

**SCHEDULE F
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

▶ Attach to Form 1040, Form 1041, Form 1065, or Form 1065-B.

▶ See Instructions for Schedule F (Form 1040).

OMB No. 1545-0074

1998

Attachment
Sequence No. **14**

Name of proprietor _____ Social security number (SSN) _____

A Principal product. Describe in one or two words your principal crop or activity for the current tax year. _____

B Enter NEW code from Part IV

D Employer ID number (EIN), if any _____

C Accounting method: (1) Cash (2) Accrual

E Did you "materially participate" in the operation of this business during 1998? If "No," see page F-2 for limit on passive losses. Yes No

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method taxpayers complete Parts II and III, and line 11 of Part I.)
Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.

1	Sales of livestock and other items you bought for resale	1			
2	Cost or other basis of livestock and other items reported on line 1	2			
3	Subtract line 2 from line 1	3			
4	Sales of livestock, produce, grains, and other products you raised	4			
5a	Total cooperative distributions (Form(s) 1099-PATR)	5a			5b Taxable amount
6a	Agricultural program payments (see page F-3)	6a			6b Taxable amount
7	Commodity Credit Corporation (CCC) loans (see page F-3):				
a	CCC loans reported under election	7a			
b	CCC loans forfeited	7b			7c Taxable amount
8	Crop insurance proceeds and certain disaster payments (see page F-3):				
a	Amount received in 1998	8a			8b Taxable amount
c	If election to defer to 1999 is attached, check here <input type="checkbox"/>	8d			8d Amount deferred from 1997
9	Custom hire (machine work) income	9			
10	Other income, including Federal and state gasoline or fuel tax credit or refund (see page F-3)	10			
11	Gross income. Add amounts in the right column for lines 3 through 10. If accrual method taxpayer, enter the amount from page 2, line 51	11			

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home.

12	Car and truck expenses (see page F-4—also attach Form 4562)	12				25	Pension and profit-sharing plans	25			
13	Chemicals	13				26	Rent or lease (see page F-6):				
14	Conservation expenses (see page F-4)	14				a	Vehicles, machinery, and equipment	26a			
15	Custom hire (machine work)	15				b	Other (land, animals, etc.)	26b			
16	Depreciation and section 179 expense deduction not claimed elsewhere (see page F-5)	16				27	Repairs and maintenance	27			
17	Employee benefit programs other than on line 25	17				28	Seeds and plants purchased	28			
18	Feed purchased	18				29	Storage and warehousing	29			
19	Fertilizers and lime	19				30	Supplies purchased	30			
20	Freight and trucking	20				31	Taxes	31			
21	Gasoline, fuel, and oil	21				32	Utilities	32			
22	Insurance (other than health)	22				33	Veterinary, breeding, and medicine	33			
23	Interest:					34	Other expenses (specify):				
a	Mortgage (paid to banks, etc.)	23a				a	.....	34a			
b	Other	23b				b	.....	34b			
24	Labor hired (less employment credits)	24				c	.....	34c			
						d	.....	34d			
						e	.....	34e			
						f	.....	34f			

35 **Total expenses.** Add lines 12 through 34f ▶ 35

36 **Net farm profit or (loss).** Subtract line 35 from line 11. If a profit, enter on Form 1040, line 18, and ALSO on Schedule SE, line 1. If a loss, you MUST go on to line 37 (estates, trusts, and partnerships, see page F-6) 36

37 If you have a loss, you MUST check the box that describes your investment in this activity (see page F-6).
 • If you checked 37a, enter the loss on Form 1040, line 18, and ALSO on Schedule SE, line 1.
 • If you checked 37b, you MUST attach Form 6198. } 37a All investment is at risk.
 37b Some investment is not at risk.

Part III Farm Income—Accrual Method (see page F-7)

Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797 and do not include this livestock on line 46 below.

38	Sales of livestock, produce, grains, and other products during the year				38		
39a	Total cooperative distributions (Form(s) 1099-PATR) | 39a |			39b	Taxable amount	39b	
40a	Agricultural program payments . . . . . | 40a |			40b	Taxable amount	40b	
41	Commodity Credit Corporation (CCC) loans:						
a	CCC loans reported under election			41a		41a	
b	CCC loans forfeited . . . . . | 41b |			41c	Taxable amount	41c	
42	Crop insurance proceeds			42		42	
43	Custom hire (machine work) income			43		43	
44	Other income, including Federal and state gasoline or fuel tax credit or refund			44		44	
45	Add amounts in the right column for lines 38 through 44			45		45	
46	Inventory of livestock, produce, grains, and other products at beginning of the year	46					
47	Cost of livestock, produce, grains, and other products purchased during the year	47					
48	Add lines 46 and 47	48					
49	Inventory of livestock, produce, grains, and other products at end of year	49					
50	Cost of livestock, produce, grains, and other products sold. Subtract line 49 from line 48*			50		50	
51	Gross income. Subtract line 50 from line 45. Enter the result here and on page 1, line 11 ▶			51		51	

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 49 is larger than the amount on line 48, subtract line 48 from line 49. Enter the result on line 50. Add lines 45 and 50. Enter the total on line 51.

Part IV Principal Agricultural Activity Codes

Caution: File **Schedule C** (Form 1040), *Profit or Loss From Business*, or **Schedule C-EZ** (Form 1040), *Net Profit From Business*, instead of Schedule F if:

- Your principal source of income is from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis, or
- You are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

These **new** codes for the Principal Agricultural Activity classify farms by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the new North American Industry Classification System (NAICS) and do not resemble prior year codes.

Select one of the following new codes and enter the six-digit number on page 1, line B:

Crop Production

- 111100 Oilseed and grain farming
- 111210 Vegetable and melon farming
- 111300 Fruit and tree nut farming

- 111400 Greenhouse, nursery, and floriculture production
- 111900 Other crop farming

Animal Production

- 112111 Beef cattle ranching and farming
- 112112 Cattle feedlots
- 112120 Dairy cattle and milk production
- 112210 Hog and pig farming
- 112300 Poultry and egg production
- 112400 Sheep and goat farming
- 112510 Animal aquaculture
- 112900 Other animal production

Forestry and Logging

- 113000 Forestry and logging (including forest nurseries and timber tracts)

