Inland Revenue
Te Tari Taake

Farming income

- **Before you fill in this form read the notes on pages 3 and 4.**
- **Attach this form to your income tax return and keep a copy for your records.**

Year ended 31 March ☐☐☐☐

Your name ☐

IRD number (8 digit numbers start in the second box. `1 2 3 4 5 6 7 8`) ☐☐☐ ☐☐☐ ☐☐☐

Income (sales for cash or credit)

1 ▶ Income from livestock sales

	sheep	cattle	deer	pigs	goats	other (show type)
Number sold						
Amount	$　　．	$　　．	$　　．	$　　．	$　　．	$　　．

Add all amounts and print the total from livestock sales here $　　．

2 ▶ Livestock on hand and unsold at the end of the year

Type	Class	Number	Value per head	Total value
			$　　．	$　　．
			$　　．	$　　．
			$　　．	$　　．
			$　　．	$　　．
			$　　．	$　　．
			$　　．	$　　．
			$　　．	$　　．
			$　　．	$　　．

Add the total values and print your total unsold livestock on hand at the end of the year here $　　．

Wool

3. Number of bales sold **3 ▶** ☐　　　4. Income from wool sales **4 ▶** $　　．

5. Unsold bales on hand **5 ▶** ☐ ✕ 6. Average bale value **6A ▶** $　　． = **6 ▶** $　　．

7. Meat, hides, skins and velvet **7 ▶** $　　．

8. Grain, seeds, fruit, tobacco, hops, garden or other produce **8 ▶** $　　．

9. Dairy produce (gross amount including bonus), poultry and eggs **9 ▶** $　　．

10. Amount received for bailment of livestock or hire of plant **10 ▶** $　　．

11. Depreciation recovered on disposal of assets (including buildings) and any insurance recovery (attach details) **11 ▶** $　　．

12. **Market value** of meat, milk and other produce used for private or domestic purposes **12 ▶** $　　．

Income from sharemilking

13. Farmer's name **13 ▶** ☐　　14. Share of produce sales **14 ▶** ☐ % **15 ▶** $　　．

16. Rental value of free house and value of any rations provided **16 ▶** $　　．

17. Value of livestock or produce gifted, exchanged, transferred or disposed of by other means except sale **17 ▶** $　　．

18. Other income or sales. Print type and source **18 ▶** ☐ $　　．

19. Type of other unsold produce on hand **19 ▶** ☐ $　　．

20. Livestock revaluation income – portion of five-year spread, deferrable herd income and homebred herdstock deferrable income **20 ▶** $　　．

21. Farm income equalisation refund(s) **21 ▶** $　　．

22. Add all income amounts and print your total gross income in Box 22. Copy this amount to the top of page 2. **22** $　　．

Copy your total gross income from the bottom of page 1 to Box 22.

22 $ _____ . __

Deductions

23 ▶ Purchase of livestock

	sheep	cattle	deer	pigs	goats	other (show type)
Number purchased						
Amount	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _

Add all amounts and print the total purchases of livestock here $ _____ . __

Livestock and produce on hand and unsold at the beginning of the year

24. Value of livestock **24 ▶** $ _____ . __

25. Value of produce **25 ▶** $ _____ . __

26. Accident compensation levies paid to ACC (including any interest charged) **26 ▶** $ _____ . __

27. Animal health **27 ▶** $ _____ . __

Depreciation on farm assets

28. Buildings (attach details) **28 ▶** $ _____ . __

29. Other assets (attach a copy of the asset account) **29 ▶** $ _____ . __

30. Development expenditure **30 ▶** $ _____ . __

31. Electricity or gas (excludes private or domestic consumption) **31 ▶** $ _____ . __

32. Farm income equalisation deposit(s)—see page 4 **32 ▶** $ _____ . __

33. Freight and cartage **33 ▶** $ _____ . __

34. Fringe benefit tax **34 ▶** $ _____ . __

35. Insurance (not premiums on non-farming assets, personal life or accident premiums or levies) **35 ▶** $ _____ . __

36. Interest on money borrowed used in the business (not interest arrears or loan repayments) **36 ▶** $ _____ . __

37. Legal expenses (attach details) **37 ▶** $ _____ . __

38. Loss on disposal of assets (not buildings). Attach details of cost, sale price, purchase and sale dates. **38 ▶** $ _____ . __

39. Motor vehicle expenses **39 ▶** $ _____ . __   40. Apportionment for private use **40 ▶** $ _____ . __

41. Subtract Box 40 from Box 39. Print your answer in Box 41. **41 ▶** $ _____ . __

42. Payments to contractors (not amounts shown as wages) **42 ▶** $ _____ . __

43. Payments to sharemilkers—show details in panel below **43 ▶** $ _____ . __

44. Rations provided for employees. If estimating, maximum is $10 per week per employee. **44 ▶** $ _____ . __

45. Rent and rates (not arrears) **45 ▶** $ _____ . __

46. Repairs and maintenance (not additions or improvements to property or plant) **46 ▶** $ _____ . __

47. Seed, fertiliser and lime **47 ▶** $ _____ . __

48. Salary and wages paid for farm labour **48 ▶** $ _____ . __

49. Travelling expenses (business portion only) **49 ▶** $ _____ . __

50. Other expenses (show type) **50 ▶** _____ $ _____ . __

_____ $ _____ . __

51. Add all deduction amounts and print the total deductions in Box 51. **51** $ _____ . __

52. Subtract Box 51 from Box 22. Print your answer in Box 52. **This is your net farming income.** **52** $ _____ . __

53 ▶ Payments to sharemilkers   Payment for:

	dairy produce	bobby calves	calf-rearing	pigs	other (show type)
	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _
	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _
	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _	$ ___ . _

Notes

The information on this form is based on current tax laws at the time of printing.

