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Individual Crop Insurance: Whole Farm Revenue Protection and Micro Farm Insurance

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Overview

Agricultural producers may choose to insure revenue earned from all crops grown on their farm using federal crop insurance products known as Whole Farm Revenue Protection (WFRP) and Micro Farm (WFRP-MF). Both products insure expected revenue at the farm level but differ in the maximum amount of insurance coverage (i.e., liability) that can be purchased. These products may insure commodity grade crops such as corn, soybeans, and rice, as well as specialty crops such as peaches, tomatoes, and watermelons. Insurable enterprises may also include organic commodities, certain livestock, and other crops that are local and directly marketed. Both products are multi-peril crop insurance products in that there are multiple insurable causes of loss covered by these products. This fact sheet provides a brief description of each product, provides example calculations for a revenue guarantee, producer paid premium, and indemnity, and concludes with takeaways producers should consider when visiting with their crop insurance agent.

Whole Farm Revenue Protection (WFRP)

WFRP is a crop insurance product administered by the USDA Risk Management Agency (RMA). WFRP provides protection against the risk of farm revenue falling below some level of guaranteed revenue, which is set by the product of the chosen coverage level and average revenue over a five-year period. Average revenue is the measure used for expected revenue and is found by taking an average of revenues reported each year from a Schedule F[1] farm tax form for five recent years. For example, the expected revenue for 2023 is found by taking the average of revenue reported in 2017-2021, and the expected revenue for 2024 is found by taking the average of revenue reported in 2018-2022, and so on. WFRP liability, or the value of the revenue guarantee, is capped at $17 million, so the maximum farm approved revenue, or the maximum expected revenue, will vary across coverage levels (see Table 1).

There are eight coverage levels available to choose from, ranging

[1] See Loy and Biram (2023) for a discussion on the Schedule F tax form and to see an example Schedule F form. An example Schedule F tax form is available in Appendix C of this fact sheet.

from 50-85% in 5% increments with premium subsidy rates that decrease as the coverage level increases. Prior to the 2024 insurance year, all producers could choose the coverage levels in the 50-75% range, but producers had to insure at least three or more commodities to be eligible to enroll in the 80-85% coverage levels. Now, any producer is eligible to enroll in all eight coverage levels regardless of the number of commodities being insured. Additionally, the premium subsidy rate has increased for the 2024 insurance year and subsequent years. Prior to the 2024 insurance year, producers insuring one commodity were eligible to receive the optional premium subsidy rate and were only eligible to receive the enterprise unit[2] subsidy rate if they insured two or more qualifying commodities. Producers could also receive a higher premium subsidy rate through the whole-farm premium subsidy rate if they insured three or more qualifying[3] commodities. Now, producers who insure at least one commodity are eligible to receive the enterprise premium subsidy rate and are eligible to receive the whole-farm subsidy rate if they insure two or more qualifying commodities. See table 2 for a list of premium subsidy rates by coverage level.

Table 1. Maximum Farm Approved Revenue by Coverage Level.

COVERAGE LEVEL	MAXIMUM FARM APPROVED REVENUE (EXPECTED REVENUE)
50%	$34,000,000
55%	$30,909,091
60%	$28,333,333
65%	$26,153,846
70%	$24,285,714
75%	$22,666,667
80%	$21,250,000
85%	$20,000,000

Micro Farm (WFRP-MF)

WFRP-MF has a design like WFRP in that insurable revenue is based on revenue from multiple commodities, revenue guarantees are based on a five-year historical average, and producer premiums are eligible for the whole-farm unit premium subsidy. However, WFRP-MF only has a maximum allowable revenue of $350,000. Further, the five-year window required to establish expected revenue is different in that the most recent five years of revenue reported on the Schedule F are required rather than omitting the prior year of revenue as in WFRP. For example, expected revenue for 2024 is determined by taking the average of revenue reported in 2019-2023.

Table 2. Premium Subsidy Rates by Unit Structure and Coverage Level (2024 Insurance Year and Subsequent Years).

