



FARM DEPRECIABLE ASSET VALUATION

TAKING FARMLAND INVESTING TO A DIFFERENT LEVEL

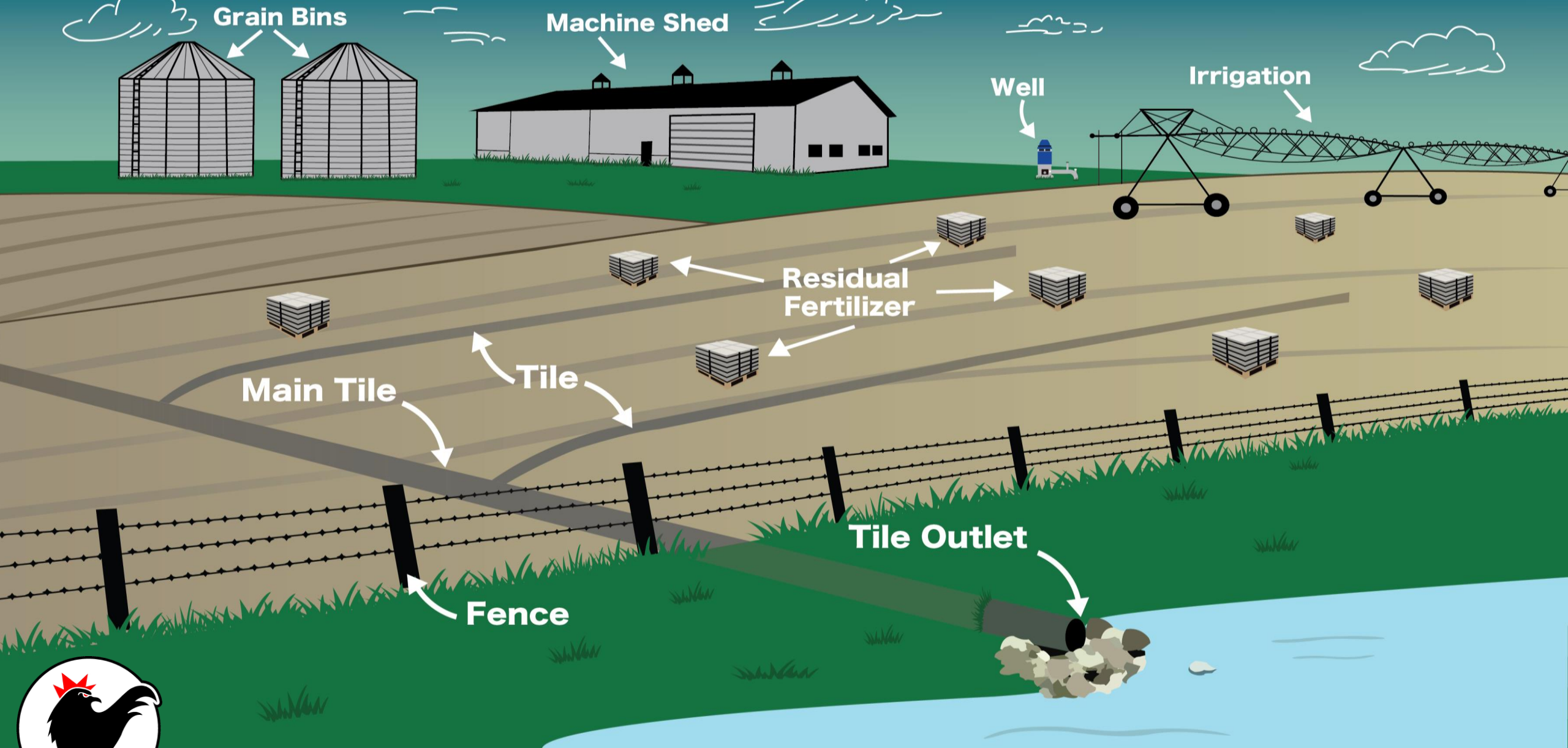
Farm Depreciable Asset Valuation

Rooster Ag' is not a soil testing lab nor soil scientists. We rely on companies like yours to supply us with soil tests identifying soil PH, P Bray 1 in lbs/per acre or ppm, K in lbs/acre or ppm, & CEC.

This data is sufficient to allow us to formulate our IRC Section 180 Residual Soil Fertility Reports based on each State's Agronomy Handbooks recommendations for optimum soil fertility levels.

According to **Internal Revenue Code Section 179 (I.R.C. §179) & 180 (I.R.C. §180)**, farmland buyers, inheritors, or recipients of gifted farmland could be eligible to deduct various depreciable farm assets, including:

- Residual Soil pH & Fertility
- Field Drainage Tile
- Grain Bins
- Farm Buildings
- Irrigation Equipment
- Wells
- Fencing



INTERNAL REVENUE CODE SECTIONS 179 & 180 FARM DEPRECIABLE ASSETS

Who Qualifies for I.R.C. §180 Depreciation?

