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For more information please contact your MU Extension Center:

Adair
(660) 665-9866
Audrain
(573) 581-3231
Boone
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Callaway
(573) 642-0755
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Northeast Missouri
Ag Connection

Your local link to MU for ag extension and research information
http://agebb.missouri.edu/agconnection

2020 Farm Income Taxes

This time of year, most farmers begin to think about income taxes. The year 2020 has been unique with COVID, the election, and a few areas of Northeast Missouri with disappointing soybean yields. Regardless of the happenings throughout the year, income taxes continue to change. Following are some of the new issues for the 2020 tax year:

(a) **1099-NEC form.** Producers who have farmed a long time, may recognize this form from many years ago. It replaces the 1099-MISC for non-employee compensation. Farm rent, veterinarians and lawyers are still reported on the 1099-MISC. The 1099-NEC should be used for work that farmers normally pay such as planting, haying, fencing, etc. Paying someone over $600 in a year who is not an employee, requires a 1099-NEC form be sent to them by January 31. Some extension offices in our region will soon have the 1099-NEC form available for a small fee. Employers must report farm wages over $150 on a W-2 and withhold calculated amounts based on the employees W-4. The employer is not responsible for any withholdings if the employee signed W-4 indicates zero exemptions.

(b) **Depreciation.** One issue affecting some farmers is depreciation on vehicles. One clarification is on pickup trucks. A common configuration for a half ton pickup is a crew cab with a short box/bed. If the box/bed is less than six feet, it must be depreciated as an SUV with the current restrictions. *(For more on depreciation, see 04/2019 issue http://agebb.missouri.edu/agconnection/newsletters/is-2019-4.php#Tax%20Issues)*

(c) **2020 COVID related payments.** This year brought several COVID related payments to producers in addition to other businesses and individuals. Here is what is known. First, the stimulus payments received ($1,200 per person or $500 per qualifying child) will not be included in gross income or need to be reported in 2020. Second, some producers received either a payroll protection program (PPP) loan or an economic injury disaster loan (EIDL). The current IRS rule states, if the loan is forgiven, then they are not included in gross income nor can they be taken as an expense. It is anticipated Congress will make additional clarifications. Loans of under $50,000 can be forgiven except if there was advanced EIDL money. Check with the lender used or contact an ag business specialist to work through the required forms for forgiveness and stay current on changes to tax implications. Third, the coronavirus food assistance program (CFAP) has had two rounds but the tax implication is the same. CFAP money received will have to be included on your 1040 Schedule F in the year received. In Missouri, the payment is considered a disaster payment and thus, not subject to Missouri income tax.

(d) **Family Labor.** Several farmers pay their children or grandchildren to help on the farm. There are rules or guidelines related to this. For example, the IRS considers direct relatives under these rules until age 24. Generally, your own children can be paid wages equal to the work accomplished. For example, an 8-year-old can do chores and be paid wages but they cannot be paid as much as a 15 or 20-year old could be paid. You must treat them as an employee and not as your child or

grandchild. Current rules state children under 18 are not subject to social security, Medicare or federal unemployment tax (FUTA). Children between 18 and 21 are subject to social security and Medicare but not FUTA. If the child is over 21, he/she is subject to all of the withholdings. It is recommended to keep a list of duties and documentation for tax preparation and the IRS.

These are just a few of the important changes. Keep up to date with additional tax law changes at: www.IRS.gov/Pub225.

Farmer's Tax Guides are available at local extension offices. Forms 1099-NEC's and 1099's are available at some county extension offices.

Credit to: Kristine Tidgren, Iowa State, Center for Ag Law and Taxation for some of the information included in the article.

Source: *Joe Koenen, ag business specialist*

Integrated Nutrient Management for Crop Production

It is a common practice among crop producers to use a blanket fertilizer application rate in their crops without soil testing. This may lead to over-fertilization in some areas and under-fertilization in others. It can cause an imbalance of nutrients and create environmental problems. An integrated plant nutrient management system is a good option to minimize these problems. This is a holistic approach for nutrient management in crop fields in which all sources of nutrients are rationally used based on the '4Rs' (right product, right rate, right time and right place) principle. This approach aims to maintain and improve soil health, increase crop productivity, improve product quality, minimize production cost and maximize the net farm return.