COVERAGE LEVEL	ENTERPRISE UNIT SUBSIDY (ONE COMMODITY)	WHOLE FARM UNIT SUBSIDY (2 OR MORE COMMODITIES)
50%	80%	80%
55%	80%	80%
60%	80%	80%
65%	80%	80%
70%	80%	80%
75%	77%	80%
80%	68%	71%
85%	53%	56%

Note: The premium subsidy rate percentages give the portion of the actuarially fair premium paid for by the federal government (see Biram, 2023).

Establishing a Revenue Guarantee Using the Schedule F

While both products require a five-year revenue history, it is important to know which revenue to report when enrolling in either WFRP or WFRP-MF. Agricultural producers wanting to purchase either of these products will need their five most recent Schedule F (Form 1040) tax forms. While there are several different commonly used IRS forms upon which farm revenue is reported (e.g., Schedule J, Schedule D, Form 4835, Form 1065, Form 1120, Form 1120-S, Form 1120-C, and Form 4797), the Schedule F is the only federal tax form acceptable to purchase WFRP or WFRP-MF. If a producer uses any form other than a Schedule F to report revenue, then a Substitute Schedule F form must be completed.

If a producer qualifies as a Beginning Farmer or Veteran Farmer or Rancher (BFR/VFR), then they may qualify to purchase these insurances with three consecutive years of revenue reported by their Schedule F tax forms, or four consecutive years if the producer qualified the year prior. If a producer was physically unable to farm in one of the five required historic years but farmed in the previous year, they may not be required to provide five consecutive years of Schedule F tax forms. Lastly, if a producer is a tax-exempt entity such as a Tribal entity, they are also exempt from providing five consecutive years of revenue reported on their Schedule F.

Below we provide an example of how expected revenue is determined for WFRP in 2024 assuming we have adequate Schedule F documentation and

[2]See Biram and Mills (2023) for a discussion on insurable unit structures in federal crop insurance.
[3]For a list of covered commodities under WFRP, see Appendix A.

assuming the producer does not qualify for BFR/VFR status. We then provide revenue guarantees by coverage level once Expected Revenue has been determined.

Five Consecutive Years of Revenue Reported by Schedule F Tax Forms:

- Year 1 (2018): $100,000
- Year 2 (2019): $85,000
- Year 3 (2020): $90,000
- Year 4 (2021): $105,000
- Year 5 (2022): $110,000

Expected Revenue (average of the five revenues given): $98,000.

Table 3. Revenue Guarantees by Coverage Level for the 2024 Insurance Year.

COVERAGE LEVEL	REVENUE GUARANTEE (COVERAGE LEVEL X EXPECTED REVENUE)
50%	$49,000
55%	$53,900
60%	$58,800
65%	$63,700
70%	$68,600
75%	$73,500
80%	$78,400
85%	$83,300

Calculating Producer Paid Premium for WFRP

The producer-paid premium for WFRP depends on the coverage level selected, the number and value of qualifying crops being insured, and the specific crops being insured. While calculating the expected revenue used to determine liability adds revenue across all qualifying crops being insured, producers must attribute the percentage of the expected revenue attributable to each crop if the value for more than one crop is being insured. Let's assume the producer, whose expected revenue we found in the previous section, grows tomatoes and watermelons that have been approved as qualifying commodities to be insured under WFRP. Each crop can be attributed to 50% of the revenue reported by the Schedule F tax forms (i.e., $49,000 for each crop in each year). Since each crop faces a different premium rate, there will be a weighted premium rate calculated based on the underlying premium rate determined by RMA and the percentage of revenue each crop makes up of the Expected Revenue.

