

Understanding a Farm Income Tax Return

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Disclaimer

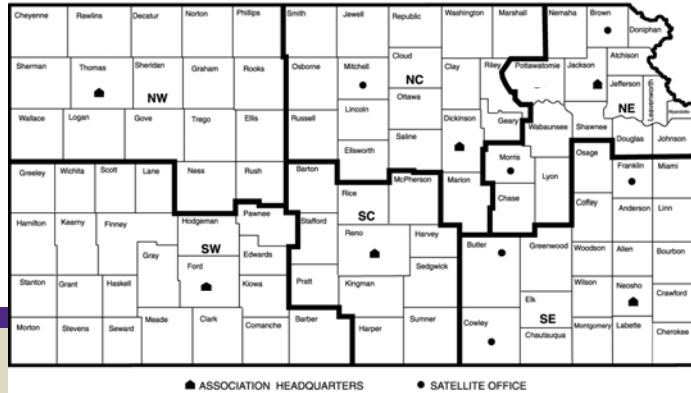
- This presentation is for educational purposes and none of what is presented should be considered formal legal or tax advice
- Always consult with a trusted professional in a specific individual situation



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Kansas Farm Management Association

- KSU Ag Economics employs 24 Extension Ag Economists in 11 offices throughout the state
 - Assist producers with:
 - Accounting
 - Accrual financial analysis
 - Enterprise analysis
 - Income tax planning
 - Transition planning
 - Estate planning
- agmanager.info/kfma



Some Initial Thoughts....

- If a tax return is part of a lending decision, consider:
 - Accuracy of accounting records – reconciled computerized accounting vs shoebox
 - Preparer effort – reviewing and verifying vs data entry
 - Preparer knowledge – some significant nuances to agricultural income tax prep
- Garbage-In-Garbage-Out



Some Initial Thoughts....

- To build wealth, in the long-run:

$$\begin{array}{rcl} \text{Net farm income} & & \text{family living expense} \\ + \text{ non-farm income} & > & + \text{ income tax liability} \\ & & + \text{ land principal payments} \end{array}$$

- Maximize after-tax dollars rather than minimize income tax liability



Individuals – Form 1040 & K-40



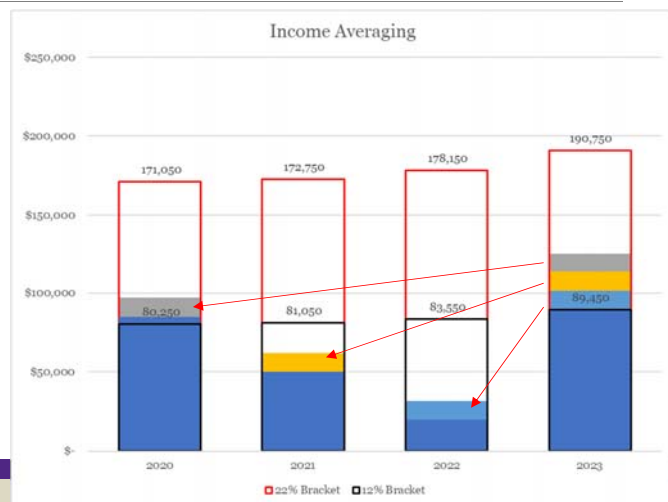
Individual - 1040

- Two primary forms to report farm income
 - Schedule F – Farm income
 - Form 4797 – Sales of business property
- Additional/supporting forms
 - Form 4562 – Depreciation (included in expenses on Schedule F)
 - Schedule SE – Self-employment tax
 - Form 7206 – Self-employed health insurance deduction
 - Schedule J – Income averaging
 - Form 8995/8995-A – Qualified business income deduction
 - Result reported on Form 1040, line 13



Individual - 1040

- Schedule J - Income Averaging
 - Equally add elected amount to three prior years and recalculate tax impact in all years to determine savings



Individual - 1040

- **Income averaging**
 - In our example return, averaging saved \$1,432 (\$4,336 – 2,904)
 - With rates scheduled to increase in 2027, potential planning opportunity by optimizing income averaging now even if there is no savings

22	Add lines 19 through 21	16,610.	Schedule D Tax	4,336.	22	1,299.
23	Tax. Subtract line 22 from line 18. Also include this amount on Form 1040, 1040-SR, or 1040-NR, line 16.				23	2,904.

