



Farm Business Management Update October - November 2012

Farm Business Management Update is a joint effort of the Agricultural and Applied Economics faculty and the area farm management educators. Subject matter areas include timely information on farm management, marketing, tax management, finance, credit, labor, agricultural law, agri-business, estate planning, 4-H economic education, natural resources, and CRD. Please feel free to reproduce any article. However, please cite the title, author(s), date, and this newsletter.

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Twenty Years and Counting

By Gordon Groover (xgrover@vt.edu), Extension Economist, Farm Management, Department of Agricultural and Applied Economics, Virginia Tech

This is the 20th year for this publication. In the fall of 1992 the Agricultural Economics Department in cooperation with the area farm business management agents across the state, and Joel Plath at VA State University made a commitment to provide information on management, economics, marketing, policy, taxes, law, and many more topics to local, state and national audiences. Authors of articles have include VA Tech field and campus faculty, VSU Extension faculty, graduate and undergraduate students, USDA and VDACS personnel, and reprints from multiple venues. A few things have changed and some have not in the last 20 years as noted below:

- The title changed form “Farm Management Update” to “Farm Businesses Management Update.” To emphasizing that farming is a business.
- The move from hardcopy to all electronic publishing. We published both hardcopy and electronic for a few years.
- The newsletter is still in black and white, well because I’m color blind. The addition of color and a few pictures would help its eye-appeal. Rose Jeter, Communication Manger for the AAEC department is taken up this challenge.
- There are fewer individuals that have knowledge and understanding of Virginia’s agriculture to write for this publication. A reality of the times.

Most of all thanks to all the authors, reviews, printers and web folks for their expertise and commitment to a quality newsletter.

Evaluation of Virginia Wineries Web Sites

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Local and regional U.S. wineries are facing the increasing challenge of a worldwide oversupply of wine mainly from large domestic wine makers (i.e. California) and emerging wine producing countries (i.e. Australia, South Africa, Chile, etc.). Consequently, many small wineries are finding it increasingly difficult to influence distributors to market their products and to secure retail shelf space. In this new market environment, Virginia wineries need to develop innovative and competitive marketing strategies. Unfortunately, smaller wineries that have neither the resources nor readily available skills to implement innovative marketing strategies.

The internet is arguably the most powerful and accessible information tool we have seen in our lifetime. A well-designed business Web site represents a relatively inexpensive solution to these problems and it offers particular advantages to wineries in reaching geographically dispersed consumers. However, very often many wineries’ websites tend to be mere “electronic brochures” rather than a dynamic and efficient marketing tool, while others use social media channels (e.g. Twitter or Facebook) in lieu of a comprehensive online marketing strategy. Web-based marketing, in the wine industry context, should be

geared toward accomplishing important marketing goals, such as providing information about the product, offering a secure ecommerce channel, establishing and nurturing relationships with customers or attracting visitors to the winery.

To our knowledge, little if any research has assessed the quality of the Web sites of the industry in Virginia. This omission represents an opportunity to increase the competitiveness of the region's wineries and its economic impact.

A total of 184 wineries were analyzed, and the quality of their Web sites was measured based on four broad dimensions: (1) General features of the Web site; (2) wine tourism; (3) direct marketing; and (4) educational. Most importantly, each of these categories includes Web site features that add value to a business, reduce marketing costs, and increase profitability. Table 1 highlights the importance of a well designed winery Web site.

Table 1. The Importance of Well Designed Web Sites for Virginia Wineries.

General features of Web sites	Direct Marketing
A winery's web site is likely to be the very first contact that a potential customer may have with the winery.	Internet users are better educated and more affluent consumers.
Wineries should develop and maintain a Web site that is attractive, up-to-date, user friendly, and easy to navigate.	Wineries Web site should provide a secure ecommerce channel for online wine sales.
Poorly designed Web sites have a negative impact on customers' perceptions and will create a image of lower quality.	Small wineries often have budget restrictions on marketing and advertising. Building and maintaining a Web site is inexpensive.
	Small wineries produce insufficient quantities to supply large supermarkets, and rely on direct cellar door sales for profitability.
Wine Tourism	Nurturing consumer relationships online can increase brand loyalty, retain customers.
If a consumer never visited the winery or tried the wine, the Web site will be the first impression before planning a trip to the winery	Educational
By encouraging visits to their facilities, wineries are building relationships with customers and instilling customer loyalty, and ultimately increases in direct an retails sales.	Wineries can promote a total wine experience by educating wine lovers and wine tourists via their Web sites.