Using crop-specific premium rates for the 85% coverage level for tomatoes and watermelons for a producer in Bradley County, Arkansas, and the percentages of revenue from above results in the following weighted premium rate.

$$\textit{Pct.Watermelon} \times \textit{Watermelon Premium Rate} \\ + \textit{Pct.Tomato} \times \textit{Tomato Premium Rate} = \\ 0.50 \times 0.2941 + 0.50 \times 0.7022 = \\ 0.147 + 0.351 = 0.498$$

We have just determined the weighted premium rate for a farm in Bradley County, Arkansas, which produces tomatoes and watermelons, both of which have been approved as qualifying commodities to be insured by WFRP. This rate will always fall between 0 and 1 and will always be a percentage. This rate can be interpreted to mean that on the average, a producer in Bradley County, Arkansas, who chooses to insure these two crops under one WFRP policy will incur nearly half of their liability (i.e., they will receive $0.498 for every $1.00 in purchased liability).

Next, we must determine the Diversity Factor, which is a percentage to be multiplied by the actuarially fair premium rate found above. The more qualifying commodities there are under the WFRP policy, the lower the Diversity Factor will be, which means the producer premium will also fall with a greater number of qualifying commodities. The Diversity Factor is determined by RMA and is between 0 and 1 and ranges from 0.41 to 1.00. The Diversity Factor is intended to incentivize diversification by insuring multiple crops at a lower producer premium rate. The producer in our example is growing two different qualifying commodities, so their Diversity Factor is 0.668 which means the actuarially fair premium rate will be reduced by 33.2% before any premium subsidy is introduced. Table 4 provides the list of Diversity Factors determined by RMA for different numbers of qualifying commodities.

Table 4. Diversity Factors for WFRP Across Different Qualifying Commodity Counts.

NUMBER OF QUALIFYING COMMODITIES	DIVERSITY FACTOR
1	1.00
2	0.668
3	0.523
4	0.474
5	0.437
6	0.412
7 or more	0.410

Now, multiply the 85% coverage level by the Expected Revenue to obtain the liability of $83,300 (see Table 3). Then, multiply the liability by the weighted premium rate, Diversity Factor, and the producer paid premium percentage (i.e., 100% - 56% = 44%). The steps for the WFRP producer premium calculation are provided below:

Steps

1. Determine Liability: Coverage Level X Expected Revenue
2. Determine the Actuarially Fair Premium (AFP): Liability X Weighted Premium Rate
3. Determine the Discounted AFP: Diversity Factor X AFP
4. Determine the Producer Premium Percentage: 100% - Premium Subsidy Rate for Chosen Coverage Level
5. Determine the Producer Paid Premium: Producer Premium Percentage X Discounted AFP

WFRP Example

1. Determine Liability: 85% X $98,000 = $83,300
2. Determine the AFP: $83,300 X 0.498 = $41,483.40
3. Determine the discounted AFP: 0.668 X $41,483.40 = $27,710.91
4. Determine the Producer Premium Percentage: 100% - 56% = 44%
5. Determine the Producer Paid Premium: 44% X $27,710.91 = $12,192.80

Additionally, if a producer qualified for a BFR/VFR discount, they would receive an additional 10% discount to their producer premium. In this example, this producer would pay $9,421.71 in premium with the BFR/VFR discount to get $83,300 in coverage.

Calculating the Producer Paid Premium for WFRP-MF

The producer-paid premium for WFRP-MF[4] is more straightforward to calculate than the producer-paid premium for WFRP because WFRP-MF does not require revenue percentages for each crop being insured under a single policy. There is only one actuarially fair premium rate for each county under WFRP-MF, which is the WFRP-MF rate determined by RMA. Importantly, these rates vary by county despite not varying by crop. Because of this design, RMA simply multiplies the actuarially fair premium rate by 1.00 to arrive at the weighted premium rate, and the Diversity Factor is fixed at 0.523, which is the Diversity Factor associated with insuring three qualifying commodities. The WFRP-MF actuarially fair premium will likely be different than the WFRP premium rate for most crops. The steps for calculating the WFRP-MF producer premium are provided below:

WFRP-MF Example

1. Determine Liability: 85% X $98,000 = $83,300
2. Determine the AFP: $83,300 X 0.436 = $36,318.80
3. Determine the discounted AFP: 0.523 X $36,318.80 = $18,994.73
4. Determine the Producer Premium Percentage: 100% - 56% = 44%
5. Determine the Producer Paid Premium: 44% X $18,994.73 = $8,357.68

Note the lower actuarially fair premium rate of 0.436 for WFRP-MF in this example compared to 0.498 for WFRP in the previous example. Also note the lower Diversity Factor of 0.523 for WFRP-MF compared to 0.668 in the previous example. The producer premium is $3,865.22 (i.e., 32%) lower for WFRP-MF than for WFRP.