Caution: Your tax may be less if you figure it using the 2023 Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet, or Schedule D Tax Worksheet. Attach Schedule J only if you are using it to figure your tax.

Schedule J (Form 1040) 2023



Individual – Kansas K-40

- Changes to Kansas tax brackets, personal exemptions, and standard deduction in 2024
- For MFJ old brackets were:
 - 3.10% \$0 to \$30,000
 - 5.25% \$30,001 to \$60,000
 - 5.70% >\$60,000
- New MFJ brackets
 - 5.20% \$0 to \$46,000
 - 5.58% >\$46,000



Individual – Kansas K-40

- Standard deduction (MFJ) increased \$240 to \$8,240
- Personal exemption was \$2,250 per person, now \$18,320 for married couple plus \$2,320 per dependent
- All Social Security is nontaxable to Kansas beginning in 2024
- In nearly all cases, income tax liability will be lower with the 2024 changes (compared to prior years)



Individual – Kansas K-40

- Kansas Expensing Deduction (election) allows additional deduction for depreciation amounts not accelerated (\$179 or bonus depreciation) via K-120EX

K-120EX 2023 KANSAS EXPENSING DEDUCTION SCHEDULE 005
Rev. 11/23 Page 1 of 7
Sch F/Form 4835 1
For the taxable year beginning 01/01/2023, ending 12/31/2023

Robert and Betty Workhorse SSN or EIN *****
EIN

Part A - Computation of Credit for this Entry

1. Expensing deduction for this entry. (Combined total from of all Part B and Part B Supplement pages, line 11x.)	11544
2. Recapture amount. (Combined total from of all Part C and Part C Supplement pages, line 12x.)	0
3. Net expensing deduction/recapture. (Subtract line 2 from line 1.)	11544
4. Ownership Percentage	1.0000
5. Financed debt/interest/expense. (Multiply line 3 by line 4.)	11544



Partnerships & LLCs (taxed as partnerships) – Form 1065 & K-120S



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Partnership – Federal 1065

- Line 23 (page 1) Ordinary business income is NOT net income
 - Excludes capital gain (raised cows) and \$179 deduction among other items

Form 1065 U.S. Return of Partnership Income			OMB No. 1545-0023
For calendar year 2023, or tax year beginning _____, 2023, ending _____, 20			2023
Go to www.irs.gov/Form1065 for instructions and the latest information.			
A Principal business activity Farming		D Employer identification no. 48-9999999	
B Principal product or service Grain	Type or Print Workhorse LLC 12345 Ranch Road Bovine Falls, KS 99999	E Date business started 1/01/2010	
C Business code number 111100		F Total assets (see instructions) \$ 3,362,275.	
G Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> First return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return			
H Check accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify): _____			
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year: _____ 2			
J Check if Schedules C and M-3 are attached: _____ <input type="checkbox"/>			
K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes			
Caution: Include only trade or business income and expenses on lines 1a through 23 below. See the instructions for more information.			
1 a Gross receipts or sales		b Less returns and allowances	Balance
2 Cost of goods sold (attach Form 1125-A)			
3 Gross profit. Subtract line 2 from line 1c			
4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			
5 Net farm profit (loss) (attach Schedule F (Form 1040))			163,921.
6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			19,933.
7 Other income (loss) (attach statement)			
8 Total income (loss). Combine lines 3 through 7			183,854.
9 Salaries and wages (other than to partners) (less employment credits)			
10 Guaranteed payments to partners			2,510.
11 Repairs and maintenance			
12 Bad debts			
13 Rent			
14 Taxes and licenses			
15 Interest (see instructions)			
16a Depreciation (if required, attach Form 4562)		16a	45,400.
b Less depreciation reported on Form 1125-A and elsewhere on return		16b	45,400.
17 Depletion (Do not deduct oil and gas depletion)			
18 Retirement plans, etc.			
19 Employee benefit programs			
20 Energy efficient commercial buildings deduction (attach Form 7205)			
21 Other deductions (attach statement)			
22 Total deductions. Add the amounts shown in the far right column for lines 9 through 21			
23 Ordinary business income (loss). Subtract line 22 from line 8			138,454.



