

# GIFTS OF GRAIN

## SHARING YOUR HARVEST—*more effectively*

Cash basis farmers who harvest their crops in the fall and make their plans for spring planting may often find that making charitable gifts is a great way to do tax planning. As with all charity and tax planning, one should consult his/her financial and legal advisers—this guidance is not meant to replace one's advisers who know your entire financial picture. However, the examples offered below show that, for many farmers, at least considering a gift of grain might be the most effective way to "share your harvest."

The reasons such a gift might be advantageous are several, but the primary are:

- **Avoidance of income** to the extent of the value of the contributed grain
- Deduction of **production costs** of the grain from the past growing season
- In many cases, **avoidance of the self-employment tax** attributed to the contributed grain
- Effective **reduction of adjusted gross income**, helping reduce the basis on which tax is assessed, and allowing larger giving not limited to 50% of adjusted gross income

## PROCEDURE in the Diocese of Kansas City-St. Joseph

To accomplish a gift of grain, be sure to **contact our office at (816)714-2363 or (816)714-2359**. We can provide the necessary forms and information by which your grain elevator may transfer ownership to the diocese, your parish, school or other ministry directly prior to sale, thereby ensuring the favorable tax treatment desired by such a gift.

When the portion of grain that one wishes to donate is delivered to the elevator, give our contact information, so that we can take responsibility for the ultimate sale of the grain on the market. Upon transfer of grain for benefit of the Diocese or one's favorite ministry, parish or school, the Diocese receives and owns the grain for only a very short time and then sells it for as high a price as possible.

## SPECIFIC ADVANTAGES to the Cash Basis Farmer

<b><i>Sell Grain and Donate Cash to Charity</i></b>		<b><i>Donate Grain in Year of Production</i></b>
Value of Crop	\$ 15,000	\$ 15,000
Production Cost	<u>\$ 5,000</u>	<u>\$ 5,000</u>
<b>Net Profit</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>Less</b>		
Self-Employment Tax	\$ 1,530	—
Fed'l Inc. Tax	\$ 2,500	—
State Inc. Tax	<u>\$ 600</u>	<u>—</u>
<b>Net to Charity</b>	<b>\$ 5,370</b>	<b>\$10,000 (Sale without Deductions)</b>

**We have developed a "Deed of Gift" Form to accomplish a Gift of Grain.  
Please contact us at the numbers included above or on the Deed of Gift form.**

*And some seed fell on rich soil and produced fruit. It came up and grew and yielded thirty, sixty, and a hundredfold. Mark 4:8*

## Catholic Diocese of Kansas City-St. Joseph Gift of Grain—Deed of Gift Form

Please transfer \_\_\_\_\_ of \_\_\_\_\_  
(Number of Bushels/Units) (Type of Grain)

To: Catholic Diocese of Kansas City-St. Joseph  
Account No. Provided by Grain Elevator \_\_\_\_\_  
(If no account number yet, call to establish)

For Benefit of: \_\_\_\_\_  
(Note specific Parish, School, Ministry or Program)

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Contacts: Greg Vranicar (816-714-2363), vranicar@diocesekcsj.org or  
Kathy Sloss (816-714-2359), sloss@diocesekcsj.org

The Catholic Center  
20 W. 9th St.  
Kansas City, MO 64105

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### Instructions to Donor and Receiving Elevator:

- 1. Donor:** Please sign and give the original Deed of Gift to the receiving grain elevator.
- 2. Elevator:** Contact us as soon as possible, by faxing the form and by a phone call. Please fax (816-756-5089) or email a copy of this signed Deed of Gift to the attention of one of the individuals noted above, so that we can track and notify interested parties of your gift.

This form applies whether the gift of grain is for a parish, school, Forward in Faith Campaign or other ministry of the Diocese.