



UNIVERSITY OF MINNESOTA  
**EXTENSION**

# Ag Business Management

*Informing farm families and ag businesses about management issues.*

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## Weather-Related Livestock Sales

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Livestock sales resulting from adverse weather conditions may be deferrable. The following discussion explains how various categories of livestock may be deferred. Always, consult with your tax advisor to evaluate your individual situation.

If you sell or exchange more livestock in a given year (including poultry) than you normally would because of a drought, flood, or other weather-related condition, you may be able to postpone reporting the gain from the additional animal sales until the following year. All of the following conditions must be met in order to qualify.

1. Your principal trade or business is farming.
2. You use the cash method of accounting.
3. You can show that, under your usual business practices, you would not have sold or exchanged the additional animals this year except for the weather related condition.

4. The weather related condition caused an area to be designated as eligible for assistance by the Federal government (Declared Federal Disaster Area).

Deferring livestock sales of animals NOT raised for breeding stock will only defer the sale into the following tax period (tax year). If your farming operation meets the above criteria, recognized gain resulting from sales of breeding livestock may also be postponed. Sales or exchanges made before an area became eligible for federal assistance qualify if the weather-related condition that caused the sale or exchange also caused the area to be designated as eligible for federal assistance. This designation can be made by the president, the Department of Agriculture, or by other federal departments or agencies.

Remember that the rules for deferral or postponing income due to disaster declaration are complicated. Always consult with your tax advisor to evaluate your individual situation.

### **Publication References:**

National Income Tax Workbook 2008  
Land Grant University Tax Education Foundation, Inc.  
College Station, TX [www.taxworkbook.com](http://www.taxworkbook.com)

2008 Farmers Tax Guide (Publication 225) [www.irs.gov](http://www.irs.gov)

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