Partnership – Federal 1065

- Character of income is maintained as it passes through to partners
- Segregation and grouping to report Schedule K-1

Form 1065 (2023) **Workhorse LLC** 48-9999999 Page 5

Schedule K Partners' Distributions		Total amount
1	Ordinary business income (loss) (page 1, line 23)	181,344.
2	Net rental real estate income (loss) (attach Form 8825)	
3a	Other gross rental income (loss)	
3b	Expenses from other rental activities (attach stmt)	
3c	Other net rental income (loss). Subtract line 3b from line 3a	
4	Guaranteed payments: a Services 2,510. b Capital	
4c	Total. Add lines 4a and 4b	2,510.
5	Interest income	1,368.
6a	Dividends and dividend equivalents: a Ordinary dividends	
6b	b Qualified dividends	
6c	c Dividend equivalents	
7	Royalties	
8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	
9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	
9b	b Collectibles (28%) gain (loss)	
9c	c Unrecaptured section 1251 gain (attach statement)	
10	Net section 1231 gain (loss) (attach Form 4797)	123,762.
11	Other income (loss) (see instructions) Type:	
12	Section 179 deduction (attach Form 4562)	160,364.
13a	Cash contributions	
13b	Noncash contributions	
13c	Investment interest expense	
13d(2)	d Section 5(e)(2) expenditure: (1) Type: (2) Amount: See Statement 1	
13e	e Other deductions (see instructions) Type:	2,510.
14a	Net earnings (loss) from self-employment	163,921.
14b	Gross farming or fishing income	787,086.
14c	Gross nonfarm income	



Partnership – Federal 1065

- Generally, overall net income on page 6, line 1

Form 1065 (2023) **Workhorse LLC** 48-9999999 Page 6

Analysis of Net Income (Loss) per Return

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13e, and 21	1	146,110.
2	Analysis by partner type:		
a	General partners	(i) Corporate	(ii) Individual (active)
b	Limited partners	(iii) Individual (passive)	(iv) Partnership
		(v) Exempt Organization	(vi) Nonresidential
			146,110.

Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		25,000.		37,700.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach stmt)				
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach stmt)				
9a Buildings and other depreciable assets	850,000.		1,051,939.	
b Less accumulated depreciation	749,000.	101,000.	918,364.	133,575.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		3,168,000.		3,168,000.
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach stmt) See St. 4		23,000.		23,000.
14 Total assets		3,317,000.		3,362,275.
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year		250,000.		214,165.
17 Other current liabilities (attach stmt)				
18 All nonrecourse loans				
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more		399,000.		384,000.
20 Other liabilities (attach stmt)				
21 Partners' capital accounts		2,668,000.		2,764,110.
22 Total liabilities and capital		3,317,000.		3,362,275.



DO NOT MAIL

Partnership – Federal 1065

- Page 6, Schedule L balance sheet required if receipts > \$250,000 or assets > \$1,000,000
 - Total assets = Total liabilities and capital
 - Complete, accurate balance sheet accounts for all dollars in and out



Form 1065 (2023) **Workhorse LLC** 48-9999999 Page 6

Analysis of Net Income (Loss) per Return

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13e, and 21						1	146,110.
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Schedule L Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		25,000.		37,700.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach stmt)				
7a Loans to partners (or persons related to partners)				
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9a Buildings and other depreciable assets	850,000.		1,051,939.	
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15 Accounts payable				
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17 Other current liabilities (attach stmt)				
18 All nonrecourse loans				
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more		399,000.		384,000.
20 Other liabilities (attach stmt)				
21 Partners' capital accounts		2,669,000.		2,764,110.
22 Total liabilities and capital		3,317,000.		3,362,275.

Partnership – Federal 1065

- \$179 depreciation deduction limits apply at both the partnership and individual level
- \$179 is reported on Form 4562, but excluded from the total on line 22



Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions)	1	1,160,000.
2 Total cost of section 179 property placed in service (see instructions)	2	236,814.
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,890,000.
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	1,160,000.
6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
See Statement 5	160,364.	
7 Listed property. Enter the amount from line 29	7	0.
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	160,364.
9 Tentative deduction. Enter the smaller of line 5 or line 8.	9	160,364.
10 Carryover of disallowed deduction from line 13 of your 2022 Form 4562	10	0.
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instrs.	11	307,816.
12 Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11.	12	160,364.
13 Carryover of disallowed deduction to 2024. Add lines 9 and 10, less line 12.	13	0.

