

TelFarm Newsletter

Volume 22, Issue 1

Spring 2022

TelFarm Participation Awards

Congratulations to the following farms for reaching these milestones last year and thank you for working with us!



50 Years—

- Spring Lake Farms, LLC—Stanton
- Dale Stuby—Centerville
- Calvin Bodeis—Mayville

25 Years—

- Endsley's Charolais Farm—Hastings

Remembering James “Jim” Mulvany

January 22, 1934 – April 15, 2022

We have had to say good bye to Jim Mulvany, past TelFarm Center Manager and good friend to Michigan agriculture on April 15. Jim grew up on a family farm near Bellevue and served for 30 years with MSU Extension after earning his Masters Degree in Ag Economics in 1959. Jim was the TelFarm Center Manager for many of those years and retired in 1989. After retiring Jim continued to support the



TelFarm Program as a resource and was a fount of knowledge.

Jim was preceded in death by Valerie, his loving wife of 52 years. Jim and Valerie were active members of the Mason First United Methodist Church. Jim's faith was the foundation of his life and was reflected in the way he lived and loved each day.

Jim stayed in the Mason area after retirement remaining active supporting the Hayhoe Riverwalk, a walking/biking trail, and was also the Mayor of the City of Mason for a year. He continued to support area farms as an income tax preparer. The TelFarm Center always enjoyed receiving the latest version of Michigan Barn Preservation Network calendar filled with Jim's photos of barns from across Michigan.

Depreciation Alternatives Update

The TCJA tax legislation, passed in December 2017, has increased the options and confusion for depreciation of your capital purchases (machinery, equipment, buildings and improvements). The new law treats “traded in” items as a sale, at the trade allowance value, and then the full purchase cost of the acquired item, with-

out subtracting the trade-in allowance, is available for depreciation or expense election. This results in a lower Self-Employment (SE) tax, sometimes significantly, which is to your advantage, assuming you want a lower SE tax. Total taxable gain (loss) will be the same over time.

Some cooperators still need to update the Form 3 they are submitting to align with the current tax law, as trades are not allowed on machinery and equipment transactions. You can tell if your Form 3 needs updating by checking if there is still an area (columns) for the

Article continued on next page.

Depreciation Alternatives Continued

traded-in identification numbers. Please call or email us for the newer version of Form 3 if your Form 3s still have an “Indicate Trades Here” area. The updated Form 3 is also available on the TelFarm Program website at:

www.canr.msu.edu/telfarm/form-3-depreciation/ as a PDF or an Excel worksheet.

Available methods from fastest to slowest

200% Declining Balance	Method #8 (available starting in 2018)
150% Declining Balance	Method #5
Straight Line	Method #6
Alternative Depreciation System (ADS)	Method #7 (always a straight line method)

Your choices for depreciation are very flexible now, both in the recovery years and in the depreciation method. If you would like to elect out of the required use of the Alt Depreciation System (ADS), talk to your tax professional. The law requiring the use of ADS has been modified, especially for some fruit and vegetable growers.

Choose your recovery period in years (especially with machinery & equipment) and then choose your depreciation method. Enter both choices in the “Method” column on Form 3 for each purchase. Your default method, if left blank, will be the method and years used on your previous year’s depreciation schedule. You can always change your depreciation method with us until you file the return, if desired.

Machinery & Equipment Choices

5 years (available in 2018 and after)
7 years
10 years (ADS)
3 years on Semi-trucks

Building Choices vary by type

Grain Bins	7 or 10 years
Single Purpose Buildings	10 or 15 years
Tiling and drainage	15 or 20 years
General Use Buildings	20 or 25 years

Auto and Pickup Insurance Refund Taxation

We have received many calls and emails at the TelFarm office inquiring on how to enter the \$400 checks that are being distributed from the Michigan Catastrophic Claims Association to auto insurers. Michigan drivers should have received a \$400 check for each insured vehicle no later than May 9. Contact your auto/truck insurance agency if you have not received your check(s).

The determination on whether the \$400 refund is taxable or not will depend on whether the insurance premiums were be-

ing deducted as business expenses on the vehicle. Most pickups and trucks claim the insurance premiums as business expense and then it follows that the \$400 refund per vehicle would be taxable. Other non-business cars and vehicles would not view the \$400 refund as taxable income.

When entering the \$400 refund check do the following:

- If the \$400 refund is taxable, since the policy was on a pickup truck or other vehicle that was deemed a busi-

ness vehicle. The check is entered either as “Other Farm Income”, or as a negative insurance expense in the same account that the vehicle’s insurance premium expenses are entered.

- If the \$400 refund is deemed non-taxable, as the vehicle was not a business vehicle, then the check would be considered “non-farm income” using an 8xx account. It could also be entered as a negative “family living draw” in a 9xx account.

Michigan Agricultural Mediation Program

We wanted to take time to introduce you to a free service that is offered in Michigan that you may not be aware of.

From their services brochure: If you have an agricultural dispute, the Michigan Agricultural Mediation Program (MAMP) is here to help you. Since 1987, this free program has helped farmers get fast, confidential solutions without the need for litigation.



What issues can I use mediation for?

Mediation is available when issues arise between producers and creditors. It also is available for disputes between producers and USDA agencies over agricultural loans; agricultural credit; wetland determinations; compliance with farm programs, including conservation programs; crop insurance; pesticides; rural development loans; and other agriculture-related topics.

Farmers' disputes covered by this grant can range from:

- Agricultural loans
- Agricultural credit
- Wetland determinations
- Compliance with farm programs, including conservation programs
- Crop insurance
- Pesticides
- Rural development loans
- Organic certification
- Leases
- Family farm transitions
- Farmer-neighbor disputes
- Other agriculture-related topics deemed appropriate by USDA or the state department of agriculture

What is mediation?

In mediation, a neutral party (the mediator) trained in USDA issues and skilled at fostering productive discussions helps both parties work through their dispute. The mediator ensures that all participants have the opportunity for input so that everyone involved is heard.

How much does this cost?

Mediation through MAMP is provided at no cost to the participants.

The Michigan Agricultural Mediation Program offers free mediation services to Michigan farmers to resolve their disputes outside of court.

The federal Agricultural Mediation Program was enacted by Congress in 1987, to help our farmers. MAMP today can help address a wide range of agricultural challenges from loans, bankruptcy, wetland determinations, compliance issues, insurance disputes, contract issues, to family estate complications.

Learn more at MICommunityMediation.org



The TelFarm Center will be closed on Monday, July 4th

TelFarm Center

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