Accordingly, lists of recommended Web sites features for each dimension were created based on previous research studies. More specifically, Table 2 provides the number of Web site features selected and examples for each dimension. General features of Web sites are typically present in most commercial Web sites, and Wine tourism includes features promoting a winery as a tourist destination. Direct marketing features allow wineries to include marketing and advertising tools on their Web sites. Finally, the educational component of the Web site seeks to inform Web site users about wine making and wine consumption.

Table 2. Number and Examples of Web sites Features for Each Dimension

Web site dimension	Number of features selected	Examples
General features of the Web site	4	URL that is easy to remember or legible fonts
Wine tourism	14	Calendar with events, maps and directions to the winery
Direct marketing	10	Inclusion of social networks or e-commerce capabilities
Educational	5	Food pairings or notes on the grapes grown by the winery

After reviewing all 184 Web sites, the results in Table 3 show that Virginia wineries Web sites on average include 90 percent of the conventional characteristics of a business Web site. On the other hand, and on average, the analyzed Web sites only have 54 percent of the features that can enhance the number of visitors to the winery, and 43 percent of the suggested online marketing features. Finally, Virginia wineries Web sites include only 52 percent of the recommended educational features for the Web site.

Table 3. Percentage Share of Features Present of Virginia Wineries Web Sites

Web Site Dimensions	Percentage Share (%)
General Features of Web Site	90
Wine Tourism	54
Direct Marketing	43
Educational	52
n = 184 Wineries	

Source: Authors' own calculations

These results present evidence that Virginia wineries should consider expanding their web sites to maximize its potential as a marketing tool. This is particularly true for the marketing, tourism, and educational dimensions. Virginia wineries should capitalize on the possibilities of selling their wines online (to both in-state and out-of-state customers), and thus get around the challenges they face at the distribution level. Also important is the fact that full use of internet as a marketing tool can reduce advertising and promotional costs. Improvements in the wine tourism capabilities of a Web site are very important for smaller wineries given their reliance on direct cellar door sales for profitability. Put simply, the Web site should convince wine consumers to include a particular winery on their travelling plans. In summary, seeking to add improvements to the design of winery web sites should enable Virginia wineries to market their products more efficiently and enhance the wine tourism experience.

The Management Calendar

By Gordon Groover (xgrover@vt.edu), Extension Economist, Farm Management, Department of Agricultural and Applied Economics, Virginia Tech

Selective information available that might be useful for fall reading:

- Interested in corn prices? The take a look at the article *Implications for Ethanol and Other Corn Users of the Shrinking Corn Crop* by Dr. Robert Wisner, biofuels economist at Iowa State. www.agmrc.org/renewable_energy/ethanol/implications-for-ethanol-and-other-corn-users-of-the-shrinking-corn-crop/.

- Virginia's Use-Values Taxation Program now has a *Frequently Asked Questions (FAQ)* section to help farmers, landowners, public employees and others to understand Virginia's program. The sixty FAQ's can be found at: <http://usevalue.agecon.vt.edu/FAQ.htm>.
- A quick read for anyone that owns a family business "What If a Family Member Wants to Unexpectedly Exit the Family Farm Business?" by Chris Zoller, an Ohio State University Extension Educator can be found at <http://ohioagmanager.osu.edu/estate-planning/what-if-a-family-member-wants-to-unexpectedly-exit-the-family-farm-business/>

Farm business managers should consider putting the following activities on their management calendar this fall:

