

Taxes for Farmers

GUAM

Tax Exemptions for Farmers
Filing Schedule F with your Tax return
Bona Fide Farmer Certification
Q& A Session



Licensing and Tax Exemptions and Compliance with the Law: Guam

Per amended 5 GCA ss63801b: “Bona fide farmer means a person who is registered with the Department of Agriculture who grows for commercial purposes fruits, vegetables, ornamental plants, livestock, aquacultural products, agricultural products, or similar products, and is either (1) a U.S. Citizen,; (2) a permanent resident alien; (3) a non-immigrant alien admitted into Guam under the Compacts of Free Association between the United States and the Federated States of Micronesia the Republic of the Marshall Islands, and the Republic of Palau; (4) a resident of Guam for the immediately preceding five (5) years; or (5) a corporation or partnership licensed to do business in Guam. There shall be no requirement on the minimum size of a farm, acreage, or number of plants needed in order to register with the Department of Agriculture as a bona fide farmer...”

Per PL 63-36: farmers must obtain a Bonafide Farmer Certificate to sell. This law passed in 2021 making registering with the Guam Dept of Agriculture mandatory to sell. It also made it mandatory for Gov Guam agencies to prioritize purchase of commodities produced by Guam farmers and fishermen on the registry before any other source.

Per GCA Title 11 Div 3 Ch 70 ss 70126b: NO further business license is required for farmers to sell their WHOLE UNCUT PRODUCE SOLD IN ITS NATURAL STATE.

Per GCA Title 11 Div 3 Chapter 26, ss 26203b: farmers selling their own produce are exempt from the Business Privilege Tax (GRT).

What this means for you as a farmer:

➤ **Bonafide Farmer Exemption Certificate/Registry at Dept of Agriculture:**

- Entitles you to legally sell produce
- Gain access to multiple programs
- Qualify for grants
- Disaster relief
- qualify for tax deductions
- Water rate reductions

➤ **Business Privilege Tax (GRT) Exemption Certificate from Guam Dept of Rev & Tax:**

- Entitles you to take exemption of farming income from Gross Receipt Tax
- Entitles you to Apply for Property tax exemption for farming (if you qualify)



Guam Department of Agriculture

Division of Agricultural Development Services (ADS)
163 Dairy Road Mangilao, Guam 96913
Phone: 671-300-7973/ Nursery 671-300-7974
Website: doag.guam.gov

For Bonafide Farmer REQUIREMENTS and APPLICATION forms go to above website and select the RESOURCES tab. Select Bonafide Farmer Application & Information. You will also see the required follow up 6 month reports here that farmers must turn in to maintain their certification.

For Revenue and Tax Exemption Application go to govguamdocs.com and select Department of Revenue & Taxation under Forms by Department. Each Department of Rev & Tax is listed. You will see Business Privilege Tax near the top. The first bundle of forms is a grouping called “Application Package for Tax Exempt Organizations” –select Farmers Exemption from that list

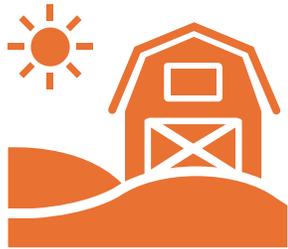
The Process: Department of Agriculture

- Fill out the application, attach required documents, turn in, get your farm inspected
- Receive your Bonafide farmer certificate from Dept of Agriculture
- (we can provide samples of prefilled applications if you need assistance)

The Process: Guam Dept of Rev & Tax

- After obtaining Bonafide farmer certificate, fill out the application, attach a copy of your Bonafide farmer certificate, turn in, wait for approval
- Receive tax exemption certificate in the mail
- (we can provide samples of prefilled applications if you need assistance)

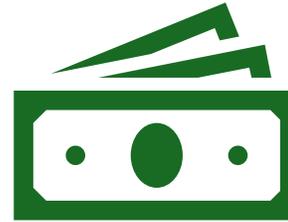
What comes next?



