

Do farmers pay taxes?

Yes, farmers pay taxes. Because most farmers are land owners, they pay land taxes to both their county and to the school district where the property is located. They also pay income taxes. Farmers are self-employed business owners so the way they file their taxes is a little more complicated than the average household. All year they keep track of all their income and expenses; the expenses are then deducted from the income to come up with a net income. Expenses such as feed for the animals, repairs on their equipment, rent and taxes for the land are just a few of the expenses that farmers are allowed to deduct. They do this on a schedule F (profit and loss from farming). Another expense that farmers have is depreciation expenses. Because farming is very capital intensive and capital expenses are not expenses that farmers are allowed to deduct from their income, farmers take the wear and tear of that capital item as a depreciation expense. Some of the farmer's income is ordinary income and some is capital gain income, so farmers or their tax preparer need to keep track of what's what. Also, farmers are self-employed and are required to pay both the employer and employee share of Social Security on themselves. Farm taxes also need to be filed by March 1st of every year, so while you still have six weeks left until your tax filing is due, farmers are busy getting theirs done to file them next week.

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