

The background of the entire page is a photograph of a lush green cornfield. The corn plants are in the foreground, growing in rows. In the background, there are rolling green hills, a line of trees, and a clear blue sky with some light clouds.

BOA SAFRA AG

Soil Fertility Load Analysis for Landowners

WHY CHOOSE US



Boa Safra leverages our extensive agricultural expertise to provide the proprietary analyses and reporting on Soil Fertility Load required for landowners to claim an IRS section 180 deduction related to recently acquired farmland.

BOA SAFRA SERVICES

Boa Safra offers a turnkey service for landowners interested in claiming a deduction for fertility acquired with farmland. Our team of agronomists have extensive experience in soil science, soil sample evaluation, and fertility load analysis across the U.S.

- Development of an extensive soil sampling protocol – including essential macronutrients and micronutrients — for each field
- Detailed report of Soil Fertility Load required to claim an IRS section 180 deduction
- Collection of soil samples at an appropriate time during the crop year
- Analysis of Soil Fertility Load, determination of pre-existing soil fertility quantities and fair market value

Our detailed Soil Fertility Load Analysis Report, including soil sampling data, may be utilized for both tax planning and soil fertility planning purposes.

FARMLAND QUALIFICATIONS

Only qualifying farmland transactions are permitted to claim pre-existing Soil Fertility Load as a deduction for agricultural production. The following table outlines common situations allowed or unallowed.

ALLOWED

- Acquired after 12-31-1958
- Purchased, exchanged or inherited
- Land use — such as crop production, pasture grazing, or other — must utilize existing soil nutrient fertility

NOT ALLOWED

- Land received as a gift
- Land enrolled in certain government conservation programs, including the Conservation Reserve Program (CRP)



APPLICATION OF IRS SECTION 180

The Internal Revenue Service code has provisions which may allow landowners of newly acquired land to treat the Residual Fertility present in the soil at the time of purchase as a deductible cost for agricultural production.

§ 180. Expenditures by farmers for fertilizer, etc.

(a) In general

A taxpayer engaged in the business of farming may elect to treat as expenses which are not chargeable to capital account expenditures (otherwise chargeable to capital account) which are paid or incurred by him during the taxable year for the purchase or acquisition of fertilizer, lime, ground limestone, marl, or other materials to enrich, neutralize, or condition land used in farming, or for the application of such materials to such land. The expenditures so treated shall be allowed as a deduction.

FREQUENTLY ASKED QUESTIONS

What is Boa Safra Ag, LLC?

Boa Safra Ag, was founded by a team of Ag professionals to assist landowners evaluate the presence and value of farmland soil fertility. Our sampling and analytical protocols leverage deep soil science capabilities as well as soil sampling and soil analysis organizations widely recognized as industry leaders.

When can an IRS Section 180 Tax Deduction be filed?

Typically, an IRS section 180 tax deduction is filed in tax year the land is purchased. However, opportunities exist for filing an amended tax return to be filed up to 3 years after the land was acquired. Ideally, soil sampling is conducted prior to or shortly after the land is purchased — and prior to additional fertilizer applications.

What are the benefits of deducting soil nutrient values?

Landowners may realize tax savings by deducting the value of pre-existing soil fertility. The actual savings are determined by the value of the Residual Fertility Load and the applicable landowner tax rate. Deductions must be determined by the landowner with support from their CPA or tax advisor.



LET'S TALK

TOGETHER WE WILL:

- Review recent farmland acquisitions to determine if each parcel's Fertility Load could qualify as an IRS section 180 deduction
- Answer your questions about Boa Safra Services and the potential tax planning benefits
- Develop a plan for your farmland Residual Soil Fertility analysis

Contact Boa Safra for a FREE consultation today!



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DISCLAIMER

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