FARM RECORDS-

**you will need to report planting, growing, harvest, and sales records to Dept of Agriculture every 6 months to maintain certification*

Document every type of crop, fruit tree, plant, animal, or activity for which you ARE certified, or for which you want to BECOME certified. Quantities, areas planted, seeds, seedlings, plants, trees. Animals purchased, hatched, born. New plants produced, grafted, propagated, etc. See Agriculture Reporting Forms



FINANCIAL/TAX RECORDS

*you will need to track and report income and expenses for your taxes:

Although you are EXEMPT from GRT/BPT, you must still REPORT your income and claim the exemption annually on form FCN2-2-111 “Annual Information Return for Tax Exempt persons” which is filed at the GRT counter at Rev & Tax

Annually, report Schedule F on your Income Tax form, as well as Related forms: IRS Publ 587 pg 20 Deduction for Business Use of Home for Sch F, IRS form 4562 Depreciation & Amortization

SCHEDULE F (Form 1040)

Profit or Loss From Farming

OMB No. 1545-0074

Department of the Treasury Internal Revenue Service

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.

2023 Attachment Sequence No. 14

Name of proprietor Social security number (SSN)

A Principal crop or activity B Enter code from Part IV C Accounting method: Cash Accrual D Employer ID number (EIN) (see instr.)

E Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on passive losses Yes No

F Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions Yes No

G If "Yes," did you or will you file required Form(s) 1099? Yes No

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)

Table with 9 rows for Farm Income. Columns include description, sub-rows (1a, 1b, 1c, 2, 3a, 3b, 4a, 4b, 5a, 5b, 5c, 6a, 6b, 6c, 6d, 7, 8, 9), and a final column for amounts.

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

Table with 32 rows for Farm Expenses. Columns include description, sub-rows (10-22, 23-32f), and a final column for amounts.

33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions

34 Net farm profit or (loss). Subtract line 33 from line 9. If a profit, stop here and see instructions for where to report. If a loss, complete line 36.

35 Reserved for future use.

36 Check the box that describes your investment in this activity and see instructions for where to report your loss:

a All investment is at risk. b Some investment is not at risk.

COMMON FARM EXPENSES

SCHEDULE F LISTED EXPENSES	**CELLULAR PHONE
CAR & TRUCK-Gas, Insurance, Repairs, Loan Interest, Depreciation, Reg	**COMPUTERS
CHEMICALS/FERTILIZERS & LIME,	**APPS/SOFTWARE
FEED	**OFFICE SUPPLIES
INSURANCE	**INTERNET
LOAN INTEREST	**BANK CHARGES
EQUIPMENT RENTAL	**Costs Specific to your type of Farm
REPAIRS/MAINTENANCE	** ICE
SUPPLIES, SEEDS, PLANTS	**Packaging Supplies
VETERINARY COSTS	
MACHINERY & EQUIPMENT /Depreciation	**Tax Prep/Bookkeeping
HIRED LABOR	
SHIPPING/FREIGHT	
RENT/LEASE	
STORAGE/WAREHOUSING	
ANIMALS	



SAMPLE SPREADSHEETS
FOR RECORDKEEPING
AVAILABLE:



*EXPENSE, ASSET, AND
VEHICLE
RECORDKEEPING
WORKBOOK



INCLUDES MILEAGE LOG
TRACKERS



ASSET LISTING TRACKERS



INCOME/EXPENSE
TRACKERS



- Questions & Answers

THANK YOU!



National Institute of Food and Agriculture
U.S. DEPARTMENT OF AGRICULTURE

SUPPORT SERVICES AVAILABLE

Tax Consulting Services

- Individual consultations
- Bookkeeping assistance
- Receipt compilation
- Basic tax return preparation and assistance
- Licensing and Certification Assistance

RFBC BUSINESS BUILDER GRANT ASSISTANCE

Technical Assistance With:

- Application process
- Grant management preparation
- Documentation Requirements
- Grant Reporting