- Time to order your farm record book. As we enter the last quarter of 2012, it is time to order a new copy of the Virginia Cooperative Extension "Farm Record Book: Expenses and Receipts" (Publication 446-017). This 120-page record book provides an organized way of keeping track of annual financial, labor and personnel, and production-related records. It provides forms for many categories of expenses, receipts, labor, and financial summaries to meet the needs of most agriculturally-related businesses using cash accounting methods. Column headings are included for major items with some columns remaining blank for your own headings. Forms are arranged to facilitate transferring totals to income tax forms (Schedule F, tax depreciation, and Form 4797) and to help complete end-of-the-year analysis. Virginia Cooperative Extension "Farm Record Book: Expenses and Receipts" is available from Virginia Cooperative Extension for \$12.00. Call your local extension office and request the order form VCE Publication 446-016, print the form at www.ext.vt.edu/pubs/agecon/446-016/446-016.pdf, or contact me at (540) 231-5850.
- Using the last three-quarters of cash flow and financial records, estimate total farm expenses, income, and capital purchases and sales. Then make an appointment with your tax advisor to plan year-end tax management strategies. Be sure to estimate crop insurance payments and any government payments that will appear on this year's taxes. To take full advantage of year-end tax management strategies, cash-based farmers must make decisions before December 31, 2012. Be sure to review changes to state and federal tax laws with your tax advisor to make sure you plan ahead and do not miss deductions and/or credits.
- Farm business managers should never lose sight of the two objectives of tax management: 1) all decisions, including tax management, should be made to improve the long-term survivability and profitability of the business, and 2) tax management tools are used to level out the year-to-year swings in reported income and subsequent taxes paid. You can use the multitude of tools and techniques written into the tax code for farmers and all businesses to manage income and expenses and to even out the wide swings in annual profits and losses that many farmers experience. Leveling out the income tax liabilities year-to-year will lead to lower total taxes being paid.
- Be sure to keep crop records up-to-date during harvest: include yields, machine times and equipment used, weed problems, and differences in hybrids. If you're moving up in the information age, consider the fully integrated record keeping systems using yield monitors, GPS, handheld computers, and management software on your office computer. One example of this whole farm system (includes accounting, personnel, and livestock records add-ons) is

FarmWorks at www.farmworks.com. For a detailed listing of North American farm related software take a look at the Agricultural Software Listings compiled by the Alberta Ministry of Agriculture and Rural Development <http://www.agric.gov.ab.ca/app68/agsoft>.

- Be sure to keep livestock records up-to-date during fall sales. At a minimum, include weight, grade, sale prices, and identification numbers of all calves sold and/or purchased.

Managing Grain Profits

Peter Callan (peter.callan@vt.edu), Extension Agent, Farm Business Management, Northern District

Corn and soybean prices reached all time highs during the summer of 2012 caused by the devastating drought in the Midwest. Although yields were reduced due to spotty rainfall, many farmers in Virginia are anticipating record income levels due to the high grain prices. The management of profits generated during periods of high prices will impact the long term viability of the business.

There is the old adage “the cure for high prices is high prices.” This means that during periods of high prices producers will increase production to cash in on the high prices. The increased production will result in additional products sold in the world market place which will reduce demand for the products and depress prices for producers. In times of high prices, it becomes profitable for producers to plant crops on marginal cropland which further increases harvested bushels. Consequently, the potential for larger supplies of corn and soybeans available in the market place will place downward pressure on prices and profit margins, if 2013 is a normal year.

Jonah Bowles, Senior Agricultural Market Analyst at Virginia Farm Bureau, identified (at least) five bull markets since 1970 when the price of corn rose 100%. The following data shows what has happened from a historical prospective.

Trend			Following		
<u>Time</u>	<u>Start</u>	<u>End</u>	<u>% Change</u>	<u>Low</u>	<u>% Change</u>
<u>Period</u>			<u>High Price</u>		<u>Low Price</u>
1973-74	\$1.50	\$4.00	167%	\$2.40	-40%
1977-80	\$2.00	\$4.00	100%	\$2.50	-38%
1987-88	\$1.50	\$3.75	150%	\$2.25	-40%
2005-07	\$2.00	\$8.00	300%	\$3.00	-63%
2010-12	\$3.50	\$8.50	143%	?	?

In the bull market of 1995-96, the price only rose 80% and therefore did not meet the requirements to be included.

The average drop in price following a bull market was 45%. If the current trend came to an end at the existing market price, a 45% fall would extend down to \$4.67 for December corn. A similar analysis

was done with soybeans, which showed similar market reactions, but dissimilar years for some of the trends.

Another factor with the boom/bust analysis is the duration of time for the rise and fall. Most of the bull markets lasted 2-3 years, but all of the subsequent low prices, for corn and soybeans, occurred within one year of the top. The decisions that producers make during periods of high profits margins can impact the long term profitability and viability of their businesses.

