

Operating & Capital Expenditures



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Upper Midwest Region



United States Department of Agriculture
National Agricultural Statistics Service





Uses of Expenditure Data

Farm Production Expenditures 2022 Summary

July 2023

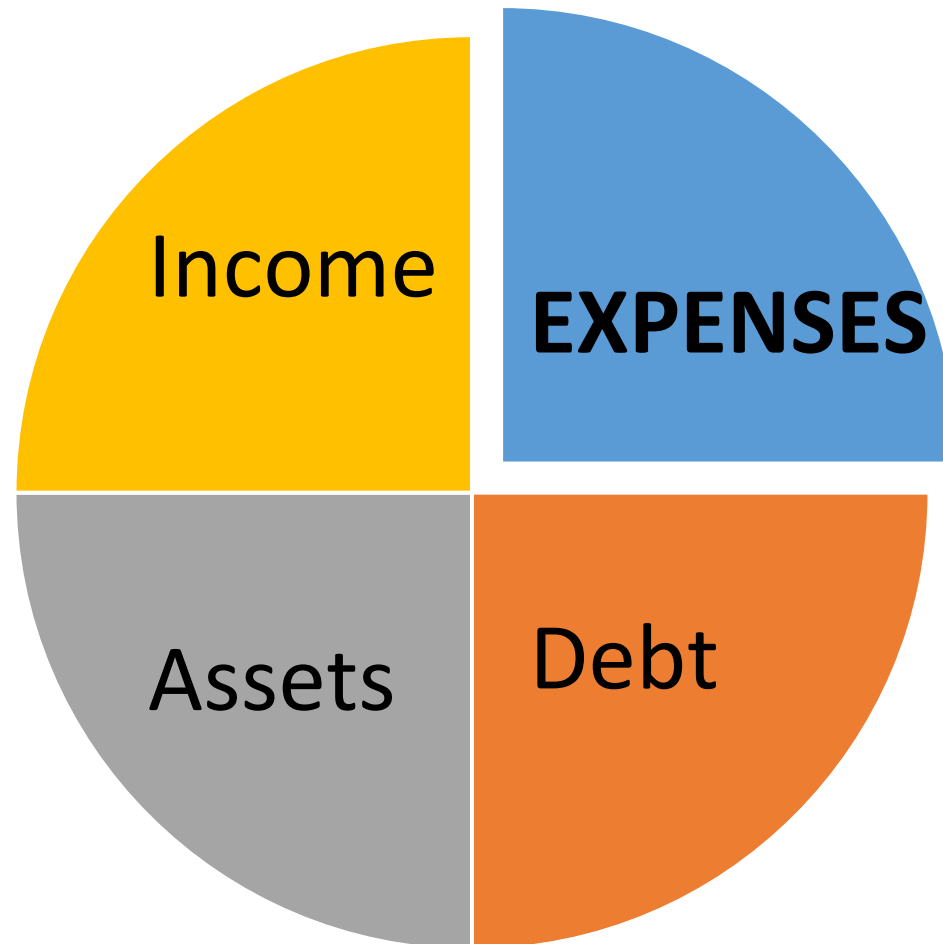
- Provides annual weights for NASS's computation of the Prices Paid Indexes
- Bureau of Economic Analysis (BEA)
- USDA Office of the Chief Economist



