

# Citrus Notes



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*Dear Growers,*

*The following are grower events planned for the near future:*

- March 12<sup>th</sup> International Research Conference on HLB, Grower Day*
- April, 7<sup>th</sup> 2015 Florida Citrus Growers' Institute*
- April, 8<sup>th</sup> USDA/ARS Annual Open House*

*Enjoy the issue,*

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### ***International Research Conference on HLB Grower Day***

The 2015 Grower Day will be held on March 12<sup>th</sup> at the

Citrus Research and Education Center in Lake Alfred from 9 am to 12 pm. Lunch will be provided afterward by Florida Citrus Mutual. Please RSVP to Clark Baxley at [clarkb@frcitrusmutual.com](mailto:clarkb@frcitrusmutual.com) by March 1<sup>st</sup>.

A clear advantage of holding the International Research Conference on HLB (IRCHLB) every two years is the intense immersion that is made possible by several hundred scientists from around the world spending several days exchanging information and results of their research. Such a large collection of scientists focused on the topic of HLB results in information sharing and coordinated efforts going forward, which should lead to earlier solutions and best use of funding support.

A more important advantage of the meeting being held in Florida is the opportunity to share the outcomes of these technical presentations and discussions with citrus growers so that they, too are made aware of results coming from the research. Separating the grower day from technical discussions has proven beneficial.

The March date allows participants in the IRCHLB to capture and summarize outcomes important to growers, and to prepare a program that is truly focused on communicating results to growers. This year the grower day will be built around current challenges to growers in managing citrus in the presence of HLB. The general outline will address the following questions or topics:

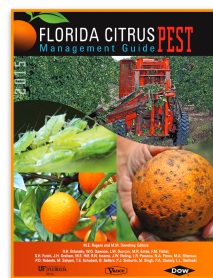
- What tools are available or emerging to support planting of new trees or groves in Florida?
- What are the tools available for transition of young citrus trees to mature, producing trees (4-7 years)?

- What programs and solutions are emerging and available for minimizing the impacts of HLB on mature, producing trees?
- Are there additional areas of research that will lead to new tools in the short-medium time frame?
- What are we learning from research outside of Florida that will help in developing and delivering solutions to HLB in Florida?

Summaries from the technical conference will be structured and presented around these questions, and should provide useful updates for all who participate. This information was provided by Florida Citrus Mutual.

### ***2015 Florida Citrus Growers' Institute***

The 2015 Florida Citrus Growers' Institute will be held on Tuesday, April 7, 2015 at South Florida State College, Theatre for Performing Arts in Avon Park. The program brochure along with registration information will be available soon.



### ***2015 Florida Citrus Pest Management Guides***

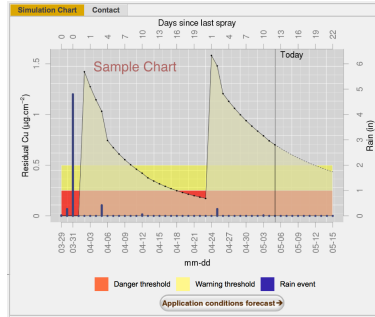
The new 2015 edition of the Florida Citrus Pest Management Guide is now available. If you would like to have a copy, they are available at the Extension offices in Bartow and in Seffner.

### ***USDA/ARS Annual Open House***

The USDA/ARS in Ft. Pierce will be holding their annual open house from 11:00 a.m. to 3:00 p.m. on Wednesday, April 8, 2015. The center is located at 2001 S. Rock Ridge Road, Ft. Pierce.

## ***Scheduling Copper Fungicide Applications***

Citrus bloom has begun in most areas of Central Florida. As citrus growers, we should be prepared to deploy our post bloom copper spray programs. The success of copper fungicide/bactericide spray programs will depend on a number of factors. One important factor is the rate of fruit enlargement that is dependent on spring air temperatures and rainfall or supplemental irrigation. A second would be rainfall that would result in a washing off of previously applied copper spray applications. A third would be the amount of copper applied in the spray application.



Considering the current climate outlook information from the National Oceanic and Atmospheric Association's Climate Prediction Center, it appears that we could be in for a wet spring with near normal temperatures. These are favorable conditions for most of our foliar and fruit fungal diseases and citrus canker. The temperature outlook for the next two weeks indicates above normal temperatures, and this should hasten the onset of bloom. Then normal temperatures are forecasted to last through May. Rainfall for the next week is forecasted to be normal to above normal for Central Florida. Rainfall is predicted to be cumulatively near normal for the next four weeks. Then the three month outlook through May has an above average amount of rainfall predicted for that period.

To aid growers in making timely decision on copper applications, is the "citrus copper application scheduler" found at: <http://agroclimate.org/tools/Citrus-Copper-Application-Scheduler/>. The model uses just a few inputs to help track the amount of active copper that remains on the fruit over time, since your last copper application. Inputs include the units of measure (metric or U.S.), selectable rainfall data from any of the Florida Automated Weather Network (FAWN) sites, the variety and the date of bloom. Once these variables are entered you would then indicate the

date of your copper application, the amount of copper applied in pounds (metallic) per acre and the volume of water used in the spray application.

## ***Agricultural Tax Planning - The New Tangible Property Regulations***

(Author: Thomas J. Bryant, CPA and Ryan Beasley, CPA).