The fundamental concept of an integrated plant nutrient management system is proper utilization of all available sources of nutrients in order to maintain and improve soil fertility as well as soil health in the long-term. This approach also considers the environmental consequences of nutrient application, nutrient recycling, planting cover crops, utilization of crop residues and periodic soil testing to optimize nutrient utilization. This system utilizes organic matter sources such as cattle manure and crop residues to supply nutrients in pastures and crop fields. Then, apply fertilizer to meet additional nutrient requirements. The fertilizer application is based on soil fertility status, crop yield goal, crop rotation and other soil properties such as pH, organic matter content and soil texture.

There are three major components to manage in an integrated approach in this system: 1. soil, 2. crop and 3. nutrient management. In addition, environmental factors also need to be considered during planning and implementation of this approach.

Soil management involves testing the soil to determine plant nutrient availability, pH, organic matter and cation exchange capacity. After knowing the soil properties, including soil texture, managing the soil is the next step. For example, if the soil is acidic, lime application is needed to increase the soil pH which improves soil nutrient availability to the crops. If the land is sloping and soil erosion is a problem, terracing and planting cover crops help to minimize the problem. Planting cover crops after harvest is a good option not only to minimize soil erosion but also conserve soil moisture and improve soil health in the long-term. Reduced, minimum or strip tillage also reduce soil disturbance, minimize soil loss and increase soil carbon sequestration by reducing the soil respiration.

Crop management is another important component of an integrated plant nutrient management system. Crop producers set a yield goal and calculate the amount of nutrients to be removed by the crop for producing the targeted yield. After the calculation, a balance of sheet of available nutrients is prepared to determine how much fertilizer needs to be applied. Adopting crop rotations between legume and non-legume, crops with fibrous root and tap root system, or planting crops from different families helps to minimize insect-pest, disease and weed infestations. Water utilization by the crop is also optimized through residue management, planting cover crops and adopting minimum tillage under the crop management component.

Nutrient management is the most important component of this system. The nutrients needed for crop production are calculated based on soil nutrient status and internal nutrient sources. Internal nutrient sources include release of nutrients through mineralization in the soil, biological nitrogen fixation, animal manure application, utilization of cover crop and crop residue decomposition. In most of the cases, only internal sources of nutrients are not adequate to achieve the targeted yield goal. The insufficient nutrients are then applied through external sources such as fertilizers.

Protection of the environment plays a key role in this system. There are various effects of nutrients to land, water and air. The level of effect depends on the source, timing, method and amount of nutrients applied to crop fields. For example, if the recommended

amount of nitrogen fertilizer is applied to corn prior to or at planting and it is a wet year, then a significant proportion of applied nitrogen is lost through leaching and runoff into the water sources. There are two direct impacts with this loss: first, the crop will be nutrient deficit during peak growth. Second, surface and ground waters are polluted. A split application of nitrogen fertilizer, using two or more applications during the growing season, will improve crop nutrient use efficiency, increase crop productivity and minimize environmental pollution.

In summary, an integrated plant nutrient management approach is a good option to ensure nutrient inputs are in balance with plant utilization and will minimize nutrient loss into the environment.

Source: *Dhruba Dhakal, agronomy specialist*

Protecting Plants from Winter's Chill

Preparing the garden for winter marks the end of the growing season. There are several tasks that must be performed to protect plants from the harshness of winter weather. The following tips provide advice to ensure outdoor plants are protected, and indoor plants receive proper care during the holiday season.

