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Tax Resources for USDA Program Participants

Navigating filing taxes can be challenging, especially if you are new to running a farm business, participating in disaster programs for first time, or trying to forecast the farm's tax bill. Receiving funds from USDA through activities such as a conservation program payment or a disaster program is considered farm income that includes a tax liability for farm businesses. USDA technical assistance is free and creates no tax implications.



At the end of the tax year, USDA issues tax forms 1098 and 1099 forms for farm loans, conservation programs administered by the Farm Service Agency and Natural Resource Conservation Service including the Conservation Reserve Program and Environmental Quality Incentives Program, crop disaster payments, and the Market Facilitation Program. USDA also issues tax forms for recipients of assistance for distressed borrowers, including through Section 22006 of the Inflation Reduction Act.

If you have received tax forms related to your operation, USDA cannot and does not provide tax advice but wants you to be aware of options that may help manage your tax liability. USDA has partnered with experts to provide resources to help you make the right tax decisions for your operation. Monthly webinars are available for registration and to view on demand at <https://www.farmers.gov/working-with-us/taxes>.

The [Tax Estimator Tool](#) is an interactive spreadsheet that producers can download to estimate tax liability. It is for informational and educational purposes and should not be considered tax or

legal advice. Producers may need to work with a tax professional to determine the correct information to be entered in the Tax Estimator Tool.

We encourage you to visit <https://www.farmers.gov/working-with-us/taxes> for more information on how to find and work with a tax preparer as well as instructions on how to request copies of USDA documents and links to other helpful tax resources.

Urban and Innovative Producers, Public Invited to Attend November Meeting of Federal Advisory Committee for Urban Agriculture and Innovative Production

We're inviting urban producers, innovative producers, and other stakeholders to virtually attend a public meeting of the Federal Advisory Committee for Urban Agriculture and Innovative Production on November 29 from 1-3 pm. Learn more and register [here](#).

Inflation Reduction Act Section 2207 – Discrimination Financial Assistance Program

The application period is now open for a new financial assistance program under Section 2207 of the Inflation Reduction Act (IRA), for farmers, ranchers, and forest landowners who experienced discrimination in USDA farm lending programs prior to January 2021. The application process will close on January 13, 2024. Borrowers will have the option to apply for assistance online via 2207apply.gov or through a paper-based form.

Details about the program, including an application and e-filing portal, are available at 2207apply.gov. The website includes an English and Spanish language application that applicants can download or submit via an e-filing portal, information on how to obtain technical assistance in-person or virtually, and additional resources and details about the program. Applicants can also call the free call center at 1-800-721-0970, or visit one of several dozen brick-and-mortar offices the program has set up around the country. Locations are provided on the program website and vendors will update the local events schedule with more information as it becomes available. It is important to note that filing an application is FREE and does not require a lawyer.

If you want to get weekly updates on the program's events and progress, you can go to <https://2207apply.gov>, and subscribe to a weekly newsletter.



USDA to Provide More Than \$3 Billion to Commodity and Specialty Crop Producers Impacted by 2022 Natural Disasters

The U. S Department of Agriculture (USDA) will provide more than \$3 billion to commodity and specialty crop producers impacted by natural disaster events in 2022. Eligible impacted producers can apply for financial assistance through the [Emergency Relief Program \(ERP\) 2022](#). The program will help offset the financial impacts of crop yield and value losses from qualifying disasters occurring in 2022.

Background

On Dec. 29, 2022, President Biden signed into law the *Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328)* that provides about \$3.7 billion in financial assistance for agricultural producers impacted by eligible natural disasters that occurred in calendar year 2022.

ERP 2022 covers losses to crops, trees, bushes and vines due to qualifying, calendar year 2022 natural disaster events including wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought and related conditions.

ERP 2022 program benefits will be delivered to eligible producers through a two-track process. FSA intends to make both tracks available to producers at the same time. This two-track approach enables USDA to:

- Streamline the application process.
- Reduce the paperwork burden on producers.

- Proactively include provisions for underserved producers who have not been well served by past emergency relief efforts.
- Encourage producer participation in existing risk management programs to mitigate the impacts of future severe weather events.

It's important to note that disaster-impacted producers may be eligible for ERP 2022 assistance under one or both tracks. To avoid duplicative benefits, if a producer applies for both tracks, the Track 2 payment calculation will take into account any payments received through Track 1.