If you're a farmer, but don't have full financial accounts, you may use this form instead. Partnerships, estates and sharemilkers may also use this form. Staple pages 1 and 2 of this form to the top of page 3 of your tax return.

Income

Income from livestock sales

In the spaces provided, print your total livestock sales for each type. Add up the dollar amounts and print the total in the box provided.

Livestock on hand and unsold at the end of the year

Print the type (eg. sheep), class (eg. two-tooth ewes), number, value per head and the total value of all livestock on hand. Add up the total values and print the total in the box provided.

Wool

Print the number of bales sold and the amount you sold them for in the panels provided. Then print the number of bales you've left unsold, the average bale value and the total value of bales on hand.

Other sources of income

Print the amounts you received from other sources of income in the panels provided.

Schedular payments

Don't include schedular payments on the IR 3F. Show any income with tax from schedular payments deducted in your tax return. See your tax return guide for notes about schedular payments.

Total gross income

Add up all the income amounts and print your answer in Box 22.

Deductions

Purchases of livestock

In the spaces provided, print your total livestock purchases for each type. Add up the dollar amounts and print the total in the boxes provided.

Livestock and produce on hand and unsold at the beginning of the year

Print the total value of livestock and produce on hand and unsold at the beginning of the year. These totals should be the same as the livestock and produce on hand and unsold at the end of last year.

If you're using the herd scheme to value your livestock you must use the values for the current year, unless this is the first year you are using the herd scheme.

Depreciation

The assets you use in your business will eventually wear out or go out of date. They will therefore reduce in value, even though you maintain and repair them routinely. This gradual reduction in the value of an asset is called depreciation and can be deducted from your business income. You must claim depreciation on assets which are expected to decline in value and have a lifespan of more than 12 months, unless you elect not to. Not all assets can be depreciated - land is a common example. You must keep a fixed asset register to show assets you are depreciating. Record the depreciation claimed and the adjusted tax value of each asset. The adjusted tax value is the asset's cost price less all depreciation calculated since its purchase.

Depreciation rates and calculating depreciation

The depreciation rates for various assets are set by Inland Revenue. They are based on the cost and useful life of an asset being depreciated. To find the depreciation rate for any asset and calculate the depreciation claim go to **ird.govt.nz/depreciation** Or use our booklet **General depreciation rates - IR265** available at **ird.govt.nz** or through our 0800 self-service on 0800 257 773. You can calculate depreciation either by the diminishing value or the straight line method. You don't have to use the same method for all your assets, but you must use the chosen method for the full income year. You can change the method for any asset from year to year. If you do change the method of calculating depreciation, the opening value of the asset is the current adjusted tax value, not the original cost.

Development expenditure

This relates to all expenses you've incurred in developing your property. These are usually capital items, eg, fencing posts or tractors.

Vehicle expenses

Apportion vehicle expenses between business and private use. Read the "Record keeping" notes in the next column.

Other information

Valuation of livestock

Divide all your livestock by gender, age and type, eg, divide sheep into:

– ewe hoggets
– ram and wether hoggets
– two-tooth ewes
– mixed-age ewes (rising three and four-year-olds)
– rising five years and older ewes
– mixed-age wethers
– breeding rams.

Every year the **Tax Information Bulletin (TIB)** lists livestock and their values. TIBs are available on **ird.govt.nz** or by calling us on 0800 377 774.

Farmers must use one of the following valuation methods for specified livestock for the income year.

- **Herd scheme**
  All classes of livestock can be classed under the herd scheme.

- **National standard cost scheme**
  A scheme based on the national average cost of raising livestock. Inland Revenue will provide figures for breeding, rearing and growing costs for rising one-year animals, and rearing and growing costs for rising two-year animals. Add the average cost of animals you have bought to these figures to give you the average cost of each class of livestock.

- **Self-assessed cost scheme**
  This scheme is similar to the national standard cost scheme but based on the farmer's own production costs rather than national average figures. The **Tax Information Bulletin (TIB) Vol 4, No 7 (March 1993)** describes this scheme in detail.

- **Market value or replacement price**

Balance date

If you have an approved balance date other than 31 March, work out your income and expenses for the year to that date.

Record keeping

You must keep these types of records:

- account books recording income receipts and payments
- vouchers, bank statements, invoices, receipts and other documents or papers to support the entries in the account books.

If you use your car for business and private running, you must keep a logbook for three months to apportion the business share of the running costs. Write down the:

- date
- distance travelled for each business trip
- reason for the trip.

You can use the business use percentage from the three-month logbook for the next three years, provided the business use doesn't change by more than 20%.

If you don't keep records for your vehicle, we limit your claim for expenses and depreciation to a maximum of 25%.

Keep all receipts and invoices with your records in case we ask to see them later. You must keep all your records for seven years.

GST (Goods and services tax)

When you work out the net income for your return, if you're registered for GST don't include the GST portion of your income and expenses. Show the GST on your income and expenses in your GST returns.

If you're not registered for GST, include the total income and expenses including GST, when working out the net income for your return.

Farm income equalisation scheme

The income equalisation scheme is designed to level out fluctuations in the year-to-year incomes of farming businesses.

You may deposit a sum of up to your taxable farming income for one year with Inland Revenue. Your deposit must stay in the scheme for at least 12 months and is generally tax deductible in the year you deposit it.

Deposits in the scheme for longer than 12 months earn interest at the rate of 3% per annum.

Withdrawals from the scheme are treated as taxable income in the year of withdrawal.

There are special rules for farmers affected by adverse events who want to make a withdrawal from the scheme.

More information

If you need more help call us on 0800 377 774, or read our guides **Smart business - IR320** and **Depreciation - IR260**. You can get these and this IR3F form from **ird.govt.nz**