Grain producers should start to take steps to position their businesses and personal finances to weather the future decline in profit margins. It is crucial that the producer maintain open lines of communication with their lender during periods of high prices and profit margins. I would encourage producers to contact their lenders during late January 2013 and schedule a meeting to review 2012 financial data (updated balance sheet, summary 2012 income and expenses), credit needs and potential equipment purchases. During this meeting a producer should discuss plans to market the balance of 2012 crops and risk management strategies that are being used to lock in profits for 2013 and 2014 crops with the knowledge of a potential decline in grain prices. In addition, producers should talk with their lenders about investing part of the profits off the farm to fund retirement, for example an IRA. An IRA is a saving plan that provides the taxpayer (farmer) tax advantages for setting aside money for retirement. The benefit of a traditional IRA is that the contributions are tax-deductible in the year that the taxpayer makes the contribution. Producers should contact their tax advisors about making up to a \$6,000 contribution to separate IRA accounts for the producer and their spouse as a means to reduce their tax liabilities in years of high profits.

When profit margins start to decline; producers should develop priorities of enterprises and investments that will generate the highest returns and ones that should be eliminated from the business. Yet while prices/profits are high producers should seek to replenish and built up cash reserves, pay down line-of-credit and other outstanding operating and real estate loans. Next the producer should consider investing in income producing assets that will generate the highest returns.

During times of high profits, many producers want to buy “new paint” in the form of pick-up trucks and farm equipment. The decisions to replace and upgrade machinery should be based on whether this investment will increase profits or reduce costs (more efficient planting and/or harvesting) for the farm business. The new machinery must pay for itself by lowering costs or increasing profits.

Many farmers use the internet to locate and purchase used farm equipment from other regions of the state and country. When equipment is purchased from dealers and at auctions, the sellers (dealer and auctioneer) guarantees clear title, that is, there are no liens on the equipment. However, caution needs to be exercised when equipment is purchased at private sales. The buyer needs to check at the courthouse in the county where the seller resides to see if liens (financing statements) have been filed that shows that a third party (e.g. banks, leasing and equipment companies) has an secured financial interest in the property. If a producer purchases equipment from a dishonest seller who does not satisfy (pay off) a lien at the time of sale, the purchaser is financially liable for the lien. Thus farmer may pay for the equipment twice because he paid the seller for the equipment and then has to pay off the secured interest of the lien holder.

The strategic investment of profits generated from recent record grain prices will lay the foundation for the long term viability of grain producers. By working together with their lenders, producers can develop a plan to prioritize and diversify the investment of profits into off farm investments and the farm's infrastructure. These decisions will help provide an additional source of retirement income and will maximize returns to land, labor and capital in the cyclical grain industry.

1. Economic Research Service. (2012, May) Brazil Trade. United States Department of Agriculture Economic Research Service. May 30, 2012
2. Economic Research Service. (2012, August). Corn Trade. United States Department of Agriculture Economic Research Service. August 14, 2012.
3. Bowles, J. (2012, August). Commodity Comments. Virginia Farm Bureau Federation. August 29, 2012.

Why Best Management Practices?

Eric S. Bendfeldt, Extension Specialist, Community Viability. Phone: 540-432-6029 Email: ebendfel@vt.edu

Even though I was born in the last century, I have to adapt to the demands and expectations of the 21st century. Farming and water stewardship must also adapt to the new demands and expectations of the 21st century.

The need to support agriculture and protect the quality of local waterways is foundational to farming and water stewardship in the 21st century. Controlling soil loss, erosion, and nutrient runoff -- non-point source pollution -- from all possible sources is an important focus of water quality protection and clean-up efforts throughout Virginia.

Within the farming and conservation community, soil and water conservation efforts have focused specifically on the implementation of best management practices (BMPs) to reduce soil loss and nutrient runoff (i.e., nitrogen (N) and phosphorus (P)) to local waterways, and leaching of nutrients to groundwater to control non-point source pollution. There are many different farming and conservation practices, but to actually protect water quality and gain ground in the cleanup of local waterways there are core practices that are foundational to farming and conservation in the 21st century.

Core Best Management Practices (BMPs):

- Cover soil with crops
- Exclude livestock from streams
- Keep riparian and streamside areas forested and vegetated as a buffer
- Use no-till or conservation tillage
- Develop and keep an up-to-date nutrient management plan
- Plan the whole-farm and conserve natural resources
- Avoid having any denuded lot or confined animal feeding sites

- Manage loafing lots and sacrifice lots to avoid nutrient accumulation and possible negative impact from concentrated flow of runoff.