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part III Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)

property	27.5 yrs	MM	S/L
1 Nonresidential real property	39 yrs	MM	S/L
2 property		MM	S/L

Section C – Assets Placed in Service During 2023 Tax Year Using the Alternative Depreciation System

20a Class life			S/L
b 12-year	12 yrs	MM	S/L
c 30-year	30 yrs	MM	S/L
d 40-year	40 yrs	MM	S/L

Part IV Summary (See instructions.)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations – see instructions.	22	45,400.

Partnership – Federal 1065

- \$179 is NOT reflected on Schedule F

Part I Farm Income – Cash Method. Complete Parts I and II. (Accrual method, complete Parts II and III, and Part I, line 9.)			
1a	Sales of purchased livestock and other resale items (see instructions)	1a	
b	Cost or other basis of purchased livestock or other items reported on line 1a	1b	
c	Subtract line 1b from line 1a	1c	
2	Sales of livestock, produce, grains, and other products you raised	2	785,958
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	100
3b	Taxable amount	3b	100
4a	Agricultural program payments (see instructions)	4a	
4b	Taxable amount	4b	
5a	Commodity Credit Corporation (CCC) loans reported under election	5a	
5b	CCC loans forfeited	5b	
5c	Taxable amount	5c	
6	Crop insurance proceeds and federal crop disaster payments (see instructions):		
a	Amount received in 2023	6a	
b	Taxable amount	6b	
c	If election to defer to 2024 is attached, check here <input type="checkbox"/>	6d	Amount deferred from 2022
7	Custom hire (machine work) income	7	950
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8	78
9	Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions.	9	787,086

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	
11	Chemicals	11	4,397
12	Conservation expenses (see instructions)	12	
13	Custom hire (machine work) (see instructions)	13	
14	Depreciation and section 179 expense	14	45,400
15	Employee benefit programs other than on line 23	15	
16	Feed	16	4,800
17	Fertilizers and lime	17	30,162
18	Freight and trucking	18	4,269
19	Gasoline, fuel, and oil	19	38,415
20	Interest on qualified farm indebtedness (see instructions)	20	
21	Leasehold improvements (see instructions)	21	
22	Liability insurance (see instructions)	22	
23	Pension and profit-sharing plans	23	
24	Rent or lease (see instructions):		
a	Vehicles, machinery, equipment	24a	12,500
b	Other (land, animals, etc.)	24b	6,050
25	Repairs and maintenance	25	52,263
26	Seeds and plants	26	
27	Storage and warehousing	27	
28	Supplies	28	19,494
29	Taxes	29	33,767
30	Utilities	30	12,352
31	Veterinary, breeding, and medicine	31	25,203
32	Other expenses (specify):		
a	Dues, fees	32a	24,500
b	Market fees	32b	27,000



Partnership – Federal 1065

- \$179 deduction IS accounted for on page 6, line 1

Form 1065 (2023) **Workhorse LLC** 48-9999999 Page 6

Analysis of Net Income (Loss) per Return

1	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nonresidential
1						146,110

Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		25,000		37,700
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach stmt)				
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach stmt)				
9a Buildings and other depreciable assets	850,000		1,051,939	
b Less accumulated depreciation	749,000	101,000	918,364	133,575
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		3,168,000		3,168,000
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach stmt) See St. 4		23,000		23,000
14 Total assets		3,317,000		3,362,275
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year		250,000		214,165
17 Other current liabilities (attach stmt)				
18 All nonrecourse loans				
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more		399,000		384,000
20 Other liabilities (attach stmt)				
21 Partners' capital accounts		2,668,000		2,764,110
22 Total liabilities and capital		3,317,000		3,362,275



DO NOT MAIL

Partnership – Federal 1065

- Income averaging (Schedule J) and qualified business income deduction (Form 8995/8995-A) are not calculated/don't apply at the partnership level
 - Schedule K-1 will include information needed by each partner/member to calculate on their individual return



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S-Corporations – Form 1120S & K-120S



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S-Corporation – Federal 1120S

- As with a 1065, line 22 (page 1) Ordinary business income is NOT net income
- Overall net income on page 4, line 18



Form 1120-S (2023) Workhorse S Corp, Inc 48-1111111 Page 4

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount
Other information	17a Investment income	17a 1,368.
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	See Statement 3
Reconciliation	18 Income (loss) reconciliation. Combine the total amounts on lines 1 through 10. From the result, subtract the sum of the amounts on lines 11 through 12d and 16d.	18 146,110.