ERP 2022 Application Process – Track 1

ERP 2022 Track 1 leverages existing federal crop insurance or Noninsured Crop Disaster Assistance Program (NAP) data as the basis for calculating payments for eligible crop producers who received indemnities through these risk management programs.

Although FSA is sending pre-filled ERP 2022 Track 1 application forms to producers who have crop insurance and NAP data already on file with USDA, producers indemnified for losses resulting from 2022 natural disasters do not have to wait to receive the application before requesting ERP 2022 assistance. Effective Oct. 31, 2023, producers can apply for ERP 2022 benefits whether they have received the pre-filled application or not. Receipt of a pre-filled application is not confirmation that a producer is eligible to receive an ERP 2022 Track 1 payment.

USDA estimates that ERP Track 1 benefits will reach more than 206,000 producers who received indemnities for losses covered by federal crop insurance and more than 4,500 producers who obtained NAP coverage for the 2022 crop year.

ERP 2022 Application Process – Track 2

Track 2 is a revenue-based certification program designed to assist eligible producers who suffered an eligible decrease in revenue resulting from 2022 calendar year disaster events when compared with revenue in a benchmark year using revenue information that is readily available from most tax records. In cases where revenue does not reasonably reflect a normal year's revenue, Track 2 provides an alternative method for establishing revenue. Likewise, Track 2 affords producers of crops that are used within an operation and do not generate revenue from the sale of the crop a method for establishing revenue for the purpose of applying for ERP 2022 benefits. Producers are not required to submit tax records to FSA unless requested by the County Committee if required for an FSA compliance spot check.

Although not required when applying for ERP 2022 Track 2, applicants might find the following documents useful to the process:

- Schedule F (Form 1040)
- *Profit or Loss from Farming* or similar tax documents for tax years 2018, 2019, 2022 and 2023.

Track 2 targets gaps in emergency relief assistance for eligible producers whose eligible losses were not covered by crop insurance or NAP including revenue losses too small (shallow loss) to be covered by crop insurance.

Producers interested in applying for ERP 2022 Track 2, should contact their local FSA county office. Additional reference resources can be found on FSA's [emergency relief website](#).

Additional Required Forms

For both ERP 2022 tracks, all producers must have certain required forms on file with FSA within 60 days of the ERP 2022 deadline. Producers can apply for ERP 2022 starting Oct. 31, 2023. The application deadline has not yet been determined and will be announced at a later date. If not already on file, producers can update, complete and submit required forms to FSA at any time.

Required forms:

- Form AD-2047, *Customer Data Worksheet*.
- Form CCC-902, *Farm Operating Plan* for an individual or legal entity.
- Form CCC-901, *Member Information for Legal Entities* (if applicable).
- Form FSA-510, *Request for an Exception to the \$125,000 Payment Limitation for Certain Programs* (if applicable).
- Form CCC-860, *Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification*, if applicable, for the 2022 program year.
- A highly erodible land conservation (sometimes referred to as HELC) and wetland conservation certification (Form AD-1026 *Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification*) for the ERP producer and applicable affiliates.

Most producers, especially those who have previously participated in FSA programs, will likely have these required forms on file. However, those who are uncertain or want to confirm the status of their forms can contact their local FSA county office.

Future Insurance Coverage Requirements

All producers who receive ERP 2022 payments must purchase crop insurance, or NAP coverage where crop insurance is not available, in the next two available crop years as determined by the Secretary. Purchased coverage must be at the 60/100 coverage level or higher for insured crops or at the catastrophic coverage level or higher for NAP crops.

More Information

ERP 2022 eligibility details and payment calculation factor tables are available on the [emergency relief website](#), in the [ERP Track 1](#) and [ERP Track 2](#) fact sheets and through your local [FSA county office](#).

November Interest Rates

[Click here for November 2023 Lending Rates for Agricultural Producers.](#)

Dates to Remember

November 20, 2023 - NAP closing date for perennial crops (other than those intended for forage), peaches, apples, cherries, grapes and berries.

December 1, 2023 - NAP closing date for honey and maple sap

December 4, 2023 - Deadline to postmark COC ballots or return them to county office.

December 15, 2023 - Fall acreage reporting deadline- small grains included barley, wheat, rye, triticale, etc. for harvest, fall planted fruits and vegetables and cover crop can also be reported.

December 31, 2023 - NAP closing date for potatoes

January 13, 2024- Discrimination Financial Assistance Application deadline (*extended from original deadline of October 31st*)



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