1. If a farm is purchased, inherited or gifted (w/stepped up basis) within the last 3 tax years.
2. The buyer/recipient could not have been the farmer in the year previous to the acquisition.
3. Must have farm lease compliance. Rent must be based on crop production.
4. It is recommended for a third party with an agronomy background to produce the Farm Depreciable Asset Valuation Reports.

I.R.C. §180 Compliance Factors

1. Beneficial ownership of the residual fertilizer supply
2. The presence and extent of the residual fertilizer
3. That the residual fertilizer supply is actually being exhausted

Soil Nutrient Limestone/Fertility Data:

CEC's	Optimum Soil Levels			Tons/lbs Limestone/Fertilizer Per Acre Application to Build Soil Levels By 0.1 and 1.0 Points			Tons of Limestone Removal Rates Per Acre and lbs of Fertilizer Removal Rates Per Bushel of Corn		
	0-15	15-24	24+	0-15	15-24	24+	0-15	15-24	24+
Soil (Ph)	6.0	6.0	6.0	0.4 t	0.5 t	0.8 t	0.5 t	0.625 t	1.0 t
Potassium (K)	260	280	300	4 lb	4 lb	4 lb	0.28	0.28	0.28

(P) Supplying Power	Optimum Soil Levels			lbs of Fertilizer Per Acre Application to Build Soil Levels By 1.0 Point			lbs of Fertilizer Removal Rates Per Bushel of Corn		
	High	Med.	Low	High	Med.	Low	High	Med.	Low
Phosphorus (P)	40	45	50	9 lb	9 lb	9 lb	0.43 lb	0.43 lb	0.43 lb

In the state of Illinois Phosphorus optimum soil levels are based on a zoned map of high, medium, and low of subsoil phosphorus-supplying power. The map can be found in the Illinois Agronomy Handbook showing the recommendations per zone.

Example Farm Soil Test Levels

Soil pH/Limestone	Phosphorous (P)	Potassium (K)	CEC
7.0	82.1 lbs	555.4 lbs	12.2

Nutrient Valuation:

Residual Soil pH (Limestone), Phosphate (P) and Potassium (K) Levels							
Nutrient	Subject Farm Soil Test Levels		Optimum Levels		Residual		
Soil pH/ Limestone	7.0	-	6.0	=	1.0		
Phosphorous (P)	82.1	-	40.0	=	42.1		
Potassium (K)	555.4	-	260.0	=	295.4		
Nutrient	Residual Units		Application to Build Soil 0.1 or 1 Point / Acre		Cost of Nutrient		Value of Residual Nutrient
Soil pH/Limestone	10.00	x	0.4 t / acre	x	\$18.00 / t	=	\$72.00
Phosphorous (P)	42.1	x	9.0 lb / acre	x	\$0.67 / lb	=	\$253.86
Potassium (K)	295.4	x	4.0 lb / acre	x	\$0.60 / lb	=	\$708.96
Combined Residual Nutrient Value Per Acre							\$1,034.82
x Tillable Acres							86.6
Total Residual pH, P and K Values for Farm							\$89,615.67

\$89,615.65 x 30% Tax Bracket = \$26,884.70 in Actual Cash Tax Savings

Exhaustion Schedule:

Nutrient	Desired Soil pH for (MEY)		Optimum Soil pH Level		Industry Standard Exhaustion Time		Avg. Exhaustion Per Year
Soil pH (Limestone)	6.5	-	6.0	÷	4 years	=	1.25
	Points of Residual Soil pH		Exhaustion Ratio to Remove Soil pH 0.1 Point / Acre		Tons Removed Per Year		Residual (pH) Life Span (Years)
	10	x	0.4 t / acre	÷	0.5	=	8.00

Nutrient	Corn APH		Removal Rate Per Bushel		Pounds Removed Per Year		
Phosphorous (P)	180	x	0.43	=	77.4		
	Units of Residual P		Exhaustion Ratio to Remove Soil P 1 Point / Acre		Pounds Removed Per Year		Residual (P) Life Span (Years)
	42.1	x	9.0 lb / acre	÷	77.4	=	5

Nutrient	Corn APH		Removal Rate Per Bushel		Pounds Removed Per Year		
Potassium (K)	180	x	0.28	=	50.4		
	Units of Residual K		Exhaustion Ratio to Remove Soil K 1 Point / Acre		Pounds Removed Per Year		Residual (K) Life Span (Years)
	295.4	x	4.0 lb / acre	÷	50.4	=	23

Ready to Get Started?

IT'S AS EASY AS 1, 2, 3!

1. Schedule a soil test or provide a current test completed on or around the acquisition date.
2. Schedule a Consultation with Rooster Ag' as your third party to identify all your depreciable assets.
3. Rooster Ag' will provide detailed reports for your accountant!