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		25,000.		37,700.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach stmt)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	850,000.		1,051,939.	
b	Less accumulated depreciation	749,000.	101,000.	918,364.	133,575.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)		3,168,000.		3,168,000.
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach stmt) See St. 4		23,000.		23,000.
15	Total assets		3,317,000.		3,362,275.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year		250,000.		214,165.
18	Other current liabilities (attach stmt)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		399,000.		384,000.
21	Other liabilities (attach statement)				

S-Corporation – Federal 1120S

- §179 depreciation deduction limits apply at both the S-corp and individual level
- §179 is reported on Form 4562, but excluded from the total on line 22



Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	1,160,000.
2	Total cost of section 179 property placed in service (see instructions)	2	236,814.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,890,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	1,160,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
See Statement 5		160,364.	
7	Listed property. Enter the amount from line 29	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	160,364.
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	160,364.
10	Carryover of disallowed deduction from line 13 of your 2022 Form 4562	10	0.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instrs.	11	307,816.
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11.	12	160,364.
13	Carryover of disallowed deduction to 2024. Add lines 9 and 10, less line 12.	13	0.

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part III Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)

property	27.5 yrs	MM	S/L
1 Nonresidential real property	39 yrs	MM	S/L
		MM	S/L

Section C – Assets Placed in Service During 2023 Tax Year Using the Alternative Depreciation System

20a Class life			S/L
b 12-year	12 yrs		S/L
c 30-year	30 yrs	MM	S/L
d 40-year	40 yrs	MM	S/L

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations – see instructions.	22	45,400.

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S-Corporation – Federal 1120S

- \$179 is NOT reflected on Schedule F

Part I Farm Income – Cash Method. Complete Parts I and II. (Accrual method, Complete Parts II and III, and Part I, line 9.)			
1a	Sales of purchased livestock and other resale items (see instructions)	1a	
b	Cost or other basis of purchased livestock or other items reported on line 1a	1b	
c	Subtract line 1b from line 1a	1c	
2	Sales of livestock, produce, grains, and other products you raised	2	785,958.
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	100.
3b	Taxable amount	3b	100.
4a	Agricultural program payments (see instructions)	4a	
4b	Taxable amount	4b	
5a	Commodity Credit Corporation (CCC) loans reported under election	5a	
5b	CCC loans forfeited	5b	
5c	Taxable amount	5c	
6	Crop insurance proceeds and federal crop disaster payments (see instructions):		
a	Amount received in 2023	6a	
6b	Taxable amount	6b	
c	If election to defer to 2024 is attached, check here <input type="checkbox"/>	6d	Amount deferred from 2022
7	Custom hire (machine work) income	7	950.
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8	78.
9	Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions.	9	787,086.

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	
11	Chemicals	11	4,397.
12	Conservation expenses (see instructions)	12	
13	Custom hire (machine work)	13	
14	Depreciation and section 179 expense (see instructions)	14	45,400.
15	Employee benefit programs other than on line 23	15	
16	Feed	16	4,800.
17	Fertilizers and lime	17	30,162.
18	Freight and trucking	18	4,269.
19	Gasoline, fuel, and oil	19	38,415.
20	Interest on business debt	20	18,866.
21	Insurance	21	
22	Leasehold improvements	22	
23	Pension and profit-sharing plans	23	
24	Rent or lease (see instructions):		
a	Vehicles, machinery, equipment	24a	12,500.
b	Other (land, animals, etc.)	24b	6,050.
25	Repairs and maintenance	25	52,263.
26	Seeds and plants	26	
27	Storage and warehousing	27	
28	Supplies	28	19,494.
29	Taxes	29	33,767.
30	Utilities	30	12,352.
31	Veterinary, breeding, and medicine	31	25,203.
32	Other expenses (specify):		
a	Dues, fees	32a	24,500.
b	Market fees	32b	27,000.



