

FARM LEASE INCOME TAX DEDUCTION PROGRAM

Advantages for Colorado Land Owner

- A Colorado State Income Tax Deduction Equal to the lesser of:
 - 20% of the value of the lease payments received
 - \$25,000 is the maximum possible
 - Taxable income in the tax year for which the credit is requested
- To be eligible to receive this credit you must be a qualified taxpayer which means a taxpayer including a partnership, S Corporation, or similar pass through entity who owns an asset located in the state.

Eligible Beginning Farmer

- Colorado resident
- Net worth of less than \$2 million
- Will provide a majority of the daily physical labor or will use asset the majority of the time.
- Plans to farm or ranch full time.
- Has been farming or ranching less than 10 years.
- Experience or education in agriculture
- Has taken an agricultural management education program approved by CADA
- Will need to complete application and include Federal Schedule F.

Other Considerations

- This is a three year program beginning January 1, 2017.
- There must be a minimum of a 3 year lease in place.
- An agricultural asset that is eligible for this credit means land, crops, livestock and livestock facilities, farm equipment and machinery, grain storage, or irrigation equipment.
- A maximum of 100 tax deductions can be issued to taxpayers each year.