



IOWA AGRICULTURAL
DEVELOPMENT DIVISION

REDUCE YOUR IOWA INCOME TAXES BY LEASING TO AN ELIGIBLE BEGINNING FARMER

IADD has two tax credit programs to assist beginning farmers. These tax credits encourage agricultural asset owners to lease to, or custom hire a beginning farmer.

Beginning Farmer Tax Credit Program (BFTC):

The Agricultural Assets Transfer Tax Credit commonly called the Beginning Farmer Tax Credit Program was enacted by the Iowa legislature as an incentive to keep land in production agriculture by allowing agricultural asset owners to earn an Iowa income tax credit for leasing to a beginning farmer. The program includes tax credits for the leasing of agricultural land, depreciable machinery or equipment, breeding livestock, and buildings. The lease must be 2-5 years in length. The asset owner receives a **7% tax credit for a cash rent lease** and a **17% tax credit for a crop share lease**, with an additional 1% for the first year if the beginning farmer is a veteran. There is a maximum credit of \$50,000 per year per taxpayer. This program also allows parents to lease their agricultural assets to their children and receive a tax credit. **The deadline to apply for 2016 BFTC tax credits is September 1, 2016.**

Custom Farming Tax Credit Program (BFCF):

The Iowa Legislature created the Custom Hire Tax Credit Program as an incentive for hiring beginning farmers. The program offers an Iowa income tax credit to anyone hiring a beginning farmer to do agricultural contract work for the production of crops or livestock in Iowa. The contract must be less than 24 months. The credit is **7% of the contract amount**, with an additional 1% for the first year if the beginning farmer is a veteran. There is a maximum credit of \$50,000 per year per taxpayer. This program does NOT permit parents to custom hire their children and receive a tax credit. The beginning farmer must provide all of the equipment and labor to complete the custom work. **The deadline to apply for 2016 tax credits is December 1, 2016.**

For more information or to get the applications visit our website at

www.IowaFinanceAuthority.gov/IADD

If you have questions call Steve Ferguson at 515-725-4928 or email

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