S-Corporation – Federal 1120S

- \$179 deduction IS accounted for on page 4, line 18

Form 1120-S (2023) Workhorse S Corp, Inc		48-1111111		Page 4
Schedule K Shareholders' Pro Rata Share Items (continued)				
Other information	17a	Investment income	17a	1,368.
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		See Statement 3
Reconciliation	18	Income (loss) reconciliation. Combine the total amounts on lines 1 through 10. From the result, subtract the sum of the amounts on lines 11 through 12b and 16f.	18	146,110.
Schedule L Balance Sheets per Books				
		Beginning of tax year		End of tax year
Assets		(a)	(b)	(c)
1	Cash		25,000.	37,700.
2a	Trade notes and accounts receivable			
b	Less allowance for bad debts			
3	Inventories			
4	U.S. government obligations			
5	Tax-exempt securities (see instructions)			
6	Other current assets (attach stmt)			
7	Loans to shareholders			
8	Mortgage and real estate loans			
9	Other investments (attach statement)			
10a	Buildings and other depreciable assets	850,000.		1,051,939.
b	Less accumulated depreciation	749,000.	101,000.	918,364.
11a	Depletable assets			
b	Less accumulated depletion			
12	Land (net of any amortization)		3,168,000.	3,168,000.
13a	Intangible assets (amortizable only)			
b	Less accumulated amortization			
14	Other assets (attach stmt) See St. 4		23,000.	23,000.
15	Total assets		3,317,000.	3,362,275.
Liabilities and Shareholders' Equity				
16	Accounts payable			
17	Mortgages, notes, bonds payable in less than 1 year		250,000.	214,165.
18	Other current liabilities (attach stmt)			
19	Loans from shareholders			
20	Mortgages, notes, bonds payable in 1 year or more		399,000.	384,000.
21	Other liabilities (attach statement)			



Partnership & S-Corp – Kansas K-120S

- Kansas Expensing Deduction (election) allows additional deduction for depreciation amounts not accelerated (\$179 or bonus depreciation) via K-120EX

K-120EX 2023 KANSAS EXPENSING DEDUCTION SCHEDULE 005 K-120EX Page 1 156423 L

Rev. 11-23 Form 1065, Sch. F 1
For the taxable year beginning 01012023 ending 12312023

Workhorse LLC SSN or EIN *****
EIN

Part A - Computation of Credit for this Entity

1. Expensing deduction for this entity. (Combined total from of all Part B and Part B Supplement pages, line 11x.)	11544
2. Recapture amount. (Combined total from of all Part C and Part C Supplement pages, line 12x.)	0
3. Net expensing deduction/recapture. (Subtract line 2 from line 1.)	11544



Partnership & S-Corp – SALT Parity

- Election by partnership or S-corporation to pay KS income tax on behalf of partners/shareholders
 - Kansas income tax expense treated as a business deduction for federal purposes, bypassing federal SALT limitation when itemizing

K-9 2023 KANSAS STATEMENT OF PARTNERSHIP or S CORPORATE TAX PAID REPORT FOR THOSE ELECTING TO PAY INCOME TAX ON THE K-120S 005 156222

(7-22) TAX YEAR ENDING DATE OF PARTNERSHIP, S CORPORATION, LLC OR LLP 12312023

PART A – ENTITY INFORMATION

Name of Partnership, S Corporation, LLC OR LLP Workhorse LLC	Employer ID Number (EIN) 48-5555555
Street Address 12345 Ranch Road	Type of Ownership: <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> S Corporation
City Bovine Falls, KS 65555	<input type="checkbox"/> LLC <input type="checkbox"/> LLP
State KS	Other (specify):
Zip 65555	

PART B – OWNER INFORMATION

Name Robert Workhorse	Social Security Number or EIN of Owner *****
Street Address 12345 Ranch Road	Partner Type of Ownership: <input checked="" type="checkbox"/> Resident Individual
City Bovine Falls, KS 65555	<input type="checkbox"/> Nonresident Individual
State KS	<input type="checkbox"/> Fiduciary
Zip 65555	

PART C – TAXABLE INCOME INFORMATION TO BE CLAIMED ON THE K-41 OR K-40 (See instructions)

Kansas Taxable Income	Kansas Tax @ 5.7%	Nonrefundable Credits	Balance	Refundable Credits	Net Tax
67283.	3835.		3835.		3835.



How much significance do you place
on an income tax return when making
lending decisions?



KANSAS STATE
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Questions?

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