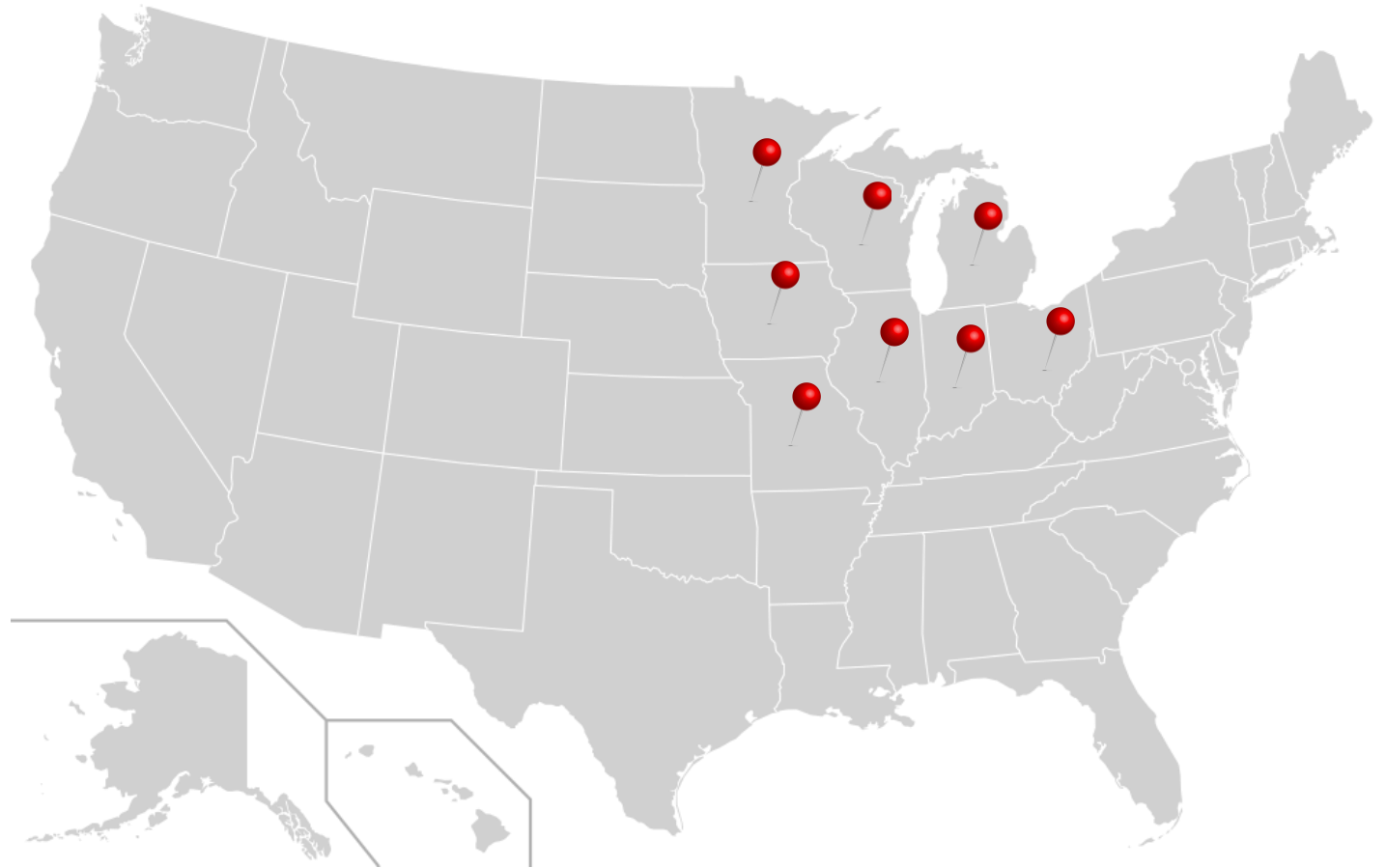
It is recommended that you check with your tax professional to confirm they are on board with the Internal Revenue Code Section 179 (I.R.C. §179) & 180 (I.R.C. §180) depreciation. Rooster Ag' will provide 3rd party reports for all Farm Depreciable Assets on your farm that you can submit to your tax professional. We follow IRS Code Section 179 & 180 and follow agronomically sound practices.

Current States

- Illinois
- Iowa
- Wisconsin

States Coming Soon

- Indiana
- Michigan
- Minnesota
- Missouri
- Ohio



FDAV Rates Per Service:

*Residual Soil Fertility Analysis	\$42.00/acre
*Drainage Tile Analysis	\$50.00/acre
*Irrigation & Well Analysis	\$40.00/acre
Grain Bin Analysis	\$850.00
Grain Facility	Needs Quote
Barns & Buildings (Up to 3)	\$850.00
Fencing Analysis	\$850.00/farm
Soil Test	\$8.00/acre
<u>Discount Package</u>	
*If any of the following services: Residual Soil Fertility, Drainage Tile, or Irrigation & Well Analysis are ordered together there will be a 15% discount applied to the combined price.	
*Other discounts may apply, please consult with Dalton Jahntz on a quote for your client.	

Certified Service Partner Opportunity

Contact

Dalton Jahntz

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THANK YOU!



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