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How it all Fits



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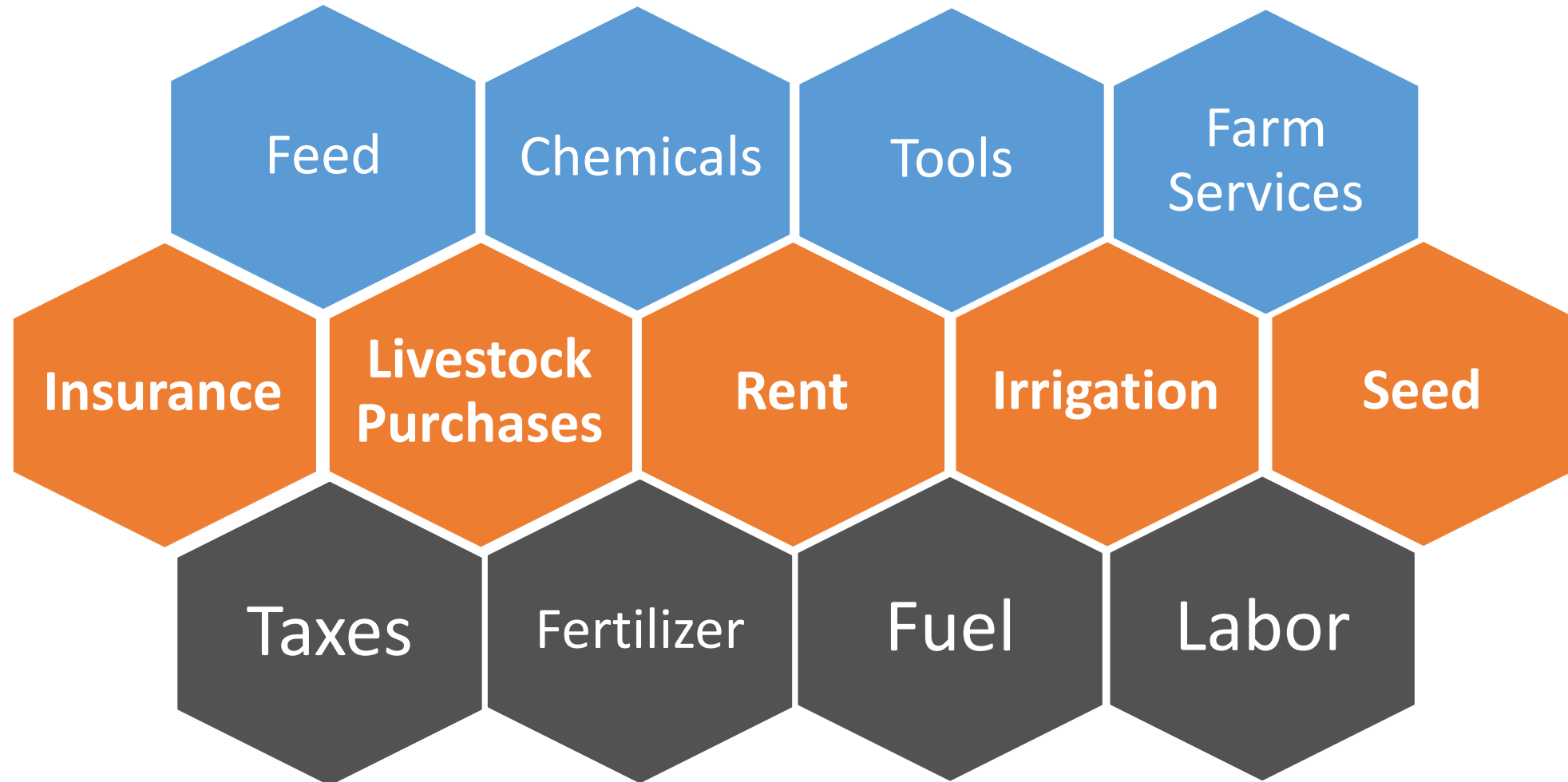
Expenditures - General

- Include expenses related to this operation
- Watch Include/Exclude Instructions
- Landlord expenses asked at the end of the section
- Best Estimates are Acceptable

SECTION H		OPERATING & CAPITAL EXPENDITURES	
In 20XX, how much was spent for each item by the PRODUCER(S) and PARTNER(S): INCLUDE only expenses related to this operation. EXCLUDE expenses NOT related to this farm/ranch; expenses of performing custom work FOR others, if this is a separate business; and expenses on land rented to others.			
OPERATING EXPENSES in 20XX			
		None	Dollars
1.	seeds, sets, plants, seed cleaning and treatments, transplants, trees and nursery stock? (INCLUDE technology or other fees, seed treatments, and seed cleaning cost. EXCLUDE items purchased for resale without additional growth.) 0600	<input type="checkbox"/>	\$.00
2.	nutrients, fertilizer, lime, and soil conditioners? (INCLUDE cost of custom application and organic materials. EXCLUDE potting mixes, vermiculite, and sterilized soil.) 0606	<input type="checkbox"/>	\$.00
3.	agricultural chemicals and biocontrols for crops, livestock, poultry, and general farm use? (INCLUDE biological pest controls and custom application costs.) 0612	<input type="checkbox"/>	\$.00



Operating Expenses



Seed/Fertilizer/Chemicals: Items 1 – 3

- Want amount paid by operation in this year regardless of when the input was used
- May not be entirely used



SECTION H

OPERATING & CAPITAL EXPENDITURES

In 20XX, how much was spent for each item by the PRODUCER(S) and PARTNER(S): INCLUDE only expenses related to this operation. EXCLUDE expenses NOT related to this farm/ranch; expenses of performing custom work FOR others, if this is a separate business; and expenses on land rented to others.

