



IRS Section 180

## Tax Deduction For Landowners



Land and Leaf Data Labs  
P.O. Box 158811  
Nashville TN 37215

# What is IRS Section 180?

§ 180. Expenditures by farmers for fertilizer, etc.

(a) In general

A taxpayer engaged in the business of farming may elect to treat as expenses which are not chargeable to capital account expenditures (otherwise chargeable to capital account) which are paid or incurred by him during the taxable year for the purchase or acquisition of fertilizer, lime, ground limestone, marl, or other materials to enrich, neutralize, or condition land used in farming, or for the application of such materials to such land. The expenditures so treated shall be allowed as a deduction.

## How Can Landowners Benefit from the IRS Section 180 Tax Deduction?

This Internal Revenue Service (IRS) code permits fertilizer nutrients contained in the soil at time of purchase, inheritance, or exchange to be claimed as a deductible input cost for agricultural production. Land and Leaf Data Labs can assist you and your CPA or Financial Advisor through the process of using this tax deduction.

## What is Land and Leaf Data Labs?

Land and Leaf Data Labs (LLDL) is a company with experts in soil testing and nutrient interpretation. LLDL analysis are accepted by the USDA, EPA, IRS, and are admissible as court evidence. LLDL associates are experienced State Extension Specialists, crop nutrition consultants, litigation consultants, expert witnesses, and co-authors of *Plant Analysis Handbook III*. LLDL analytical laboratory founders are internationally recognized soil and plant nutrition experts who provide soil, plant tissue, and water analyses.

## What Services do Land and Leaf Data Labs Provide?

Land and Leaf Data Labs (LLDL) provide agricultural landowners the Soil Nutrient Valuation reports needed to claim an IRS section 180 deduction. Generating a report includes: reviewing land parcel maps, analytical testing of soil samples, and nutrient appraisal calculations by our experts. LLDL can assist you and your CPA or Financial Advisor with how to use the Soil Nutrient Valuation for IRS filing. For more information, contact Land and Leaf Data Labs.

### What Land Qualifies?

- Land acquired after December 31, 1959.
- Land with soil nutrients that are depleted by crop production, pasture, or other uses which remove fertilizer nutrients from the soil.
- Landowner must have a basis in the land from purchase, exchange, or inheritance.
  - A deduction is allowed each time land is inherited. The basis is reset to current market values at time of transfer of ownership. This includes land that is jointly owned in which one owner dies, the surviving owner can take the deduction in the year of the transfer.

### What Land Does NOT Qualify?

- Land received as a gift (Landowner has no basis in the land).
- Land enrolled in Conservation Reserve Program (CRP). Land can be included when CRP contract expires.

## Getting Started

- 1 Contact Land and Leaf Data Labs (LLDL) to review your land holdings and qualifications for an IRS section 180 tax deduction.
- 2 Fill out an *Application for Soil Nutrient Valuation* and *Land Parcel Information* forms with the information needed to begin your evaluation. This includes legal descriptions and parcel maps for all land being evaluated.
- 3 Landowners are responsible for collecting, labeling, and shipping soil samples to a LLDL designated analytical laboratory. Refer to LLDL *Soil Sampling Procedures* for instructions on each step of this process.
- 4 LLDL will review the completed analysis, generate a Soil Nutrient Valuation, and review your report with you and your CPA or Financial Advisor for filing.

### What are Other Benefits of a Soil Nutrient Valuation?

- Soil analysis provides a comprehensive nutritional review of crop and pasture land. Land and Leaf Data Labs (LLDL) affiliate companies can provide recommendations for nutritional programs and products to improve crop performance and soil health.
- Valuation reports can be used to justify a higher sale price of the land to a buyer, since a buyer can use the IRS section 180 deduction after purchase. The new buyer will also know the fertility of each parcel for crop production or pasture use.

### Filing an IRS Section 180 Tax Deduction

- An IRS section 180 tax deduction is normally filed in the year the land is acquired. An amended tax return can be used up to 3 years after the land was acquired. For land acquired 4 years or later, an IRS Form 3115 Application for Change in Accounting Method may only be used one time and should include all land qualified to use this deduction.
- Tax savings for the landowner are determined by the tax rate and the valuation of nutrients. The actual deduction is commonly limited to 45% of the land basis, but this is to be determined by the Landowner and their CPA or Financial Advisor.
- Every tax situation is different. Consult with your CPA or Financial Advisor for what works in your specific situation.

### Tax Deductible Services

The fees paid to Land and Leaf Data Labs, as well as the cost of soil sampling and your CPA's time are all tax deductible as legitimate business expenses.

