

# Keep your tax adviser involved with your plans

## FARM & FAMILY

BY MARK BALZARINI



WE OFTEN EXPRESS to our clients the importance of coordinating their estate, business and retirement plans with their tax plan. All these plans work

together, and your advisers should be working as a team for your overall planning goals.

Keeping your tax preparer involved with your attorney and financial adviser will help keep everything running smoothly.

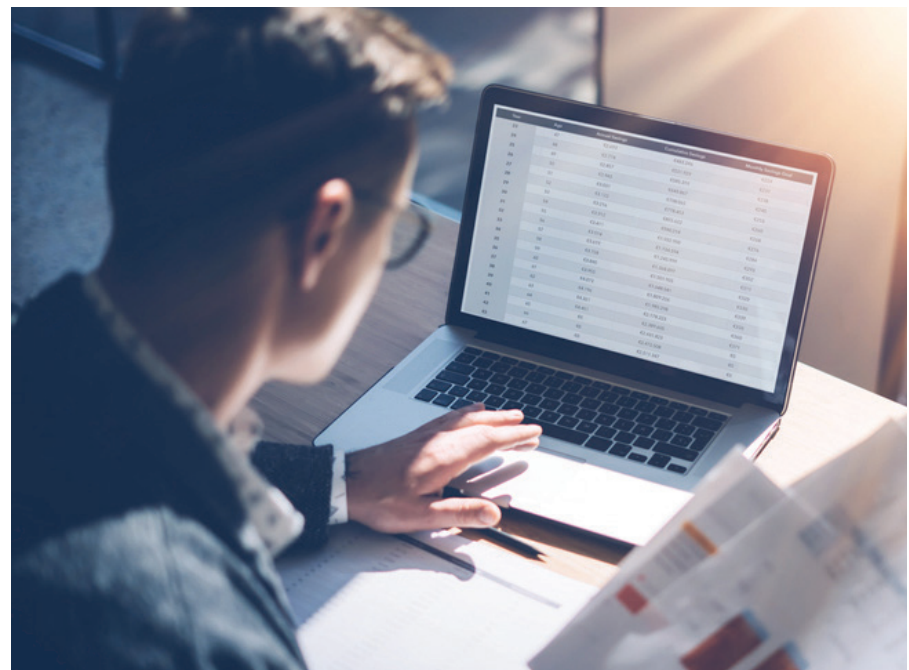
The following are a few examples of how keeping your tax professional involved will help:

**Real estate transaction.** If you are looking to sell or purchase real estate, your tax professional will be able to outline the tax consequences of the transaction. When selling, they will be able to provide the effect that capital gain and recaptured

income will have on your tax liability. For the purchaser, they will advise on the most advantageous way to structure the purchase. In particular, we have found it important to involve your tax professional when using a 1031 real estate exchange. It is important to review the depreciation schedule of buildings as there are certain types of depreciation that will not work with a 1031 exchange.

**Gifting assets.** When you are gifting assets, your tax professional will be able to analyze the type of asset you are gifting and your remaining basis in the assets. They will determine the tax consequence to both the person gifting the asset and the person receiving the asset. They will help explain carryover basis, depreciation, capital gains, and gift and estate taxes. We have found it very important to identify situations where there will be an acceleration of the recognition of capital gain when gifting assets.

**Starting a business.** When you are starting a business, your tax professional will be able to advise on whether it will be best to operate as a limited liability com-



**TEAM MEMBER:** A tax professional's knowledge of tax law can help you meet your tax obligations and reduce your taxes.

pany, a partnership or a corporation. This will affect both your personal and corporate income taxes. The proper structure will also protect from future capital gain and recaptured income.

**Retirement or selling a business.** When you are retiring or selling a business, it is important to bring your tax professional into the conversation as soon as possible. They will be able to help identify options for deferring income in the final years of business to reduce income taxes. Such

options may include funding an IRA, SEP or deferred income plans. When selling your business assets, there are options designed to reduce capital gain and recaptured income. These may include a charitable plan and lease purchase agreements. They may also advise to restructure a business to take advantage of step up in basis upon the death of a business owner.

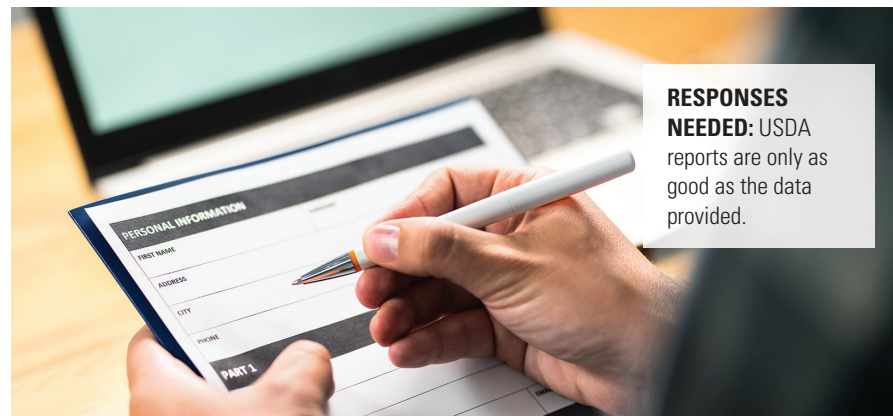
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## NASS seeks financial, cattle inventory data

THE USDA NATIONAL Agricultural Statistics Service will be seeking responses to its the third and final phase of the 2019 Agricultural Resource Management Survey (ARMS). NASS is contacting more than 36,000 producers nationwide, including 1,500 in Minnesota, between January and April.

The survey asks producers to provide in-depth information about their operating revenues, production costs and household characteristics. The 2019 survey includes a version focused on barley costs and returns.

"ARMS is the only survey that measures the current financial well-being of Minnesota producers and their households as a whole," says Dan Lofthus, Minnesota state statistician. "The results of this survey will help inform decisions



**RESPONSES NEEDED:** USDA reports are only as good as the data provided.

on local and federal policies and programs that affect Minnesota farms and farm families."

Lofthus says the survey is lengthy and that some producers may have questions.

"In February, our interviewers will begin reaching out to those farmers who have not yet responded to answer any questions they may have and help them fill out their questionnaires," Lofthus says.

NASS has safeguards in place to protect the confidentiality of all farmers who respond to its surveys. The agency will only publish data in aggregate form, ensuring the confidentiality of all responses so no individual respondent or operation can be identified.

The expense data gathered in ARMS will be published in the annual Farm Production Expenditures report on July 31. That report and others are available at [nass.usda.gov](http://nass.usda.gov).

More reports based on ARMS data, and more information about ARMS, is available at [ers.usda.gov/arms](http://ers.usda.gov/arms).

For more information, call the NASS Minnesota Field Office at 651-728-3113.

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