The implementation of these core practices can also help farmers market their conservation efforts and help tell what the farm community is doing to protect water quality and Virginia's natural resources.

No matter the size of the operation, a starting point would be to obtain a recent aerial photo of your farm from the USDA Service Center and the Natural Resources Conservation Service (NRCS) office to better understand how your farming operation impacts and interacts with local waterways. An aerial photo can help you decide and prioritize which BMPs are most critical to implement to reduce nutrient and sediment impacts.

In some cases, the practices and solutions needed to reduce nutrient and sediment loads can be less obvious, but still have a huge impact. Installing proper guttering around the barn and high traffic areas for livestock is a simple practice for good soil and water conservation, but is sometimes overlooked as a practical common sense best management practice.

For some farmers the idea of excluding cattle from streams as a way to control non-point source pollution can be contentious and controversial. Some landowners feel threatened by the idea and feel that the government would be infringing on their property rights since farmers have traditionally relied on ponds and streams to water their cattle. Others think it would be too costly or require too much management.

"An ounce of prevention is worth a pound of cure." ~ Benjamin Franklin

For many farmers excluding livestock from streams and providing an alternative off-stream water source for their livestock is the right choice. It is also a way for them to market their farm and demonstrate their concern about the environment and what they are doing to protect water quality. The subject of livestock exclusion evokes many emotions and passions within the farming and environmental community.

Farmers who have excluded their livestock from streams and installed alternative off-stream water sources have experienced other benefits from the practice such as:

- Increased forage utilization,
- Increased milk production and yield,
- Increased average daily gains,
- Reduced environmental mastitis,
- Eliminates a tremendous risk area for young calves,
- Fewer cases of foot rot,
- Fewer leg injuries,
- Fewer incidence of water borne diseases, and

- Improved livestock management making it easier to move animals to desired locations such as to the barn/pens.

The quality and cleanliness of the water source further distinguishes how livestock perform. It is important to remember all water sources have to be clean and properly managed to optimize livestock performance.

Why exclude livestock from streams?

The water quality benefits to the stream include the following:

- Improved streambank stability
- Reduced erosion and sediment transport
- Improved stream habitat
- Reduced bacteria concentrations
- Reduced nutrient concentrations.

The feasibility and acceptability of any management practice comes down finally to whether it is efficient, productive, and profitable for the farmer or landowner. Shortening the link from farm-to-table can be the catalyst for customers to understand what the costs and benefits are to protecting the environment. Adopting core best management practices for soil and water conservation will assist farmers in meeting the dual goals of being financially and environmentally competitive.

For more information about riparian buffers, watering systems, fencing, portable shade structures, shade trees, and best management practices, please contact your local Soil and Water Conservation District and Virginia Cooperative Extension Office for technical assistance and available cost-share and tax credit programs.

For Additional Reading:

- Chesapeake Bay Funders Network. 2010. Adaptive Streambank Fencing Program: Context, steps and insights to help other communities replicate a successful program in Virginia's Shenandoah Valley. A publication of the Chesapeake Bay Funders Network.
- Zeckoski, R, B. Benham, and C. Lunsford. 2007. Streamside Livestock Exclusion: A Tool for Increasing Farm Income and Improving Water Quality. Virginia Cooperative Extension publication 442-766.
- Hoorman, J.J. and J. McCutcheon. 2005. Livestock and Streams: Best Management Practices to Control the Effects of Livestock Grazing Riparian Areas. Ohio State University Extension Fact Sheet LS-4-05.
- Virginia Department of Conservation and Recreation. 2012. Virginia Agricultural BMP Cost Share and Tax Credit Programs. Accessed at http://www.dcr.virginia.gov/stormwater_management/costshare.shtml

Jim Gerrish of American Grazing Lands Services to Speak at the 2013 Winter Forage Conferences

Gordon Groover (groover@vt.edu), Extension Economist, Farm Management, Department of Agricultural and Applied Economics, Virginia Tech

Kicking the Hay Habit: Increasing the Profitability of Virginia's Ruminant Livestock Operations is the theme for the Virginia Forage and Grassland Council (VFGC) and Virginia Cooperative Extension winter forage conferences. Hay costs purchased or homegrown are at record highs driven by high input costs. Producers will have an ideal opportunity to gain an understanding and the details needed to determine if a “kicking the hay” habit and year round grazing system make cents for their livestock operations.