Producers who qualify for the BFR/VFR discount are also eligible to receive the 10% discount to their producer premium under WFRP-MF. The producer premium for a producer qualifying for BFR/VFR in this example would be $6,434.95 to get $83,300 in coverage.

Determining Indemnities to be Received

At the end of the insurance year and after a producer has filed taxes for their operation, a producer must work with an insurance adjuster from the insurance company they purchased the WFRP or WFRP-MF policy from to complete the Allowable Revenue Worksheet (ARW) form. The ARW is a form that is required to be completed and shows which commodities are allowed from the farm tax forms and what adjustments are necessary. The ARW is also used to determine an insurance applicant's allowable revenue for each year in the whole-farm history period. Information required to complete the ARW is taken directly from the applicant's Schedule F tax form.

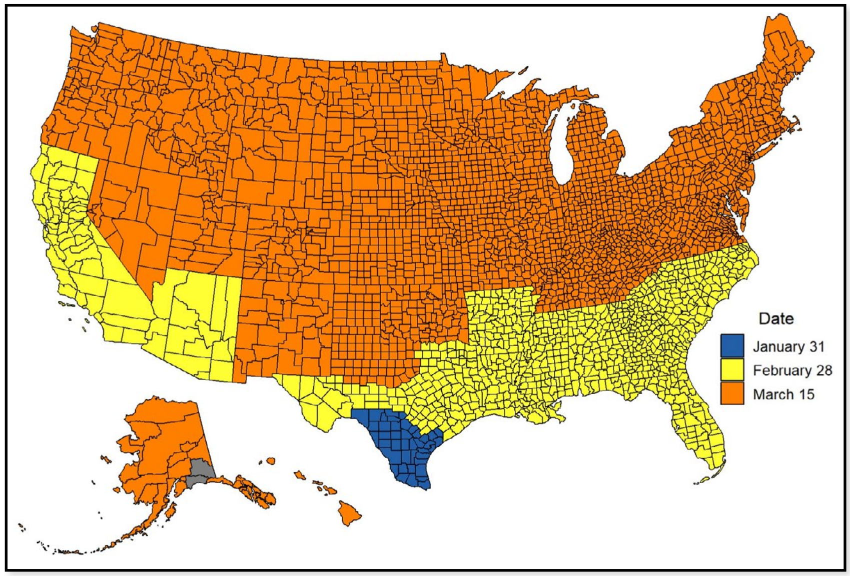
The ARW lists the revenue from the sales of animals and other commodities purchased for

[4] Producers can find a decision tool, developed by Dr. Hunter Biram, which determines the producer-paid premium for WFRP-MF at https://hunterbiram.shinyapps.io/MicroFarmInsurance2023/.

resale less the cost or other basis of such enterprises, which is reported on line 1c of the Schedule F. The ARW also lists revenue for the sales of animals, produce, grains, and other commodities raised by the producer (line 2 of Schedule F). It lists the proceeds from any cooperative distributions (line 3b of Schedule F) and any revenues from bartering and contracting. An example ARW can be found in Appendix B.

An indemnity for either WFRP or WFRP-MF is triggered if the Revenue to Count (RTC) is less than the underlying liability (i.e., the insured amount of revenue). The RTC is determined by line 12 of the ARW, which is completed with required information from the Schedule F. If the RTC had fallen below $83,300 in either example given above, then an indemnity would be paid to the producer net of any premium owed on the policy.