The New Tangible Property Regulations also referred to as the "new repair and maintenance" regulations became effective January 1, 2014. These new regulations set the standards for when taxpayers must capitalize and when they can deduct expenses for acquiring, maintaining, repairing and replacing tangible property. These new rules apply to all types of business entities, from the small sole proprietor to the large corporations, virtually all businesses are affected. **This article summarizes the new regulations in a top level format.**

### **The De minimis Safe Harbor Provision**

The new regulations provide a de minimis safe harbor election that permits taxpayers to expense assets acquired under certain dollar limits. Most small businesses will be subject to the **\$500** limit. Taxpayers must have a written policy in place before the start of the taxable year stating the dollar amount of the expense limit in addition to other provisions. **The policy must be elected each taxable year.** There is also a \$5,000 limit for businesses with audited financial statements or where the business is required to produce financial statements for a governmental agency other than the SEC or IRS. Additionally, the regulations permit a business to use an expense amount in excess of the safe harbor amounts, but the taxpayer must defend the higher limit.

### **Routine Maintenance Exception**

Under the routine maintenance exception, an amount paid is currently deductible if it is for a recurring activity that the taxpayer expects to perform to keep the unit of property in its ordinarily efficient operating condition. Unlike the de minimis safe harbor provision, taxpayers may expense routine maintenance costs for income tax purposes and capitalize these same costs for financial statement purposes.

## MATERIALS AND SUPPLIES

Materials and supplies (M & S) under the new regulations are classified as either incidental or non-incidental. Incidental M & S are those for which no record of consumption is kept or of which no year end physical inventories are taken. These may be deducted as purchased. Non-incidental M & S are deductible in the first tax year used or consumed.

## CAPITALIZATION OR REPAIR OR MAINTENANCE

The regulations allow a current deduction for repairs and maintenance (R & M) to property. The general rule provides that amounts paid for R & M to tangible property are deductible if the amounts paid **are not required to be capitalized**. The new regulations specifically identify “**betterments**”, “**restorations**”, and “**conversions**” as **non R & M** and therefore must be capitalized. Generally, all new or used tangible property purchased for use in a business must be capitalized if the cost is greater than the taxpayer’s de minimis safe harbor amount, is not M & S, or R & M costs.

## UNIT of PROPERTY

A Unit of Property (U of P) is defined under the new regulations as consisting of all components of property that are functionally interdependent. The regulations provide special rules for determining the U of P for buildings, plant property and network assets. **For buildings**, each building is considered a separate U of P. Buildings are further broken down into components, consisting of the structure itself, plus eight other building systems. The eight systems are; HVAC systems, plumbing systems, electrical systems, escalators, elevators, fire protection and alarm systems, security systems, and gas distribution systems. **For plant property**, a U of P is basically defined as functionally interdependent machinery or equipment (other than network assets) that is used to perform an industrial process such as manufacturing, generation, warehousing and other similar activities. The U of P may be broken down into smaller components of property. All capitalized property must now be a Unit of Property or a component of one.

## Form 3115

The IRS considers the adoption of the new regulations as changes in accounting methods. Thus, taxpayers are required to file one or more Forms 3115 – Application for Change in Accounting Method. Any trade or business **that has capital tangible property, machinery or equipment of any kind will need to file Forms 3115**. An extremely important part of these new regulations is the requirement for virtually all businesses to perform a look-back. That is, any capitalized asset with remaining depreciation as of January 1, 2014 must be reviewed to determine if the capitalization is correct under the new regulations. Where possible, items previously expensed must be reviewed to determine if the item should have been capitalized. This look-back must be done and any adjustments must be made in the 2014 tax year. If the adjustments result in a tax deduction, the deduction is taken in 2014. If the adjustments result in additional tax, the tax may be spread over 4 years. The IRS has provided some guidance on how to file these forms in relation to the new regulations. It is **important** for taxpayers to consult their tax professionals regarding the filing of Forms 3115 as properly defining a taxpayer’s U of P may allow for the deduction of more expenditures than would otherwise be possible, in addition the making the required adjustments.

## SUMMARY

This article is a very top level statement only and is not an explanation, opinion or interpretation of the new tangible property regulations. These rules are extremely complex and attempting to interpret them may be very confusing to taxpayers, tax professionals, and IRS personnel. **Consult your tax professional for assistance ASAP.**

For information **on this topic only**, please contact me at (863) 640-2008 or [tom@beasleybryantcpa.com](mailto:tom@beasleybryantcpa.com).

For information on other tax planning for farming, please contact me at (863) 640-2008 or [tom@beasleybryantcpa.com](mailto:tom@beasleybryantcpa.com) and /or Ryan Beasley at (863) 646-1373 or [ryan@beasleybryantcpa.com](mailto:ryan@beasleybryantcpa.com).

For information on other relevant topics visit our website at [www.beasleybryantcpa.com](http://www.beasleybryantcpa.com). We at Beasley,

Bryant & Company, CPA's, P. A. are experienced in agricultural business problems, tax issues or concerns, and are here to help you.



### ***Pesticide News & Information***

#### **Sivanto now labelled for use in Florida Citrus**

On Friday, January 30, 2015, the Florida Department of Agriculture and Consumers Services approved the use of Sivanto on Florida citrus. Sivanto's active ingredient is flupyradifurone, a new class of insecticides called the Butenolides in the newly created mode of action class 4D. Sivanto is labelled to control the Asian citrus psyllid, citrus mealybug, aphids and whiteflies. It will also suppress katydid nymphs and citrus leafminer. Sivanto has been demonstrated not to be toxic to bees.

Use rates for psyllid control range from 10.5 to 14 ounces per acre, with a maximum annual allowable amount of 28 ounces per acre, per year. In Florida minimum spray volumes are 2.5 gallons per acre for ground applications and 2 gallons for aerial applications. There is a pre-harvest interval (PHI) of 1 day and restricted entry interval (REI) of 4 hours.

As with any pesticide, please read and follow the instructions contained on the label.

#### **Solicam News**

Recently received word from Syngenta of their divestment in Soilcam. Tessenderio Kerley, Inc. has acquired norflurazon assets from Syngenta. Word is that the product will continue to be available in its current labeled markets including citrus.