

Starting a Farm Business

When developing a farm business, begin with these three steps:



Develop a farm advisory team to support you and your farm. Include governmental agencies and your local Extension agent. Find more at utextension.tennessee.edu.



Write a farm business plan. A farm management specialist can assist you with this and resources are available at tiny.utk.edu/farmbusinessplan.



Establish a separate farm business checking account and financial record keeping system. Explore options at tiny.utk.edu/farmrecords.

Farm Management Extension Programs



The MANAGE team consists of Extension specialists across the state who help farm families evaluate their farm financial situation to help make informed business decisions through consultations and educational programs.



manage.tennessee.edu

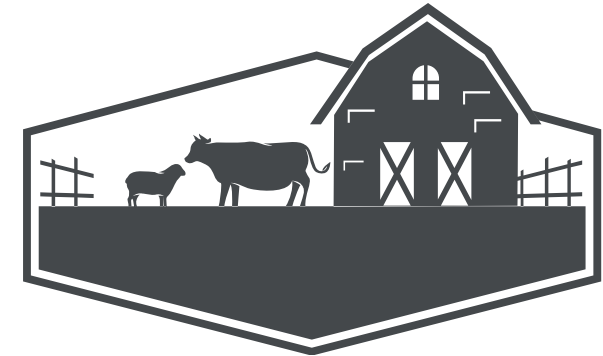


Farming Fundamentals is an online program that provides producers who are beginning a new venture in agriculture with resources and information on the essential principles needed to build a successful operation. Contact your local Extension agent to register.



The Master Farm Manager program is offered online and in-person through county Extension agents and builds upon the business principles in Farming Fundamentals to assist existing or experienced farm business managers.

Building a Farm Business



Resources to assist in developing a farm business in Tennessee



The UT Center of Farm Management facilitates Extension, Teaching, and Research programs on farm financial management.



Programs in agriculture and natural resources, 4-H youth development, family and consumer sciences, and resource development.

University of Tennessee Institute of Agriculture,

U.S. Department of Agriculture and county governments cooperating. UT Extension provides equal opportunities in programs and employment.

Is making a profit the main purpose of your farming efforts?

No- Operating a Hobby Farm:

You have a hobby farm if the goal is producing an agricultural product for your consumption or enjoyment instead of selling for profit. The Internal Revenue Service will not recognize a hobby as a farm business for tax purposes.



Yes- Operating a Farm Business:

If the aim of your operation is profitability, the Internal Revenue Service considers it to be a farm business.



According to the Farmers Tax Guide (Pub. 225), "You are in the business of farming if you cultivate, operate, or manage a farm for profit, either as owner or tenant. A farm includes livestock, dairy, poultry, fish, fruit, and truck farms. It also includes plantations, ranches, ranges, orchards, and groves."

Considerations for All Farms:

GREENBELT DESIGNATION

The Greenbelt Act allows approved property to be valued based on its present use, lowering the value of land for tax purposes. Contact the property assessor in the county where the property is located.

AGRICULTURAL TAX EXEMPTION

Qualified farmers and nursery operators may purchase tangible personal property used primarily (more than 50%) in agricultural operations exempt of sales and use tax. Apply through the TN Dept. of Revenue.

FARM INSURANCE

Seek advice from an insurance professional to identify the most suitable coverage options to protect both the owners and the business operation.

FARM NUMBER

A farm number can be obtained from your local **Farm Service Agency** and is used to identify your specific farm when applying for FSA farm loans, disaster assistance, crop insurance and conservation programs through the Natural Resources Conservation Service.

Additional Considerations for Farm Businesses:

OWNERSHIP STRUCTURE

Determine which **business structure** is best for the farm. Business structures impact taxation, rights and privileges, and liability of the owners.

FUNDING SOURCES

Evaluate various funding options including farm loans, cost-share programs and grants. Utilize your farm advisory team to learn about available funding sources and agencies.

TAX FORMS

The taxes for a farm will be submitted using a Schedule F, which is the form for reporting farming profits or losses. Seek guidance from a CPA or tax preparer.

BUSINESS LICENSE

A farm is not required to have a business license in Tennessee. Check with your County Clerk and City Municipality for local requirements.

UT Extension has an office in all 95 counties in Tennessee with an agricultural agent available to assist you.



Access the resources referenced throughout this document and find your farm management specialist by scanning the QR code or visiting:



utextensionanr.tennessee.edu



manage.tennessee.edu