

GIFTS OF GRAIN AND LIVESTOCK

Benefits of Gifting Agricultural Commodities:

Kansas farmers and ranchers can save significant taxes by contributing commodities such as corn or cattle to their community foundation fund instead of making a cash contribution after selling the commodities.

When an agricultural producer transfers legal ownership of grain or livestock to a 501(c)(3) charitable organization such as the Grant County Community Foundation before the commodity is sold, the producer will not realize taxable income from a sale, thus minimizing taxes. The producer is still able to deduct the entire cost of the production of the commodity on the producer's Schedule F. Depending on the producer's specific circumstances, savings may be realized on federal and state income tax and self-employment tax.

For example, a gift of 1,000 bushels of corn when the market price is \$3.00 and the cost of production is \$2.00 reduces taxable income by \$3,000 (\$3/bushel). The producer still receives a deduction for the costs of production. A typical farmer who does not itemize deductions on Schedule A might reduce his federal income tax by \$150 (15% X \$1,000), his state income tax by \$60 (6% X \$1,000) and self-employment (social security) tax by \$141 (15.3% X \$1,000 X 92.35%) for a total tax estimated savings of \$351.

A producer should consult with his or her tax advisor to determine whether a contribution of commodities is appropriate to their tax situation.

The Grant County Community Foundation can help your client make a gift of commodities to benefit the a local community foundation fund and get the desired tax treatment. Most importantly: "Your client must provide written documentation to both GCCF and the grain elevator or sale barn of the transfer of title of the commodity." The Grant County Community Foundation must be in control of the sale of the commodity.

For assistance with a gift of commodities contact one of the following:

Grant County Community Foundation 620-356-4223 or Lori Deyoe 620-353-2839, 620-353-4584

This information is intended solely to inform you of a potential gift planning opportunity. The Grant County Community Foundation is not a tax advisor. You may not rely on the information contained herein for the purpose of avoiding tax penalties and you should consult your tax advisor to determine whether the information presented here is appropriate to your tax situation.



Steps to Make a Charitable Gift of Grain:

Following these specific steps will help ensure that your client receives the intended tax benefits from a gift of grain. Failure to follow these steps may result in the IRS treating the transaction as a sale by the farmer resulting in a contribution of cash, rather than as a contribution of grain. As a donor, your client should follow these steps to ensure that ownership of the gifted grain is transferred prior to sale and they receive recognition for your gift:

1. Contact one of the following to advise us that a gift is about to be made:

Grant County Community Foundation 620-356-2592 grantccf@gmail.com

Lori Deyoe 620-424-2839 620-353-4584 lorideyoe@gmail.com

2. Complete the Letter from the Producer Regarding a Gift of Grain (SEE DOCUMENT CENTER) form notifying us that your client is making a gift of grain. Indicate the quantity and type of grain being contributed and the affiliated fund (and related purpose) to which the contribution is to be directed. Send the letter to the Grant County Community Foundation, PO Box 65, Ulysses, KS 67880. GCCF can provide the treasurer's contact information.
3. When you deliver the gifted grain to the local elevator or if the grain is already in storage, tell the grain elevator to transfer the grain in the name of the Grant County Community Foundation.
4. Instruct the grain elevator to contact the Grant County Community Foundation to notify of the transfer of ownership. Because GCCF owns the grain following your gift, you may not instruct the elevator to sell it.

Steps to Make a Charitable Gift of Livestock:

Following these specific steps will help ensure that your client receives the intended tax benefits from a gift of livestock. Failure to follow these steps may result in the IRS treating the transaction as a sale by the farmer/rancher resulting in a contribution of cash, rather than as a contribution of livestock. Your client should follow these steps to insure that ownership of the gifted livestock is transferred prior to sale and he or she receives recognition for the gift:

Contact one of the following to advise us that a gift is about to be made:

Grant County Community Foundation 620-356-2592 grantccf@gmail.com

Lori Deyoe 620-424-2839 620-353-4584 lorideyoe@gmail.com

Complete the Letter from the Producer Regarding Gift of Livestock (pdf) (doc) notifying us that your client is making a gift of livestock. Indicate the quantity and type of livestock being contributed and the fund to which the contribution is directed. Send the letter to the Grant County Community Foundation, PO Box 65, Ulysses, KS 67880.

NCF will request that your client deliver the livestock to market on our behalf and will provide him or her with a completed Instructions to Sale Barn for Gifts of Livestock form (pdf) (doc).



Your client then delivers the livestock to market on our behalf and provides a copy of the Letter from the Producer Regarding Gift of Livestock and the completed Instructions to Sale Barn for Gifts of Livestock to the sale barn.

Remind the sale barn to issue the check for the sale of the livestock to the Nebraska Community Foundation and send it to the address in Step 2.

