

Taxation Tidbits
Qualified Beef Tax Credit Act
Parman R. Green, MU Extension Ag Business Mgmt. Specialist

The Missouri has a new tax credit designed to encourage cattle producers to put more weight on calves that are raised and backgrounded or finished in this state. The provisions for this credit can be found in Section 135.679 of the Missouri Revised Statutes. The short and condensed version of the statute is – producers will receive a ten cent per added pounds tax credit if they keep feeder calves on the farm and add two hundred or more pounds to their frame before selling the calves.

For tax years beginning on or after January 1, 2009 a taxpayer shall be allowed a tax credit for the first qualifying sale and for subsequent qualifying sales of all qualifying beef animals.

Qualifying animals are any beef animal that was born in Missouri after August 28, 2008, that was raised and backgrounded or finished in Missouri, excluding any beef animal more than thirty months of age.

Baseline weight is the average weight in the immediate past three years of all beef animals sold that were thirty months of age or younger, categorized by sex. Provisions are in the statute for producers that have less than three years of prior production.

Qualifying sale is the first time a qualifying beef animal is sold in Missouri after the qualifying beef animal is backgrounded, and a subsequent sale if the weight at the time of the subsequent sale is greater than the weight at the time of the first qualifying sale.

The credit is non-refundable, can be carried backward to any of the taxpayer's three previous taxable years and carried forward for 5 years. Additionally, the tax credit certificate may be assigned, transferred, sold, or otherwise conveyed.

Application for the tax credit certificate will be made annually to the Agricultural and Small Business Development Authority. Tax credit certificates shall be issued on an as-received application basis until the fiscal year limit (\$3 million) is reached.

Although the credit will not be available for this year, the MO Ag and Small Business Development Authority has established August 1, 2008 as the deadline for submitting a completed Application for Qualified Beef Animal Tax Credits Eligibility along with an application fee of fifty dollars. This application will establish eligibility for the beef tax credits for three years.

Detailed information about this tax credit and printable forms can be found at www.mda.mo.gov and clicking on "financial assistance".

Section 135.679 of the Missouri Revised Statutes can be found at:
<http://www.moga.state.mo.us/statutes/C100-199/1350000679.HTM>