



Tax Advantages to Going Pro

Turning your gardening into a business is a dream come true. You get paid to spend do what you love, and the perks are great too – good health and lower food bills. You can also lower your tax bills because much of your gardening gear can be claimed as legitimate business expenses. Here are some tips on how to be sure you receive the tax advantages you're entitled to after you start turning your green thumb into greenbacks.

Think and talk like the IRS – The IRS allows you to deduct all of the "ordinary and necessary" expenses related to your business if you can document that you have a "reasonable expectation of earning a profit." That's easy for those who follow the SPIN system because it outlines exactly how to set a revenue target, and reach it. Typically the IRS requires that you pass the "three of five" test. As long as you produce a profit in three out of five years, the IRS will recognize your food growing as a legitimate business.

Use Schedule C – Report the income and expenses on Schedule C if you are the sole owner of the business. If you have partners, or want to explore other options, check with an accountant for guidance. Accounting fees may even be able to be deducted as well.

Know your deductions – Also check in with an accountant on what is considered to be an "ordinary and necessary" business expense. Typically they can include:

Tools	Vehicle expense	Market supplies	Cell phone
Seeds	Parking/tolls	Advertising	Bank charges
Fertilizer	Gas	Business cards	Software
Farm stand fees	Educational material		

Consider yourself a pro - The practice of market gardening has been around for generations. What is new is the size of the opportunity. According to the USDA, direct marketing of local foods is now measured in billions. What makes this industry unique is that it has very low barriers to entry - you can become part of this huge and rapidly growing industry without leaving home or your neighborhood. Once you turn your yard into cropland and start selling what you grow, you are considered a professional, and no different than any other small business owner.

Whether the economy is up or down, people have to eat. So your product will always be in demand. And, the resurgent interest in food "culture" and cooking is creating demand for both common vegetables like potatoes and carrots, as well as exotic ones that have never been offered commercially. This gives you increased pricing power and an infinite set of opportunities to differentiate yourself because artisanal niches limit competition. Maintaining a profitable business, year after year, will draw on your growing skills and ingenuity, but along with taxes, the market will always be in your favor.

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