



# Beginning Farmer Tax Credit

Matt McDevitt, Ag Finance Supervisor



# Beginning Farmer Tax Credit

## The credit to the agricultural asset owner is as follows:

- Take a credit against the tax due
- 5% of the lesser of the sale price or fair market value of the agricultural asset up to a maximum of \$32,000;
- 10% of the gross rental income in each of the 1st, 2nd, and 3rd years of the rental agreement, up to a maximum of \$7,000 per year, or
- 15% of the cash equivalent of the gross rental income in each of the 1st, 2nd, and 3rd years of a share rent agreement, up to a maximum of \$10,000 per year.

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## Definitions:

- Agricultural Asset = Ag land, livestock, facilities, buildings, and machinery
- Owner of agricultural asset = Individual, trust, or pass-through entity. Cannot be a C Corp, equipment dealer, or livestock dealer

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## Requirements of the beginning farmer:

- Resident of MN (resident means an “individual”)
- Has farmed less than 10 years (Schedule F)
- Must be farming land in MN
- Asset owner cannot be family or family of a spouse or family of a partner, member, shareholder, or trustee  
(grandparents, parents, children, grandchildren, brothers, sisters)
- Has a net worth below \$862,000
- Does majority of the farm labor and management
- Agrees to enroll in a farm financial management course

# Beginning Farmer Tax Credit

- Tax year 2018, initial infusion of \$5 million
- Tax year 2019-2023, an additional \$6 million each year
- For 2022 there is about \$19 million available
- Sunset 12/31/2023

# Beginning Farmer Management Tax Credit

- Beginning farmer gets a tax credit for participating in a farm financial management program
- Credit is equal to 100% of the cost of the program not to exceed \$1,500 per year
- Up to 3 years
- Can also use Beginning Farmer FBM Scholarship

Thank You