OPERATING EXPENSES in 20XX

	None	Dollars	
1. seeds, sets, plants, seed cleaning and treatments, transplants, trees and nursery stock? (INCLUDE technology or other fees, seed treatments, and seed cleaning cost. EXCLUDE items purchased for resale without additional growth.) 0600	<input type="checkbox"/>	\$.00
2. nutrients, fertilizer, lime, and soil conditioners? (INCLUDE cost of custom application and organic materials. EXCLUDE potting mixes, vermiculite, and sterilized soil.) 0606	<input type="checkbox"/>	\$.00
3. agricultural chemicals and biocontrols for crops, livestock, poultry, and general farm use? (INCLUDE biological pest controls and custom application costs.) 0612	<input type="checkbox"/>	\$.00

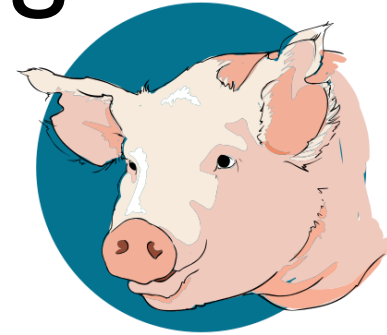


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Livestock: Items 4-8

- Check Section C for Inventory
- Include Commission, Yardage, Insurance, and Fees



4. livestock purchases of –			
a. breeding stock for beef cattle, dairy cattle, hogs and sheep?	0621	<input type="checkbox"/>	\$.00
b. other cattle, calves, hogs and pigs? [Report other sheep in Item 4d.]	0624	<input type="checkbox"/>	\$.00
c. chickens and turkeys? [Report ducks and game birds in Item 4d.]	0627	<input type="checkbox"/>	\$.00
d. other livestock and poultry? (Include other sheep, lambs, bees, brood fish, fingerlings, eggs for hatching, goats, etc.)	0630	<input type="checkbox"/>	\$.00
5. leasing of livestock? (Include bees, bulls, dairy cattle, etc.)	0633	<input type="checkbox"/>	\$.00
6. purchased feed for livestock and poultry? (Include grain, hay, silage, mixed feeds, concentrates, etc.)	0636	<input type="checkbox"/>	\$.00
7. bedding and litter for livestock?	0639	<input type="checkbox"/>	\$.00
8. medical supplies, veterinary and custom services for livestock?	0642	<input type="checkbox"/>	\$.00



Fuel Breakout – Item 9

- IRS Schedule F will help a bit
- Only Include Farm Share
- Item 9a (code 663) should be the sum of the fuels below



9. purchases for the farm business of –	<input type="checkbox"/>	\$	TOTAL	.00
a. all fuels, oils and lubricants? <i>(total of 9a(i) through 9a(vi) must equal Item 9a)</i>	0663	<input type="checkbox"/>	\$.00
(i) diesel fuel? <i>(Include biodiesel.)</i>	0645	<input type="checkbox"/>	\$.00
(ii) gasoline and gasohol? <i>(Include ethanol blends.)</i>	0648	<input type="checkbox"/>	\$.00
(iii) natural gas?	0651	<input type="checkbox"/>	\$.00
(iv) LP gas <i>(propane, butane)?</i>	0654	<input type="checkbox"/>	\$.00
(v) oils and lubricants? <i>(Include grease, hydraulic fluids, motor oils, transmission fluids, etc.)</i>	0657	<input type="checkbox"/>	\$.00
(vi) all other fuel? <i>(Include coal, fuel oil, kerosene, wood, etc.)</i>	0660	<input type="checkbox"/>	\$.00



Supplies, Repairs & Maintenance

- Items 13 – 15: Supplies, Repairs, Maintenance of Farm Buildings
- Item 16: Repairs to Operator's Dwelling ***(ONLY IF IT IS OWNED BY THE OPERATION)***



