

DONATE GRAIN. SAVE MONEY. HELP YOUR COMMUNITY. HOW?

1. Deliver the grain to your local elevator
2. Ask them to provide a warehouse receipt showing the Roslyn Event Center as the owner.
3. Contact Spencer Huggett and let him know where the grain is stored. Contact info below.
4. The Roslyn Event Center Committee will then order the sale with the original sales invoice.

TAX SAVING BENEFITS FOR DONATING GRAIN DIRECTLY

Charitable cash contributions are deductible only as an itemized deduction from adjusted gross income which results in reducing one's federal income tax. Many farmers opt to not itemize deductions due to the great increase in the standard deduction over the years.

There are a number of benefits for donating grain, or other crops, directly to the Roslyn Event Center:

- The cash basis farmer avoids including the sale of the cash crop in income, saving on the self-employment tax and federal income tax.
- The cash basis farmer can still deduct the cost of growing the donated crop as long as the crop is given in a different year than it was grown.

GUIDELINES FOR DONATING CROPS

For the maximum tax benefit, cash farmers should donate crops grown in a previous fiscal year. For example, a calendar year farmer should donate fall-harvested crops early the following year.

Costs associated with the production, storage, and transportation of the grain paid in the same year the grain is donated is NOT deductible. Cash base farmers deduct costs in the year paid. If grain is given early in a future year, all the costs were likely paid in the prior year and remain deductible. The value of the grain is never included in income and the costs paid in the prior year remain deductible.

Costs associated with donated grain are not deductible if the grain is given in the same year the costs are paid. For example, if a farmer gave 5% of his crop directly out of the field in the fall, then 5% of his expenses that year are not deductible. In this instance, the tax benefit is only received on the difference between the value of the donated crop and the expenses. Therefore, to maximize tax benefits, storage should be paid before year end and grain should be given early the following fiscal year.

When donating grain, the farmer must make a charitable donation, giving up dominion and control of the asset donated. The traditional procedure of a farmer delivering, selling, and ordering sent directly to the charity is not legitimate. This transaction will be considered a cash sale and cash donation because the farmer did not give up control over the property.

Instead, the property (in this case the grain), should be delivered and a warehouse receipt showing the Prairie Lakes Healthcare Foundation as the owner should be implemented. The

Event Center Committee would then administer the sale of the property, with the original sales invoice displaying the Foundation as the seller.

The farmer should avoid advising the Roslyn Event Center Committee as to when to sell the grain, as it may be viewed by the IRS as retaining control of the property. After the transfer, the Event Center Committee should assume the cost of storage, transportation, and marketing, as well as assume any risk of loss.

NECESSARY DOCUMENTATION

The Roslyn Event Center Committee will retain necessary documents related to the donation of grain:

1. A warehouse receipt or storage ticket in the Event Center name
2. The original sales invoice showing the Event Center as the seller.
3. If the grain is stored on a farm, a notarized letter of transfer can take the place of a warehouse receipt.

PROFESSIONAL ADVISORS

The Roslyn Event Center Committee recommends the donating farmer consult with his or her professional tax or legal consultant to determine tax implications prior to making the gift due to rapidly changing tax laws.

CROP SHARE LANDLORDS

Shares of crop are categorized as rental income and must be included as reportable income by the landlord, making the crop share landlord ineligible for maximum tax benefits for the gifting of grain.

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