- Holly plants can be pruned and the trimmings used in holiday decorations. Only female holly plants bear red berries, and a male holly plant must be growing nearby for pollination, if fruits are desired.
- After getting the Christmas tree home, make a fresh cut at the base of the tree for better water uptake. Place the tree in a tree reservoir and keep it filled with water. This helps keep the tree from drying out and retain the needles longer. A fresh cut, well-watered tree can last nearly four weeks in a home with proper care.
- Young, thin-barked trees like maples, are susceptible to Southwest Injury, a type of winter injury, that causes a crack on the southwest side of a tree. Wrap these trees with tree wrap for winter protection. Wire mesh fencing may also need to be placed around the trees to keep rodents away.
- Mulch strawberry beds with a 3-4 inch layer of loose straw over the plants.
- Apply mulch to bulbs, perennials and other plants once the ground freezes. Evergreen branches can be placed over bulb beds.
- Clean and oil garden tools before storing them away for winter.
- Power equipment should be winterized before storage. Change the oil and lubricate moving parts. Either drain fuel systems or mix a gas stabilizing additive into the tank.
- Heavy, wet snow can cause limb breakage. Brush heavy snow from branches of trees and shrubs in your landscape to prevent this from happening.
- Move houseplants back from cold, icy windows to prevent chilling injury. Chilling injury will appear as brown areas on the tips and margins of leaves.
- Poinsettias are a popular holiday plant which comes in many colors, with red being the traditional color. Protect newly purchased plants for the trip home as exposure to freezing temperatures for even a few moments may cause injury.
- Basic care for poinsettias includes: bright light for at least half the day; keep plants away from cold drafts and heat sources; keep the soil moist, but not soggy. Soggy soil can cause root rot and kill the plant. Most poinsettias come with a foil wrap around the pot. Be sure to punch holes in the foil to prevent soggy soil conditions. Discard any drainage.
- Water houseplants with tepid water, not cold. Cold water may shock plants.
- A lot of gardeners enjoy watching birds. Place bird feeders in the landscape and keep them filled, especially when there is heavy snow cover.

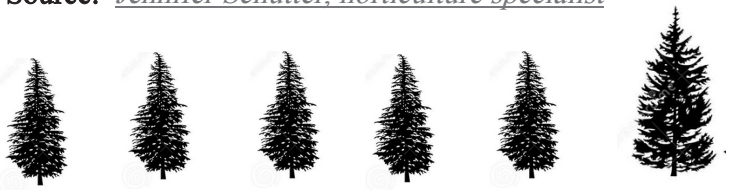
Christmas tree fun facts:

►Thomas Edison's assistant, Edward Johnson, came up with the idea of electric lights for Christmas trees in 1882. Christmas tree lights were first mass-produced in 1890.

►The first Christmas tree retail lot in the United States was started by Mark Carr in New York, in 1851.

►The most popular Christmas trees are: Scotch pine, Douglas fir, Noble fir, Fraser fir, Balsam fir, Virginia pine and White pine.

Source: *Jennifer Schutter, horticulture specialist*



The Missouri Livestock Symposium will be online in 2020

Some speakers will be live and some recorded: Dec. - Feb. Details on website www.missourilivestock.com

Private Pesticide Applicator License Certification

In order for farmers to purchase or apply restricted use pesticides on property owned or rented by them, they must have a private pesticide applicator's license. Due to the COVID-19 pandemic, farmers who need to obtain or renew a private pesticide applicator's license have two options at this time. They may participate in an online training session or they may complete a study guide using the reference manual.

Field Specialist in Agronomy are holding training sessions via zoom. Anyone can join these meetings from their home computer. Go to https://extension.missouri.edu/events and search for private pesticide applicator training to find the date and time of the next virtual training event.

Farmers unable to attend one of the zoom trainings, may complete a study guide which can be obtained from a County Extension Center or from an agronomy specialist. To complete the study guide, use the *Private Pesticide Applicator Reference Manual,* which is available for purchase at county extension centers or online at: https://extension.missouri.edu/m87

The completed study guide and appropriate application form (the new license form is a full sheet and the renewal form is a half sheet of paper) must be sent to a Field Specialist in Agronomy for review. Because MU Extension limitations of meeting face to face may change over the next few months, it is still uncertain if there will be in person trainings in 2021.

Source: *Valerie Tate, agronomy specialist*

from

Wishing you a Merry Christmas and Happy New Year!

the Northeast Missouri Ag Staff

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University of Missouri, U.S. Department of Agriculture & Local University Extension Councils Cooperating

Mary Sobba

NEMO Ag Connection is published monthly for Missouri producers.
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Please send your comments and suggestions to the editor, University of Missouri Extension, 101 N. Jefferson St., Rm 304, Mexico, MO 65265, email: sobbam@missouri.edu or call 573-581-3231.