For more information on how you can benefit from the residual nutrients that are already in your soil, contact Land and Leaf Data Labs.

Disclaimer: The content herein is for informational purposes only. Land and Leaf Data Labs and its affiliates do not provide tax, legal, or accounting advice. Consult with your CPA or Financial Advisor for the suitability of these services for your particular financial situation. View full disclaimer at [www.LandandLeafDataLabs.com](http://www.LandandLeafDataLabs.com).



## Application for Soil Nutrient Valuation

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Please provide the following information in preparation of a Contract for Services.

### Contact Person(s):

Check box(es) for each person who has authority to discuss and sign the contract as landowner or on behalf of landowner. If neither, list name of signing party in "Other Information" below.

☐ Primary Contact \_\_\_\_\_  
Phone \_\_\_\_\_  
Email \_\_\_\_\_

☐ Secondary Contact \_\_\_\_\_  
Phone \_\_\_\_\_  
Email \_\_\_\_\_

☐ Other Information \_\_\_\_\_

Have you discussed the IRS section 180 tax deduction with your CPA or Financial Advisor? \_\_\_\_\_ Yes \_\_\_\_\_ No

May Land and Leaf Data Labs contact your CPA or Financial Advisor? \_\_\_\_\_ Yes \_\_\_\_\_ No

If Yes, please provide your CPA or Financial Advisor's contact information:

Name \_\_\_\_\_  
Firm \_\_\_\_\_  
Phone \_\_\_\_\_  
Email \_\_\_\_\_

**Landowner(s) - Name of Person(s) or Legal Entity:** \_\_\_\_\_

**Total Number of Parcel(s):** \_\_\_\_\_

Fill out a Land Parcel Information Sheet for each parcel.

**Total Acreage of All Parcel(s):** \_\_\_\_\_

Include all acres listed in legal description.

### Mail Contract, Soil Nutrient Appraisal, and Soil Analysis Results to:

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Street \_\_\_\_\_  
City, State, Zip Code \_\_\_\_\_

### Please send completed form to Land and Leaf Data Labs:

Mail: P.O. Box 158811, Nashville TN 37215

Email: LandandLeaf@gmail.com

Text Photo: (629) 215-9286



## Land Parcel Information

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Please fill out one sheet for each parcel to be evaluated.

**Parcel Number** \_\_\_\_\_ **of** \_\_\_\_\_.

**Location of Parcel:** (City, State) \_\_\_\_\_

**Acreage of Parcel:** \_\_\_\_\_ **Tillable Acres:** \_\_\_\_\_ **Pasture Acres:** \_\_\_\_\_ **Acres in CRP:** \_\_\_\_\_

As listed in legal description.

Land enrolled in Conservation Reserve Program (CRP) can be claimed when CRP contract expires.

**Crops Grown:** \_\_\_\_\_

### Legal Description of Parcel:

Please include map or separate sheet with legal description clearly indicated.

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**Date of Acquisition:** (Month/Year) \_\_\_\_\_

How was the land acquired: ☐ Purchased ☐ Inherited ☐ Land Exchange

Note: Land received as a gift does not qualify for an IRS section 180 tax deduction.

**Land Basis:** Per Acre \$ \_\_\_\_\_ or Total Parcel \$ \_\_\_\_\_

Basis is the cost of the land at purchase or fair market value at time of acquisition.

### Applied Fertilizer:

Have any fertilizer nutrients been soil applied to this parcel since acquisition? \_\_\_\_\_ Yes \_\_\_\_\_ No

Has the cost of the fertilizer been used as a tax deduction? \_\_\_\_\_ Yes \_\_\_\_\_ No

If Yes, check box(es) for each fertilizer nutrient.

- |                            |                             |                             |                                      |                                  |
|----------------------------|-----------------------------|-----------------------------|--------------------------------------|----------------------------------|
| <input type="checkbox"/> N | <input type="checkbox"/> Ca | <input type="checkbox"/> B  | <input type="checkbox"/> Mn          | <input type="checkbox"/> Manure  |
| <input type="checkbox"/> P | <input type="checkbox"/> Mg | <input type="checkbox"/> Cu | <input type="checkbox"/> Mo          | <input type="checkbox"/> Compost |
| <input type="checkbox"/> K | <input type="checkbox"/> Fe | <input type="checkbox"/> Zn | <input type="checkbox"/> Other _____ |                                  |

For each nutrient checked provide a Blend Ticket or the product, total lbs applied, and number of acres applied to.

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