13. farm supplies, marketing containers, hand tools and farm shop power equipment? . . . 0702	<input type="checkbox"/>	\$.00
14. repairs, parts and accessories for motor vehicles, machinery and farm equipment? 0708	<input type="checkbox"/>	\$.00
15. maintenance and repair for the upkeep of all farm buildings, houses other than the producer's, land improvements, and all other farm/ranch improvements? 0714	<input type="checkbox"/>	\$.00
16. maintenance and repair of the producer's house if it was owned by the operation? 0726	<input type="checkbox"/>	\$.00



Wages and Labor Expenses

The following table applies to items 24 and 25			
Include	Exclude		
<ul style="list-style-type: none"> • Cash wages • Incentives and bonuses • Payments to corporate officers and family members, including yourself and other producers if they received a wage 	<ul style="list-style-type: none"> • Draws by individual producers and partners • Wages paid for custom labor or contract work • Payments to pensions or retirement plans • Social Security on owner/producer 	Employer's share of: <ul style="list-style-type: none"> • Social Security and unemployment taxes • Health and life insurance • Worker's compensation 	

	None	Dollars	
24. CASH WAGES paid to hired farm and ranch labor? 0758	<input type="checkbox"/>	\$	TOTAL .00
25. Of the (Item 24) dollars, how much salary or wage was paid to — (total 25a + 25b + 25c + 25d + 25e must equal Item 24)			
a. you (the principal producer)? 0764	<input type="checkbox"/>	\$.00
b. your (the principal producer's) spouse? (Even if your spouse is a producer, include his/her wages here.) 0767	<input type="checkbox"/>	\$.00
c. other members of your (the producer's) household? (Even if your other household members are producers, include their wages here.) 0574	<input type="checkbox"/>	\$.00
d. other producers (outside the producer's household)? (Those persons responsible for the day-to-day management decisions for this operation.) 0770	<input type="checkbox"/>	\$.00
e. all other paid farm and ranch labor? 0773	<input type="checkbox"/>	\$.00
26. payroll taxes for hired labor? (Include any amounts the farm paid for farm workers that are part of your (the producer's) household.) 0705	<input type="checkbox"/>	\$.00
27. benefits for hired labor? (Include employer's share of health insurance, pension or retirement plans, Worker's Compensation, etc.) 0915	<input type="checkbox"/>	\$.00



Marketing Charges

- Item 34
 - Almost all operations that sell commodities have marketing expenses.
 - If operator reports no marketing charges, probe to find out if anything was subtracted out of the total price before the farmer received the check.
 - Get total quantity and unit sold if operator doesn't know the total marketing charges.

34. Marketing and storage expenses incurred by this operation? (*Include* check-off, commissions, storage, inspection, ginning, etc. *Include* marketing expenses for contract sales.) 0868 ☐ \$.00



Operating Expenses not located in this Section

- Gross rent components: Section A
 - Cash Rent
 - Share rent
 - Grazing fees
- Contractor Expenses: Section D, Item 1, Column 5
- Livestock contract production fees: Section E
 - Section E, Item 2, last two columns



Operating vs Capital Expenses



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Capital Improvements

- Focus on expenses which add value to the farm assets and businesses

CAPITAL EXPENSES in 20XX

35. improvements on land such as land preparation, irrigation improvements, well drilling, ponds, feedlots, trench silos, lagoons, new fences, etc.?	0807	<input type="checkbox"/>	\$.00
36. new construction and remodeling of dwellings, barns, buildings, hog houses, poultry houses, milk barns, storage facilities, sheds, silos, etc.?	0810	<input type="checkbox"/>	\$.00
37. new construction or remodeling of the producer's dwelling, if owned by the operation?	0813	<input type="checkbox"/>	\$.00



Vehicles, Machinery, and Equipment

- Important to distinguish assets used by the farm or ranch versus other businesses or the household