Figure 1. Whole Farm Revenue Protection and Micro Farm Sales Closing Dates (2023) Calendar Year and Early Fiscal Year Tax Filers



Source: USDA-RMA Actuarial Data Master (2023)

Author: Hunter D. Biram

Determining the Sales Closing Date

It is important to know the Sales Closing Date (SCD), which is when a premium is due for a purchased policy. Under WFRP and WFRP-MF, the SCD depends on a producer's tax year. The three different tax years recognized by these products are the Calendar Year (i.e., January 1 – December 31), Early Fiscal Year (e.g., August 1, 2023 – July 31, 2024), or Late Fiscal Year (e.g., September 1, 2022 – August 31, 2023). The Calendar Year is most common.

If your tax year follows the Calendar Year or Early Fiscal Year, then all applicable forms must be submitted on or prior to the Sales Closing Date, which falls in the year that begins your tax year. For example, if a producer's tax year begins on January 1, 2023, then they must decide by the Sales Closing Date in 2023 for the county they plan to insure in. See Figure 1 below for a map of Sales Closing Dates for Calendar Year and Early Fiscal Year tax filers. If a producer's tax year begins on August 1, then the same rule applies. However, if a producer's tax year is the Late Fiscal Year, then all forms must be submitted on or prior to November 20 in the year prior to the policy year you plan to insure in. For example, if a producer begins their tax year on September 1, 2022, then they must submit all relevant paperwork by November 20, 2022, for coverage in the 2023 policy year.

Conclusion

This fact sheet has described the similarities and differences between two federal crop insurance products that allow a producer to insure all crops produced on the farm under one policy: WFRP and WFRP-MF. Both products provide revenue protection but face different insurance coverage limitations, premium rates, and premium discounts. Relatively larger producers with greater than $20 million in expected revenue year-over-year should consider purchasing WFRP while relatively smaller producers with less than $350,000 in expected revenue year-over-year might consider purchasing WFRP-MF. Producers should consult with their crop insurance agent to determine which product and which coverage is best for their farm.

Resources

Whole-Farm Revenue Protection Pilot Handbook (2023 and Succeeding Policy Years). https://www.rma.usda.gov/-/media/RMA/Handbooks/Coverage-Plans---18000/Whole-Farm-Revenue-Protection---18160/2023-18160-1-WFRP-Pilot-Handbook.ashx?la=en.

Whole Farm Revenue Protection National Fact Sheet. https://www.rma.usda.gov/Fact-Sheets/National-Fact-Sheets/Whole-Farm-Revenue-Protection.

Micro Farm Program National Fact Sheet. https://www.rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Micro-Farm-Program.

Whole-Farm Insurance Overview: Whole-Farm Revenue Protection (WFRP) Slideshow. https://www.rma.usda.gov/-/media/RMA/Whole-Farm-Revenue-Protection/WFRP-PowerPoint.ashx?la=en.

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Appendix A: Commodities Covered by Whole Farm Revenue Protection Products (2024 Insurance Year and Subsequent Years).

