



United States
Department of
Agriculture

February 14, 2012

Farm and Foreign
Agricultural
Services

INFORMATIONAL MEMORANDUM: PM-12-006

Risk
Management
Agency

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

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MO 64141-6205

FROM: Tim B. Witt /s/ Tim B. Witt
Deputy Administrator

SUBJECT: Adjusted Gross Revenue and Adjusted Gross Revenue - Lite Policy
Provisions and Conformity with 2011 Schedule F (Form 1040)

BACKGROUND:

The Adjusted Gross Revenue (AGR) and Adjusted Gross Revenue - Lite (AGR-Lite) policies require information contained on the Department of the Treasury, Internal Revenue Service (IRS) farm tax form Schedule F (Form 1040) to establish the producer's allowable expenses and allowable income. In addition, certain sections of the policies reference specific line numbers from the 2005 tax year version of the Schedule F. The IRS issued the 2011 tax year version of the Schedule F with revisions, including alterations to line numbers referenced in the AGR and AGR-Lite policies.

The Risk Management Agency (RMA) conducted an analysis to determine if the 2011 revisions to the Schedule F raise any concerns, and has determined none of the changes to the Schedule F conflict with the AGR and AGR-Lite policies, with the exception of the altered line numbers. As stated in the preambles of the AGR and AGR-Lite policies; to the extent line numbers have changed, the corresponding line number for the Schedule F for the insurance year the policy is in effect will apply.

ACTION:

In accordance with the preambles of the AGR and AGR-Lite policies, the line numbers for the 2011 tax year version of the Schedule F corresponding with policy sections which reference line numbers from the 2005 tax year version are contained in the tables below. Approved Insurance Providers must use the following tables to assure proper AGR and AGR-Lite determinations effective for the 2011 insurance year.

AGR & AGR-Lite Allowable Expenses	2005 Line Number	2011 Line Number
(a) The cost or other basis of animals and other agricultural commodities you bought for resale	2	1d



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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(b) Car and truck expenses	12	10
(c) Chemicals	13	11
(d) Conservation expenses	14	12
(e) Custom hire	15	13
(f) Depreciation and section 179 expense deduction not claimed elsewhere	16	14
(g) Feed purchases	18	16
(h) Fertilizers and lime	19	17
(i) Freight and trucking	20	18
(j) Gasoline, fuel and oil	21	19
(k) Insurance (other than health)	22	20
(l) Labor hired (less employment credits)	24	22
(m) Repairs and maintenance	27	25
(n) Seeds and plants purchased	28	26
(o) Storage and warehousing	29	27
(p) Supplies purchased	30	28
(q) Utilities	32	30
(r) Veterinary, breeding, and medicine	33	31
(s) Other farm expenses	34	32

AGR & AGR-Lite Allowable Income	2005 Line Number	2011 Line Number
(a) The sales of animals, and other agricultural commodities you bought for resale less the cost or other basis of such animals or other commodities	3	1e
(b) The sales of animals, produce, grains and other agricultural commodities you raised	4	2b
(c) The taxable amount of total cooperative distributions	5b	3b
(d) Commodity Credit Corporation loans reported under election	7a	5a

(e) The taxable amount of Commodity Credit Corporation loans forfeited	7c	5c
(f) Other income, including Federal and state gasoline or fuel tax credit or refund	10	8b

DISPOSAL DATE:

Until incorporated in the Adjusted Gross Revenue Standards Handbook.