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If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

**SCHEDULE F
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Profit or Loss From Farming

▶ Attach to Form 1040, Form 1041, Form 1065, or Form 1065-B.

▶ See Instructions for Schedule F (Form 1040).

OMB No. 1545-0074

2004

Attachment
Sequence No. **14**

Name of proprietor

Social security number (SSN)

A Principal product. Describe in one or two words your principal crop or activity for the current tax year.

B Enter code from Part IV

D Employer ID number (EIN), if any

C Accounting method: (1) Cash (2) Accrual

E Did you "materially participate" in the operation of this business during 2004? If "No," see page F-2 for limit on passive losses. Yes No

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method taxpayers complete Parts II and III, and line 11 of Part I.) Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.

1	Sales of livestock and other items you bought for resale	1			
2	Cost or other basis of livestock and other items reported on line 1	2			
3	Subtract line 2 from line 1	3			
4	Sales of livestock, produce, grains, and other products you raised	4			
5a	Total cooperative distributions (Form(s) 1099-PATR)	5a		5b Taxable amount	5b
6a	Agricultural program payments (see page F-2)	6a		6b Taxable amount	6b
7	Commodity Credit Corporation (CCC) loans (see page F-3):				
a	CCC loans reported under election	7a			
b	CCC loans forfeited	7b		7c Taxable amount	7c
8	Crop insurance proceeds and certain disaster payments (see page F-3):				
a	Amount received in 2004	8a		8b Taxable amount	8b
c	If election to defer to 2005 is attached, check here <input type="checkbox"/>	8d		8d Amount deferred from 2003	8d
9	Custom hire (machine work) income	9			
10	Other income, including Federal and state gasoline or fuel tax credit or refund (see page F-3)	10			
11	Gross income. Add amounts in the right column for lines 3 through 10. If accrual method taxpayer, enter the amount from page 2, line 51	11			

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home.

12	Car and truck expenses (see page F-4—also attach Form 4562)	12		25	Pension and profit-sharing plans	25	
13	Chemicals	13		26	Rent or lease (see page F-5):		
14	Conservation expenses (see page F-4)	14		a	Vehicles, machinery, and equipment	26a	
15	Custom hire (machine work)	15		b	Other (land, animals, etc.)	26b	
16	Depreciation and section 179 expense deduction not claimed elsewhere (see page F-4)	16		27	Repairs and maintenance	27	
17	Employee benefit programs other than on line 25	17		28	Seeds and plants purchased	28	
18	Feed purchased	18		29	Storage and warehousing	29	
19	Fertilizers and lime	19		30	Supplies purchased	30	
20	Freight and trucking	20		31	Taxes	31	
21	Gasoline, fuel, and oil	21		32	Utilities	32	
22	Insurance (other than health)	22		33	Veterinary, breeding, and medicine	33	
23	Interest:			34	Other expenses (specify):		
a	Mortgage (paid to banks, etc.)	23a		a	.....	34a	
b	Other	23b		b	.....	34b	
24	Labor hired (less employment credits)	24		c	.....	34c	
				d	.....	34d	
				e	.....	34e	
				f	.....	34f	

35 Total expenses. Add lines 12 through 34f

36 Net farm profit or (loss). Subtract line 35 from line 11. If a profit, enter on Form 1040, line 18, and also on Schedule SE, line 1. If a loss, you must go on to line 37 (estates, trusts, and partnerships, see page F-6)

37 If you have a loss, you must check the box that describes your investment in this activity (see page F-6).
 • If you checked 37a, enter the loss on Form 1040, line 18, and also on Schedule SE, line 1.
 • If you checked 37b, you must attach Form 6198.

37a All investment is at risk.
 37b Some investment is not at risk.

Part III Farm Income—Accrual Method (see page F-6)

Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797 and do not include this livestock on line 46 below.

38	Sales of livestock, produce, grains, and other products during the year	38		
39a	Total cooperative distributions (Form(s) 1099-PATR) <input type="text"/>	39b	Taxable amount	39b
40a	Agricultural program payments <input type="text"/>	40b	Taxable amount	40b
41	Commodity Credit Corporation (CCC) loans:			
a	CCC loans reported under election	41a		
b	CCC loans forfeited <input type="text"/>	41c	Taxable amount	41c
42	Crop insurance proceeds	42		
43	Custom hire (machine work) income	43		
44	Other income, including Federal and state gasoline or fuel tax credit or refund	44		
45	Add amounts in the right column for lines 38 through 44	45		
46	Inventory of livestock, produce, grains, and other products at beginning of the year	46		
47	Cost of livestock, produce, grains, and other products purchased during the year	47		
48	Add lines 46 and 47.	48		
49	Inventory of livestock, produce, grains, and other products at end of year	49		
50	Cost of livestock, produce, grains, and other products sold. Subtract line 49 from line 48*.	50		
51	Gross income. Subtract line 50 from line 45. Enter the result here and on page 1, line 11. ▶	51		

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 49 is larger than the amount on line 48, subtract line 48 from line 49. Enter the result on line 50. Add lines 45 and 50. Enter the total on line 51.

Part IV Principal Agricultural Activity Codes



File **Schedule C** (Form 1040), Profit or Loss From Business, or **Schedule C-EZ** (Form 1040), Net Profit From Business, instead of Schedule F if:

- Your principal source of income is from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis or
- You are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

These codes for the Principal Agricultural Activity classify farms by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select one of the following codes and enter the six-digit number on page 1, line B.

Crop Production

- 111100 Oilseed and grain farming
- 111210 Vegetable and melon farming

- 111300 Fruit and tree nut farming
- 111400 Greenhouse, nursery, and floriculture production
- 111900 Other crop farming

Animal Production

- 112111 Beef cattle ranching and farming
- 112112 Cattle feedlots
- 112120 Dairy cattle and milk production
- 112210 Hog and pig farming
- 112300 Poultry and egg production
- 112400 Sheep and goat farming
- 112510 Animal aquaculture
- 112900 Other animal production

Forestry and Logging

- 113000 Forestry and logging (including forest nurseries and timber tracts)