2000 Farm Income Tax School Workbook

Author and Editor

Philip E. Harris
Professor, Agricultural & Applied Economics
University of Wisconsin-Madison

Editing and Production Supervision

Barbara Meihoefer Jeffrey Kutil Publication Services Champaign, Illinois

Special Contributors

Zoel Daughtrey, Professor Mississippi State University

> Jerry Brune IRS Agent–Illinois

Mike Hardin
Oklahoma State University

Richard Walden
CPA- Illinois

Lanny Lobdell IRS (retired)–Illinois Trenna Grabowski CPA–Illinois

John Hiddleson IRS-Wisconsin Linda Yoder IRS (retired)-Indiana Robert Jamison, Professor Indiana University Robert P. Hager CPA-Pennsylvania George Moore CPA-Illinois

Contributors-Chapter Editing and Organization

Robert Anderson, Univ. of Minnesota Larry Andrews, IRS (retired)—Virginia

Chris Bird, EA-Illinois

Gary Bredensteiner, Univ of Nebraska

Jerry Brune, IRS—Illinois Linda Curry, IRS—Indiana Felecia Dixon, Missouri

Thearon Earegood, Michigan State University

Marvin Ford, IRS-Indiana L. Leon Geyer, Virginia Tech Larry Gray, CPA-Missouri

Wayne Hayenga, Texas A & M University

Cindy Huffman, IRS-Ohio

Mike Kelsey, Michigan State University Keith Kightlinger, University of Georgia

William R. Klump, Kentucky Ted Knapp, IRS Instructor—Illinois Warren Lee, Ohio State University Richard Lehto, Michigan State University

Ken Luizzo, IRS-Ohio

Marianne Markovich, IRS-Indiana

David Miller, Ohio State University Ext. Office

Edith Moates, IRS—Oklahoma
Dianne Nichols, IRS—Ohio
George Patrick, Purdue University
Jacqueline Rutledge, CPA—Illinois
John Schifferli, CPA—New York
Judy Sunvold, University of Minnesota

Guido van der Hoeven, North Carolina State University

Terri Kobel, University of Illinois

©2000 by the Board of Trustees of the University of Illinois

University of Illinois Extension is an affirmative action, equal opportunity institution.

October 2000

Issued in Furtherance of Cooperative Extension Work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Dennis Campion, Director, University of Illinois Extension.

2000 Farm Income Tax Schools

Planning and Coordination

Philip E. Harris	General Coordinator, University of Illinois Extension and Department of Agricultural & Consumer Economics, University of Illinois at Urbana-Champaign	
Illinois Cooperative Agencies (IPA)		
Sonya Jacobs		
Thomas Garvey	Internal Revenue Service, Illinois DistrictTaxpayer Education Manager, Illinois District, Internal Revenue Service	
Coordinators: Cooperating States		
Alabama		
Patsy Thomas/Sam Burney	Outreach Program Office, Auburn University, Auburn	
Alaska Bob Gorman/Mary Ann Katt		
Arizona		
Hung Sa Kloeung		
Arkansas		
Kim Magee	Extension Specialist, Farm Records and Tax Management,	
	University of Arkansas, Little Rock	
Connecticut		
Linda Lee	Department of Agricultural and Resource Economics, University of Connecticut, Storrs	
Florida	Chiversity of Connecticut, Storrs	
Vicky Peake	Brevard College, Melbourne	
Marie Castriotta		
Willie Farrow Carolyn McMorran		
Jerry Ĺ. Joyce		
Georgia		
Keith Kightlinger	Department of Agricultural and Applied Economics, Cooperative Extension Service,	
	University of Georgia, Tifton	
Earl Davis	Emeritus Professor, School of Accounting, University of Georgia, Athens	
Illinois	Department of Assignature 9 Commence E	
Terri Kobel	University of Illinois at Urbana-Champaign	
Indiana George F. Patrick	Cooperative Extension Service and	
George 1. 1 aurek	Department of Agricultural Economics, Purdue University, West Lafayette	

Iowa	
Neil E. Harl/Pat Stephenson	The Center for International Agricultural Finance,
	Iowa State University, Ames
Kansas	**
Roger A. McEowen	
8	Department of Agricultural Economics,
	Kansas State University, Manhattan
Kentucky	
Craig Infanger	
	University of Kentucky, Lexington
Maine	
John A. Nelson	SCORE, Portland
Maryland	
Sara Snelson	
	University of Maryland,
	University College, College Park
Massachusetts	
P. Geoffrey Allen	
	University of Massachusetts, Amherst
Michigan	
Mike Kelsey/Larry Borton	
	Michigan State University, East Lansing
Minnesota	
Heather Dorr	Professional Education and Conference Planning, University of Minnesota, St. Paul
	Oniversity of Minnesota, St. 1 auf
Mississippi/Louisiana	D C .
Zoel Daughtrey	Mississippi State University
10.	Mississippi state staversity
Missouri Parman R. Green	University Outreach and Extension
Tarman K. Green	University of Missouri,
Sandy Doerr	
Montana	
Kandy Raup	
, .	The University of Montana, Missoula
Nebraska	
Cheryl Selvage	Academic Conferences and Professional Programs,
	University of Nebraska-Lincoln
New Hampshire	
Robert P. McCaffery	
	University of New Hampshire, Durham
New York	
Charles H. Cuykendall	
North Carolina	
Gertha Heggie	

North Carolina State University, Raleigh

North Dakota	Tional Caronia State Carretoly, Tanenga
Allison Knight	Division of Continuing Education,
· ·	University of North Dakota, Grand Forks
Ohio	
Warren Lee	The Ohio State University Extension, Columbus
Oklahoma	
Mike Hardin	
	Agricultural Economics Department,
	Oklahoma State University, Stillwater
Oregon	
Kathryn Elsesser	
Pennsylvania	
Robert P. Hager	
	Agricultural Economics Department, Pennsylvania State University,
	University Park
South Carolina	
Russell W. Sutton	
140001	Department of Agricultural Applied Economics,
	Clemson University, Clemson
South Dakota	
Jo Ann Sckerl	Outreach Programming,
	South Dakota State University, Brookings
Tennessee	
Clark D. Garland	
	University of Tennessee, Knoxville
Texas	
Wayne A. Hayenga	
	Department of Agricultural Economics, Texas A & M, College Station
77. 1	ienas II & Wi, Conege Station
Utah Tyler Bowles	Department of Economics
Tylei Dowles	Utah State University, Logan
17	Cum Sunc Cinversity, 20guin
Vermont Charles W. Bigalow	Department of Community Development
	and Applied Economics,
	University of Vermont, Burlington
Virginia	
Leon Geyer	
	Department of Agricultural and Applied Economics,
	Virginia Polytechnic Institute,
	Blacksburg
Washington William Poolon	University of Washington C41-
William Resler	
West Virginia	
Tom McConnell	
117.	west viigina Olliveisity
Wisconsin Phil Harris	University of Wissensin Madis
Phil Harris	
	1,14415011