This year's keynote speaker is Jim Gerrish of American Grazing Lands Services LLC a international national known expert on forage-livestock systems. He has 20 years of systems research and outreach while on the faculty of the University of Missouri, as well as 20 years of commercial cattle and sheep production on their family farm in northern Missouri. The University of Missouri - Forage Systems Research Center rose to national prominence as a result of his leadership. His research encompassed many aspects of plant-soil-animal interactions and provides foundation for many of the basic principles of Management Intensive Grazing. It is a pleasure to welcome Mr. Gerrish back to Virginia. In his morning presentation, he will cover matching your calving season to your forage resources and environment, inventorying and budgeting forages resources, selecting the right cow-type for extended grazing systems, and winter grazing options. After lunch, Mr. Gerrish will discuss the practical points of how to successfully graze winter pastures including pasture utilization and rumen function, supplementation on winter pastures, and tools and tips for getting the job done.

Participants will also hear from Dr. Greg Halich, Associate Professor and Extension Specialist, Agricultural Economics, University of Kentucky, and J.B. Daniel, Forage & Grassland Agronomist, USDA-NRCS. Dr. Halich will provide famers with knowledge of profitability differences of grazing systems including spring verse fall calving and the cost of grazing verses making and feeding haying. Mr. Daniel will help farmers understand how to plan and develop farm infrastructure to support grazing systems and learn the details of NRCS/costs- share programs.

This year, VFGC will also feature local livestock producers at each workshop site to discuss “How I've extended the grazing season on my farm.” These producers will provide conference participants with real insight on the challenges and benefits of implementing grazing systems that reduce the need for conserved forage.

The daylong conference will be repeated at four locations:

- Tuesday, January 22, Warren County Community Center, Front Royal
- Wednesday, January 23, Weyers Cave Community Center. Weyers Cave
- Thursday, January 24, Wytheville Meeting Center, Wytheville
- Friday, January 25, Southern Piedmont AREC, Blackstone

The conferences will run from 8:30 am to 3:15 pm.

For more information or to register for the conference, contact Margaret Kenny (makenny@vt.edu) at (434) 292-5331. The \$35 early registration fee must be postmarked by Jan. 3, 2012. After the New Year, the registration fee is \$50 per person. The U.S. Department of Agriculture Natural Resources Conservation Service are also sponsoring the conference.

Please visit the VFGC web site (<http://vaforages.org>) for additional details and registration information.

Agenda - 2013 VFGC Winter Forage Conferences

8:30 am	Registration
9:00-10:15	Planning for year-around grazing - Jim Gerrish
10:15-10:45	Break - Visit Sponsors
10:45-11:45	The cents of grazing and hay feeding – Greg Halich
11:45-12:00	VFGC Business Meeting – Robert Shoemaker VFGC President
12:00 -1:15	Lunch —Visit Sponsors
1:15-1:45	How I've extended the grazing season on my farm? – local producer Local Producers
1:45-2:15	Developing your farm's infrastructure to support grazing – J.B. Daniels
2:15-3:15	Successfully grazing winter pastures - Jim Gerrish
3:15	Adjourn

Virginia Tech Income Tax School

By L. Leon Geyer (geyer@vt.edu), Professor, Agricultural Law, Department of Agricultural and Applied Economics, Virginia Tech

Two days of general sessions of intensive study with farm tax, Maryland tax, and ethics sessions at selected locations (see Table 2). This course is a certified for RTRP Continuing Education credits by the IRS (15 hours Federal Tax + 1 hour VA Tax). All details can be found by visiting www.tax.vt.edu or contacting

Income Tax School Registrar, Continuing and Professional Education
702 University City Blvd., Virginia Tech, Mail Code 0272
Blacksburg, VA 24061
Fax: (540) 231-3306 Phone: (540) 231-5182
Email: vttax@vt.edu Web Page: www.tax.vt.edu

Topics Covered in the Agricultural Session

Agricultural Issues

- Wineries and vineyards
- Like-kind exchange of equipment and livestock
- Timber farming, sales at farmer's markets

Topics Covered in the General Sessions

2011 and 2012 Legislation

- A brief summary of each provision
- Cross-references to other chapters
- IRS guidance
- A table of effective dates

Rulings and Cases

- Rulings and cases from September 2011 through August 2012.