Alfalfa (Irrigated)	Celery	Grain Sorghum (Nonirrigated)	Oats (Irrigated)	Pecans (Irrigated)	Soybeans (Nonirrigated)
Alfalfa (Nonirrigated)	Christmas Trees	Grapes	Oats (Nonirrigated)	Pecans (Nonirrigated)	Spinach
Apples (Fresh Market)	Clover	Greens	Okra	Peppers (Fresh Market)	Squash Summer
Apples (Processing)	Corn (Irrigated)	Greens (Other)	Onions	Peppers (Processing)	Squash Winter
Asparagus	Corn (Nonirrigated)	Greens Collard	Onions (Green/Scallions/Spring)	Pinestraw	Strawberries
Beans, Lima	Cotton (Irrigated)	Hay (Other)	Ornamental Foliage	Plums	Sweet Cherries
Bees (Animals)	Cotton (Nonirrigated)	Hemp Fiber	Other Animal Products	Potatoes	Sweet Corn (Fresh Market)
Beets	Cotton Extra Long Staple	Hemp Flower	Other Aquaculture	Poultry	Sweet Potatoes
Berries (Other)	Cucumbers (Fresh Market)	Hemp Seed	Other Combined Direct Marketing	Pumpkins	Tart Cherries
Blackberries	Cucumbers (Processing)	Herbs	Other Crops	Radishes	Tomatillos
Blueberries	Dairy	Hogs: Farrow	Other Crops Perennial	Rice	Tomatoes (Fresh Market)
Broccoli	Eggplant	Hogs: Farrow/Finish	Other Forage Seeds	Rye	Tomatoes (Processing)
Broilers	Eggs	Hogs: Finish	Other Fruits	Safflower	Triticale
Brussel Sprouts	Fish	Honeydew	Other Live Animals	Seed (Other)	Turnips
Cabbage (Fresh Market)	Flint (Ornamental) Corn	Hops	Other Oilseed	Seed Rice Hybrid	Walnuts
Cabbage (Processing)	Flowers (Other)	Lespedeza	Other Small Grains	Seed Sesame	Watermelons
Cantaloupe	Flowers Cut	Lettuce	Other Vegetables	Seed Teff	Wheat (Irrigated)
Carrots	Forage Production	Melons (Other)	Peaches (Fresh Market)	Sheep: Ewe/Lamb	Wheat (Nonirrigated)
Cattle: Cow-Calf	Fresh Nectarines	Millet	Peaches (Processing)	Sheep: Feedlot	Wild Rice
Cattle: Feedlot	Garlic	Mustard	Peanuts (Irrigated)	Sheep: Stocker/Feeder	
Cattle: Stocker/Feeder	Gourds	Nectarines	Peanuts (Nonirrigated)	Southern Peas	
Cauliflower	Grain Sorghum (Irrigated)	Nursery Field Grown and Container	Pears	Soybeans (Irrigated)	

Appendix B: Allowable Revenue Worksheet Example

Allowable Revenue Worksheet

1. Producer Information: I.M. Insured Person Type: Individual Box 1 Anytown, USA, 11111 Phone: 999.999.9999	2. Policy Number: XXXXXX 4. Tax Year: 2023	3. State/County: Michigan/Van Buren		
5. Adjustment Codes: A = Schedule F income specifically excluded B = Cost of post-production operations C = Co-op distributions not directly related	G = Net gain from commodity hedges H = Not directly related to production I = Other			
6. Schedule F Part I (cash) or III (accrual) Revenue	7. Schedule F Line Number	8. Amount on Schedule F	9. Revenue Adjustment Amount and Code	10. Allowable Revenue Per Item
a. Sales of animals and other resale items, less the cost or other basis of such items	1c or 37	0	0	
b. Sales of livestock, produce, grains, and other products you raised	2 or 37	$192,400	$96,100 (B) (For S&W and packing supplies)	$96,300
c. Cooperative distributions	3b or 38b	$3,800	$3,240 (C)	$560
d. Agricultural program payments	4b or 39b	$18,200	$18,200 (A)	$0
e. Commodity Credit Corporation (CCC) loans reported under election	5a or 40a	0	0	0
f. CCC loans forfeited	5c or 40c	0	0	0
g. Crop insurance proceeds and federal crop disaster payments	6b or 41	$31,875	$31,875 (A)	0
h. Custom hire (machine work) income	7 or 42	$5,000	$5,000 (A)	0
-2i. Other income, including federal and state gasoline or fuel tax credit or refund:				
Federal and state gasoline or fuel tax credit or refund	8 or 43	$2,400	$2,400 (A)	0
Income from bartering		$200	0	$200
Payments from buyers of commodities for bypassed acreage		$1,000	0	$1,000
Payments from marketing orders		$1,000	0	$1,000
11. Total Schedule F Part I or III Revenue		$255,875	$156,815	$99,060
	12. Allowable Revenue for Tax Year			$99,060

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Appendix C: Schedule F Tax Form (Form 1040) Example

SCHEDULE F (Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Farming

Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065.
Go to *www.irs.gov/ScheduleF* for instructions and the latest information.

OMB No. 1545-0074
2022
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 2022? If "No," see instructions for limit on passive losses ☐ Yes ☐ No

F Did you make any payments in 2022 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.)

