$92,963,382)
Forestry and Logging	270	254	\$63,306,779	(\$6,917,458)
<b>Total</b>	<b>24,735</b>	<b>23,621</b>	<b>(\$796,126,599)</b>	<b>(\$832,090,220)</b>