Individual Taxpayer Issues

- Gifts to family and Elder care
- Taxation of Social Security benefits
- Savings bonds and Homeowners

Ethics

- Case-study of common ethical issues
- Advising clients regarding tax scams
- Conflicts of interest
- Disclosure of tax return information
- Privacy Act notification
- Circular 230 issues, ethics for CPA's

Tax Practice

- Sample client questionnaire
- EIC due diligence questionnaire
- Form 1099 due diligence questionnaire follow-up

Fiduciary Tax Issues

- Types of trusts; including special needs trust
- Explanation of why numbers are on Schedule K-1 (From 1041)
- Grantor trust filing requirement

Gifts and Inheritances: Estate and Gift Taxes

- Gift splitting: documentation
- Lifetime gifting v. inheritance tax implications for donor and recipient
- Family limited partnerships

Business Assets

- Depreciation and Form 4797
- Fast v. slow cost write off; real estate basis reduction, cancellation of debt
- Effect of state law that does not follow federal depreciation and I.R.C. § 179 rules
- Deed in lieu of foreclosure

Loss Limitations

- Comparing passive loss and SE tax rules
- Sale of rental/business real property to related party

Business Issues

- Simple 125 plans
- Fringe benefits
- Information returns for non-employee compensation
- Schedule C issues
- Health insurance credit
- Repair v. capitalization new regulations

Agricultural and Natural Resource Issues

- Improvements by a tenant
- Depletion
- Form 2099-K reporting on Schedule F (Form 1040)
- Income in respect of a decedent

Retirement

- How to withdraw from retirement plans for maximum savings
- Types of investments allowed in plans, non-qualified plans

Business Entities

- Controlled groups; distributions from an entity
- Personal service corporations: identify
- Abandonment of interest in business entity (how to show you abandoned it)
- I.R.C. § 1244

IRS Issues

- CP 2000 process; consultant v. return preparer
- Innocent and injured spouse
- Form 2848, Power of Attorney and Declaration of Representative, changes
- Limits on RTRP representation
- Form 1099 requirements for small businesses
- Form 8938, Statement of Specified Foreign Financial Assets

Tax Rates and Useful Tables

Table 1. General Sessions Dates and Locations				
Site	Date General Session 16 hrs.	Farm Session 2 hrs.	Maryland Session 2 hrs.	\$25 extra Ethics Session 2 hrs.
Richmond I	October 29-30	Day 1	none	Day 2
Weyers Cave	Oct. 31- Nov 1	Day 1	none	Day 2
Abingdon	November 5-6	Day 1	none	Day 2
Roanoke	November 7-8	Day 1	none	Day 2
Lynchburg	November 12-13	Day 1	none	Day 2
Falls Church	November 14-15	none	none	none
Dulles	November 26-27	none	Day 1	Day 2
Fredericksburg	November 28-29	Day 1	none	Day 2
Williamsburg	December 3-4	Day 1	none	Day 2

Chesapeake	December 5-6	none	none	Day 1
Richmond II	December 10-11	none	none	Day 1

Calendar of Events

October

29-30 Income Tax Seminar. Richmond I. General Session and Farm Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

31- Nov. 1 Income Tax Seminar. Weyers Cave. General Session and Farm Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

November

5-6 Income Tax Seminar. Abingdon. General Session and Farm Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

7-8 Income Tax Seminar. Roanoke. General Session and Farm Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

12-13 Income Tax Seminar. Lynchburg. General Session and Farm Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

14-15 Income Tax Seminar. Falls Church Express. General Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

26-27 Income Tax Seminar. Dulles. General Session and Maryland Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

28-29 Income Tax Seminar. Fredericksburg. General Session and Farm Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

December

3-4 Income Tax Seminar. Williamsburg. General Session and Farm Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

5-6 Income Tax Seminar. Chesapeake. General Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

10-11 Income Tax Seminar. Richmond II. General Session. Contact Income Tax School Registrar by phone at (540) 231-3306 or by email at vttax@vt.edu.

March - 2013

- 7-8 The Governor's Conference on Agricultural Trade. Omni Hotel, Richmond, Va. Registration opens in December. Visit this link for details and at registration
<http://www.vafarmbureau.org/Agriculture/AgTradeConference.aspx>