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	
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	3b Taxable amount	3b	
4a	Agricultural program payments (see instructions)	4a	4b Taxable amount	4b	
5a	Commodity Credit Corporation (CCC) loans reported under election			5a	
b	CCC loans forfeited	5b	5c Taxable amount	5c	
6	Crop insurance proceeds and federal crop disaster payments (see instructions):				
a	Amount received in 2022	6a	6b Taxable amount	6b	
c	If election to defer to 2023 is attached, check here ☐		6d Amount deferred from 2021	6d	
7	Custom hire (machine work) income			7	
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)			8	
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	

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		23	Pension and profit-sharing plans	23	
				24	Rent or lease (see instructions):		
11	Chemicals	11		a	Vehicles, machinery, equipment	24a	
12	Conservation expenses (see instructions)	12		b	Other (land, animals, etc.)	24b	
13	Custom hire (machine work)	13		25	Repairs and maintenance	25	
14	Depreciation and section 179 expense (see instructions)	14		26	Seeds and plants	26	
				27	Storage and warehousing	27	
15	Employee benefit programs other than on line 23	15		28	Supplies	28	
				29	Taxes	29	
16	Feed	16		30	Utilities	30	
17	Fertilizers and lime	17		31	Veterinary, breeding, and medicine	31	
18	Freight and trucking	18		32	Other expenses (specify):		
19	Gasoline, fuel, and oil	19		a		32a	
20	Insurance (other than health)	20		b		32b	
21	Interest (see instructions):			c		32c	
a	Mortgage (paid to banks, etc.)	21a		d		32d	
b	Other	21b		e		32e	
22	Labor hired (less employment credits)	22		f		32f	

33	**Total expenses.** Add lines 10 through 32f. If line 32f is negative, see instructions	33	
34	**Net farm profit or (loss).** Subtract line 33 from line 9	34	

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.

Part III Farm Income—Accrual Method (see instructions)

37	Sales of livestock, produce, grains, and other products (see instructions)	37	
38a	Cooperative distributions (Form(s) 1099-PATR) 38a ___ 38b Taxable amount	38b	
39a	Agricultural program payments 39a ___ 39b Taxable amount	39b	
40	Commodity Credit Corporation (CCC) loans:		
a	CCC loans reported under election	40a	
b	CCC loans forfeited 40b ___ 40c Taxable amount	40c	
41	Crop insurance proceeds	41	
42	Custom hire (machine work) income	42	
43	Other income (see instructions)	43	
44	Add amounts in the right column for lines 37 through 43 (lines 37, 38b, 39b, 40a, 40c, 41, 42, and 43)	44	
45	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797 45		
46	Cost of livestock, produce, grains, and other products purchased during the year 46		
47	Add lines 45 and 46 47		
48	Inventory of livestock, produce, grains, and other products at end of year 48		
49	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*	49	
50	**Gross income.** Subtract line 49 from line 44. Enter the result here and on Part I, line 9	50	

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 48 is larger than the amount on line 47, subtract line 47 from line 48. Enter the result on line 49. Add lines 44 and 49. Enter the total on line 50 and on Part I, line 9.

Part IV Principal Agricultural Activity Codes

CAUTION *Do not file Schedule F (Form 1040) to report the following.*

- *Income from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural services if your principal source of income is from providing such services. Instead, see instructions for Schedule C (Form 1040).*
- *Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead, see instructions for Schedule C (Form 1040).*
- *Income from managing a farm for a fee or on a contract basis. Instead, see instructions for Schedule C (Form 1040).*
- *Sales of livestock held for draft, breeding, sport, or dairy purposes. Instead, see instructions for Form 4797.*

These codes for the Principal Agricultural Activity classify farms by their primary activity to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the code that best identifies your primary farming activity and enter the six-digit number on 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 Aquaculture
112900 Other animal production

Forestry and Logging

113000 Forestry and logging (including forest nurseries and timber tracts)
113110 Timber tract operations
113210 Forest nurseries and gathering of forest products
113310 Logging