For Items 38 through 45, report the TOTAL NET COST (after deducting the value of trade-ins, rebates & discounts) of the following items purchased in 20XX for the farm/ranch:				None	Percent for farm/ranch use			Dollars	
						%		\$	
38. Cars – (Include new and used.)	0817	<input type="checkbox"/>		%	0816		\$.00
39. Trucks – (Include new and used trucks, pickups, sport utility vehicles, vans, campers and buses.)	0819	<input type="checkbox"/>		%	0818		\$.00
40. ATVs, Side by Sides, UTVs, etc.	0814	<input type="checkbox"/>		%	3100		\$.00
41. Tractors – (Include new and used.)	0820	<input type="checkbox"/>					\$.00
42. Self-propelled equipment – (Include implements and self-propelled equipment for livestock, dairy, or poultry production. Exclude tractors.)	0821	<input type="checkbox"/>					\$.00
43. Other farm machinery, non-self-propelled farm equipment, pumps, and capital equipment for crop or livestock production. (Include farm share only.)	0822	<input type="checkbox"/>					\$.00
44. Office equipment, furniture, and computers that were placed on a depreciation schedule.	0823	<input type="checkbox"/>					\$.00
45. Farmland and other farm real estate for expanding this operation	0802	<input type="checkbox"/>		Acres	0803		\$.00



Catch-All Questions

- All Other Capital Expenses – Question 46
- All Other Production Expenses – Question 47

46. All other capital expenditures. (INCLUDE all other capital expenditures that were placed on a depreciation schedule.) Specify Other Capital Expenditures & Amounts: ↗			
4532	<input type="text"/>	. . . 0824 <input type="checkbox"/>	\$ <input type="text"/> .00
47. What other expenses did this operation have in 20XX that have not been recorded? (INCLUDE potting soil.) Specify Other Expenses & Amounts: ↗			
4533	<input type="text"/>	. . . 0825 <input type="checkbox"/>	\$ <input type="text"/> .00



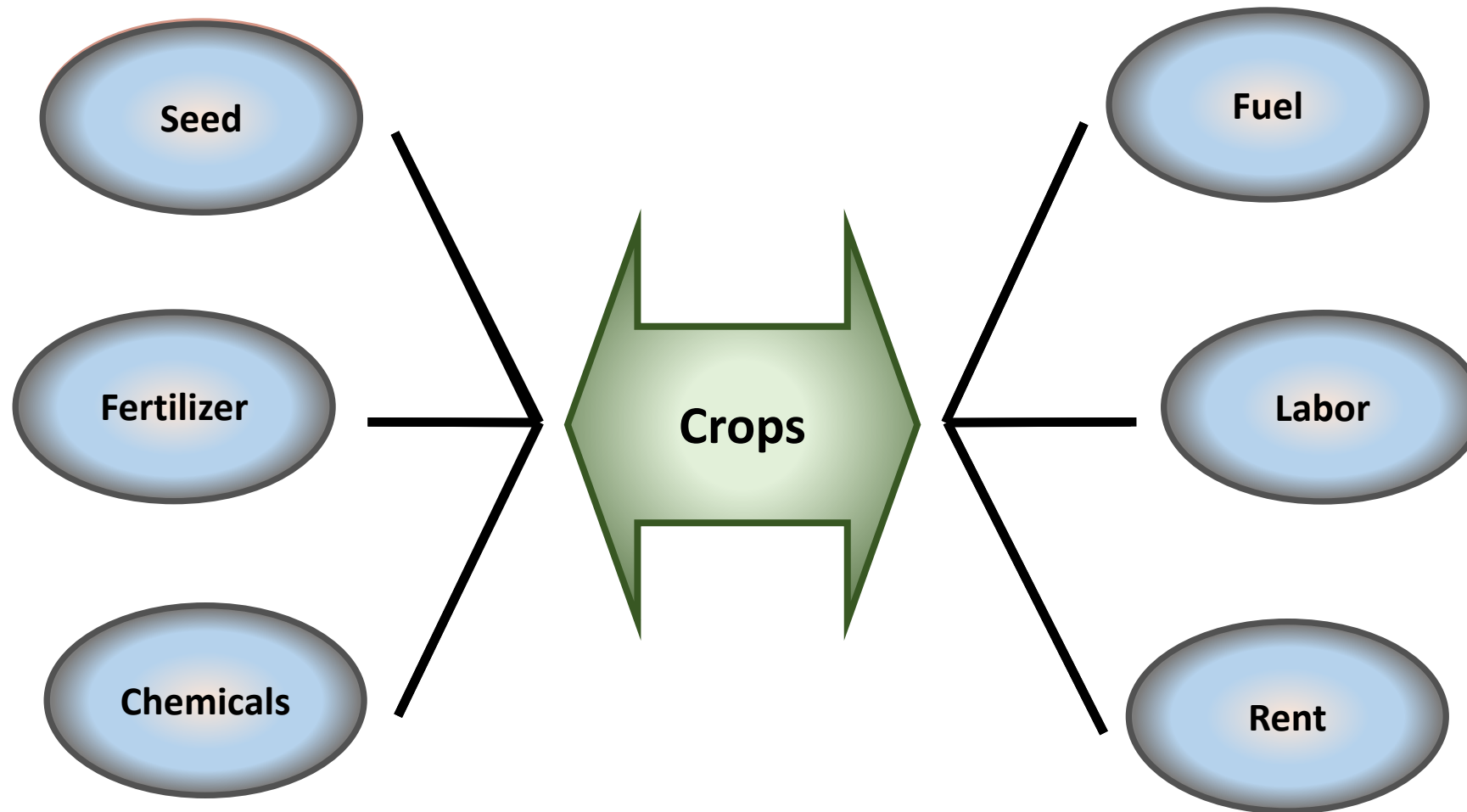
Landlord Expenses

- Skip if there is no rental agreement.
- If exact amounts unknown, write notes if landlord paid expenses.
- All landlords should have property tax expenses.

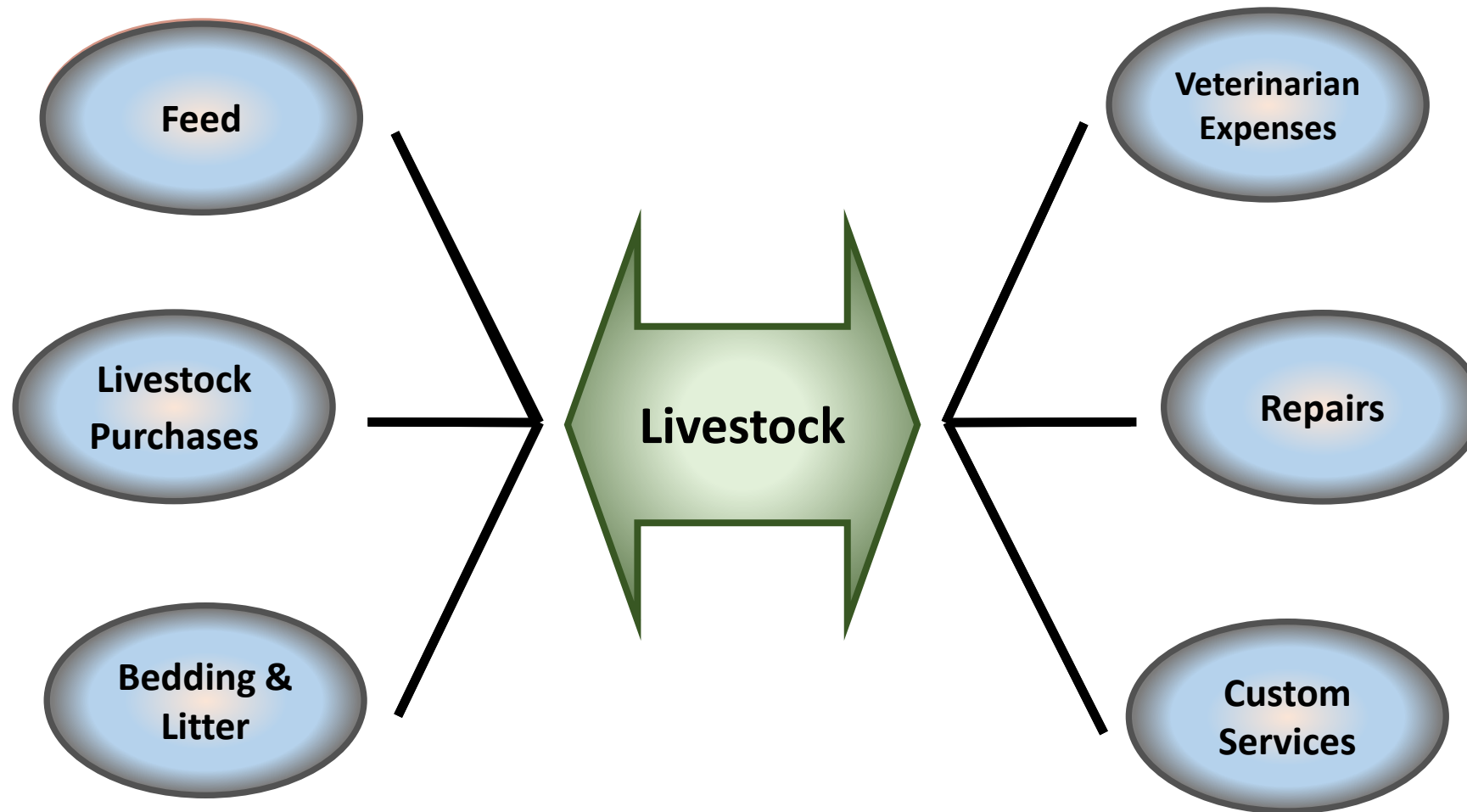
In 20XX, how much was spent for each item by the operation's LANDLORD(S):			
OPERATING EXPENSES in 20XX			
	None	Dollars	
48. seeds, sets, plants, seed cleaning and treatments, transplants, trees and nursery stock? (INCLUDE technology or other fees, seed treatments, and seed cleaning cost. EXCLUDE items purchased for resale without additional growth.) 0601	<input type="checkbox"/>	\$.00
49. nutrients, fertilizer, lime, and soil conditioners? (INCLUDE cost of custom application and organic materials. EXCLUDE potting mixes, vermiculite, and sterilized soil.) 0607	<input type="checkbox"/>	\$.00
50. agricultural chemicals and biocontrols for crops, livestock, poultry, and general farm use? (INCLUDE biological pest controls and custom application costs.) 0613	<input type="checkbox"/>	\$.00
51. property taxes on real estate (land and buildings)? (INCLUDE real estate taxes on the producer's dwelling, if owned by the operation) 0745	<input type="checkbox"/>	\$.00
52. Marketing and storage expenses incurred by this operation? (INCLUDE check-off, commissions, storage, inspection, ginning, etc. Include marketing expenses for contract sales.) . . 0869	<input type="checkbox"/>	\$.00
2668 <input type="text"/> . . 2669	<input type="checkbox"/>	\$.00
53. All other landlord expenses → Please specify.			



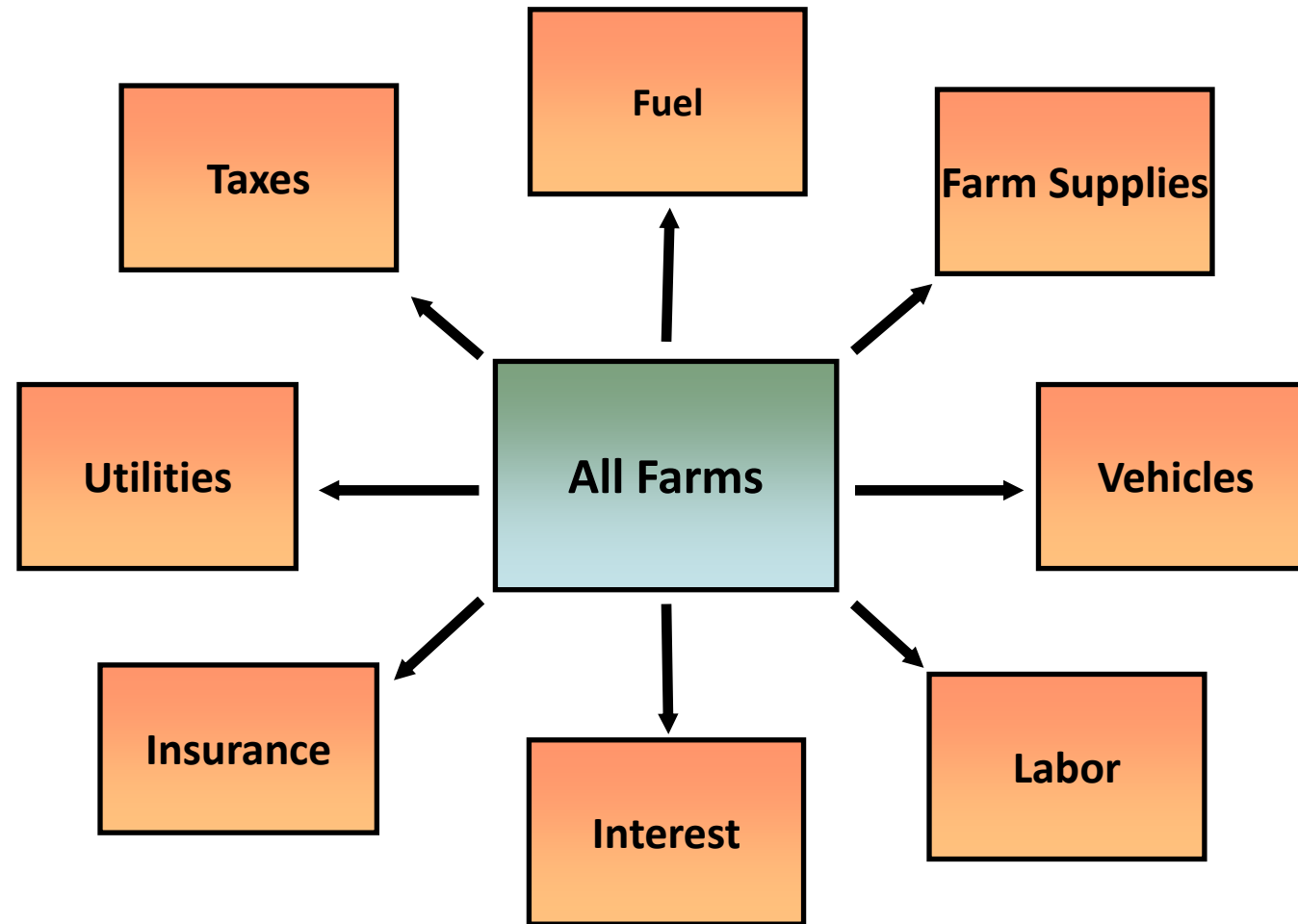
Data Relationships – Crop Operations



Data Relationships – Livestock Operations



Data Relationships – All Farms



Data Relationships – EXAMPLES

- ***Operation Debt?*** Should have Interest expenses in item 19
- ***Operation has paid labor hours?*** Cash Wages in items 24 & 25
- ***Land Owned in Section A?*** Real estate taxes in Item 20
- ***Land Rented in Section A?*** Landlord real estate taxes in Item 51
- ***Dairy Operation?*** Milk Hauling Expenses in Item 29a
- ***Vehicles Owned/Leased?*** Registration/Licensing Fees in Item 22



Encourage Use of Farm Records

SCHEDULE F (Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Farming

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, 1041, or 1065.
Go to www.irs.gov/ScheduleF for instructions and the latest information.

OMB No. 1545-0074

20XX
Attachment
Sequence No. **14**

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.

10	Car and truck expenses (see instructions). Also attach Form 4562	10		23	Pension and profit-sharing plans . . .	23	27
11	Chemicals	11	3	24	Rent or lease (see instructions):		
12	Conservation expenses (see instructions)	12		a	Vehicles, machinery, equipment . . .	24a	21
13	Custom hire (machine work) . . .	13	29b	b	Other (land, animals, etc.)	24b	5, Sec A: 6
14	Depreciation and section 179 expense (see instructions)	14	23	25	Repairs and maintenance	25	14 – 16
15	Employee benefit programs other than on line 23	15	27	26	Seeds and plants	26	1
16	Feed	16	6	27	Storage and warehousing	27	34
17	Fertilizers and lime	17	2	28	Supplies	28	13
18	Freight and trucking	18	29a	29	Taxes	29	20, 26
19	Gasoline, fuel, and oil	19	9	30	Utilities	30	10 – 12
20	Insurance (other than health) . . .	20	18	31	Veterinary, breeding, and medicine .	31	8
21	Interest (see instructions):		19a	32	Other expenses (specify):		
a	Mortgage (paid to banks, etc.) . . .	21a		a	Bedding and Litter for Livestock	32a	7
b	Other	21b	19b	b	Vehicle Registration and Licensing	32b	22
22	Labor hired (less employment credits)	22	24, 28, 30	c	Farm Management Services	32c	32
				d	Other General Expenses	32d	33
				e	All Other Operating Expenses	32e	47
				f		32f	



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Summary and Highlights

- All farms and ranches have expenses.
- Difference between Operating and Capital Expenses.
- Ask yourself if the questionnaire make sense?
- Leave comments when in doubt and for unusual situations.
- Do not double count, record only once.
- Encourage the use of farm records.

